PACIFIC CURRENT GROUP

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ASX ANNOUNCEMENT

18 October 2022

2022 Annual Report

Pacific Current Group Limited (**ASX:PAC**) is pleased to provide its 2022 Annual Report to the market.

AUTHORISED FOR LODGEMENT BY:
Tony Robinson
Chair

-ENDS-

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ABOUT PACIFIC CURRENT GROUP
Pacific Current Group Limited is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors, and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. As of 18 October 2022, Pacific Current Group has investments in 16 boutique asset managers globally.

PACIFIC CURRENT GROUP LIMITED

Annual Report 2022

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In accordance with ASX Listing Rule 4.10.3, Pacific Current Group Limited's Corporate Governance Statement can be found on its website at http://paccurrent.com/shareholders/corporate-governance/

In this Annual Report, a reference to 'Pacific Current Group', 'PAC', 'Group', 'the Group', ' the Company', 'we', 'us' and 'our' is to Pacific Current Group Limited ABN 39 006 708 792 and its subsidiaries unless it clearly means just Pacific Current Group Limited.

In this Annual Report, a reference to funds under management (FUM) means the total market value of all the financial assets which one of our partner boutiques manages on behalf of its clients and themselves.

ABOUT US

Pacific Current Group Limited (ASX: PAC) is a global multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors, and partners.

OUR PHILOSOPHY

Each investment is structured to create exceptional alignment with our boutique managers. We apply flexible capital, strategic insight, and global distribution to support the growth and development of the boutiques in which we invest. Our goal is to help investment managers focus on their core business and what matters most: investing.

WHAT WE OFFER OUR BOUTIQUES

- Flexible capital solutions – we aim to create exceptional alignment with our boutique managers, so every investment is uniquely tailored to fit the boutique's specific needs
- Global distribution and marketing services – we can accelerate the growth of our boutiques by helping them secure new clients and funds to manage
- Access to our global network and strategic insights – our global network of industry contacts and decades of experience allow us to assist boutiques in the management of their businesses and the development and implementation of their growth strategies

FY22 KEY HIGHLIGHTS

FUM across the Group
(up from $142b)

$169b

Increased underlying NPAT
(up from $26.3m)

$27.1m

Increased dividends
(up from 36 cents per share)

38cps

Net assets per share
(up from $7.92 per share)

$10.26

- GQG listed on ASX in largest IPO of 2021
- Invested US$35m in private real estate manager, Banner Oak Capital
- Funding initiatives anticipated to exploit a strong and growing investment pipeline

CHAIRMAN'S REPORT

During a turbulent market, PAC has shown an incredible ability to sustain success and produce positive results through our selective partnerships.

Dear Shareholders,

It has been another strong year for Pacific Current Group Limited ("PAC").

My highlight from the year was the Initial Public Offering ("IPO") of GQG Partners Inc. ("GQG") on the Australian Securities Exchange.

As a reminder of the value that has been created from this single investment, our original cash investment in this business was US$2.7 million (approximately A$3.6 million). The value of our holding on the date of listing was A$307 million; of which we realised approximately A$60 million.

This initial cash investment, however, does not recognise the real value we contributed being the wisdom, experience, and energy of the PAC executive team, which at the time of initial investment also included Mr. Tim Carver, who subsequently joined GQG to further help them on their journey.

This event gave our Shareholders, and other interested parties, an opportunity to see how we can realise value from a boutique investment.

Each year we diligently value all our Boutiques for financial reporting purposes. The nature of the accounting for some of these investments means that sometimes we cannot reflect situations where fair market value of an investment exceeds book value.

Furthermore, these values may not recognise the additional value resulting from the difference between the value of that Boutique investment's future cashflows to a hypothetical investor (as required by the accounting standards) and the value of those cashflows to a specific market participant. That difference is usually only displayed when we are selling our holding because the value realised at that time is the product of that market pricing.

It is satisfying that the IPO of GQG has provided that transparency without us having to totally exit our holding, and importantly, presents a clear statement that GQG has been an outstanding investment.

The transition of the GQG investment from a start-up to its current position is a tribute to the PAC investment team and particularly Mr. Paul Greenwood, for finding the opportunity and partnering with Mr. Rajiv Jain to help him execute his vision for the business.

We have paid a special bonus to Mr. Paul Greenwood and two other executives to recognise the outstanding return that the GQG investment represents and to recognise that there was a residual obligation created at the time of the original merger with Northern Lights Capital Group related to any business that we may partner with Mr. Rajiv Jain.

While the IPO of GQG has been a highlight, it is also important to note that we have seen solid performance from several other Boutiques. This has been achieved in a difficult period with restrictions on travel and general uncertainties creating strong headwinds for fundraising and hampering opportunities for growth. It is a tribute to the people in these businesses that they have persevered through this period and now are starting to see the results of their efforts.

One of the challenges for our business is to balance the drag created from holding cash versus the earnings that could be generated if it was invested in a business. We must exercise the discipline to be patient and wait for a great investment opportunity rather than be driven by time and a false sense of urgency to deploy cash. The team have managed that well during FY2022 with the cash released from the partial sale of our GQG holding promptly redeployed into Banner Oak Capital Partners, LP ("Banner Oak").

The Banner Oak investment is already generating a solid cashflow for us. I have visited Banner Oak and had the pleasure of meeting some of the key owners. They are a capable group with strong ambitions to continue to grow, and with an investment structure and approach which helps generate great property related returns. This is important for future fund raising and we believe, for these reasons, the outlook for the business is strong.

It is also a tribute to our team that, notwithstanding the COVID related headwinds, the Net Asset Value per share rose over FY 2022 from $7.92 to $10.26. Some of that increase is attributable to currency moments but the majority reflects the success achieved by our Boutique investments.

Our full year profit performance was solid, especially when recognising that the one negative from the IPO of GQG was that we could only bring to account nine months of our share of their earnings in this period, which was another quirk from the accounting standards given that we owned our holding throughout that period.

Given all the above, the quality of our portfolio of Boutique investments and the capabilities of our team, I am very confident we will go on creating value for Shareholders. Certainly, our hopes and expectations for FY2023 are high.

I look forward to seeing you at the Annual General Meeting.

As always, thank you for your continued involvement and belief in us.

Regards

Antony Robinson
Chairman

MANAGING DIRECTOR, CHIEF EXECUTIVE OFFICER AND CHIEF INVESTMENT OFFICER'S REPORT

In the face of very difficult equity markets our ability to grow was a strong proof statement for our investment strategy.

Financial Year Overview

One year ago, I began my letter to shareholders by noting that the COVID clouds were beginning to dissipate and we were expecting a slow resumption of the world we knew before the pandemic. Alas, that sentiment probably reflected wishful thinking that the world would naturally revert to where we left off pre-pandemic, a place where inflation and interest rates were low, equity markets ebullient, and economic growth a certainty.

As we progressed through FY22, it became apparent that the post-COVID world was looking a fair bit different from life before the pandemic. A variety of factors—Russia's invasion of Ukraine, soaring inflation, rising interest rates, and negative economic growth—have made it abundantly clear that we are facing new and greater economic challenges than we imagined just one year ago.

We at PAC feel pleased about how we have weathered these changing conditions so far, but more importantly, we are optimistic about what the future holds. Below are some of the highlights of FY22 and some thoughts as to why we are so excited about FY23 and beyond.

Financial Progress

PAC made solid financial progress in FY22, though the strength of our results was masked by the impact of how we are required to account for certain boutiques under International Financial Reporting Standards ("IFRS").

To begin with, PAC posted a statutory loss of A$35.3 million in FY22. Essentially all of this loss reflects the decline in GQG Partners Inc. ("GQG") stock price after its October 2021 listing on the ASX. However, this does not tell the entire GQG story. As at 30 June 2021, we valued our 5% equity stake at A$115 million. At GQG's listing, our stake was revalued to A$307 million, A$60 million of which was sold into the offering. The remaining 4% equity stake (approximately 120 million shares) experienced an unrealised loss of roughly A$81 million. From an IFRS perspective, the revaluation at the public listing went directly to PAC's balance sheet, while the subsequent unrealised loss went through our statement of profit or loss. PAC has recognized this as a statutory loss even though we realized A$60 million, and our remaining position in GQG is worth much more now than it was a year ago.

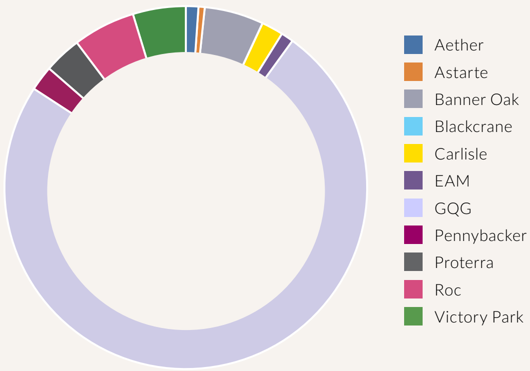
The fact that our statutory results reflect changes in the value of some but not all of our holdings is the reason we emphasize what we call "underlying" results. These underlying results strip out changes in the value of our investments and one-time items to isolate the true operational performance of the business.

The headline underlying results were as follows: Underlying Revenues increased 7% to A$49.8 million. Underlying Net Profit Before Tax ("NPBT") grew 9% to A$35.4 million, and Underlying Net Profit After Tax grew 3% to A$27.1 million. Underlying Earnings Per Share grew approximately 2%. PAC also declared a final dividend of 23 cents, bringing the full year dividend to 38 cents (fully franked), a nearly 6% increase over FY21. Results were slightly aided by the strength of the USD vis-à-vis the AUD.

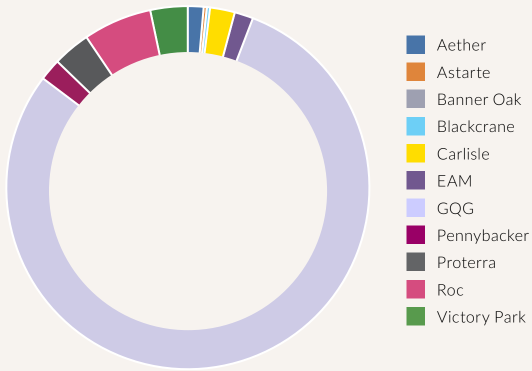
In FY22, we experienced a strong uptick (113%) in performance fees, primarily due to Victory Park Capital Advisors, LLC ("VPC"), Strategic Capital Investments, LLP and Roc Partners Pty Limited. Commission revenues also grew nicely due to the success PAC had in raising Funds Under Management ("FUM") for VPC. Management fee revenues were basically flat year over year, though they only reflected nine months of GQG earnings (due to GQG's listing) and only six months of contributions from Banner Oak (given PAC's investment in Banner Oak was made in December 2021). Lastly, underlying mark-to-market losses of approximately A$1.2 million compared unfavorably to a nearly A$4.1 million gain in FY21.

Our reported underlying results were negatively impacted by the change in how we account for our economic participation in GQG. Before GQG's listing, PAC accrued the payments owed to it by GQG at the end of every quarter, as it had a legal entitlement at that date. After GQG's listing, PAC is only permitted to recognise earnings from GQG in the period it actually receives GQG's dividends. The net result is that PAC only recognised nine months of earnings in FY22 from GQG. The one-time-only impact to PAC from the accounting

FUM at 30 June 2022



FUM at 30 June 2021



change was a reduction of approximately A$3.3 million in reported revenues and NPBT in FY22. The good news is that in FY23 and beyond, PAC will always be able to recognise a full twelve months of earnings from GQG every year.

When looking at PAC's revenues, the management fees and performance fees we receive from boutiques make up the vast majority of our revenues. We also receive commission revenues for raising investment capital on behalf of some of our portfolio companies. These commissions are transactional, and thus highly variable and difficult to predict. There is also a modest amount of mark-to-market revenues that run through the profit and loss statement. These reflect PAC's share of the unrealised gains/losses of any marketable securities held on boutique balance sheets. Mark-to-market results are difficult to predict over the short-term, though we expect over time they will be additive.

Our core business is best understood when we strip out the commission revenues and mark-to-market influences from PAC's total revenues. Indeed, the combination of management fees and performance fees generally compose more than 90% of our total revenues. The sum of these two types of revenues has grown at more than 12% per year over the last four years, and we expect future growth in FY23 and beyond. As we look beyond FY23, we expect the performance fee revenues we receive to move to a sustainably higher level, primarily due to the expected contributions from VPC.

Portfolio Highlights

The year's biggest portfolio highlight was the listing of GQG on the ASX, the largest IPO in Australia during 2021. This event was a major milestone for both PAC and GQG. While GQG's stock price has declined post-offering along with most traditional asset managers in Australia, the firm has executed flawlessly and produced exceptional benchmark relative investment performance—while also maintaining some of the strongest inflows in the world of active management.

Another standout in FY22 was VPC. After several years of more modest progress, the last 12 to 18 months witnessed dramatic growth at VPC, with FUM growing from US$3.6 billion to US$5.4 billion during the year. This success reflected its compelling investment results combined with a differentiated product offering and a more robust distribution strategy. PAC will not feel the full economic benefit of this growth until the newly raised FUM is deployed by VPC into new investments. As this occurs, VPC's revenues should grow rapidly. Indeed, it is our expectation that beginning in FY24, VPC is likely to become the largest economic contributor in PAC's portfolio due to growth in the firm's management fees and a substantial increase in performance fees.

PAC quickly redeployed the proceeds from the sale of 20% of its stake in GQG into a new investment in a Texas-based private real estate manager, Banner Oak Capital Partners, LP ("Banner Oak"). Banner Oak employs a competitively differentiated strategy in which it identifies leading real estate operators/developers and finances their investment pipelines. Banner Oak has a compelling track record, though heavy client concentration. Accordingly, PAC expects Banner Oak will seek to diversify its client base going forward. It is important to note that PAC's FY22 results only included six months of contributions from Banner Oak.

Pennybacker Capital Management, LLC ("Pennybacker") is a private real estate manager in which PAC invested in late 2019. While investing two months before a global pandemic was less than ideal timing, Pennybacker has deftly navigated the market environment and is exceptionally well-positioned to grow its business. It is likely PAC will reclassify Pennybacker from a Tier 2 to a Tier 1 holding at the end of FY23 if the firm raises the capital we expect over the next 9 to 12 months. As a reminder, PAC's Tier 1 holdings are ones which PAC expects to receive an average of at least A$4 million per year of earnings over a three-year period.

Market Environment

The first six months of 2022 witnessed a large correction in global equity markets. Most of our ASX-listed peers saw their share prices decline as much as, if not significantly more than, the broad decline in equity prices. PAC's share price was relatively stable during the correction, only losing a few percentage points during the downturn. For the year, PAC's share price rose 23%, while the average ASX-listed asset manager saw its share price decline meaningfully. We attribute the resilience of our share price to the facts that our revenues are less exposed to equity markets and our boutiques have been able to grow despite the economic headwinds.

MANAGING DIRECTOR, CHIEF EXECUTIVE OFFICER AND CHIEF INVESTMENT OFFICER'S REPORT

In FY22, it became increasingly clear to us that the Australian market is increasingly following the US and European markets in terms of how publicly traded asset management firms are valued. Specifically, five years ago, it was traditional asset managers in the US and Europe (typically active equity managers) that sold at premium valuations compared to alternative (private capital, hedge funds, etc.) managers. These days, alternative asset managers, particularly those focused on private capital strategies (as opposed to hedge funds), trade at large premiums to these traditional firms. While most listed asset managers in Australia have a traditional asset management bias, we believe we are seeing growing awareness of the maturity of the traditional funds management industry and greater recognition of the value of private capital asset managers. If our observation is correct, PAC expects it will benefit from this trend given our large and growing exposure to private capital firms.

Looking Ahead

For more than a year, PAC has been searching for an organisation to provide a credit facility to fund several new investments. There are several unique attributes of PAC that make it difficult to find the right lender. Many lenders struggle with cross-border companies like PAC. Lenders also find it challenging to collateralise their lending because our investments are typically minority stakes. While pursuing debt has cost us more time and money that we would have liked, PAC is cautiously optimistic that a new credit facility will be in place before the end of CY2022.

In terms of our portfolio, we expect to see continued progress in FY23. Last year, we gave guidance that we expected to see A$5 billion to A$8 billion in new FUM commitments, ex-GQG, across the portfolio over the two-year period ending 30 June 2023. In FY22, our portfolio companies (ex-GQG) received more than A$6 billion of new capital commitments. We expect an additional A$3 billion to A$5 billion in FY23. In addition to organic growth, we believe there is a chance we may receive some liquidity in our portfolio due to the sale of portions of one or more of PAC's stakes. There is no certainty around any such transactions occurring in FY23, though we are confident that if any such sales take place, they will occur at attractive valuations for PAC and would enable us to increase earnings by redeploying the after-tax sale proceeds into attractive new investments.

From a financial perspective, we expect FY23 to be a year of notable revenue growth, even if no new investments are made into new portfolio companies. We expect this growth to be most evident in terms of the management fee/management company-related revenues we receive. The reasons for this include:

- PAC will receive a full year of earnings from Banner Oak;
- PAC will recognize a full year of earnings from GQG;
- rapid FUM growth at VPC and Pennybacker should significantly increase their respective revenues; and
- earlier-stage managers like Astarte Capital Partners, LLP, IFP Group and LLC are expected to be positive contributors, rather than loss-making as experienced historically.

Final Thoughts

At PAC, we sometimes feel like the proverbial "tortoise" relative to the more active equity-centric "hares" more common in listed markets. We strive for consistent growth, even during difficult market environments such as what we experienced in the second half of 2022. This means we may never have the explosive growth of some other firms because our private capital-oriented portfolio companies are more constrained in terms of how fast they can grow. However, we believe that if we effectively execute our strategy, PAC will produce solid, consistent growth, and our shareholders will be well-rewarded over time.

Navigating such challenging times well would not be possible without our talented and committed team, including our Board. While much of their accomplishments are not directly observable by shareholders, PAC has made dramatic improvements in the quality and transparency of our financial reporting, the application of technology to drive efficiencies, the rigor of our investment analysis, the breadth of our distribution outreach, and the alignment of employees with the mission of PAC. We look forward to building on this progress and delivering the best possible results for PAC shareholders in FY23 and many years to come.

Paul Greenwood
Managing Director, Chief Executive Officer
and Chief Investment Officer

BOARD OF DIRECTORS

Antony Robinson
Independent Non-Executive Chairman

Paul Greenwood
Executive Managing Director

Jeremiah Chafkin
Non-executive Director

Melda Donnelly
Non-executive Director

Gilles Guérin
Non-executive Director

Peter Kennedy
Non-executive Director

See pages 9 to 10 for further information

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Your Directors submit their Report for the year ended 30 June 2022.

DIRECTORS' REPORT

Your Directors submit their Report for the year ended 30 June 2022.

Directors and Officers

The Directors and officers of Pacific Current Group Limited (the "Company") at the date of this report or at any time during the financial year ended 30 June 2022 were:

Name	Role	Date
Mr. Antony Robinson	Independent Non-Executive Chairman	Appointed - 28 August 2015
Mr. Paul Greenwood	Executive Managing Director	Appointed - 10 December 2014
Mr. Jeremiah Chafkin	Non-Executive Director	Appointed - 10 April 2019
Ms. Melda Donnelly	Non-Executive Director	Appointed - 28 March 2012
Mr. Gilles Guérin	Non-Executive Director	Appointed - 10 December 2014
Mr. Peter Kennedy	Non-Executive Director	Appointed - 4 June 2003
Ms. Clare Craven	Company Secretary	Appointed - 26 December 2019

Names, Qualifications, Experience and Special Responsibilities

Mr. Antony Robinson, BCom, MBA, CPA (Independent Non-Executive Chairman)

Mr. Robinson joined the Board on 28 August 2015, in the capacity of Non-Executive Director. He became an Executive Director on 20 April 2016 before returning to a Non-Executive Director on 1 September 2018. On 1 October 2018 he was appointed Chairman. He has significant expertise and experience across a number of industries, including banking, financial services, telecommunications, and transport. He is an experienced company director and Chief Executive Officer. His previous executive roles include Managing Director of IOOF Ltd and OAMPS Limited.

Mr. Robinson is the Managing Director of PSC Insurance Group Limited (since July 2015) and a Non-Executive Director of River Capital Pty Ltd. He was formerly a Director of Tasfoods Limited (May 2014 - March 2018), a Director of Bendigo and Adelaide Bank Limited (April 2016 - November 2021) and Non-Executive Chairman of Longtable Group Ltd (now Maggie Beer Holdings Limited) (from October 2015 - November 2019).

Mr. Robinson is a member of the Audit and Risk Committee and the Remuneration, Nomination and Governance Committee.

Mr. Paul Greenwood, BA, CFA (Executive Managing Director)

Mr. Greenwood joined the Board on 10 December 2014 as an Executive Director. He co-founded Northern Lights Capital Group, LLC ("Northern Lights") in 2006 which merged with Treasury Group Ltd in November 2014 to form Pacific Current Group Limited. Effective from 1 July 2018, Mr. Greenwood was appointed to the roles of Managing Director, Chief Executive Officer and Global Chief Investment Officer ("MD, CEO and CIO") in the Company.

Prior to Northern Lights, he created Greenwood Investment Consulting ("GIC"), a firm that worked directly with investment managers on investment process and organisational issues. Before GIC, Mr. Greenwood served as Director of US Equity for Russell Investment Group ("Russell"), where he managed all of Russell's US equity-oriented portfolio management and research activities. He also served as a Russell spokesperson and authored many articles and research commentaries related to investment manager evaluation.

Mr. Greenwood is a Non-Executive Director of GQG Partners Inc. (since October 2021) and serves as the Company's representative on numerous committees and boards that the Company has invested in. He is also a member of the Advisory Board of Simcoe Capital (doing business as Signia Capital Management).

Mr. Jeremiah Chafkin, BScEcon, MBA Fin (Non-Executive Director)

Mr. Chafkin joined the Board on 10 April 2019. He has over 30 years' experience in financial services leadership in the asset management sector, primarily in North America. He is currently the Chief Investment Officer of Retirement Income Advisors, LLC (doing business as Preservation Capital Management).

He was previously the Vice Chairman Investments of AssetMark Financial Holdings, Inc. (until April 2022). He was also previously CEO at AlphaSimplex Group, IXIS Asset Management US and spent nearly a decade at Charles Schwab in a range of leadership roles. He began his career at Bankers Trust Company where he spent almost 15 years in a variety of asset management roles working with institutional clients in the USA and abroad.

Mr. Chafkin is a member of the Audit and Risk Committee and the Remuneration, Nomination and Governance Committee.

DIRECTORS' REPORT

continued

Ms. Melda Donnelly, CA, OAM B.C. (Non-Executive Director)

Ms. Donnelly joined the Board on 28 March 2012. She is the founder and former chairperson of the Centre for Investor Education, a specialist education and consultancy firm for executives in Australian superannuation funds, institutional investment bodies and the financial services markets. Her previous work experience includes CEO of the Queensland Investment Corporation, Deputy Managing Director of ANZ Funds Management and Managing Director of ANZ Trustees.

Ms. Donnelly is a Non-Executive Director of GQG Partners Inc. (since October 2021) and Chair of Coolabah Capital Investments Pty Limited.

Ms. Donnelly has held a range of directorships of both Australian and international companies including Non-Executive Director of Ashmore Group plc, trustee director of UniSuper, Deputy Chair of the Victorian Funds Management Corporation, Chair of Plum Financial Services Nominees Pty Ltd and a member of the Investment Committee of HESTA Super Fund.

Ms. Donnelly is the Chair of the Audit and Risk Committee and a member of the Remuneration, Nomination and Governance Committee.

Mr. Gilles Guérin, BA MSc, (Non-Executive Director)

Mr. Guérin joined the Board on 10 December 2014. He has over 20 years' experience in capital markets and investment management. This includes cross asset class experience spanning the equities, fixed income and commodities markets, with a specific focus on alternative strategies and hedge funds. During his career, Mr. Guérin has managed relationships with investors and distributors across the world, in particular Europe, the United States of America (the "USA"), Japan, the Middle East and Australia. He has operated distribution capabilities worldwide and developed new products and investment capabilities. Throughout his career, he liaised with regulators across various jurisdictions and worked with thought leaders of the investment industry including Dr Andrew Lo and Dan Fuss.

He is a Director of U-Access (Ireland) UCITS plc.

Mr. Guerin was the CEO of BNP Paribas Capital Partners (retired September 2021), where he worked developing the alternative investment capabilities of the BNP Paribas Group. He also served as CEO and President of Natixis Global Associates, Executive of Natixis AM North America and held Executive and senior leadership roles at HDF Finance, AlphaSimplex, IXIS AM and Commerz Financial Products. He was previously a Non-Executive Director of Ginjer AM and Chair of INNOCAP.

Mr. Guérin is a member of the Audit and Risk Committee and the Remuneration, Nomination and Governance Committee.

Mr. Peter Kennedy, B.Ec. L.L.M. (Tax) (Non-Executive Director)

Mr. Kennedy joined the Board on 4 June 2003. He is the founding partner of the commercial law firm, Madgwicks Lawyers, and has more than 40 years' experience in commercial law advising a broad range of clients across a variety of sectors. He is a member of the Madgwicks' Dispute Resolution practice and was formerly Madgwicks' Managing Partner for over 16 years, where he played an integral role in the governance and management of the firm.

Mr. Kennedy also sits on the boards of a number of companies in the manufacturing, property and retail industries and is Chair of Treasury Group Investment Services Pty Ltd, a wholly owned subsidiary of the Company.

Mr. Kennedy is the Chair of the Remuneration, Nomination and Governance Committee and a member of the Audit and Risk Committee.

Ms. Clare Craven, BLegS, FGIA, FCG, GAICD (Company Secretary)

Ms. Craven has over 20 years' legal, company secretarial and governance experience gained in various listed and private companies. She has a deep understanding of financial services, wealth management, corporate governance, risk management and compliance. She currently acts as Company Secretary for several of Company Matters Pty Limited's clients.

Ms. Craven most recently held various senior leadership roles at Westpac Banking Corporation including Head of Westpac Secretariat, Head of Westpac Subsidiaries and Head of BT Secretariat. Ms. Craven's previous roles included Company Secretarial Consultant to various public and private companies in the financial services, construction, insurance and health services sector, legal and corporate advisory roles at NRMA Ltd and NRMA Insurance Limited (including Company Secretary), and as an Associate Solicitor in private practice.

Ms. Craven is admitted as a Solicitor of the Supreme Court of NSW, holds a Bachelor of Legal Studies and a Graduate Diploma in Applied Corporate Governance.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The Company is a company limited by shares and is incorporated and domiciled in Australia. Its shares are listed for trading on the Australian Securities Exchange ("ASX") with the ticker code PAC. The Company and its controlled entities (the "Group") invest in asset managers, private advisory, placement and investment related firms on a global basis. The Group also provides, on an as agreed basis, distribution and management services to specific investee companies.

The primary criteria the Company looks for in these potential investments are high quality people, a robust investment process, competitive performance and strong growth potential. The strategy of the Company is to build shareholder value through identifying, investing, and managing investments in investment management firms that exhibit moderate to high sustainable growth while delivering exceptional results to their clients.

The Company is agnostic in respect to geography so long as an investment meets the Group's investment criteria. The Group invests across the life cycle continuum, from start-up opportunities to established but growing businesses. The portfolio is targeted to have a mix of businesses from those with solid earnings to those with dramatic earnings acceleration, albeit from a smaller investment base.

OPERATING AND FINANCIAL REVIEW

REVIEW OF OPERATIONS

Investment activities during the year

Restructuring of investments

Since April 2016, the Group has held an interest in GQG Partners, LLC ("GQG LLC"). This interest was held through GQG Partners LP ("GQG LP"). During the period, the owners of GQG LLC sought to list the business of GQG LLC on the ASX. To facilitate this, the owners agreed, conditional on a successful initial public offering ("IPO"), to restructure their ownership interests.

On 29 October 2021, this IPO was successfully achieved. The restructure resulted in an entity GQG Partners Inc. ("GQG Inc") being incorporated. The restructuring steps included the dissolution of GQG LP, which resulted in its equity owners holding a direct interest in GQG LLC. This was immediately followed by the transfer of each owners' membership interests in GQG LLC to GQG Inc, in part exchange for common stock of GQG Inc and part exchange for cash.

The IPO then had GQG Inc issue CHESS Depositary Interests ("CDI") over shares of common stock securities issued by GQG Inc. GQG Inc offered 20% of its common stock to Australian and overseas investors in the form of CDIs through listing on the ASX with a ticker code: GQG.

Following settlement, the Group received 4% of the common stock in GQG Inc valued at USD179,022,000 ($246,831,000) that was held in escrow until 12 August 2022 and cash amounting to USD43,696,000 ($60,247,000) representing 1% of the value of GQG Inc at listing date with the ASX.

This transaction resulted in the Group having to derecognise its equity interests in GQG LLC held through GQG LP. Since the instrument was held as a financial asset at fair value through other comprehensive income, the change in fair value after income tax of USD100,637,000 ($138,755,000) was recognised in Other Comprehensive Income. The cumulative change in fair value after income tax of USD162,270,000 ($223,733,000) were subsequently transferred from the investment revaluation reserve to retained earnings.

Given the nature of the Group's investment in the common stock of GQG Inc, it is now recorded as a financial asset at fair value through profit or loss. As at 30 June 2022, the share price of GQG Inc decreased from $2.00 at IPO date to $1.46 resulting in the recognition of a $81,274,000 decrease in the fair value of the Group's investment in the common stock of GQG Inc.

On 27 December 2021, the Group restructured its investment in IFP Group, LLC ("IFP").

The Group contributed an additional USD4,000,000 ($5,515,000) in exchange for an additional 20% of the economics or share in profit/losses of IFP and a preference in distribution. The investment in IFP is still accounted for as an associate since the increase in the share of economics or share in profit/losses of IFP and preference in distribution did not change the Group's significant influence over IFP.

Acquisition of a new investment

On 31 December 2021, the Group acquired a 35% equity interest in Banner Oak Capital Partners, LP ("Banner Oak") for USD35,000,000 ($48,257,000) and a potential earn-out obligation with a maximum additional consideration of USD5,000,000 ($6,894,000). This earn-out obligation would be paid between the closing of the transaction and 31 December 2025 based on Banner Oak's cumulative management fee revenues net of any acquisition and placement fees reduced by certain revenue hurdles. At the date of acquisition, the fair value of the potential obligation of the Group was USD1,131,000 ($1,559,000) and had been added to the acquisition cost of Banner Oak. As at 30 June 2022, the earn-out obligation was reversed since the probability of achieving the revenue hurdles is considered low. The acquisition included goodwill and other identifiable intangible assets of USD34,730,000 ($47,885,000). For the year ended 30 June 2022, the share in profits from Banner Oak amounted to $2,487,000 (net of $1,103,000 amortisation of intangible assets). As Banner Oak is expected to produce at least $4,000,000 of annual earnings for the Group it has been classified as a Tier 1 Boutique.

DIRECTORS' REPORT

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The investment has been accounted for as an investment in associate.

Banner Oak is an alternative investment manager offering a private real estate strategy focused on the creation of growth of fully integrated private real estate operating companies. Banner Oak is based in Dallas, Texas, USA.

Financing activities during the year

The fully franked final dividend declared on 30 August 2021 in respect of the 2021 financial year was paid on 7 October 2021 totalling to $13,215,000 of which $11,729,000 was paid in cash and $1,486,000 was through the Dividend Reinvestment Plan ("DRP").

The fully franked interim dividend declared on 25 February 2022 in respect of the 2022 financial year was paid on 14 April 2022 totalling to $7,656,000 of which $6,870,000 was paid in cash and $786,000 was through the DRP.

Refer to Dividend section in this report for further details.

Funds under management ("FUM")

As at 30 June 2022, the FUM of the Group's asset managers was $169,288,461,000 (2021: $142,274,018,000).

The net increase in FUM was due to the acquisition of Banner Oak and result of positive net inflows and market performance from the asset managers particularly GQG Inc and Victory Park Capital Advisors, LLC ("VPC").

Boutique	Total FUM as at 30 June 2021 $'000	Inflows from Boutique Acquisitions $'000	Net Flows[1] $'000	Other[2] $'000	Foreign Exchange Movement[3] $'000	Total FUM as at 30 June 2022 $'000
Tier 1 (excluding GQG Inc)[4]	14,741,016	7,859,292	2,819,800	879,144	1,857,185	28,156,437
Tier 2	14,479,925	–	(257,033)	852,397	480,998	15,556,287
Subtotal	29,220,941	7,859,292	2,562,767	1,731,541	2,338,183	43,712,724
GQG Inc[4]	113,053,077					125,575,737
Total Boutiques	**142,274,018**					**169,288,461**
Open-end **(excluding GQG Inc)[4]**	4,498,179	–	(73,972)	(1,065,504)	340,970	3,699,673
Closed-end	24,722,762	7,859,292	2,636,739	2,797,045	1,997,213	40,013,051
Subtotal	29,220,941	7,859,292	2,562,767	1,731,541	2,338,183	43,712,724
GQG Inc[4]	113,053,077					125,575,737
Total	**142,274,018**					**169,288,461**

Notes:

1 Net Flows include additional commitments, inflows of new funds and redemptions.

2 Other includes investment performance, market movement and distributions.

3 The Australian dollar ("AUD") improved against the USA dollar ("USD") during the period. The AUD/USD was 0.6904 as at 30 June 2022 compared to 0.7495 as at 30 June 2021. The Net Flows and Other items are calculated using the average rates.

4 With the listing of GQG Inc, the Group is limited to reporting publicly available information regarding GQG Inc's FUM. Accordingly, the Group has only included GQG Inc's beginning and ending FUM in this analysis. GQG Inc continues to be a Tier 1 boutique in the Group portfolio.

The relationship between the boutiques' FUM and the economic benefits received by the Group can vary dramatically based on factors such as:

- the fee structures of each boutique including whether revenue is generated off committed or invested capital;
- the Group's ownership interest in the boutique; and
- the specific economic features of each relationship between the Group and the boutique.

Accordingly, the Company cautions against simple extrapolation based on FUM trends.

Tier 1 Boutique is a term used to describe an asset manager that the Group expects to produce at least $4,000,000 of annual earnings for the Group while a Tier 2 Boutique is one that the Group expects will contribute less than this. Although there is no guarantee that any boutique will meet this threshold, this categorisation is intended to provide insight into which boutiques are expected to be the most economically impactful to the Group.

Open-end is a term used by the Group to indicate FUM that are not committed for an agreed period and therefore can be redeemed by an investor on relatively short notice. Closed-end is a term used by the Group to denote FUM where the investor has committed capital for a fixed period and redemption of these funds can only eventuate after an agreed time and in some cases at the end of the life of the fund.

People

The Company employed 20 full time equivalent employees at 30 June 2022 (2021: 20) working in its Australian office located in Melbourne and USA offices located in Tacoma and Denver. This headcount excluded the employees of portfolio companies that are consolidated into the Group.

Financial Review

Operating results for the year

The Group's net profit after tax ("Statutory Results") and earnings per share are prepared in accordance with Australian Accounting Standards. The Group also reports non-International Financial Reporting Standards ("non-IFRS") financial measures such as "underlying net profit before tax", "underlying net profit after tax", "underlying earnings per share", "normalised cash flows" which are shown in the subsequent pages of this Report.

Underlying net profit after tax ("NPAT") attributable to members of the Company

The Group generated a net loss before tax ("NLBT") of $48,186,000 for the year ended 30 June 2022 (2021: $23,465,000 was net profit before tax ("NPBT")); a decrease of 305.35%. This result, however, has been significantly impacted by non-cash, non-recurring and/or infrequent items. Normalising this result for the impact of these non-cash, non-recurring and/or infrequent items results in underlying NPAT to members of the Company of $27,134,000 (2021: $26,265,000), an increase of 3.31%.

	2022 $'000	2021 $'000
Reported (NLBT)/NPBT	**(48,186)**	**23,465**
Non-cash items		
– Amortisation of identifiable intangible assets[1]	7,218	5,846
– Fair value adjustments of financial assets at fair value through profit or loss ("FVTPL")	66,327	(5,850)
– Fair value adjustments of financial liabilities at FVTPL	414	1,690
– Impairment of investments and boutique receivables[2]	4,182	3,536
– Share-based payment expenses	1,206	594
	79,347	**5,816**
Non-recurring items		
– Legal, consulting expenses, deal costs and break fee costs[3]	2,117	1,253
– Net foreign exchange loss	1,124	–
– Provision for estimated liability for Hareon Solar Singapore Private Limited ("Hareon")	983	–
– Loss on sale of a subsidiary	–	2,250
– Loss on early termination of leases	–	65
– Gain on derecognition of financial liability	–	(271)
	4,224	**3,297**
Unaudited underlying NPBT	35,385	32,578
Income tax expense[4]	(5,748)	(6,038)
Unaudited underlying NPAT	**29,637**	**26,540**
Less: share of non-controlling interests	(2,503)	(275)
Unaudited underlying NPAT attributable to the members of the Company	**27,134**	**26,265**

Notes:

[1] The amortisation of identifiable intangible assets included the amortisation of intangible assets of the associates amounting to $4,457,000 (2021: $3,204,000). The amortisation is recorded as an offset to the share in net profit of the associates.

[2] The impairment relates to the impairment of investment in Blackcrane Capital, LLC ("Blackcrane") and Capital & Asset Management Group, LLP ("CAMG"), and receivable from Blackcrane (2021: impairment of investment in CAMG and Victory Park Capital GP Holdco, L.P. ("VPC-Holdco")).

[3] These were costs incurred in relation to the derivative action against several of the Group's current and former directors, together with deal costs on the acquisitions of investments.

[4] The net income tax expense is the reported income tax expense adjusted for the tax effect of the normalisation adjustments.

DIRECTORS' REPORT

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Non-IFRS Financial Measures

Non-IFRS financial measures are measures that are not defined or specified under IFRS. The Directors believe that non-IFRS measures assist in provide meaningful information about the Group's performance and periodic comparability. The non-IFRS measures should not be viewed as substitute for the Group's Statutory Results.

The underlying NPAT, normalised cash flow from operations and unaudited underlying earnings per share are forms of non-IFRS financial information per ASIC Regulatory Guide (RG) 230: ***Disclosing non-IFRS financial information.*** Non-IFRS financial measures are not subject to review or audit.

The criteria for calculating the underlying NPAT attributable to members of the Company are based on the following:

- Non-cash items relate to income and expenses that are accounting entries rather than movements in cash; and
- Non-recurring items relate to income and expenses from events that are infrequent in nature including their related costs and foreign exchange impact.

(Loss)/Earnings per share

Set out below is a summary of the earnings per share.

	2022	2021
Reported net loss after tax ("NLAT")/NPAT attributable to the members of the Company ($'000)	(35,270)	17,413
Unaudited underlying NPAT attributable to the members of the Company ($'000)	27,134	26,265
Weighted average number of ordinary shares on issue (Number)	51,004,607	50,470,668
Basic (loss)/earnings per share (cents)	(69.15)	34.50
Diluted (loss)/earnings per share (cents)	(69.15)	34.50
Unaudited underlying earnings per share (cents)	53.20	52.04

The options issued during the year is anti-dilutive and were not included in determining the weighted average number of ordinary shares for diluted earnings per share.

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year:

	Cents per Share	Total Amount $'000	Franked at 30%	Date of Payment
Declared and paid during the financial year:				
– Final for 2021 on ordinary shares	26.00	13,215	100%	7 October 2021
– Interim for 2022 on ordinary shares	15.00	7,656	100%	14 April 2022
		20,871		
Declared after the end of the financial year:				
– Final for 2022 on ordinary shares	23.00	11,764	100%	11 October 2022

Total dividends relating to financial year 2022 amounted to 38.00 cents per share an increase of 2.00 cents over 36.00 cents in the financial year 2021.

On 30 August 2021, the Company declared a fully franked final dividend of 26 cents per share (31 August 2020: 25 cents per share) in respect of the 2021 financial year. The total amount of the dividend was $13,215,000. The final dividend for the 2021 financial year was eligible for the DRP. Shares issued under the DRP were priced at average daily Volume Weighted Average Price ("VWAP") calculated over a 10-day period commencing on the third trading day following the record date, being 9 September 2021.

On 7 October 2021, the Company issued 208,708 new fully paid ordinary shares at an issue price of $7.12 each to shareholders who reinvested their dividend entitlement in accordance with the DRP. Total dividends reinvested amounted to $1,486,000.

On 25 February 2022, the Company declared a fully franked interim dividend of 15 cents per share (26 February 2021: 10 cents per share) in respect of the 2022 financial year. The total amount of the dividend was $7,656,000. The interim dividend for the 2022 financial year was eligible for the DRP. Shares issued under the DRP were priced at the average daily VWAP calculated over a 10-day period commencing on the third trading day following the record date, being 4 March 2022.

On 14 April 2022, the Company issued 112,171 new fully paid ordinary shares at an issue price of $7.01 each to shareholders who reinvested their dividend entitlement in accordance with the DRP. Total dividends reinvested amounted to $786,000.

On 26 August 2022, the Directors of the Company declared a final fully franked dividend of 23.00 cents per share (30 August 2021: 26.00 cents per share). The final dividend for 2022 financial year will be eligible for the DRP (2021: subjected to DRP). Any shares issued under the DRP will not be subject to any discount. The dividend has not been provided for in the 30 June 2022 consolidated financial statements.

Cash flows

Set out below is a summary of the cash flows for the year ended 30 June 2022.

	2022 $'000	2021 $'000
Cash provided by operating activities	23,468	29,148
Cash provided by/(used in) investing activities	4,761	(5,873)
Cash used in financing activities	(23,177)	(14,071)
Net increase in cash and cash equivalents	5,052	9,204

Operating activities

Cash flows from operations have decreased from a net inflow of $29,148,000 for the year ended 30 June 2021 to net inflow of $23,468,000 for the year ended 30 June 2022. This was mainly attributable to the increase in income tax paid of $8,803,000 for this year from of $1,232,000 in the prior year due to the taxable gain on the disposal of 1% interest in GQG LLC. In addition, the deconsolidation of Seizert Capital Partners, LLC ("Seizert") resulted in a decrease in receipts from customers from $20,036,000 in the prior year to $18,340,000 for this year and a decrease in payments to suppliers and employees from $24,265,000 in the prior year to $19,933,000 for this year.

Investing activities

Cash flows from investing activities have increased from a net outflow of $5,873,000 in the year ended 30 June 2021 to net inflow of $4,761,000 for the year ended 30 June 2022. This was primarily attributable to the proceeds from the disposal of 20% of our equity interest in GQG LLC ($58,089,000 after transaction costs). This was offset by the acquisition of equity interest Banner Oak ($48,257,000) and additional contributions to associates ($6,973,000). In the prior year, this was primarily attributable to the disposal of Seizert ($6,800,000) and offset by the cash held by Seizert at disposal ($4,529,000), acquisition of equity interest in associates ($7,979,000) and additional contributions to associates ($1,377,000).

Financing activities

Cash flows used in financing activities increased from $14,071,000 for the year ended 30 June 2021 to $23,177,000 for the year ended 30 June 2022. This was primarily due to payment of dividends of $18,599,000 excluding the dividends reinvested of $2,272,000 (2021: $13,271,000 excluding the dividends reinvested of $4,238,000) and repayment of $3,020,000 Proterra earn-out obligation (2021: repayment of the $1,022,000 Proterra earn-out obligation). The prior year also included issue of Company's ordinary shares which amounted to $1,974,000 after issue costs.

DIRECTORS' REPORT

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Normalised cash flow from operations

The normalised cash flow from operations is presented to reconcile the unaudited underlying NPBT with the cash provided by operating activities.

	2022 $'000	2021 $'000
Unaudited underlying NPBT	**35,385**	**32,578**
Cash items[1]:		
– Dividends and distributions received	33,762	34,515
– Net interest received	102	103
	33,864	34,618
Non-cash items[2]:		
– Dividends and distributions income	(22,418)	(26,686)
– Share of profits of associates	(12,587)	(9,812)
– Net interest income	(79)	(129)
– Depreciation	508	819
	(34,576)	(35,808)
Increase/decrease in assets and liabilities[3]	73	388
Unaudited underlying pre-tax cash from operations	**34,746**	**31,776**
Non-recurring/infrequent items[4]		
– Legal, consulting expenses, deal costs and break fee costs	(2,117)	(1,253)
– Net foreign exchange loss	(358)	(143)
	(2,475)	**(1,396)**
Pre-tax cash from operations	**32,271**	**30,380**
Income tax paid	(8,803)	(1,232)
Cash provided by operating activities	**23,468**	**29,148**

The main drivers for the decrease in the cash provided by operating activities during the year is primarily the increase in income tax paid due to the taxable gain on the disposal of 1% interest in GQG LLC.

Notes:

1 Cash items are added to reflect the actual receipts.

2 Non-cash items are either deducted if income or added if expense to remove the non-cash components in the unaudited underlying NPBT.

3 Increase/decrease in assets and liabilities relate to the differences in the beginning and closing balances of operating assets and liabilities.

4 Non-recurring/infrequent items are included as deductions since these items were excluded in the determination of unaudited underlying NPBT.

Financial position

Set out below is a summary of the financial position at end of financial year.

	2022 $'000	2021 $'000
Cash and cash equivalents	34,886	28,298
Other current assets	12,116	21,982
Current liabilities	(22,773)	(17,495)
	24,229	32,785
Non-current assets	557,715	408,235
Non-current liabilities	(55,218)	(38,210)
	526,726	402,810
Non-controlling interest	(1,916)	(432)
Net assets attributable to the members of the Company	**524,810**	**402,378**

	$	$
Net assets per share at end of financial year	**10.26**	**7.92**

Included in the cash balances are amounts held by operating subsidiaries. The remainder of the cash and cash equivalents at 30 June 2022 amounted to $23,480,000 (2021: $21,032,000) which was held by Central Administration that can be used to provide the Group with liquidity and flexibility to fund future acquisition of new businesses.

The decrease in net current assets is attributed to the increase in the current tax liability attributable to the partial disposal of the Group's investment in GQG LLC.

Set out below is a summary of the contribution to the net assets of the Group from the Boutique Investments:

	2022 $'000	2021 $'000
Aether Investment Partners, LLC ("Aether") and Aether General Partners	55,001	53,974
Astarte Capital Partners, LLP ("Astarte") and ASOP Profit Share LP ("ASOP PSP")	7,638	8,044
Banner Oak	51,308	–
Carlisle Management Company, S.C.A. ("Carlisle")	75,179	58,838
EAM Global Investors, LLC ("EAM Global")	14,381	13,229
GQG Inc (2021: GQG LP)	173,917	115,275
IFP	9,568	3,963
Pennybacker Capital Management, LLC ("Pennybacker")	24,642	23,583
Proterra Investment Partners, LP ("Proterra")	40,404	30,687
Roc Group	9,547	9,392
VPC and VPC-Holdco	81,605	75,651
Other	7,052	8,938
Book value of Boutique Investments	**550,242**	**401,574**

The increase in the value of our Boutique Investments is attributed primarily to the IPO of GQG Inc. This resulted in the disposal of 20% of the Group's investment in GQG LLC (the proceeds of which were redeployed to acquire Banner Oak) and a significant increase in the fair value of the remaining 80% of the investment. This increase in value in the Group's net assets was offset by the related increase in the current and deferred tax liabilities arising from the disposal and increase in fair value, respectively.

DIRECTORS' REPORT

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IMPACT OF COVID-19 TO THE GROUP

The COVID-19 pandemic has had widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. The Group's financial results for the year ended 30 June 2022 have been impacted by COVID-19, but this has been mitigated by the Group's strategy to enhance the resilience of the Group's earnings by diversifying into investments that are less susceptible to capital markets volatility and have a low correlation to other assets in the Group's portfolio.

The Group's assessment of the ongoing impact of COVID-19 continues to evolve and has been incorporated into the determination of its results of operations and measurement of its assets and liabilities. Valuations included in the financial report such as fair value assets, goodwill, other identifiable intangibles, investments in associates and joint venture and financial liabilities are based on the information available and relevant as at the date of this report. As market conditions are continually changing, changes to the estimates and outcomes that have been applied in the measurement of these assets and liabilities may arise in the future. The Group's approach to the COVID-19 pandemic and having the employees return to the offices continues to evolve based on new variants and local restrictions, but the Group intends to continue the hybrid return-to-office approach. The Group's technology infrastructure has facilitated the ability to shift between a fully remote environment and hybrid approaches.

The Group continues to monitor developments in the COVID-19 pandemic and the measures being implemented to control it. The full extent and duration of the adverse effect on the Group's business is uncertain and depends on the duration of the pandemic and the extent global and local economies are impacted by the effects of the pandemic. The related impact on the Group's future operating results, cash flows and financial condition cannot currently be reasonably estimated.

MATERIAL BUSINESS RISKS

Set out below are the material business risks faced by the Group that are likely to have an impact on the financial prospects of the Group and how the Group manages these risks.

Global market risks

With a diversified global portfolio, the Group is exposed to a variety of risks related to global capital markets. Specifically, social, political, geographical, and economic factors impact the performance of different capital markets in ways that are difficult to predict. Equity market decline represents a significant risk to the Group because several of its affiliates' revenues are directly tied to the performance of public equities.

Fund manager performance

The aggregate FUM of many of the Group's affiliates are highly sensitive to the relative performance (results compared to a market benchmark) of each investment manager as well as the changing demand for specific types of investment strategies. In addition to performance related risks, many boutique partners have high levels of key man risk, making them vulnerable to the sudden departure of critically important investment professionals. Because many investments are made in new or young firms, there is often the risk of firms failing to reach critical mass and become self-sustaining, which can lead them to seek additional capital infusions from the Company or other parties.

Regulatory environment

The business of the Group operates in a highly regulated environment that is frequently subject to review and regular change of law, regulations and policies. The Group is also exposed to changes in the regulatory conditions under which it and its boutique fund managers operate in Australia, the USA, the United Kingdom (the "UK"), Continental Europe, and India. Each member boutique has in-house risk and regulatory experts actively managing and monitoring each member boutique's regulatory compliance activities. Regulatory risk is also mitigated by the use of industry experts when the need arises.

Loss of key personnel

The Group operates in an industry that requires talent, wide range of skills and expertise of its people and asset managers. Loss of these key people and asset managers would be detrimental to the continued success of the Group.

REMUNERATION REPORT (AUDITED)

Table of Contents

1. About this Remuneration Report

The Remuneration Report has been prepared and audited against the disclosure requirements of the *Corporations Act 2001* (the "Act") and its regulations. The Remuneration Report forms part of the Directors' Report and outlines the Company's remuneration framework and remuneration outcomes for the year ended 30 June 2022 for the Company's Key Management Personnel ("KMP").

2. Defined terms used in the Remuneration Report

Term	Meaning
EPS	**Earnings per share**, which is used for the purpose of determining performance against agreed at risk remuneration performance targets. When measuring the growth in EPS to determine the vesting of the at-risk remuneration, EPS is defined as using the statutory net profit after tax attributable to members of the Company or the unaudited underlying net profit after tax attributable to members of the Company, divided by the weighted average number of shares on issue during the year.
Fixed Remuneration	Generally, **fixed remuneration** comprises cash salary, superannuation contribution benefits (in Australia - superannuation guarantee contribution and in the USA - partial matching of employee 401k defined contribution), and the remainder as nominated benefits. Fixed remuneration is determined based on the role of the individual employee, including responsibility and job complexity, performance and local market conditions. It is reviewed annually based on individual performance and market data.
KMP	**Key Management Personnel**. Those people who have the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.
LTI	**Long Term Incentive**. It is awarded in the form of share performance rights or options to senior executives and employees for the purpose of retention and to align the interests of employees with shareholders.
Option	**Option**. Means an option to acquire a Share
Security	**Security**. Means a Share or Option, an interest in a Share or Option, whether legal or equitable, or a right to acquire or which may convert to a Share or Option.
Share	**Share**. Means an ordinary share in the Company.
STI	**Short Term Incentive**. The purpose of the STI is to provide financial rewards to senior executives in recognition of performance aligned with business and personal objectives. The STI is a cash-based incentive paid on an annual basis and at the discretion of the Board with reference to agreed outcomes and goals and company performance. Refer to the respective key employment terms of each KMP set out in Section 7 of this Remuneration Report for the eligibility of STI's by assessing their performance against a set of pre-determined key performance indicators.

3. Remuneration philosophy and structure

Remuneration philosophy

The performance of the Group depends significantly upon the quality of its Directors and senior executives. The Group therefore aims to provide market competitive remuneration and rewards to successfully attract, motivate and retain the highest quality individuals. The Group's remuneration and benefits are structured to reward people for their individual and collective contribution to the Company and wider Group's success, for demonstrating its values and for creating and enhancing value for the Group's stakeholders.

To this end, the Group embodies the following principles in its remuneration framework:

Competitive: Provide competitive rewards to attract high calibre executives.

Alignment: Link executive remuneration to Group performance and enhancing shareholder value year on year.

At risk: A significant portion of executive remuneration is 'at risk' and is dependent upon meeting pre-determined and agreed performance benchmarks.

Remuneration committee

The Remuneration, Nomination and Governance Committee is a committee of the Board. The objective of this committee is to assist the Board in the establishment of remuneration and incentive policies and practices for, and in discharging the Board's responsibilities relative to the remuneration setting and review of, the Company's Non-Executive Directors, Executive Director and other senior executives. The list of responsibilities of the Remuneration, Nomination and Governance Committee is set out in its charter, which is available on the Group's website at http://paccurrent.com/shareholders/corporate-governance.

Remuneration structure

The Group rewards its Executive KMP with a level and mix of remuneration that is relevant to their position, responsibilities and performance during the year, which is aligned with the Company's strategy, performance and returns to shareholders.

Executive KMP total remuneration comprises both fixed remuneration and variable remuneration, which includes short-term and long-term incentive opportunities. On recommendation from the Remuneration, Nomination and Governance Committee, the Board establishes the proportion of fixed remuneration and variable remuneration, reviews Executive KMP total remuneration annually, and considers performance, relevant comparative remuneration in the market and advice on policies and practices.

Setting a target remuneration mix for Executive KMP is complicated due to the Company operating in different jurisdictions, which have their own target remuneration mix models. Accordingly, the Group has adopted the target remuneration mix that is appropriate for each jurisdiction, including giving consideration of the fact that in Australia, variable remuneration is considered at risk until granted. This is because these amounts are only paid if the KMP is still in the employment at the date of payment. In the USA, however, variable remuneration is a contractual right subject to performance conditions being met, i.e. once the KMP met the performance conditions to qualify for the variable remuneration, the Company is obligated to pay the amounts regardless of whether the KMP is still in the employment of the Company at the date of payment. As a result, the risks associated with the different jurisdictions are different and the remuneration mix models differ to accommodate this situation.

Elements of Executive KMP remuneration

Fixed remuneration

Fixed remuneration consists of base salary, superannuation contribution benefits (in Australia - superannuation guarantee contribution and in the USA – partial matching of employee 401k defined contribution), and the remainder as nominated benefits. The level of fixed remuneration is set to provide a base level of remuneration that is both appropriate to the position and is competitive in the market.

Variable remuneration

STI Plan

Under the Group's STI Plan, Executive KMP have the opportunity to earn an annual incentive award, which is paid in cash. The STI Plan links the achievement of the Company's operational targets with the remuneration received by the Executive KMP charged with meeting those targets. The awarding of a STI cash award is fully at the discretion of the Board on recommendation from the Remuneration, Nomination and Governance Committee.

Feature	Terms of the Plan
How is the STI paid?	Any STI award is paid after the assessment of annual performance for the financial year ended 30 June. For any bonus up to $200,000, 100% will be paid within three months of year-end and for any bonus above $200,000, 50% will be paid within three months of year-end and the remaining 50% deferred and paid at the start of the next financial year. In Australia, the deferred component requires the KMP to complete the service period. In the USA, the deferred component is a contractual obligation and the KMP is not required to complete the service period. This arrangement can be varied at the discretion of the Board.
How much can each Executive KMP earn?	For FY2022, Executive KMP have a target STI opportunity generally of up to 100% of base salary. Each year, on recommendation from the Remuneration, Nomination and Governance Committee, the Board determines a total amount available for the payment of STIs (bonus pool), based on the underlying profit performance of the Group for the year. For FY2022, the total amount available for the payment of STIs to Executive KMP was $550,000 (2021: $686,134).
Outcomes and goals	The Board, on recommendation from the Remuneration, Nomination and Governance Committee, establishes outcomes and goals which it expects the Executive KMP to achieve, and against which performance is measured. The outcomes and goals are based on Group and business unit financial targets (such as statutory and underlying profit performance), growth and business development targets as well as operational management. The Board creates these goals and outcome expectations in a manner that is designed to increase returns to shareholders in the short and long-term. Refer to Section 7 of this Remuneration Report for details of these goals. The focus of the outcomes and goals is to drive decision making in a manner that increases returns to shareholders in the short and long-term. The Board also considers the general value add to the business and the Company's stakeholders through areas such as investor relations, deal origination and strategy.
How is performance measured?	The Board, on recommendation from the Remuneration, Nomination and Governance Committee, assesses the individual performance of each Executive KMP. The Board base their assessment of the Executive KMP's performance against the outcomes and goals set out above and other goals and Group and business unit underlying profit performance.
What happens if an Executive KMP leaves?	If an Executive KMP resigns or is terminated for cause before the end of the financial year, no STI is awarded for that financial year except for the Accrued Bonus Obligation. If the Executive KMP ceases employment during the financial year by reason of redundancy, ill health, death or other circumstances approved by the Board, the Executive KMP will be entitled to a pro-rata cash payment based on the Board's assessment of the Executive KMP's performance during the financial year up to the date of ceasing employment.
What happens if there is a change of control?	In the event of a change of control, a pro-rata cash payment will be made, based on the Remuneration, Nomination and Governance Committee's recommended assessment of performance during the financial year up to the date of the change of control and approval by the Board.

Employee LTI Plan

At the 2021 Annual General Meeting ("AGM") held on 19 November 2021, shareholders re-approved the Employee Share Ownership Plan (the "Employee LTI Plan") and the issue of securities under the Employee LTI Plan. The Company last received shareholder approval of the Employee LTI Plan at its AGM held on 30 November 2018.

DIRECTORS' REPORT

continued

A summary of the Employee LTI Plan is set out below:

Feature	Terms of the Employee LTI Plan
Employee Share Ownership Plan	Under the terms of the Employee LTI Plan: a. employees (including a director of Pacific Current or its subsidiaries, who holds a salaried employment or office in Pacific Current or its subsidiaries, such as the Managing Director, Chief Executive Officer and Chief Investment Officer, and any person who has been made an offer to become such an employee) are eligible to participate; b. eligible participants may acquire Shares in the Company, Options over Shares and rights to, or interests in, such Shares (including directly or by a nominee, or as a beneficiary of a trust established by the Company for participants); and c. the Directors have broad discretion as to the terms on which eligible participants may acquire securities under the Plan, including as to the number and type of Securities that may be offered, the price payable for the Securities (which may be nil) and how payment for Securities may be made (e.g. by loans from the Company, whether interest-free or limited recourse or otherwise, or by salary sacrifice or sacrifice of cash bonuses).
What is the objective of the Employee LTI Plan?	The objectives of the Employee LTI Plan are: a. to motivate and retain the Group's personnel; b. to attract quality personnel to the Group; c. to create commonality of purpose between the Group's personnel and the Group; and d. to add wealth for all shareholders of the Company through the motivation of the Group's personnel; by allowing the Group's personnel to share the rewards of the success of the Group through the acquisition of, or entitlements to, Securities (as defined in Section 2). The awarding of an LTI grant is fully discretionary and grants are determined by the Board, based on a recommendation from the Remuneration, Nomination and Governance Committee.
How are offers made?	The Company may from time to time invite any person to participate in this Employee LTI Plan who is, or has been made an offer to become, an Eligible Person, by offering to the person any Securities for acquisition on such terms as the Board may determine in accordance with this Employee LTI Plan.
How are Securities acquired?	Securities may be acquired under the Employee LTI Plan by or for the benefit of a person by way of issue of new Shares or Options, purchase of existing Shares or Options (whether on or off market), creation of rights to or interests in Shares or Options, transfer of Securities or otherwise, and on such terms, as the Board may determine.
What consideration is paid for the Securities?	Securities may be offered for acquisition and acquired by or for the benefit of a person under this Employee LTI Plan for no consideration or at such price or for such other consideration to be paid or otherwise provided at such times and on such terms as the Board may determine at or before the time of acquisition of the Securities. For example, the Board may allow any consideration to be provided by way of salary sacrifice or sacrifice of cash bonuses or other equivalent entitlements or in return for a reduction in salary or wages or as part of the person's remuneration package.
Terms of Options	The Directors of the Company may also determine the terms of Options which may be acquired under the Employee LTI Plan such as the exercise price, any restrictions as to exercise (e.g. vesting conditions), any restrictions as to the disposal or encumbrance of any Options or underlying shares once acquired, and the expiry date of options. Other terms of Options are as follows: a. An option holder will be entitled to have the number of Options, the exercise of the Options and/or the number of shares underlying the options varied in the event of a bonus issue, rights offer or reconstruction of the share capital of the Company, in accordance with the ASX Listing Rules. b. The Company is not required to issue any shares following an exercise of Options unless the Company can be satisfied that an offer of those shares for sale within 12 months after their issue will not need disclosure to investors under part 6D.2 of the *Corporations Act 2001*. c. Subject to the *Corporations Act 2001* and the ASX Listing Rules, no options may be disposed of (e.g. by sale or transfer) until any vesting conditions have been satisfied, and no Options may be transferred except in circumstances (if any) permitted by the Company.

Managing Director and CEO LTI Plan

At the 2018 AGM, shareholders approved a separate LTI Plan (the "MD & CEO LTI Plan") for Mr. Paul Greenwood.

Feature	Terms of the MD & CEO LTI Plan
MD & CEO LTI Plan	Mr. Greenwood's long-term incentive is provided through the grant of Company share entitlements conditional on certain performance criteria being met ("performance rights") that are designed to give Mr. Greenwood an outcome that is similar to the benefit that options would provide. It is comprised of two tranches, the first with a performance assessment period of three years and the second with a performance assessment period of four years. Each tranche is subdivided into three lots with different performance conditions, one lot requiring continuing employment and a share price hurdle to be met and the other two lots also requiring different total shareholder return hurdles to be met. The starting point for the incentive to create value for Mr. Greenwood is achieving the Company share price that is approximately 10% above the VWAP of the Company's shares over both the last week and month ending on the last trading day of 30 June 2021 and 30 June 2022, respectively. Under the MD & CEO LTI Plan, Mr. Greenwood is entitled to receive no more than 2,500,000 performance rights on the basis that 1 performance right represents an entitlement to 1 fully paid share in the Company. Set out below is a more detailed summary of the performance rights.
1st tranche - 1 July 2018 to 30 June 2021	If the 30-trading day VWAP of an ordinary share ("Share") in the Company ending on the last trading day of 30 June 2021 ("2021 VWAP") exceeds \$6.75, Mr. Greenwood will be entitled to acquire for no cash consideration a number of Shares equal to: $\frac{375{,}000 \times (2021\ \text{VWAP} - \$6.75)}{2021\ \text{VWAP}}$ PLUS If the above price hurdle is exceeded and the 2021 VWAP plus the aggregate dividends paid on a Share during the period 1 July 2018 to 30 June 2021 ("2021 TSR") is more than \$6.75 increased at the rate of 8.5% per annum compounding annually, Mr. Greenwood will be entitled to acquire for no cash consideration an additional number of Shares equal to: $\frac{437{,}500 \times (2021\ \text{VWAP} - \$6.75)}{2021\ \text{VWAP}}$ PLUS If the above price hurdle is exceeded and the 2021 VWAP plus the aggregate dividends paid on a Share during 2021 TSR is more than \$6.75 increased at the rate of 11% per annum compounding annually, Mr. Greenwood will be entitled to acquire for no cash consideration an additional number of Shares equal to: $\frac{437{,}500 \times (2021\ \text{VWAP} - \$6.75)}{2021\ \text{VWAP}}$

DIRECTORS' REPORT

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Feature	Terms of the MD & CEO LTI Plan
2nd tranche - 1 July 2018 to 30 June 2022	If the 30-trading day VWAP of a Share in the Company ending on the last trading day of 30 June 2022 ("2022 VWAP") exceeds \$6.75, Mr. Greenwood will be entitled to acquire for no cash consideration a number of Shares equal to: $\frac{375{,}000 \times (\text{2022 VWAP} - \$6.75)}{\text{2022 VWAP}}$ PLUS If the above price hurdle is exceeded and the 2022 VWAP plus the aggregate dividends paid on a Share during the period 1 July 2018 to 30 June 2022 ("2022 TSR") is more than \$6.75 increased at the rate of 8.5% per annum compounding annually, Mr. Greenwood will be entitled to acquire for no cash consideration an additional number of Shares equal to: $\frac{437{,}500 \times (\text{2022 VWAP} - \$6.75)}{\text{2022 VWAP}}$ PLUS If the above price hurdle is exceeded and the 2022 VWAP plus the aggregate dividends paid on a Share during the 2022 TSR is more than \$6.75 increased at the rate of 11% per annum compounding annually, Mr. Greenwood will be entitled to acquire for no cash consideration an additional number of Shares equal to: $\frac{437{,}500 \times (\text{2022 VWAP} - \$6.75)}{\text{2022 VWAP}}$
Continuing employment	Mr. Greenwood's entitlement to acquire any Shares is conditional on his full-time employment not having terminated at or before the time the Shares are required to be issued or transferred to Mr. Greenwood, although where employment terminates due to his death or total and permanent disablement or his role becoming redundant due to operational reasons or Mr. Greenwood being given notice of termination without cause, and some or all of the performance hurdles set out in the above formulae have in substance been achieved, Mr. Greenwood will become entitled to some or all of the Shares that he would be entitled to if the date of termination of his employment were substituted in place of 30 June 2021 and 30 June 2022 in the formulae.
Adjustment	Where the share capital of the Company is reorganised or there is a bonus issue of Shares to Company shareholders, the terms of the long-term incentive (e.g. the share price hurdle and underlying share numbers in the above formulae) will be adjusted in a way that is comparable to the way options are required to be adjusted under the ASX Listing Rules.
Cash alternative	The Company may elect to pay to Mr. Greenwood a cash equivalent amount instead of issuing or arranging to transfer all or any of the Shares to him. The Company expects that this will be an equity settled transaction.

4. Relationship between the remuneration philosophy and Company performance

The table below sets out summary information about the Company's earnings and movements in shareholder wealth for the five years to 30 June 2022. The STI and/or LTI awards are paid based on individual and underlying Company performance. The Board, based on a recommendation from the Remuneration, Nomination and Governance Committee, has ultimate discretion in determining the amount of the bonus pool.

	2022	2021	2020	2019	2018 (Restated)
Revenue and other income ($)	44,202,495	47,045,429	62,727,233	62,854,332	46,404,656
Statutory net profit/(loss) before tax ($)	(48,185,737)	23,464,856	(27,316,939)	53,968,253	95,409,526
Statutory net profit/(loss) after tax ($)	(32,766,534)	17,687,455	(16,289,332)	38,890,182	98,179,137
Underlying net profit after tax ($)	27,134,348	26,264,820	25,033,552	20,765,287	18,272,277
Share price at start of year ($)	5.81	5.48	4.55	6.56	6.65
Share price at end of year ($)	6.92	5.81	5.48	4.55	6.56
Interim dividend (cps)[1]	15.00	10.00	10.00	10.00	–
Final dividend (cps)[1]	23.00	26.00	25.00	15.00	22.00
Earnings/(loss) per share (cps)	(69.15)	34.50	(35.88)	78.95	204.86
Diluted earnings/(loss) per share (cps)	(69.15)	34.50	(35.88)	78.14	204.53
Underlying earnings per share (cps)	53.20	52.04	51.30	43.59	38.35
KMP bonuses ($)	1,845,417[2]	333,067[2]	298,479[3]	391,556[3]	1,357,940[4]

The Group's FY2022 business performance is reflected in the outcome of the variable component of Executive KMP's total remuneration. Details of the remuneration of Executive KMP in FY2022 is set out in Section 8 of this Remuneration Report.

Notes:

1 Fully franked at 30% corporate income tax.

2 Awarded to Mr. Greenwood and Mr. Killick. This was determined by the Board on the recommendation of the Remuneration, Nomination and Governance Committee based on the Company's performance and the individual's performance against a set of pre-determined key performance indicators set out by the Board. Refer to Section 8 of this Remuneration Report for details of these amounts.

3 Awarded to Mr. Greenwood. This was determined by the Board on the recommendation of the Remuneration, Nomination and Governance Committee based on the Company's performance and Mr. Greenwood's individual performance against a set of pre-determined key performance indicators set out by the Board.

4 Awarded to various executives. These were determined by the Board on the recommendation of the then Remuneration Committee based on the Company's performance and the individual performance of the executives against a set of pre-determined key performance indicators set out by the Board.

5. Key management personnel

The following were KMP of the Group at any time during the financial year and until the date of this Remuneration Report and unless otherwise indicated they were KMP for the entire financial year.

Name	Position
Non-Executive Directors	
Mr. A. Robinson	Independent Non-Executive Chairman
Mr. J. Chafkin	Non-Executive Director
Ms. M. Donnelly	Non-Executive Director
Mr. G. Guérin	Non-Executive Director
Mr. P. Kennedy	Non-Executive Director
Executive KMP	
Mr. P. Greenwood	MD, CEO and CIO
Mr. A. Killick	Chief Financial Officer ("CFO")

DIRECTORS' REPORT

continued

6. Remuneration of Non-Executive Directors

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Non-Executive Directors of the highest calibre at a cost acceptable to shareholders.

Structure

In accordance with the ASX Listing Rules, the aggregate remuneration of Non-Executive Directors is determined from time to time by a general meeting of shareholders. An amount not exceeding the amount approved by shareholders is apportioned amongst Directors, as agreed by the Directors, and the manner in which it is apportioned amongst Directors is reviewed annually.

The last determination by shareholders of the aggregate remuneration of Non-Executive Directors as Directors of the Company and its subsidiaries was at the AGM held on 20 November 2020, when shareholders approved an increase in the aggregate remuneration pool of $100,000 from $650,000 to $750,000, with effect from 1 July 2021. There is no intention to seek an increase in the Non-Executive Director fee pool at the 2022 AGM.

Non-Executive Directors do not receive performance-based bonuses from the Company, nor do they receive fees that are contingent on performance, shares in return for their services, retirement benefits, other than statutory superannuation or termination benefits.

The following is a schedule of Non-Executive Directors' fees:

	2022 $	2021 $	2020 $	2019 $	2018 $
Chairman	200,000	175,000	175,000	140,000	100,000
Non-Executive Director (per Director)	130,000	110,000	110,000	70,000	60,000
Audit and Risk Committee chairman	N/A	N/A	N/A	30,000	20,000
Audit and Risk Committee member	N/A	N/A	N/A	20,000	15,000
Remuneration Committee chairman	N/A	N/A	N/A	20,000	10,000
Remuneration Committee member	N/A	N/A	N/A	15,000	10,000
Governance Committee chairman	N/A	N/A	N/A	15,000	10,000
Governance Committee member	N/A	N/A	N/A	10,000	5,000

The fees above are inclusive of superannuation contributions, except for the Directors' fees paid to Mr. Chafkin, Mr. Guérin and Mr. Kennedy. In addition, Mr. Kennedy receives a fee of $30,000 for acting as Chairman of a related entity, Treasury Group Investment Services Pty Ltd. Total fees paid to Non-Executive Directors in FY2022 were $750,000 (FY2021: $645,000). Refer to Section 8 of this Remuneration Report for details of remuneration paid to Non-Executive Directors.

7. Remuneration of Executive KMP

Key terms of employment contract of Paul Greenwood

Title	MD, CEO and CIO
Term of Contract	A term of three years from 24 November 2014 and automatic renewal for successive one-year periods thereafter until notice is given by either party. A First Addendum was signed and effective from 1 July 2016 on his appointment as President, North America, and Global CIO. A Second Addendum was signed and effective from 1 July 2018 on his appointment as MD, CEO and CIO.
Base Salary	USD725,000
STI	Mr. Greenwood is eligible for Annual cash bonuses of up to USD400,000 each year subject to satisfying the key performance indicators for the relevant year. The following are the CEO's KPIs for 2022: – Achievement of EPS growth targets; – Completion of targeted deal opportunities; and – Achievement of strategic plan milestones.
LTI	As detailed in Section 3 of this Remuneration Report, Mr. Greenwood's long-term incentive is provided through the grant of the Company share entitlements conditional on certain performance criteria being met.
Other employee benefit plans	Mr. Greenwood is also entitled to participate in any and all other employee benefit plans which are made available to the senior executives of the Group from time to time. At present, Mr. Greenwood participates in the Group's North American qualified retirement plan whereby matching contributions are paid towards Mr. Greenwood's retirement benefits up to approximately USD12,200 each year. He also participates in the Group's health plans whereby the Group pays for coverage for health-related services for Mr. Greenwood and his dependents at a current net annual cost of approximately USD25,500.

Title	MD, CEO and CIO
Termination upon death or permanent disability	If Mr. Greenwood suffers a permanent disability or dies during the term of the Contract, Mr. Greenwood (or his estate, as applicable) will be entitled to receive (i) any amount of base salary not paid and any accrued but untaken annual leave ("Accrued Obligations"), (ii) any vested but unpaid amounts owed to Mr. Greenwood under the Company's retirement, non-qualified deferred compensation or incentive compensation plans ("Accrued Plan Obligations"), (iii) any other applicable bonus/ incentive payments as per the terms of the contract and grant or plan documents ("Accrued Bonus Obligations"), and (iv) 12 months-continuation coverage under the Company's health plans under which Mr. Greenwood and his dependents participated immediately prior to Mr. Greenwood's date of death or permanent disability.
Termination by the Company for cause	The Company may terminate Mr. Greenwood's employment at any time for Cause by issuing a Cause Notice and allowing Mr. Greenwood at least 15 days to discuss the reasons for the Cause Notice and at least 30 days to cure the reasons for the Cause Notice. If after that period Mr. Greenwood has not cured the Cause Event, the Company may terminate his employment with immediate effect. In this circumstance, Mr. Greenwood will be entitled to receive (i) his Accrued Obligations, (ii) his Accrued Plan Benefits and (iii) his Accrued Bonus Obligations.
Termination by the Company without cause	The Company may terminate Mr. Greenwood's employment without cause by giving six months' prior written notice. In this circumstance, Mr. Greenwood will be entitled to (i) his Accrued Obligations, (ii) his Accrued Plan Benefits and (iii) his accrued bonus obligations (iv) a lump sum severance payment equal to his then current 12 months' base salary, and (v) 12 months-continuation coverage under the Company's health plans under which Mr. Greenwood and his dependents participated immediately prior to his date of termination.
Resignation for Other than Good Reason	Mr. Greenwood may voluntarily terminate his employment for any reason upon at least six months' prior written notice. On the date of termination, Mr. Greenwood will be entitled to receive (i) his Accrued Obligations, (ii) his Accrued Plan Benefits and (iii) his Accrued Bonus Obligations.
Resignation for Good Reason	Mr. Greenwood may terminate his employment at any time for Good Reason by giving the Company written notice, which specifies the date of termination and the reason therefor. On the date of termination, Mr. Greenwood will be entitled to receive (i) his Accrued Obligations, (ii) his Accrued Plan Benefits and (iii) his accrued bonus obligations; (iv) a lump sum payment equal to the Severance Amount payable by the Company, and (v) for a period equal to the Severance Period, continuation coverage payable by the Company under the Company's group health plans for which Mr. Greenwood and his dependents participated immediately prior to his date of termination.
Non-compete	Upon termination of his employment, Mr. Greenwood will be subject to non-competition restrictions for 6 months (where termination is without cause or by Mr. Greenwood for good reason) or 12 months (where termination is for any other reason).
Dispute resolution	The terms of the LTI are governed by the laws of the Commonwealth of Australia and the state of Victoria and all other provisions of the employment agreement are governed by the laws of the state of Washington, USA. Any controversy or claim is required to be resolved by arbitration in Seattle Washington USA. The Company is required to pay all costs and fees of the arbitration.

Key terms of employment agreement of Mr. Ashley Killick

Title	CFO
Term of Contract	Ongoing, with effect from 31 October 2020
Base Salary	$463,500
STI	Mr. Killick is eligible to participate in the Company's STI Plan for annual cash bonuses of up to one third of the base salary each year subject to satisfying the key performance indicators for the relevant year. The following are the CFO's KPIs for 2022: – Achievement of EPS growth targets; – Effectively manage certain corporate costs; and – Improve financial reporting processes, content and timing.
LTI	Mr. Killick is eligible to participate in the Company's LTI Plan.
Termination of Employment	Under the terms of the contract, the Company may terminate the contract by giving 12 weeks' notice with no termination benefits. Under the terms of the contract, Mr. Killick may terminate the contract by giving 6 weeks' notice.

DIRECTORS' REPORT

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8. Nature and amount of each element of KMP Remuneration in FY2022

Details of the nature and amount of each element of the remuneration of each Director of the Company and each of the KMP of the Company for the financial year are set out below:

	Short term		Super/ 401k benefits	Share based payments		Other	Total	Performance related[1]
	Salary and fees $	Cash bonus $	$	Shares $	Options/ Performance rights $	$	$	%
Non-Executive Directors								
A. Robinson	200,000	–	–	–	–	–	200,000	–
J. Chafkin	130,000	–	–	–	–	–	130,000	–
M. Donnelly	118,182	–	11,818	–	–	–	130,000	–
G. Guérin	130,000	–	–	–	–	–	130,000	–
P. Kennedy[2]	160,000	–	–	–	–	–	160,000	–
Executive KMP								
P. Greenwood[3]	999,646	1,725,417	16,821	–	1,000,171	35,159	3,777,214	72
A. Killick[4]	439,932	120,000	23,568	–	89,655	–	673,155	31
Total 2022	**2,177,760**	**1,845,417**	**52,207**	**–**	**1,089,826**	**35,159**	**5,200,369**	**56**
Non-Executive Directors								
A. Robinson	167,409	–	7,591	–	–	–	175,000	–
J. Chafkin	110,000	–	–	–	–	–	110,000	–
M. Donnelly	100,457	–	9,543	–	–	–	110,000	–
G. Guérin	110,000	–	–	–	–	–	110,000	–
P. Kennedy[2]	140,000	–	–	–	–	–	140,000	–
Executive KMP								
P. Greenwood[3]	971,780	268,067	15,548	–	433,641	34,173	1,723,209	41
A. Killick[4]	465,537	65,000	14,463	–	–	–	545,000	12
Total 2021	**2,065,183**	**333,067**	**47,145**	**–**	**433,641**	**34,173**	**2,913,209**	**26**

There were no non-monetary benefits paid to KMP during the current and prior year.

Notes:

1 This is calculated based on the short-term cash bonus and share based payments as a percentage of total remuneration.

2 Mr. Kennedy receives additional fee of $30,000 for acting as Chairman of Treasury Group Investment Services Pty Ltd.

3 Mr. Greenwood and his dependents are entitled to a health-related cover paid for by the Group. In consideration of Mr. Greenwood's performance that has led to the growth and success of the Company's investments, in particular GQG Partners, culminating in the successful listing of GQG Inc and the liquidity which has flowed to the Company the Board approved a special short term cash bonus payment to Mr. Greenwood in the amount of $1,614,720. This payment is to be made in two equal instalments of $807,360 [USD575,709].

4 Mr. Killick commenced as Interim CFO on 20 March 2019. His services were provided through a contract with a management services company associated with him. He became the CFO effective 31 October 2020. His fees as a contractor were included in his remuneration.

The relative proportions of the elements of remuneration of KMP that are linked to performance:

	Maximum potential of short-term incentive based on fixed remuneration		Actual short-term incentive based on fixed remuneration linked to performance		Maximum potential of long-term incentive based on fixed remuneration[1]		Actual long-term incentive based on fixed remuneration linked to performance[1]	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
P. Greenwood[2]	51%	52%	164%	26%	100%	100%	95%	42%
A. Killick	32%	31%	26%	14%	100%	–	19%	–

Notes:

1 Valuation based on fair value at grant date using a Black Scholes pricing model. In prior years, valuation was based on fair-value at grant date using a Monte-Carlo simulation as well as binomial option pricing methodology.

2 In consideration of Mr. Greenwood's performance that has led to the growth and success of the Company's investments, in particular GQG LP, culminating in the successful listing of GQG Inc and the liquidity which has flowed to the Company the Board approved a special short term cash bonus payment to Mr. Greenwood in the amount of $1,614,720. This payment is to be made in two equal instalments of $807,360 (USD575,709).

Significant changes to Executive KMP remuneration in FY2022

In addition to Mr. Greenwood's contractual arrangements, a one-off bonus was paid to him in FY 2022 related to the investment in GQG Inc post its listing and in recognition of a residual obligation associated with GQG Inc that has existed since the historic merger of the Company (or Treasury Group Limited as it was at the time) and Northern Lights. The merger arrangements included a specific recognition of the possibility of creating a fund which would recruit Mr. Rajiv Jain and a sharing arrangement, with Mr. Tim Carver and Mr. Greenwood, of the value that would be created for the Company and its shareholders from that opportunity.

The amount of this special bonus was $1,614,720 of which 50% was paid in FY 2022. This is materially less than the value of the original obligation. No residual obligation exists to Mr. Carver as a consequence of his resignation from the Company to join GQG LLC.

The payment to Mr. Greenwood represents approximately 0.5% of the pre-tax value created from this investment for the Company shareholders. The Company's original investment in GQG LLC totalled USD2,733,000 ($3,600,000) and the value of that holding (pre the sale of 20% of the Company's holding on listing) at the date of listing was $300,000,000. The $300,000,000 represented approximately 53% of the net asset value ("NAV") of the business at that moment or, put another way, increased the NAV of the business by approximately 48%. The USD2,733,000 was largely invested in FY2016 with the listing occurring in FY2022.

An additional weight in the argument to recognise the success of that investment was the structure and timing of the LTI's entitlements held by Mr Greenwood at time leading up to GQG Inc's listing. It was clear leading up to the listing, that the period between the end of Mr. Greenwood's existing LTI program and the commencement of a new program, which needed approval at the FY2021 AGM in November 2021, was the period in which GQG Inc would list. That meant that the share price for the calculation of the vesting of the existing LTI program at the 30 June 2021 would not reflect the market value of the GQG Inc shareholding but that the basis for the next program of LTI for Mr. Greenwood would be set post the listing of GQG Inc causing Mr. Greenwood's LTI to inadvertently miss out on appropriately benefiting Mr. Greenwood for the success of that investment.

One way to see the impact from that on Mr. Greenwood's LTI is to see what the value of what would have vested to Mr. Greenwood if we had used an average of the month end share price at the 30 Sept 2021, when the market value of GQG Inc was transparent post listing, versus what was paid to him using the 30 June 2021 share price. This calculation would mean that Mr. Greenwood would have received a higher LTI payout although it probably still would not have picked up the value created for shareholders via the GQG Inc investment. Unfortunately for Mr. Greenwood a similar mismatch in the timing of the recognition by the market of the value of the underlying investment held by the Company has occurred again at the end of the FY2022 year. In this year the impact is again significant with the use of a single date of the 30 June 2022 for the LTI calculations providing Mr. Greenwood with relatively little value from the LTI that vested at that period.

It is the difficulty and problem in using a short-term data set for an LTI calculation from a market which is in an asset class where the expected relevant period of holding of an investment is measured in years not days i.e. as Warren Buffet noted "in the short-term the market is a voting machine, but in the long-term it is a weighing machine".

Other than the special short term cash bonus to Mr. Greenwood, there were no significant changes to Executive KMP remuneration in the current financial year.

DIRECTORS' REPORT

continued

9. Share based remuneration

As detailed above in this Remuneration Report, the Group operates an Employee LTI Plan for eligible employees and the MD & CEO LTI Plan for Mr. Greenwood. The number of options and performance rights granted under these Plans are detailed in the table below.

2022	Numbers granted	Numbers vested	% of grant vested	% of grant forfeited	% of compensation consisting of Share based remuneration
P. Greenwood[1, 4]	1,740,000	14,336	1%	99%	26%
A. Killick[2]	285,000	–	0%	0%	13%
Other employees[3, 5]	835,500	4,300	1%	99%	0%
2021					
P. Greenwood[6]	–	102,500	7%	93%	25%
A. Killick	–	–	0%	0%	0%
Other employees[7]	–	–	0%	100%	0%

Notes:

1 On 19 November 2021, Mr. Greenwood was issued with options as approved by shareholders at the AGM held on 19 November 2021.

2 On 24 February 2022, Mr. Killick was issued with 210,000 options and 75,000 performance rights.

3 On 24 February 2022, other employees were issued with 480,000 options and 355,500 performance rights.

4 Based on a report provided by an external actuarial services expert, the Board determined that 14,336 of the 1,250,000 performance rights vested as at 30 June 2022

5 Based on a report provided by an external actuarial services expert, the Board determined that 4,300 of the 375,000 performance rights vested as at 30 June 2022.

6 Based on a report provided by an external actuarial services expert, the Board determined that 102,500 of the 250,000 performance rights vested as at 1 July 2020 whilst none of the 1,250,000 performance rights vested as at 30 June 2021.

7 Based on a report provided by an external actuarial services expert, the Board determined that none of the 475,000 performance rights vested as at 30 June 2021 and 25,000 performance rights lapsed following the resignation of an employee.

10. KMP shareholdings

Details of KMP equity holdings for the financial year are set out below:

2022	Opening balance	Granted as remuneration	Received on vesting of performance rights	Net change other	Balance held nominally
Non-Executive Directors					
A. Robinson	55,795	–	–	15,000	70,795
J. Chafkin	64,816	–	–	36,000	100,816
M. Donnelly	20,000	–	–	–	20,000
G. Guérin	–	–	–	–	–
P. Kennedy	272,628	–	–	–	272,628
Executive KMP					
P. Greenwood[1]	654,781	–	–	–	654,781
A. Killick	10,446	–	–	613	11,059

2021	Opening balance	Granted as remuneration	Received on vesting of performance rights	Net change other	Balance held nominally
Non-Executive Directors					
A. Robinson	45,795	–	–	10,000	55,795
J. Chafkin	64,816	–	–	–	64,816
M. Donnelly	20,000	–	–	–	20,000
G. Guérin	–	–	–	–	–
P. Kennedy	272,628	–	–	–	272,628
Executive KMP					
P. Greenwood[2]	593,281	–	102,500	(41,000)	654,781
A. Killick	10,000	–	–	446	10,446

Directors are not required under the constitution or any other Board policy to hold any shares in the Company.

Notes:

1 The 14,336 performance rights which vested on 30 June 2022 were not yet issued.

2 Of the 102,500 performance rights which vested, 61,500 ordinary shares were purchased on market to satisfy 61,500 vested performance rights and the cash equivalent to 41,000 performance rights was paid to the USA tax authorities (on Mr. Greenwood's behalf) in accordance with the terms of the Performance Rights Plan.

11. Shares under option

Total number of options outstanding as at 30 June 2022 were 2,430,000 (2021: nil) with a value of $3,802,614 (2021: $nil).

Details of options on issue are as follows:

2022	Opening balance Number	Granted as compensation Number	Received on vesting Number	Net change other Number	Closing balance Number
P. Greenwood	–	1,740,000	–	–	1,740,000
A. Killick	–	210,000	–	–	210,000
Other employees	–	480,000	–	–	480,000
Total	**–**	**2,430,000**	**–**	**–**	**2,430,000**

Where the vesting conditions applicable to any options (as varied) have been satisfied or waived, the Company may, with the agreement of the holder of the options, elect to cancel any of those options on terms that the market value of the options as determined by the Board is payable to the holder in consideration for their cancellation and:

- the Option Cancellation Consideration is paid in money to the holder;
- the Option Cancellation Consideration is applied to acquire for the holder a number of shares the market value of which as determined by the Board is equivalent to the Option Cancellation Consideration, and the Company issues or otherwise procures the provision of those shares to the holder; or
- a combination of the above

The amount of options amortisation expense for FY2022 was $647,078 (2021: $nil).

DIRECTORS' REPORT

continued

Grant and vesting dates and the valuation of options outstanding as at the date of this Remuneration Report are as follows:

2022

Issued to	Number issued	Grant Date	Share price on Grant Date	Exercise Price	Vesting Date	Valuation[4]
P. Greenwood	580,000	19 November 2021[1]	$7.31	$7.28	1 July 2024	$1.49
	1,160,000	19 November 2021[1]	$7.31	$7.28	1 July 2025	$1.57
A. Killick	70,000	24 February 2022[2]	$7.40	$7.28	1 July 2024	$1.57
	140,000	24 February 2022[2]	$7.40	$7.28	1 July 2025	$1.64
Other employees	160,000	24 February 2022[3]	$7.40	$7.28	1 July 2024	$1.57
	320,000	24 February 2022[3]	$7.40	$7.28	1 July 2025	$1.64
Total	**2,430,000**					

Notes:

[1] The options issued to Mr. Greenwood on 19 November 2021, was approved by shareholders at the AGM held on 19 November 2021. The options will vest in two tranches, one third being 580,000 (Tranche 1) will vest on 1 July 2024 and the two thirds being 1,160,000 (Tranche 2) will vest on 1 July 2025. Both tranches require Mr. Greenwood's continued employment. The average value of each option was $1.54. The total value at grant date of these options was $2,687,113 for an equivalent number of shares of 1,740,000. The options on issue were valued on 19 November 2021 by an independent adviser using a Black Scholes pricing model.

[2] On 24 February 2022, Mr. Killick was issued 210,000 options. The options will vest in two tranches, one third being 70,000 (Tranche 1) will vest on 1 July 2024 and the two thirds being 140,000 (Tranche 2) will vest on 1 July 2025. Both tranches require Mr. Killick's continued employment. The average value of each option was $1.62. The total value at grant date of these options was $339,500 for an equivalent number of shares of 210,000. The options on issue were valued on 11 July 2022 by an independent adviser using a Black Scholes pricing model.

[3] On 24 February 2022, other employees were issued 480,000 options. The options will vest in two tranches, one third being 160,000 (Tranche 1) will vest on 1 July 2024 and the two thirds being 320,000 (Tranche 2) will vest on 1 July 2025. Both tranches require the continued employment of the other employees. The average value of each option was $1.62. The total value at grant date of these options was $776,000 for an equivalent number of shares of 480,000. The options on issue were valued on 11 July 2022 by an independent adviser using a Black Scholes pricing model.

[4] The valuation of options issued are based on average valuations of each tranche issued and the following inputs:

Date of issue of options	Volatility of the underlying share price	Expected dividend yield per annum	Risk free rates per annum
P. Greenwood			
- 19 November 2021	40%	5.10%	0.95% and 1.40%
A. Killick			
- 24 February 2022	40%	4.9%	1.60% and 1.70%
Other employees			
- 24 February 2022	40%	4.9%	1.60% and 1.70%

12. Performance rights

Total performance rights outstanding as at 30 June 2022 were 412,500 (2021: 1,700,000) with a value of $2,605,625 (2021: $271,039).

Details of performance rights on issue are as follows:

2022	Opening balance Number	Granted as compensation Number	Received on vesting Number	Net change other Number	Closing balance Number
P. Greenwood	1,250,000	–	(14,336)	(1,235,664)	–
A. Killick	–	75,000	–	–	75,000
Other employees	450,000	355,500	(4,300)	(463,700)	337,500
Total	**1,700,000**	**430,500**	**(18,636)**	**(1,699,364)**	**412,500**
2021					
P. Greenwood	2,750,000	–	(102,500)	(1,397,500)	1,250,000
A. Killick	–	–	–	–	–
Other employees	950,000	–	–	(500,000)	450,000
Total	**3,700,000**	**–**	**(102,500)**	**(1,897,500)**	**1,700,000**

2022	Balance Vested Number	Vested but not exercisable Number	Vested and exercisable Number	Rights vested Number
P. Greenwood	14,336	–	14,336	14,336
A. Killick	–	–	–	–
Other employees	4,300	–	4,300	4,300
Total	**18,636**	**–**	**18,636**	**18,636**
2021				
P. Greenwood	102,500	–	102,500	102,500
A. Killick	–	–	–	–
Other employees	–	–	–	–
Total	**102,500**	**–**	**102,500**	**102,500**

Any securities to be allocated on vesting of the performance rights under the MD & CEO LTI Plan and Employee LTI Plan may be purchased on market, and therefore shareholder approval is not required or at the Board's discretion, shareholder approval may be sought.

The amount of performance rights amortisation expense for FY2022 was $1,206,745 (2021: $593,775).

DIRECTORS' REPORT

continued

Grant and vesting dates and the valuation of performance rights outstanding as at the date of this Remuneration Report are as follows:

2022

Issued to	Number issued	Grant Date	Share price on Grant Date	Vesting Date	Valuation[2]
A. Killick	25,000	24 February 2022	$7.40	30 June 2024	$6.62
	25,000	24 February 2022	$7.40	30 June 2025	$6.31
	25,000	24 February 2022	$7.40	30 June 2026	$6.02
Other employees	118,500	24 February 2022	$7.40	30 June 2024	$6.62
	118,500	24 February 2022	$7.40	30 June 2025	$6.31
	118,500	24 February 2022	$7.40	30 June 2026	$6.02
Total	**430,500**				

2021

P. Greenwood	1,250,000	21 June 2018[1]	$6.77	30 June 2022	$0.67
Other employees	375,000	25 June 2019	$4.46	30 June 2022	$0.22
	75,000	1 August 2019	$5.55	30 June 2022	$1.31
Total	**1,700,000**				

Refer to Section 3 of this Remuneration Report for applicable performance criteria and further details.

Notes:

[1] The performance rights provided to Mr. Greenwood on 21 June 2018, in consideration of his new role effective 1 July 2018, was approved by shareholders at the Annual General Meeting held on 30 November 2018. This issue was for no more than 2,500,000 performance rights in two tranches. One tranche covers the performance period 1 July 2018 to 30 June 2021 and the other tranche covers the performance period 1 July 2018 to 30 June 2022. Tranche 1 and Tranche 2 have vesting dates of 30 June 2021 and 30 June 2022, respectively. Each tranche is subdivided into three lots with different performance conditions, one requiring continuous employment and a share price hurdle and the other two requiring different total shareholder return hurdles to be satisfied (refer to Section 7 of this Remuneration Report for details). The average value of each right was $0.608. The total value at grant date of these outstanding performance rights was $1,520,506. The performance rights on issue were valued on 30 November 2018 by an independent adviser using a Monte Carlo pricing model. Based on the report provided by the external actuarial services expert, the Board determined that none of these performance rights vested as at 30 June 2021 whilst 14,336 out of 1,250,000 performance rights vested as at 30 June 2022.

[2] The valuation of performance rights issued are based on average valuations of each tranche issued and the following inputs:

Date of issue of performance rights	Volatility of the underlying share price	Expected dividend yield per annum	Risk free rates per annum
P. Greenwood			
- 21 June 2018	30%	3.84%	2.07% and 2.15%
A. Killick			
- 24 February 2022	40%	4.90%	1.30%, 1.70% and 1.80%
Other employees			
- 24 February 2022	40%	4.90%	1.30%, 1.70% and 1.80%
- 1 August 2019	30%	3.60%	0.87% and 0.83%
- 25 June 2019	30%	4.48%	0.89% and 0.90%

13. Loans to Directors and executives

No loans were made to Directors and executives of the Company including their close family and entities related to them during FY2022.

- End of Remuneration Report -

Directors' Meetings

This table shows membership of standing Committees of the Board that operated during the year ended 30 June 2022. All Directors may attend standing Board Committee meetings even if they are not a member of the relevant Committee. From time to time the Board may form other committees or request Directors to undertake specific extra duties. The number of meetings of Directors (including meetings of standing committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings		Meetings of Committees: Audit and Risk Committee		Meetings of Committees: Remuneration, Nomination and Governance Committee	
Total number of meetings held	14		5		5	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
A. Robinson	14	14	5	5	5	5
P. Greenwood	14	14	–	5	–	4
J. Chafkin	14	14	5	5	5	5
M. Donnelly	14	14	5	5	5	5
G. Guérin	14	14	5	5	5	5
P. Kennedy	14	14	5	5	5	5

Committee membership

As at the date of this report, the Company had an Audit and Risk Committee and a Remuneration, Nomination and Governance Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

Audit and Risk Committee	Remuneration, Nomination and Governance Committee
M. Donnelly (Chairperson)	P. Kennedy (Chairman)
J. Chafkin	J. Chafkin
G. Guérin	G. Guérin
P. Kennedy	M. Donnelly
A. Robinson	A. Robinson

Indemnification and Insurance of Directors, Officers and Auditors

The Company has entered into an agreement for the purpose of indemnifying Directors and officers of the Company in certain circumstances against losses and liabilities incurred by the Directors or officers on behalf of the Company.

The following liabilities, except for a liability for legal costs, are excluded from the above indemnity:

- A liability owed to the Company or related body corporate or another group entity (except, in the case of another group entity, where the indemnified party acted in the best interests of the Company and did not receive a financial benefit);
- A liability for pecuniary penalty order under section 1317G or a compensation order under sections 961M, 1317H, 1317 HA, 1317HB, 1317HC or 1317HE of the *Corporations Act 2001*;
- A liability that did not arise out of conduct in good faith; and
- Any other liability against which the Company is precluded by law from indemnifying the Director.

DIRECTORS' REPORT

continued

The insurance contract prohibits the disclosure of the insurance premium for insuring officers of the Company against a liability which may be incurred in that person's capacity as an officer of the Company.

During or since the end of the financial year the Company has not indemnified or made a relevant agreement to indemnify an auditor of the Company or of any related body corporate against a liability incurred as such an auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support the principles of corporate governance. The Company's Corporate Governance Statement is available on the Company's website at www.paccurrent.com/shareholders/corporate-governance.

Environmental Regulation and Performance

The Company's operations are not presently subject to significant environmental regulation under the law of the Commonwealth and State.

Auditor Independence

The Directors received an independence declaration from the auditors of the Group. A copy of the declaration is set out on page 38.

Non-audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 26 to the consolidated financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 26 to the consolidated financial statements do not compromise the external auditor's independence, based on advice received from the Audit & Risk Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Other Matters

On 17 September 2019, the Company received an originating application in the Federal Court of Australia in Melbourne by Michael Brendan Patrick de Tocqueville and ASI Mutual Pty Limited (collectively "ASI") seeking leave of the court to commence a derivative action on behalf of the Company against individuals serving as Directors at the time of the 2014 merger between the Company and the Northern Lights Capital Group, LLC (including two current Directors) for matters arising out of the merger. On 20 February 2020, the Federal Court of Australia granted ASI leave to bring the proceedings. Omni Bridgeway (Fund 5) Australian Invt. Pty Ltd ("Litigation Funder") has given an undertaking to cover the Company's costs and any liabilities or adverse cost orders made against the Company in favour of the defendants. As a result, the claims are not expected to have a material adverse financial effect on the Company. If the proceedings are successful or are settled on terms that the defendants pay an agreed amount, the Company will be entitled to the net proceeds after deducting specified legal costs and the Litigation Funder's share.

Rounding of Amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Likely Developments

The Group will continue to operate in accordance with its investment objectives and strategy as defined in the Nature of Operations and Principal Activities.

Significant Events Subsequent to Reporting Date

On 26 August 2022, the Directors of the Company declared a final dividend on ordinary shares in respect of the 2022 financial year. The total amount of the dividend is $11,764,000 which represents a fully franked dividend of 23 cents per share. The final dividend for 2022 financial year will be eligible for the DRP. Any shares issued under the DRP will be priced at the average daily VWAP calculated over a 10-day period commencing on the third trading day following the record date. The dividend has not been provided for in the 30 June 2022 consolidated financial statements.

Other than the matters detailed above, there has been no matter or circumstance, which has arisen since 30 June 2022 that has significantly affected or may significantly affect either the operations or the state of affairs of the Group.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Antony Robinson
Chairman

26 August 2022

AUDITOR'S INDEPENDENCE DECLARATION

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Auditor's independence declaration to the Directors of Pacific Current Group Limited

As lead auditor for the audit of the financial report of Pacific Current Group Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;

b) No contraventions of any applicable code of professional conduct in relation to the audit; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pacific Current Group Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

RDaSilva

Rita Da Silva
Partner
26 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Revenue	1	**21,646**	**20,123**
Other income and net gains/(losses) on investments and financial instruments			
Distributions and dividend income	2	22,418	26,686
Sundry income	2	138	237
Net change in fair values of financial assets and liabilities	2	(66,741)	4,160
Loss on sale of investments	2	–	(2,250)
Gain on derecognition of financial assets and liabilities	2	–	271
		(44,185)	**29,104**
Expenses			
Salaries and employee benefits	3	(14,381)	(15,235)
Impairment expense	3	(4,182)	(3,536)
Administration and general expenses	3	(11,885)	(10,030)
Depreciation and amortisation expense	3	(3,269)	(3,461)
Interest expense	3	(60)	(108)
		(33,777)	**(32,370)**
Share of net profits of associates and joint venture accounted for using the equity method	22	8,130	6,608
(Loss)/profit before income tax expense		**(48,186)**	**23,465**
Income tax benefit/(expense)	4	15,419	(5,777)
(Loss)/profit for the year		**(32,767)**	**17,688**
Attributable to:			
The members of the Company		(35,270)	17,413
Non-controlling interests		2,503	275
		(32,767)	**17,688**
(Loss)/earnings per share attributable to the members of the Company (cents per share):			
– Basic	6	(69.15)	34.50
– Diluted	6	(69.15)	34.50
Franked dividends paid per share (cents per share) for the year	17	41.00	35.00

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
(Loss)/profit for the year		**(32,767)**	**17,688**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of financial assets, net of income tax	16a(i)	138,507	25,338
Foreign currency movement of investment revaluation reserve	16a(i)	2,978	(5,593)
		141,485	**19,745**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	16a(ii)	33,476	(25,472)
Share in foreign currency reserve of an associate, net of income tax	16a(ii)	51	–
		33,527	(25,472)
Other comprehensive income/(loss) for the year		**175,012**	**(5,727)**
Total comprehensive income		**142,245**	**11,961**
Attributable to:			
The members of the Company		139,825	11,675
Non-controlling interests		2,420	286
		142,245	**11,961**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	8	34,886	28,298
Trade and other receivables	9	9,017	8,125
Other financial assets	10	1,190	2,243
Current tax assets	4	753	10,675
Other assets		1,156	939
Total current assets		**47,002**	**50,280**
Non-current assets			
Trade and other receivables	9	1,796	442
Other financial assets	10	304,785	221,774
Plant and equipment		781	585
Right-of-use assets	11a(i)	834	516
Intangible assets	21	54,315	52,705
Investments in associates and joint venture	22	195,117	132,058
Other assets		87	155
Total non-current assets		**557,715**	**408,235**
Total assets		**604,717**	**458,515**
Current liabilities			
Trade and other payables	12	8,800	5,209
Provisions	13	12,822	11,136
Financial liabilities	14	133	258
Lease liabilities	11a(ii)	281	302
Current tax liabilities	4	737	590
Total current liabilities		**22,773**	**17,495**
Non-current liabilities			
Provisions	13	34	71
Financial liabilities	14	11,064	9,857
Lease liabilities	11a(ii)	771	378
Deferred tax liabilities	4	43,349	27,904
Total non-current liabilities		**55,218**	**38,210**
Total liabilities		**77,991**	**55,705**
Net assets		**526,726**	**402,810**
Equity			
Share capital	15	186,927	184,655
Reserves	16	73,415	120,847
Retained earnings		264,468	96,876
Total equity attributable to the members of the Company		524,810	402,378
Non-controlling interests		1,916	432
Total equity		**526,726**	**402,810**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Share capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2021	**184,655**	**120,847**	**96,876**	**432**	**402,810**
(Loss)/profit for the year	–	–	(35,270)	2,503	(32,767)
Other comprehensive income:					
(i) Net movement in investment revaluation reserve net of income tax	–	141,485	–	–	141,485
(ii) Net movement in foreign currency translation reserve		33,559	–	(83)	33,476
(iii) Share in foreign currency reserve of an associate, net of income tax	–	51	–	–	51
Total comprehensive income for the year	**–**	**175,095**	**(35,270)**	**2,420**	**142,245**
Transfers between reserves	**–**	**(223,733)**	**223,733**	**–**	**–**
Transactions with members in their capacity as members:					
(i) Issuance of shares, net of share issue costs and income tax (Note 15)	2,272	–	–	–	2,272
(ii) Dividends paid (Note 17)	–	–	(20,871)	(936)	(21,807)
(iii) Share-based payments (Note 16a(iii))	–	1,206	–	–	1,206
Total transactions with members in their capacity as members	**2,272**	**1,206**	**(20,871)**	**(936)**	**(18,329)**
Balance as at 30 June 2022	**186,927**	**73,415**	**264,468**	**1,916**	**526,726**

	Share capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2020	**178,424**	**126,620**	**96,972**	**543**	**402,559**
Profit for the year	–	–	17,413	275	17,688
Other comprehensive income:					
(i) Net movement in investment revaluation reserve net of income tax	–	19,745	–	–	19,745
(ii) Net movement in foreign currency translation reserve	–	(25,483)	–	11	(25,472)
Total comprehensive income for the year	**–**	**(5,738)**	**17,413**	**286**	**11,961**
Transactions with members in their capacity as members:					
(i) Issuance of shares, net of share issue costs and income tax (Note 15)	6,231	–	–	–	6,231
(ii) Dividends paid (Note 17)	–	–	(17,509)	(397)	(17,906)
(iii) Share-based payments (Note 16a(iii))	–	594	–	–	594
(iv) Shares bought on market to settle performance rights vested (Note 16a(iii))	–	(629)	–	–	(629)
Total transactions with members in their capacity as members	**6,231**	**(35)**	**(17,509)**	**(397)**	**(11,710)**
Balance as at 30 June 2021	**184,655**	**120,847**	**96,876**	**432**	**402,810**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flow from operating activities			
Receipts from customers		18,340	20,036
Payments to suppliers and employees		(19,933)	(24,265)
Dividends and distributions received		33,762	34,515
Interest received		149	201
Interest paid		(47)	(107)
Income tax paid		(8,803)	(1,232)
Net cash provided by operating activities	7	**23,468**	**29,148**
Cash flow from investing activities			
Collections of receivable from EAM Global		517	503
Collections of sublease receivable		122	289
Collections of receivable from Raven Capital Management, LLC ("Raven")		1,332	1,079
Collections of loans from an associate		620	168
Loans provided to an associate		(345)	(617)
Proceeds from disposal of GQG LLC net of transaction costs		58,089	–
Payments for the purchase of financial assets at fair value through profit or loss ("FVTPL")		(69)	(67)
Proceeds from sale of a subsidiary		–	6,800
Cash held by deconsolidated subsidiary		–	(4,529)
Payments for the purchase of associates		(48,257)	(7,979)
Additional contributions to associates		(6,973)	(1,377)
Payment for the purchase of plant and equipment		(275)	(92)
Payments for early termination of leases		–	(51)
Net cash provided by/(used in) investing activities		**4,761**	**(5,873)**
Cash flow from financing activities			
Repayment of Proterra earn-out obligation		(3,020)	(1,022)
Repayments of principal portion of lease liabilities		(346)	(727)
Repayment of Hareon liability		(276)	–
Proceeds from issuance of shares		–	2,036
Transaction costs from issuance of shares		–	(62)
Dividends paid		(18,599)	(13,271)
Dividends paid to non-controlling interest in a subsidiary		(936)	(397)
Payments for the purchase of shares to settle shared-based payments		–	(628)
Net cash used in financing activities		**(23,177)**	**(14,071)**
Net increase in cash and cash equivalents held		**5,052**	**9,204**
Cash at beginning of the financial year		28,298	20,154
Foreign exchange difference in cash		1,536	(1,060)
Cash at end of financial year	8	**34,886**	**28,298**
Non-cash investing and financing activities			
Investing activities	7	632	–
Financing activities	7	2,905	4,238

The accompanying notes form part of these consolidated financial statements.

INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

A. BASIS OF PREPARATION

This general-purpose financial report for the Company and the consolidated entities ("Group") for the year ended 30 June 2022, was authorised for issue in accordance with a resolution of the Directors on 26 August 2022 and the Directors have the power to amend and reissue this financial report.

It has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

All amounts are presented in Australian dollars, unless otherwise stated.

The Company is a company limited by shares incorporated and domiciled in Australia. Its shares are listed for trading on the ASX with a ticker code PAC. It is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

The nature of operations, principal activities, and operating and financial review of the Company are disclosed in the Directors' report.

a. Historical cost convention

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the relevant accounting policies.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of AASB 2 *'Share Based Payments'* ("AASB 2"), leasing transactions that are within the scope of AASB 16 *'Leases'* ("AASB 16") and measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 *'Impairment of Assets'* ("AASB 136") (Refer to Notes 21 and 22).

b. Significant accounting policies

The accounting policies adopted in the preparation of this financial report are contained within the notes to which they relate. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

c. Going concern

This general-purpose financial report has been prepared on a going concern basis, which assumes that the Group will be able to meet its debts as and when they become due and payable. The Group also assessed the impact of COVID-19 in its ability to continue as a going concern. The Group prepared cash flow forecast analysis using various scenarios including a base-case and a worse-case scenario. Under these scenarios, the Group can continue as a going concern.

d. Comparatives

The accounting policies adopted by the Group in the preparation and presentation of the financial statements have been consistently applied. Where necessary, comparative information has been reclassified, repositioned, and restated for consistency with current year disclosures.

e. Critical accounting estimates, judgments, and assumptions

The preparation of the consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its estimates and judgments in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its estimates and judgments on historical information and other factors, including expectations of future events that may have an impact on the Group. All estimates, judgments, and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the estimates, judgments, and assumptions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

A. BASIS OF PREPARATION (continued)

Significant estimates, judgments and assumptions made by management in the preparation of these consolidated financial statements are outlined below:

- Revenue recognition of performance fees – refer to Note 1c;
- Income tax, tax basis for USA investments and recovery of deferred tax assets – refer to Note 4c;
- Impairment of trade and other receivables – refer to Note 9c;
- Valuation of financial assets at fair value and impairment of financial assets at amortised cost – refer to Note 10c and Note 18f;
- Provision for estimated liability to Hareon Solar Singapore Private Limited ("Hareon") – refer to Note 13c;
- Valuation of financial liabilities at fair value – refer to Note 14c and Note 18f;
- Impairment of goodwill and other identifiable intangible assets – refer to Note 21c;
- Impairment of investments in associates and a joint venture – refer to Note 22d; and
- Share-based payment transactions – refer to Note 25c.

f. Coronavirus 2019 ("COVID-19") impact

The Group's assessment of the ongoing impact of COVID-19 continues to evolve and has been incorporated into the determination of its results of operations and measurement of its assets and liabilities. Valuations included in the financial report such as fair value assets, goodwill, other identifiable intangibles, investments in associates and joint venture and financial liabilities are based on the information available and relevant as at the date of this report. As market conditions are continually changing, changes to the estimates and outcomes that have been applied in the measurement of these assets and liabilities may arise in the future. The Group's approach to the COVID-19 pandemic and having the employees return to the offices continues to evolve based on new variants and local restrictions, but the Group intends to continue the hybrid return-to-office approach. The Group's technology infrastructure has facilitated the ability to shift between a fully remote environment and hybrid approaches.

The Group continues to monitor developments in the COVID-19 pandemic and the measures being implemented to control it. The full extent and duration of the adverse effect on the Group's business is uncertain and depends on the duration of the pandemic and the extent global and local economies are impacted by the effects of the pandemic. The related impact on the Group's future operating results, cash flows and financial condition cannot currently be reasonably estimated.

g. Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the consolidated financial statements. Amounts in the consolidated financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

B. GROUP RESULTS FOR THE FINANCIAL YEAR

This section provides information regarding the results and performance of the Group during the year, including further details on revenue, other income, and net gains/(losses) on investments and financial instruments, expenses, income tax, segment information, earnings per share and reconciliation of cashflows.

1. Revenue

a. Analysis of balances

The Group derives its revenue from the transfer of services over time and at a point in time as below:

	2022 $'000	2021 $'000
Timing of revenue recognition		
Over time		
– Fund management fees	12,181	16,774
– Performance fees	5,603	997
– Commission revenue	118	944
– Retainer revenue	708	316
– Sundry revenue	37	96
	18,647	**19,127**

	2022 $'000	2021 $'000
At a point in time		
– Commission revenue	2,962	951
– Sundry revenue	37	45
	2,999	**996**
Total revenue	**21,646**	**20,123**

b. Accounting policies

(i) Fund management fees

The revenue is recognised over time in the accounting period in which the asset management services are rendered, and the performance obligation is met. The transaction price for fund management fees for each performance obligation is the defined contractual rate of the average assets under management or committed capital for the relevant accounting period.

The relevant Investment Management Agreement contains a series of performance obligations relating to the provision of asset management services to the underlying funds and mandates. A performance obligation within the series is identified as the performance of asset management and associated record management for monthly reporting. This performance obligation is repeated monthly for the term of the contract and as such the contract meets the definition of a series of obligations. The performance obligation is satisfied over the month when services have been provided to the client.

(ii) Performance fees

Performance fees arise when the performance of the asset under management exceeds a threshold. As the services provided under the Investment Management Agreement constitute a series of performance obligations performed on a monthly basis, subject to performance of the asset under management, the Group may meet those obligations throughout the term of the contract. However, as the performance fee is contingent on the performance of the funds under management for the full period of the contract, the revenue cannot be recognised, as it is not highly probable that this revenue will not be reversed.

The performance fee is calculated in accordance with the calculation methodology of the underlying funds as defined in the relevant agreements.

(iii) Commission revenue

Commission revenue arises when the Group provides sales services to its clients. Commissions are recognised as follows:

Variable commission

The Group is generally entitled to a trail commission over a multi-year period in accordance with the Sales and Marketing Services Agreement when the client has invested in the funds or mandates of the asset managers and performance obligations have been met. The transaction price is the gross revenue generated from the mandate multiplied by the contractual rates.

The relevant Sales and Marketing Services Agreement contains a series of performance obligations relating to sales and marketing support services. A performance obligation within the series is identified as the performance of sales and marketing support. This performance obligation is repeated monthly for the term of the contract and as such the contract meets the definition of a series of obligations. The performance obligation is satisfied over the month when services have been provided to the client.

As the commission revenue correlates to the gross revenues of the mandates, the revenue cannot be recognised on a straight-line basis. The revenue is only recognised in the period where the gross management fees generated from the mandates, and it is not highly probable that this revenue will not be significantly reversed.

If the mandate with the asset manager is lost before the end of the trail commission period, the commission revenue will cease from the time the mandate is lost.

Fixed commission

The Group is entitled to a commission in accordance with the Sales and Marketing Services Agreement when the client has committed a capital to the asset manager's closed end vehicles where the client cannot redeem. Once the client invested its committed capital to a closed end vehicle, it is deemed that the performance obligation has been met. The transaction price is the committed capital multiplied by the contractual rates.

As the commission revenue correlates to the committed capital, the revenue is recognised upon closing of the transaction, and it is not highly probable that this revenue will not be significantly reversed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

B. GROUP RESULTS FOR THE FINANCIAL YEAR (continued)

1. Revenue (continued)

c. Key estimates, judgments, and assumptions

Revenue recognition of performance fees

Performance fees are only recognised every end of the financial year of the controlled entity when the performance fees are realised, and no significant reversal will occur. The performance fee is variable and contingent upon performance of the funds under management for the full period.

2. Other income and net gains/(losses) on investments and financial instruments

a. Analysis of balances

	2022 $'000	2021 $'000
Distributions and dividend income:		
– Financial assets at FVTPL	15,183	11,615
– Financial assets at fair value through other comprehensive income ("FVTOCI")	7,235	15,071
	22,418	**26,686**
Sundry income:		
Interest income:		
– Other persons/corporations	123	177
– Related party	15	60
Total other income	**138**	**237**
Changes in fair values of financial assets and liabilities:		
Financial assets through profit or loss:		
– Investment in Carlisle	10,761	3,083
– Investment in GQG Inc	(81,274)	–
– Investment in Proterra	3,938	2,597
– Receivable from Raven	93	167
– Other	155	3
	(66,327)	5,850
Financial liabilities through profit or loss:		
– Earn-out obligations and deferred considerations	(414)	(1,690)
Total changes in fair values of financial assets and liabilities through profit or loss	**(66,741)**	**4,160**
Loss on sale of investments:		
Loss on sale of a subsidiary	–	**(2,250)**
Gain on derecognition of financial assets and liabilities:		
Gain on derecognition of CAMG put option	–	**271**

b. Accounting policies

(i) Distributions and dividend income

Distribution and dividend income from investments is recognised when the Group's right to receive payment has been established and the amount can be reliably measured.

(ii) Gain or loss on sale of investments

Gain or loss is recognised in the consolidated statement of profit or loss in the period in which the transaction is concluded. The value is determined as the difference between the carrying amount of the assets and liabilities being derecognised or disposed and the fair value of the consideration received.

3. Expenses

a. Analysis of balances

	2022 $'000	2021 $'000
Salaries and employee benefits:		
– Salaries and employee benefits	13,175	14,641
– Share-based payment expense	1,206	594
Total salaries and employee benefits	**14,381**	**15,235**
Impairment expenses:		
– Impairment of investment in associates (refer to Note 22):		
– Blackcrane	1,693	–
– CAMG	2,103	1,178
– VPC-Holdco	–	2,358
	3,796	3,536
– Impairment of financial assets at amortised cost:		
– Expected credit losses of trade and other receivables (refer to Note 9)	386	–
Total impairment expenses	**4,182**	**3,536**
Administration and general expenses:		
– Accounting and audit fees	1,486	2,105
– Commission and marketing expenses	380	522
– Computer and software maintenance expenses	495	669
– Deal, establishment, and litigation costs	2,117	1,253
– Directors' fees	752	645
– Insurance expense	757	964
– Lease expenses	148	184
– Loss on early termination of lease	–	65
– Net foreign exchange loss	646	259
– Professional and consulting fees	2,063	1,695
– Provision for estimated liability to Hareon (refer to Note 13)	983	–
– Share registry and regulatory fees	188	187
– Taxes and license fees	686	777
– Travel and accommodation costs	484	20
– Other general expenses	700	685
Total administration and general expenses	**11,885**	**10,030**
Depreciation and amortisation expense:		
– Depreciation of plant and equipment	263	295
– Amortisation of management rights (refer to Note 21)	2,761	2,642
– Amortisation of right-of-use assets (refer to Note 11a(i))	245	524
Total depreciation and amortisation expense	**3,269**	**3,461**
Interest expense:		
– Lease liabilities (refer to Note 11a(ii))	60	89
– Other	–	19
Total interest expense	**60**	**108**
Total expenses	**33,777**	**32,370**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

B. GROUP RESULTS FOR THE FINANCIAL YEAR (continued)

4. Income tax

a. Analysis of balances

	2022 $'000	2021 $'000
Income tax (benefit)/expense		
Components of income tax (benefit)/expense:		
– Current tax	18,320	(7,465)
– Deferred tax	(34,517)	12,697
– Under provision in prior years	778	545
Total income tax (benefit)/expense recognised in profit or loss	**(15,419)**	**5,777**
Reconciliation of income tax (benefit)/expense recognised in profit or loss to prima facie income tax:		
(Loss)/profit before income tax	(48,186)	23,465
Prima facie income tax (benefit)/expense at 30% (2021: 30%)	(14,456)	7,039
Add/(deduct) the tax effect of:		
– USA state income tax (benefit)/expense	(3,112)	2,917
– Non-assessable income	(464)	–
– Franking credits received	(257)	(307)
– Non-deductible foreign expenses	744	1,176
– Tax losses not carried forward	411	–
– Share-based payments	362	178
– Impact of difference in tax rates in other countries	283	(5,670)
– Tax losses carried back	–	7,223
– Net operating loss clawback adjustment	–	(7,405)
– Other	292	81
– Under provision in prior years	778	545
Income tax (benefit)/expense attributable to profit	**(15,419)**	**5,777**
Net deferred income tax liabilities recognised in income tax (benefit)/expense:		
– Investments	(35,382)	13,179
– Accruals and provisions	(469)	(18)
– Deductible capital expenditures	(290)	112
– Impact of leases	(13)	(16)
– Earn-out liability	912	(214)
– Tax losses carried forward	362	(345)
– Dividend receivable	356	(2)
– Others	7	1
	(34,517)	**12,697**
Deferred income tax related to items charged or credited directly to equity:		
– Movement of the Group's investment revaluation reserve	46,976	8,916
– Movement of the Group's foreign currency revaluation reserve of an associate	22	–
– Movement of the Group's share capital	–	(19)
	46,998	**8,897**

	2022 $'000	2021 $'000
Tax losses not recognised		
– Unused tax losses for which no deferred tax asset has been recognised	3,126	294
– Potential tax benefit at relevant tax rate	**938**	**88**

The unused tax losses were incurred by the parent entity in Australia in respect to revenue and capital losses of $3,126,000 (2021: $294,000 revenue and capital losses of the parent entity in Australia).

	2022 $'000	2021 $'000
Current tax assets		
Income tax receivable[1]	**753**	**10,675**
Current tax liabilities		
Provision for income tax[2]	**737**	**590**
Non-current liabilities – net deferred tax liabilities		
Components of net deferred tax liabilities:		
– Liabilities:		
– Investments	47,220	32,377
– Dividend receivable	383	28
	47,603	**32,405**
– Assets		
– Adjustment on financial liabilities at FVTPL	(2,351)	(3,049)
– Deductible capital expenditures	(1,258)	(923)
– Accruals and provisions	(633)	(125)
– Impact of leases	(16)	(62)
– Tax losses carried forward	–	(341)
– Others	4	(1)
	(4,254)	**(4,501)**
Net deferred tax liabilities	**43,349**	**27,904**

Notes:

1 This is the estimated income receivable in Australia (2021: $1,895,000 in Australia and $8,780,000 in the USA).

2 This is the estimated income tax liability of $174,000 in the USA and $563,000 in the UK (2021: UK).

b. Accounting policies

The income tax (benefit)/expense for the year comprises current income tax (benefit)/expense and deferred tax (benefit)/expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to or recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax (benefit)/expense is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

B. GROUP RESULTS FOR THE FINANCIAL YEAR (continued)

4. Income tax (continued)

c. Key estimates, judgments, and assumptions

(i) Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are a number of transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may differ from the taxation authorities' view. The Group recognises the impact of the anticipated tax liabilities based on the Group's current understanding of the tax laws. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(ii) Tax basis for USA investments

The Group determines its tax obligation in the event of liquidation and/or disposal of its USA investments. This is calculated by determining the tax basis and tax basis adjustments as permitted under the USA Internal Revenue Code. The tax basis adjustments involved an estimation of the additional tax basis specific to the USA investments.

The tax calculated at the Group level is also dependent on the notification of allocated taxable income by the USA investments that are deemed as partnerships in the USA. The amount of taxable income allocated from such partnerships to the Group may be subject to judgement and hence be amended in future periods.

(iii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences.

(iv) Tax losses not recognised

A deferred tax asset in relation to tax losses is regarded as recoverable and therefore recognised only when, on the basis of available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover the losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax assets in relation to tax losses in Australia have not been recognised on the basis that there remains uncertainty regarding the timing and quantum of the generation of taxable profits.

d. Tax consolidation and status in other jurisdictions

(i) Tax status of the Company in Australia

The Company and its wholly-owned Australian subsidiaries formed a tax consolidated group for income tax purposes. The Company is the head entity of the tax consolidated group. Members of the tax consolidated group have entered a tax sharing arrangement in order to allocate income tax expense to the wholly-owned entities on a pro-rata basis. Under a tax funding agreement, each member of the tax consolidated group is responsible for funding their share of any tax liability. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

(ii) Tax status of the Company in the USA

The Group's investments in the USA are pass-through vehicles for tax purposes. The tax on earnings will be paid for by the Company as the ultimate entity liable for the tax obligations in the USA.

e. Uncertainty over income tax treatments

The tax calculated at the Group level is dependent on the notification of allocated taxable income by investments in the USA deemed as pass-through vehicles for tax purposes. The amount of taxable income allocated from such partnerships to the Group may be subject to judgement and hence be amended in future periods.

Other than the above, the group's income taxes provision does not currently include any tax treatments for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under law.

5. Segment information

a. Reportable segments

Information reported to the Company's Board of Directors (the "Board") as chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of performance is focused on the profit/(loss) for the year earned by each segment.

The Group's segment reporting is categorised on the following criteria:

- Tier 1 boutiques – investments where the Group expects at least $4,000,000 of annual earnings; and
- Tier 2 boutiques – investments where the Group expects less than $4,000,000 of annual earnings.

For subsequent segment reporting purposes, transfer from/to Tier 1 boutiques to/from Tier 2 boutiques will be based on either of the following:

- their annual earnings contribution for either of two consecutive immediately prior reporting periods. For example, an investment with an earnings contribution of $4,000,000 in the first reporting period and $3,000,000 in the second reporting period will still be classified as a Tier 1 boutique since one of its two reporting periods has an earnings contribution of $4,000,000; or
- assessment of the Board that the category of a particular investment be amended because of a substantial loss of funds under management ("FUM") and significant decline in the contribution to the Group.

The Group's categorisation of its reportable segments under AASB 8: '*Operating Segments*' are as follows:

	2022 Segment Category	2021 Segment Category
Aether Investment Partners, LLC	Tier 1	Tier 1
Aether General Partners	Tier 1	Tier 1
Banner Oak Capital Partners, LP[1]	Tier 1	–
Carlisle Management Company S.C.A.	Tier 1	Tier 1
GQG Partners Inc.[2]	Tier 1	–
GQG Partners, LP[2]	–	Tier 1
Proterra Investment Partners, LP	Tier 1	Tier 1
Victory Park Capital Advisors, LLC	Tier 1	Tier 1
Victory Park Capital GP Holdco, L.P.	Tier 1	Tier 1
Astarte Capital Partners, LLP	Tier 2	Tier 2
ASOP Profit Share LP	Tier 2	Tier 2
Blackcrane Capital, LLC	Tier 2	Tier 2
Capital & Asset Management Group, LLP	Tier 2	Tier 2
EAM Global Investors, LLC	Tier 2	Tier 2
IFP Group, LLC	Tier 2	Tier 2
Nereus Capital Investments (Singapore) Pte Ltd ("NCI")	Tier 2	Tier 2
Nereus Holdings, L.P.	Tier 2	Tier 2
Northern Lights Alternative Advisors, LLP ("NLAA")	Tier 2	Tier 2
Pennybacker Capital Management, LLC	Tier 2	Tier 2
Roc Group	Tier 2	Tier 2
Seizert Capital Partners, LLC[3]	–	Tier 2
Strategic Capital Investments, LLP	Tier 2	Tier 2

Notes:

1 Banner Oak was acquired on 31 December 2021 (refer to Note 22a(ii) for details).

2 GQG Inc and GQG LP were restructured on 29 October 2021 (refer to Note 10a footnote 3).

3 Seizert was disposed on 30 November 2020 (refer to Note 20a for details).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

B. GROUP RESULTS FOR THE FINANCIAL YEAR (continued)

5. Segment information (continued)

b. Analysis of balances

(i) Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments. The results reflect the elimination of intragroup transactions including those between the Group and its boutiques.

	Segment revenue		Share of net profits of associates and joint venture		Segment profit/(loss) for the year	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Tier 1 boutiques	15,090	14,485	6,915	5,129	(33,707)	38,824
Tier 2 boutiques	6,556	5,627	1,215	1,479	2,806	2,384
	21,646	20,112	8,130	6,608	(30,901)	41,208
Central administration	–	11	–	–	(1,866)	(23,520)
Total per consolidated statement of profit or loss	**21,646**	**20,123**	**8,130**	**6,608**	**(32,767)**	**17,688**

The following details of segment revenue:

	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central administration $'000	Total $'000
2022				
Over time				
– Fund management fees	12,093	88	–	12,181
– Performance fees	–	5,603	–	5,603
– Commission revenue	(2)	120	–	118
– Retainer revenue	–	708	–	708
– Sundry income - rental income	37	–	–	37
	12,128	**6,519**	**–**	**18,647**
At a point in time				
– Commission revenue	2,962	–	–	2,962
– Sundry revenue	–	37	–	37
	2,962	**37**	**–**	**2,999**
	15,090	**6,556**	**–**	**21,646**
2021				
Over time				
– Fund management fees	12,840	3,934	–	16,774
– Performance fees	–	997	–	997
– Commission revenue	598	335	11	994
– Retainer revenue	–	316	–	316
– Sundry income - rental income	96	–	–	96
	13,534	**5,582**	**11**	**19,127**
At a point in time				
– Commission revenue	951	–	–	951
– Sundry revenue	–	45	–	45
	951	**45**	**–**	**996**
	14,485	**5,627**	**11**	**20,123**

The following details segment profit after tax for central administration:

	2022 $'000	2021 $'000
Revenue	–	11
Other income	14	177
Loss on sale of investments[1]	–	(2,250)
Changes in fair values of financial assets and liabilities	550	167
	564	**(1,895)**
Salaries and employee benefits	(9,090)	(7,877)
Administration and general expenses	(8,370)	(7,317)
Depreciation and amortisation expense	(349)	(596)
Interest expense	(40)	(58)
	(17,849)	**(15,848)**
Income tax benefit/(expense)	15,419	(5,777)
	(1,866)	**(23,520)**

Notes:

1 The loss on sale of investments and the related income tax expense are classified under central administration.

(ii) Segment assets and liabilities

	Segment assets		Segment liabilities		Segment net assets	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Tier 1 boutiques	489,610	345,740	48,238	31,498	441,372	314,242
Tier 2 boutiques	87,746	75,698	27,492	24,612	60,254	51,086
	577,356	421,438	75,730	56,110	501,626	365,328
Central administration[1]	27,361	37,077	2,261	(405)	25,100	37,482
Total per consolidated statement of financial position	**604,717**	**458,515**	**77,991**	**55,705**	**526,726**	**402,810**

Notes:

1 The total assets and liabilities under central administration consisted of the following:

	Segment assets	
	2022 $'000	2021 $'000
Cash and cash equivalents	23,480	21,032
Trade and other receivables	73	130
Income tax receivable	753	10,675
Other financial assets	689	3,562
Plant and equipment	699	511
Right-of-use assets	636	224
Other assets	1,031	943
Total	**27,361**	**37,077**

	Segment liabilities	
	2022 $'000	2021 $'000
Trade and other payables	4,075	2,647
Provisions	499	509
Lease liabilities	823	344
Provision for income tax	737	590
Net deferred tax (assets)	(3,873)	(4,495)
Total	**2,261**	**(405)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

B. GROUP RESULTS FOR THE FINANCIAL YEAR (continued)

5. Segment information (continued)

(iii) Other segment information

	2022 $'000	2021 $'000
Impairment expense of segments		
– Tier 1 boutiques	–	2,358
– Tier 2 boutiques	4,182	1,178
– Central administration	–	–
Total	**4,182**	**3,536**
Depreciation and amortisation of segments		
– Tier 1 boutiques	2,920	2,783
– Tier 2 boutiques	–	82
– Central administration	349	596
Total	**3,269**	**3,461**

(iv) Geographical information

Revenues and results:

	30 June 2022				30 June 2021			
	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central admin-istration $'000	Total $'000	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central admin-istration $'000	Total $'000
Revenues								
– Australia	1,530	–	–	1,530	–	34	–	34
– USA	13,523	864	–	14,387	14,389	4,495	11	18,895
– UK	–	5,692	–	5,692	–	1,098	–	1,098
– Luxembourg	37	–	–	37	96	–	–	96
	15,090	**6,556**	**–**	**21,646**	**14,485**	**5,627**	**11**	**20,123**
Share of net profits/ (losses)								
– Australia	–	1,943	–	1,943	–	2,765	–	2,765
– USA	6,915	(552)	–	6,363	5,129	(1,318)	–	3,811
– UK	–	(176)	–	(176)	–	32	–	32
	6,915	**1,215**	**–**	**8,130**	**5,129**	**1,479**	**–**	**6,608**
Profit/(loss) after tax								
– Australia	1,530	1,943	(6,805)	(3,332)	(60)	2,769	(5,781)	(3,072)
– USA	(53,363)	38	4,636	(48,689)	27,335	63	(17,088)	10,310
– UK	–	2,759	303	3,062	–	(448)	(651)	(1,099)
– Luxembourg	18,126	–	–	18,126	11,549	–	–	11,549
– India	–	(1,934)	–	(1,934)	–	–	–	–
	(33,707)	**2,806**	**(1,866)**	**(32,767)**	**38,824**	**2,384**	**(23,520)**	**17,688**

Other than the USA and UK, no other country represents more than 10% of revenue for the Group (2021: USA). Other than Goodhart Partners Longitude Fund SICAV-SIF - Strategic Capital Fund, Aether Real Assets IV, L.P., Aether Real Assets V, L.P. and VPC (2021: Aether Real Assets III, L.P., Aether Real Assets IV, L.P. and Aether Real Assets V, L.P.), no individual funds and clients represent more than 10% revenue for the Group.

Non-current assets excluding financial assets:

	30 June 2022				30 June 2021			
	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central admin-istration $'000	Total $'000	Tier 1 boutiques $'000	Tier 2 boutiques $'000	Central admin-istration $'000	Total $'000
Investment in associates and joint venture								
– Australia	–	9,547	–	9,547	–	9,392	–	9,392
– USA	134,579	40,635	–	175,214	77,300	33,140	–	110,440
– UK	–	10,356	–	10,356	–	12,226	–	12,226
	134,579	**60,538**	**–**	**195,117**	**77,300**	**54,758**	**–**	**132,058**
Plant and equipment								
– Australia	–	–	9	9	–	–	5	5
– USA	82	–	690	772	74	–	506	580
	82	**–**	**699**	**781**	**74**	**–**	**511**	**585**
Right-of-use assets								
– USA	**198**	**–**	**636**	**834**	**292**	**–**	**224**	**516**
Intangible assets								
– USA	**54,315**	**–**	**–**	**54,315**	**52,705**	**–**	**–**	**52,705**
Total non-current assets excluding financial assets								
– Australia	–	9,547	9	9,556	–	9,392	5	9,397
– USA	189,174	40,635	1,326	231,135	130,371	33,140	730	164,241
– UK	–	10,356	–	10,356	–	12,226	–	12,226
	189,174	**60,538**	**1,335**	**251,047**	**130,371**	**54,758**	**735**	**185,864**

b. Accounting policies

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit after tax earned by each segment without allocation of central administration costs. This is the measure reported to the CODM for purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

B. GROUP RESULTS FOR THE FINANCIAL YEAR (continued)

6. (Loss)/Earnings per share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2022	2021
Basic (loss)/earnings per share:		
Net (loss)/profit attributable to the members of the Company ($'000)	(35,270)	17,413
Weighted average number of ordinary shares for basic earnings per share	51,004,607	50,470,668
Basic (loss)/earnings per share (cents)	**(69.15)**	**34.50**
Diluted (loss)/earnings per share:		
Net (loss)/profit attributable to the members of the Company ($'000)	(35,270)	17,413
Weighted average number of ordinary shares for diluted earnings per share	51,004,607	50,470,668
Diluted (loss)/earnings per share (cents)	**(69.15)**	**34.50**
Reconciliation of (loss)/earnings used in calculating (loss)/earnings per share:		
Net (loss)/profit attributable to the members of the Company used in the calculation of basic earnings per share ($'000)	(35,270)	17,413
Net (loss)/profit attributable to the members of the Company used in the calculation of diluted earnings per share ($'000)	(35,270)	17,413
Reconciliation of weighted average number of ordinary shares in calculating (loss)/earnings per share:		
Weighted average number of ordinary shares for basic and diluted earnings per share	**51,004,607**	**50,470,668**
Weighted average number of ordinary shares for diluted earnings per share	**51,004,607**	**50,470,668**

The options issued during the year is anti-dilutive and were not included in determining the weighted average number of ordinary shares for diluted earnings per share.

a. Accounting policies

Basic earnings per share is calculated as net profit attributable to members of the Company, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, including, if any:

- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses/income;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus if any.

7. Notes to consolidated statement of cash flows

a. Analysis of balances

(i) Reconciliation of profit to net cash inflow from operating activities

	2022 $'000	2021 $'000
(Loss)/Profit from ordinary activities after income tax	(32,767)	17,688
Adjustments and non-cash items:		
– Changes in fair values of financial assets and liabilities	66,741	(4,160)
– Dividends received/receivable from associates and joint venture	10,194	4,428
– Impairment of assets	3,796	3,536
– Depreciation and amortisation expense	3,269	3,461
– Share–based payments	1,206	594
– Provision for estimated liability to Hareon	983	–
– Foreign exchange transactions	765	(143)
– Share of net profit from associates and joint venture	(8,130)	(6,608)
– Loss on sale of a subsidiary	–	2,250
– Gain on derecognition of financial assets and liabilities	–	(271)
– Other	26	31
Changes in operating assets and liabilities:		
– (Increase)/decrease in trade and other receivables	(1,773)	3,205
– (Increase)/decrease in other assets	(115)	261
– Increase in trade and other payables	3,533	412
– Increase/(decrease) in current taxes	10,381	(8,177)
– (Decrease)/increase in deferred taxes	(34,603)	12,722
– Decrease in provisions	(38)	(81)
Cash flows provided by operating activities	**23,468**	**29,148**

(ii) Non–cash investing and financing activities

	2022 $'000	2021 $'000
Investing activities:		
– Recognition of right–of–use assets	505	–
– Recognition of leasehold improvements	127	–
	632	**–**
Financing activities:		
– Dividends reinvested	2,272	4,238
– Recognition of lease liabilities	633	–
	2,905	**4,238**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

C. OPERATING ASSETS AND LIABILITIES

This section provides information regarding the operating assets and liabilities of the Group as at end of the year, including further details on cash and cash equivalents, trade and other receivables, other financial assets, right-of-use assets and related lease liabilities, trade and other payables and provisions.

8. Cash and cash equivalents

a. Analysis of balances

	2022 $'000	2021 $'000
Cash at bank	34,886	28,298

b. Accounting policies

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the consolidated statement of cash flows, cash consist of cash.

For short-term deposits with an original maturity of more than three months but less than one year, these are classified separately as short-term deposits.

9. Trade and other receivables

a. Analysis of balances

	2022 $'000	2021 $'000
Current		
Trade receivables	3,947	1,446
Dividend receivables	5,391	6,540
Sundry receivables	90	144
	9,428	8,130
Loss allowance for expected credit losses	(411)	(5)
	9,017	**8,125**
Non-current		
Trade receivables	**1,796**	**442**

(i) Impairment

The loss allowance for trade receivables, contract assets, dividend and sundry receivables as at 30 June 2022 was determined as follows:

	Current	Past due 31 - 60 days	Past due 61 - 90 days	Past due over 90 days	Past due with full loss allowance	Total
2022						
Expected loss rate	0.050%	0.050%	2.564%	5.263%	100%	
Gross carrying amount ($)	5,337,000	–	–	–	406,000	5,743,000
Loss allowance ($)	2,669	–	–	–	405,653	408,322
Dividend and sundry receivables ($)						2,739
Total loss allowance ($)						411,061
2021						
Expected loss rate	0.050%	0.050%	2.564%	5.263%	100%	
Gross carrying amount ($)	1,541,000	294,000	53,000	–	–	1,888,000
Loss allowance ($)	770	147	1,363	–	–	2,280
Dividend and sundry receivables ($)						2,701
Total loss allowance ($)						4,981

Movement of the loss allowance for expected credit losses:

	2022 $'000	2021 $'000
Opening balance	5	43
Additions	386	–
Disposal of subsidiary	–	(35)
Effect of foreign currency differences	20	(3)
Closing balance	**411**	**5**

b. Accounting policies

Trade and other receivables, which are generally on 30 days to 90 days terms, are recognised at fair value and subsequently valued at amortised cost, less any allowance for uncollectible amounts. Cash flows relating to short term receivables are not discounted as any discount would be immaterial.

To measure the expected credit losses, trade receivables and contract assets and dividend receivable and sundry receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled asset management and distribution services and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. In determining the expected loss rates, the Group reviewed the collection history, anticipated collection trend for the year and the credit worthiness of its counterparties. The Group's counterparties are institutional clients with high credit ratings with no known history of default.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there are no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

c. Key estimates, judgments, and assumptions

Impairment of trade and other receivables

The Group applied the AASB 9 '*Financial Instruments*' ("AASB 9") simplified approach to measuring expected credit losses which uses an expected loss allowance for all trade and other receivables. The loss allowance was determined on the days past due and the credit risk characteristics of the balances.

The Group undertook a review of its trade, dividends and sundry receivables and the expected credit losses for each. The expected loss rates are then based on the payment profiles over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted to reflect current and forward-looking information on various factors affecting the ability of the counterparties to settle the receivables including the review of their financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

C. OPERATING ASSETS AND LIABILITIES (continued)

10. Other financial assets

a. Analysis of the balances

	Type of Instrument	2022 $'000	2021 $'000
Current			
Financial assets at amortised cost:			
– Receivable from EAM Global[1]	Debt	567	660
– Loans receivable from IFP	Debt	–	267
– Sublease receivable	Debt	–	118
		567	**1,045**
Financial assets at FVTPL:			
– Receivable from Raven[2]	Debt	623	1,198
		1,190	**2,243**
Non-current			
Financial assets at amortised cost:			
– Receivable from EAM Global[1]	Debt	407	750
– Loans receivable from IFP	Debt	65	60
		472	**810**
Loss allowance for expected credit losses		(6)	(6)
		466	**804**
Financial assets at FVTPL:			
– Investment in GQG Inc[3]	Equity	173,917	–
– Investment in Carlisle[4]	Debt and Equity	75,179	58,838
– Investment in Proterra[5]	Equity	40,404	30,687
– Investment in IFP - preferential distribution (Refer to Note 22a(iv))	Equity	–	1,919
– Receivable from Raven[2]	Debt	–	575
– Other	Debt	306	67
		289,806	**92,086**
Financial assets at FVTOCI:			
– Investment in EAM Global[6]	Equity	14,513	13,609
– Investment in GQG LP[3]	Equity	–	115,275
		14,513	**128,884**
		304,785	**221,774**

Notes:

1 The receivable from EAM Global is the USD2,250,000 loan provided by the Group on 21 February 2018. The loan has a term of six-years with interest of 10% per annum to assist EAM Global in financing the repurchase of its equity from an outside shareholder. Repayments are received on a quarterly basis and the loan is expected to be fully settled by EAM Global in June 2024.

2 The receivable from Raven is the earn-out component of the consideration on the sale of the investment on 14 October 2016. The Group is paid 33.33% of the management fees earned by Raven on new FUM. Payments are calculated quarterly until the USD3,500,000 earn-out cap is met. During the year, the amount of USD966,000 (2021: USD805,000) was received and the balance of the earn-out was fair valued using a discounted cash flows method at 5.91% (2021: 6.23%) with the related changes in fair value taken to profit or loss.

3 Since April 2016, the Group has held an interest in GQG LLC. This interest was held through GQG LP. During the year, the owners of GQG LLC sort to list the business of GQG LLC on the ASX. To facilitate this, the owners agreed, conditional on a successful initial public offering ("IPO"), to restructure their ownership interests.

On 29 October 2021, this IPO was successfully achieved. The restructure resulted in an entity GQG Inc being incorporated. The restructuring steps included the dissolution of GQG LP, which resulted in its equity owners to holding a direct interest in GQG LLC. This was immediately followed by the transfer of each owners' membership interests in GQG LLC to GQG Inc, in part exchange for common stock of GQG Inc and part exchange for cash.

The IPO then had GQG Inc issue CHESS Depositary Interests ("CDIs") over shares of common stock securities issued by GQG Inc. GQG Inc offered 20% of its common stock to Australian and overseas investors in the form of CDIs through listing on the ASX with a ticker code: GQG.

Following settlement, the Group received 4% of the common stock in GQG Inc to be held in escrow until 12 August 2022 and cash amounting to $60,247,000 (USD43,696,000) representing 1% of the value of GQG Inc at listing date with the ASX.

This transaction resulted in the Group derecognising its equity interests in GQG LLC held through GQG LP. Since the instrument was held as a financial asset at fair value through other comprehensive income, the change in fair value after income tax of $138,775,000 (USD100,637,000) was recognised in Other Comprehensive Income. The cumulative change in fair value after income tax of $223,733,000 (USD162,270,000) was subsequently transferred from the investment revaluation reserve to retained earnings.

Given the nature of the Group's investment in the common stock of GQG Inc this is now recorded as a financial asset at fair value through profit or loss. At 30 June 2022, the share price of GQG Inc decreased from $2.00 at IPO date to $1.46 resulting in the recognition of a $81,274,000 decrease in the fair value of the Group's investment in the common stock of GQG Inc.

GQG Inc is a global boutique asset management firm focused on active equity portfolios. GQG Inc was incorporated in Delaware USA as a corporation. On 13 September 2021, it was registered as a foreign company in Australia under the applicable provisions of the *Corporation Act 2001*.

4 The investment in Carlisle comprises 12,500 Preferred Shares of Carlisle and 5,000,000 units of Contingent Convertible Bonds ("CoCo Bonds") issued by Carlisle. The Group is entitled to 16% of the revenues and 40% of the liquidation proceeds in the event of a sale.

Carlisle, founded in 2009, is a fully regulated alternative investment fund manager which manages alternative investment funds exclusively investing in life settlements in the USA. Carlisle is organised under the laws of Luxembourg as a partnership limited by shares.

5 This pertains to the 16% equity interest in Proterra acquired on 21 September 2019. The Group is entitled to 8% of the gross management revenues and 16% of the liquidation proceeds in the event of a sale. During the year, the Group fully paid the earn-out obligation of $2,811,000 (USD1,528,000).

Proterra is an alternative investment manager based in Minneapolis, Minnesota, USA offering private equity investment strategies focused on global natural resources.

6 This pertains to the Group's 18.75% equity interest in EAM Global.

EAM Global was founded in March 2014, organised as a Delaware Limited Liability Company and is registered with the USA Securities and Exchange Commission. EAM Global manages emerging markets small cap, international small cap and international micro-cap public equities strategies.

(i) Impairment of other financial assets at amortised cost

Applying the expected credit loss model for other financial assets at amortised cost resulted to a loss of $7,000 at 30 June 2022 (2021: $5,000).

(ii) Movement of financial assets at amortised cost

2022	Opening balance $'000	Additions and interest accrued $'000	Collections $'000	Transfers $'000	Reclassi-fications $'000	Effect of foreign currency differences $'000	Closing balance $'000
Current	1,045	457	(1,384)	–	388	61	567
Non-current	804	–	–	–	(388)	50	466
	1,849	**457**	**(1,384)**	**–**	**–**	**111**	**1,033**
2021							
Current	1,021	610	(1,149)	–	644	(81)	1,045
Non-current	2,187	238	–	(801)	(644)	(176)	804
	3,208	**848**	**(1,149)**	**(801)**	**–**	**(257)**	**1,849**

(iii) Movement of financial assets at FVTPL

2022	Opening balance $'000	Additions $'000	Recognition of restructured investment $'000	Collections/ disposals $'000	Change in fair value $'000	Reclassi-fications $'000	Effect of foreign currency differences $'000	Closing balance $'000
Current	1,198	–	–	(1,332)	93	594	70	623
Non-current	92,086	69	246,831[1]	2,811	(66,420)	(2,577)[2]	17,006	289,806
	93,284	**69**	**246,831**	**1,479**	**(66,327)**	**(1,983)**	**17,076**	**290,429**
2021								
Current	1,227	–	–	(1,079)	–	1,150	(100)	1,198
Non-current	93,038	868	–	1,022	5,850	(1,150)	(7,542)	92,086
	94,265	**868**	**–**	**(57)**	**5,850**	**–**	**(7,642)**	**93,284**

Notes:

1 This pertains to the recognition of the investment in GQG Inc as a result of the restructure of GQG LP (Refer to 10a footnote 3).

2 This amount included the transfer of $1,983,000 investment in IFP - preferential distribution to investment in associate as a result of the restructure of IFP (Refer to Note 22a(iv)).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

C. OPERATING ASSETS AND LIABILITIES (continued)

10. Other financial assets (continued)

(iv) Movement of financial assets at FVTOCI

2022	Opening balance $'000	Additions $'000	Restructure $'000	Derecognition of restructured investment $'000	Change in fair value $'000	Effect of foreign currency differences $'000	Closing balance $'000
Non-current	128,884	–	(58,089)	(246,831)	185,546	5,003	14,513
2021							
Non-current	102,761	–	–	–	34,581	(8,458)	128,884

b. Accounting policies

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost and
- those to be measured subsequently at fair value, either through profit or loss or through other comprehensive income.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group had made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(ii.a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

(ii.a.1) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

(ii.a.2) FVTPL

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(ii.b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as dividend income when the Group's right to receive payments is established.

Changes in the fair value of FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

(iii) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. For equity instruments at fair value through other comprehensive income, the cumulative change in fair value is transferred from investment revaluation reserve to retained earnings.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it is recognised in profit or loss.

c. Key estimates, judgments, and assumptions

(i) Valuation of financial assets at fair value

The Group exercises significant judgement in areas that are highly subjective. The valuation of financial assets and the assessment of carrying values require that a detailed assessment be undertaken which reflects assumptions on markets, manager performance and expected growth to project future cash flows that are discounted at a rate that imputes relative risk and cost of capital considerations. Refer to Note 18f for the fair value disclosures.

(ii) Impairment of financial assets at amortised cost

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions and forward-looking estimates at the end of each reporting period.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

11. Right-of-use assets and related lease liabilities

a. Analysis of balances

(i) Right-of-use assets

	2022 $'000	2021 $'000
Office leases, net of accumulated amortisation	834	511
Equipment leases, net of accumulated amortisation	–	5
	834	**516**

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For the year ended 30 June 2022

C. OPERATING ASSETS AND LIABILITIES (continued)

11. Right-of-use assets and related lease liabilities (continued)

Movement of right-of-use assets

2022	Office Leases $'000	Equipment Leases $'000	Total $'000
Cost			
Opening balance	912	21	933
Additions	505	–	505
Disposal of a subsidiary	–	–	–
Early termination of leases	–	–	–
Write-off	–	(22)	(22)
Effect of foreign currency differences	104	1	105
Closing balance	**1,521**	**–**	**1,521**
Accumulated depreciation			
Opening balance	(401)	(16)	(417)
Amortisation	(240)	(5)	(245)
Write-off	–	22	22
Early termination of leases	–	–	–
Effect of foreign currency differences	(46)	(1)	(47)
Closing balance	(687)	–	(687)
	834	**–**	**834**

2021	Office Leases $'000	Equipment Leases $'000	Total $'000
Cost			
Opening balance	2,698	78	2,776
Additions	–	–	–
Disposal of a subsidiary	(1,097)	(37)	(1,134)
Early termination of leases	(534)	(15)	(549)
Write-off	–	–	–
Effect of foreign currency differences	(155)	(5)	(160)
Closing balance	**912**	**21**	**933**
Accumulated depreciation			
Opening balance	(655)	(25)	(680)
Amortisation	(506)	(18)	(524)
Write-off	239	11	250
Early termination of leases	492	14	506
Effect of foreign currency differences	29	2	31
Closing balance	(401)	(16)	(417)
	511	**5**	**516**

(ii) Lease liabilities

	2022 $'000	2021 $'000
Current	281	302
Non-current	771	378
	1,052	**680**

Movement of lease liabilities

2022	Opening balance $'000	Additions $'000	Imputed interest $'000	Repay-ments $'000	Disposal of a subsidiary $'000	Termina-tions $'000	Reclassi-fication $'000	Effect of foreign currency differences $'000	Closing balance $'000
Current	302	14	60	(393)	–	–	274	24	281
Non-current	378	618	–	–	–	–	(274)	49	771
	680	**632**	**60**	**(393)**	**–**	**–**	**–**	**73**	**1,052**
2021									
Current	888	–	87	(814)	(158)	(41)	388	(48)	302
Non-current	1,658	–	–	–	(775)	–	(388)	(117)	378
	2,546	**–**	**87**	**(814)**	**(933)**	**(41)**	**–**	**(165)**	**680**

b. Accounting policies

(i) Right-of-use-assets and the related lease liabilities

The Group's leasing activities and how these are accounted for

Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Subsequent to initial recognition, the right-of-use assets are measured at cost (adjusted for any remeasurement of the associated lease liability) less accumulated amortisation. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

(ii) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

(iii) Variable lease payments

For leases where the future increases are variable based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

During the current financial year, the Group does not have variable lease payments.

12. Trade and other payables

a. Analysis of balances

	2022 $'000	2021 $'000
Current		
Trade payables	61	235
Accrued expenses	5,091	3,511
Other payables	3,648	1,463
	8,800	**5,209**

b. Accounting policies

Trade and other payables are carried at amortised cost and given their short-term nature; they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

C. OPERATING ASSETS AND LIABILITIES (continued)

13. Provisions

a. Analysis of balances

	2022 $'000	2021 $'000
Current		
Provision for estimated liability to Hareon[1]	12,356	10,698
Provision for annual leave	466	438
	12,822	**11,136**
Non-current		
Provision for long service leave	**34**	**71**

Notes:

[1] Pertained to the value of the Hareon put option pursuant to the Aurora Share Subscription and Assignment Deed ("Aurora Subscription Deed"), dated 28 July 2015, between Aurora Investment Management Pty Ltd (as the Trustee of Aurora Trust), the Aurora Trust, Hareon Solar Singapore Private Limited, Nereus Capital Investments (Singapore) Pte. Ltd and Nereus Holdings Inc. The Group agreed to make a contingent additional contribution to NCI of up to five over seven (5/7) of Hareon's capital contribution less any amounts funded under the Guarantee as discussed in Note 19 to the financial statements. The put option price is equivalent to a return of Hareon's invested capital plus a specified return on the invested capital.

The Group's assessment of the additional contribution that may be required in the event that Hareon were to put its Class H Shares back to NCI is estimated at $12,356,000 (USD8,531,000) (2021: $10,698,000 (USD8,018,000)). The estimated value of the additional contribution is based on the difference between the expected cash settlement price with Hareon and the estimated cash available in NCI after the sale of the solar projects adjusted by indemnification of the sale and transaction costs.

Movement of provision for estimated liability to Hareon for the year

	2022 $'000	2021 $'000
Opening balance	10,698	11,638
Provisions for the year	983	–
Repayments	(276)	–
Effect of foreign currency differences	951	(940)
Closing balance	**12,356**	**10,698**

b. Accounting policies

(i) Provisions

Provisions are recognised when the Group has a present obligation (contractual, legal, or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, the carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

(ii) Provision for annual leave and long service leave

A liability is recognised for benefits accruing to employees in respect of annual leave and long service leave in the period the related service is rendered, when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

c. Key estimates, judgments, and assumptions

Provision for estimated liability to Hareon

Management determined the provision for estimated liability to Hareon is based on the difference between the expected cash settlement price with Hareon and the estimated cash available in NCI after the sale of the solar projects adjusted by indemnification of the sale and transaction costs.

D. CAPITAL, FINANCING AND FINANCIAL RISK MANAGEMENT

This section provides information regarding the capital, financing, and financial risk management of the Group during the year, including further details on financial liabilities, share capital, reserves, dividends paid and proposed, financial risk management and capital commitments, short-term operating lease commitments and contingencies.

14. Financial liabilities

a. Analysis of balances

	2022 $'000	2021 $'000
Current		
Financial liabilities at FVTPL:		
– Deferred payment - former owners of EAM Global	**133**	**258**
Non-current		
Financial liabilities at FVTPL:		
– Earn-out liability - Aether[1]	4,639	4,064
– Earn-out liability - Pennybacker[2]	6,425	5,672
– Deferred payment - former owners of EAM Global	–	121
	11,064	**9,857**

Notes:

[1] The earn-out liability represents the amount owed by the Group to the former owners of Aether, for marketing and offering interests in the ARA Fund V. This is due at the earlier of the final close of ARA Fund VII or three years after the close of ARA Fund VI. ARA Fund VI or ARA Fund VII are yet to be launched.

[2] The earn-out liability represents the potential obligation to Pennybacker with a maximum additional consideration for $10,863,000 (USD7,500,000), which would be paid between the closing of the acquisition date and 31 December 2024 if certain revenue thresholds for Pennybacker's emerging growth and income platforms are met. This increase in fair value was a result of an increase in forecast cash flows.

(i) Movement of financial liabilities at FVTPL

2022	Opening balance $'000	Additions $'000	Revaluation $'000	Repayments $'000	Reclassi-fications $'000	Effect of foreign currency differences $'000	Closing balance $'000
Current	258	–	(59)	(208)	126	16	133
Non-current	9,857	–	472	–	(126)	861	11,064
	10,115	**–**	**413**	**(208)**	**–**	**877**	**11,197**
2021							
Current	–	–	–	–	260	(2)	258
Non-current	9,174	–	1,690	–	(260)	(747)	9,857
	9,174	**–**	**1,690**	**–**	**–**	**(749)**	**10,115**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

D. CAPITAL, FINANCING AND FINANCIAL RISK MANAGEMENT (continued)

14. Financial liabilities (continued)

b. Accounting policies

The Group's financial liabilities are classified in accordance with the substance of the contractual arrangement.

(i) Financial liabilities at amortised cost

These financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(ii) Financial liabilities at FVTPL

The Group designates its financial liabilities as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and the standard permits the entire combined contract to be designated as at fair value through profit or loss.

(iii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss under net gains/(losses) on financial liabilities.

c. Key estimates, judgements, and assumptions

(i) Valuation of financial liabilities at fair value

The Group exercises significant judgement in areas that are highly subjective (refer to Note 18f). The valuation of liabilities and the assessment of carrying values require that a detailed assessment be undertaken which reflects assumptions on markets, manager performance and expected growth to project future cash outflows that are discounted at a rate that imputes relative risk and cost of capital considerations.

15. Share capital

a. Analysis of balances

	2022 $'000	2021 $'000
Issued and fully paid ordinary shares	**186,927**	184,655

Movements in ordinary shares on issue

	2022		2021	
	No. of shares	$'000	No. of shares	$'000
Opening balance	50,828,844	184,655	49,708,483	178,424
Shares issued:				
– 14 April 2022 under the DRP	112,171	786	–	–
– 7 October 2021 under the DRP	208,708	1,486	–	–
– 15 April 2021 under the DRP	–	–	10,877	61
– 23 October 2020 under the DRP	–	–	745,889	4,177
– 23 October 2020, under the underwriting deed relating to the DRP, net of share issue costs and income tax	–	–	363,595	1,993
Closing balance	**51,149,723**	**186,927**	**50,828,844**	**184,655**

The Company offers shareholders the opportunity to increase their holdings by participation in the DRP. The Company's DRP offers shareholders the option to reinvest all or part of their dividend in new ordinary shares.

The new shares rank equally with existing shares. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

b. Accounting policies

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

c. Capital management

The Company's capital management policies focus on ordinary share capital. When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders.

During the year ended 30 June 2022, the Company paid dividends of $20,871,000 including dividends reinvested of $2,272,000 (2021: dividends of $17,509,000 including dividends reinvested of $4,238,000). The Board anticipates that the medium payout ratio is 60% to 80% of the underlying net profit after tax of the Group. The Board continues to monitor the appropriate dividend payout ratio over the medium term.

The Board is constantly reviewing the capital structure to take advantage of favourable cost of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders or conduct share buybacks.

16. Reserves

a. Analysis of balances

	2022 $'000	2021 $'000
Investment revaluation reserve	1,102	83,350
Foreign currency translation reserve	64,405	30,795
Equity-settled employee benefits reserve	7,908	6,702
	73,415	**120,847**

(i) Investment revaluation reserve

This reserve records the Group's net gain on its financial assets at FVTOCI.

	2022 $'000	2021 $'000
Movements in reserve:		
Opening balance	83,350	63,605
Movement in the other comprehensive income:		
– Net fair value gain on financial assets at FVTOCI, net of income tax	138,507	25,338
– Effect of foreign currency differences	2,978	(5,593)
	141,485	19,745
Transfers between reserve:		
– Transfer of the net fair value gain, net of income tax, on financial assets at FVTOCI derecognised during the year (refer to Note 10a footnote 3)	(223,733)	–
Closing balance	**1,102**	**83,350**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

D. CAPITAL, FINANCING AND FINANCIAL RISK MANAGEMENT (continued)

16. Reserves (continued)

(ii) Foreign currency translation reserve

The reserve records the Group's foreign currency translation reserve on foreign operations.

Movements in reserve:

	2022 $'000	2021 $'000
Opening balance	30,795	56,278
Movement in the other comprehensive income:		
– Exchange differences on translating foreign operations of the Group	33,476	(25,472)
– Share in foreign currency reserve of an associate, net of income tax	51	–
– Share of non-controlling interests	83	(11)
Closing balance	**64,405**	**30,795**

(iii) Equity-settled employee benefits reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to Note 25 for further details of these plans.

Movements in reserve:

	2022 $'000	2021 $'000
Opening balance	6,702	6,737
Share-based payments (refer to Note 25(ii))	1,206	594
Value of shares bought on market to settle performance rights vested (refer to Note 25(iii))	–	(629)
Closing balance	**7,908**	**6,702**

17. Dividends paid and proposed

a. Analysis of balances

	2022 $'000	2021 $'000
Previous year final:		
Fully franked dividend (26 cents per share) (2021: 25 cents per share)	13,215	12,427
Current year interim:		
Fully franked dividend (15 cents per share) (2021: 10 cents per share)	7,656	5,082
	20,871	**17,509**
Declared after the reporting period and not recognised:		
Fully franked dividend (23 cents per share) (2021: 26 cents per share)[1]	**11,764**	**13,215**

b. Franking credit balance

	2022 $'000	2021 $'000
The balance at the end of the financial year at 30% (2021: 30%)[2]	13,389	21,923
Franking credits that will arise from the receipt of dividends recognised as receivables by the parent entity at the reporting date	300	211
The impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to the members of the Company	(5,042)	(5,664)
The amounts of franking credits available for future reporting periods	**8,647**	**16,470**

The tax rate at which paid dividends have been franked and dividends proposed will be franked is 30% (2021: 30%).

Notes:

[1] Calculation was based on the ordinary shares on issue as at 31 July 2022 (2021: 31 July 2021).

[2] The decrease in franking credits arose from the payment of dividends to the members of the Company.

18. Financial risk management

The Group is exposed to a variety of financial risks comprising interest rate risk, credit risk, liquidity risk, foreign currency risk and price risk.

The Board have overall responsibility for identifying and managing operational and financial risks.

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the relevant notes.

The Group holds the following financial instruments:

	At amortised cost		At FVTPL		At FVTOCI		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Financial assets								
Cash and cash equivalents	34,886	28,298	–	–	–	–	34,886	28,298
Trade and other receivables								
– current	9,017	8,125	–	–	–	–	9,017	8,125
– non-current	1,796	442	–	–	–	–	1,796	442
Other financial assets								
– current	567	1,045	623	1,198	–	–	1,190	2,243
– non-current	466	804	289,806	92,086	14,513	128,884	304,785	221,774
Other assets								
– non-current	76	131	–	–	–	–	76	131
	46,808	**38,845**	**290,429**	**93,284**	**14,513**	**128,884**	**351,750**	**261,013**
Financial liabilities								
Trade and other payables	8,800	5,209	–	–	–	–	8,800	5,209
Other financial liabilities								
– current	–	–	133	258	–	–	133	258
– non-current	–	–	11,064	9,857	–	–	11,064	9,857
Lease liabilities								
– current	281	302	–	–	–	–	281	302
– non-current	771	378	–	–	–	–	771	378
	9,852	**5,889**	**11,197**	**10,115**	**–**	**–**	**21,049**	**16,004**

D. CAPITAL, FINANCING AND FINANCIAL RISK MANAGEMENT (continued)

18. Financial risk management (continued)

a. Interest rate risk

At the reporting date, the Group had the following direct exposure to global variable interest rate risk:

	2022 $'000	2021 $'000
Interest bearing financial assets:		
– Cash and cash equivalents	**34,886**	**28,298**

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

If interest rates had moved during the year as illustrated in the table below (using an average balance), with all other variables held constant, post tax profit/(loss) would have been affected as follows:

	2022 $'000	2021 $'000
Net impact on profit after tax		
+1% [2021: 1%]/ 100 basis points [2021: 100 basis points]	134	131
-1% [2021: 1%]/ (100 basis points) [2021: 100 basis points]	–	(1)

b. Credit risk

Credit risk arises from the financial assets of the Group which comprise, trade and other receivables, and other debt instruments. The Group's exposure to credit risk arises from potential default of the counterparty, with the maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note. The Group does not hold any credit derivatives to offset its credit exposure.

The Group transacts only with related parties and recognised creditworthy third parties. As such collateral is not generally requested nor is it the Group's policy to securitise its trade and other receivables and other debt instruments.

Receivable balances and loans made to related entities are monitored on an ongoing basis and remain within approved levels, with the result that the Group's exposure to bad debts is not significant. Refer to Note 9a(i) and Note 10a(i).

The Company provides financing to the members of the Group in certain circumstances where these entities are deemed credit worthy. The maximum exposure to credit risk is the carrying value of the loans.

c. Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and cash in bank balance by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both principal and interest cash flows. To the extent that interest rates are floating, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

2022	Weighted average effective interest rate	1 to 3 months $'000	3 months to 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Trade and other payables	0%	7,154	1,445	–	–	8,599
Earn-out liability (Aether)	12.71%	–	–	4,863	–	4,863
Earn-out liability (Pennybacker)	13.68%	–	954	–	7,767	8,721
Deferred payment (EAM Global)	18.34%	–	150	–	–	150
Lease liabilities	6.30%	89	271	243	273	876
		7,243	**2,820**	**5,106**	**8,040**	**23,209**

2021	Weighted average effective interest rate	1 to 3 months $'000	3 months to 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Total $'000
Trade and other payables	0%	3,947	1,262	–	–	5,209
Earn-out liability (Aether)	8.68%	–	–	–	4,605	4,605
Earn-out liability (Pennybacker)	16.48%	–	–	2,481	6,497	8,978
Deferred payment (EAM Global)	17.50%	–	292	161	–	453
Lease liabilities	6.40%	123	230	254	144	751
		4,070	**1,784**	**2,896**	**11,246**	**19,996**

d. Foreign currency risk

The Group adopted an accounting treatment to hedge its dollar net assets for its Investment in Northern Lights Midco, LLC ("Midco") for foreign exchange exposure arising between the Australian dollar and USA dollar. At 30 June 2022, the Group had no hedge exposure since it has no external borrowings denominated in USD.

(i) Consolidated statement of profit or loss

Profits and losses are translated at an average exchange rate. A falling Australian dollar relative to the USA dollar, UK pound ("GBP") and Euro ("EUR") results in a higher net profit in the Group. The regular expenses of the operations in Australia, the USA and the UK are predominantly funded with cash flows from those local operations.

(ii) Consolidated statement of financial position

The Group is an international multi boutique business with operations primarily within Australia, the USA, and the UK. In addition, the Group has an investment based in Luxembourg where the transactions are denominated in Euro. The impact of the Euro denominated transactions being the distributions and the related receivable from Carlisle is taken up through profit or loss. The impact of foreign currency translation of the foreign operations is taken up in the equity reserves of the Group.

At year end, the carrying amounts of the Group's financial assets and liabilities that are different from the functional currency of the Company and transactions that are denominated in foreign currency are as follows:

	2022			2021		
	USD $'000	GBP $'000	EUR $'000	USD $'000	GBP $'000	EUR $'000
Financial assets						
Cash and cash equivalents	24,051	7,904	–	24,708	925	–
Trade and other receivables	5,817	1,921	1,814	5,517	371	1,887
Other financial assets	307,092	–	–	224,458	–	–
Other assets	41	24	–	119	25	–
	337,001	**9,849**	**1,814**	**254,802**	**1,321**	**1,887**
Financial liabilities						
Trade and other payables	3,403	4,200	–	2,390	1,983	–
Other financial liabilities	11,197	–	–	10,115	–	–
Lease liabilities	1,052	–	–	679	–	–
	15,652	**4,200**	**–**	**13,184**	**1,983**	**–**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

D. CAPITAL, FINANCING AND FINANCIAL RISK MANAGEMENT (continued)

18. Financial risk management (continued)

(iii) Sensitivity analysis

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date.

	2022		2021	
	Increase $'000	Decrease $'000	Increase $'000	Decrease $'000
USD - change in rate by 1% - impact on profit after tax	(106)	106	24	(24)
EUR - change in rate by 1% - impact on profit after tax	14	(14)	15	(15)

Apart for the above sensitivities, the Group has no other material exposure in USD and GBP foreign currencies. This is mitigated because the balances of the Group in USD and GBP are from the Group's foreign operations. The impact of the foreign currencies is recognised as part of the foreign currency translation reserve, offsetting the exchange differences.

(iv) Accounting policies

Hedges of a net investment in a foreign operation that qualify for hedge accounting

The effective portion of the changes in the foreign currency risk component that is designated and qualifies as a hedge of a net investment in a foreign operation is recognised as part of foreign currency translation reserve within equity. The gain or loss relating to any ineffective portion is recognised immediately in profit or loss, within other expenses.

The accumulated gains and losses on the hedging instrument relating to the effective portion of the foreign currency risk component is reclassified from foreign currency translation reserve to profit or loss on the disposal or partial disposal of the foreign operation.

e. Price risk

The Group is exposed to securities price risk. This arises from the Group's investments in financial instruments held at fair value.

Sensitivity analysis

As at year end, if the key inputs discussed in Note 18f(i) have moved, post tax profit and reserves would have been affected as follows:

	2022		2021	
	Increase $'000	Decrease $'000	Increase $'000	Decrease $'000
Financial assets at FVTPL				
– 1% variable inputs - impact on profit after tax	7,108	(6,215)	3,761	(3,057)
Financial assets at FVTOCI				
– 1% variable inputs - impact on equity	475	(417)	1,180	(959)
Financial liabilities at FVTPL				
– 1% variable inputs - impact on profit after tax	116	(120)	158	(163)

f. Fair value estimation

(i) Fair value hierarchy

Some of the Group's financial assets and financial liabilities are measured on a recurring basis at fair value at the end of each reporting period.

The Group classifies fair value measurements using the fair value hierarchy categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table represents the Group's assets and liabilities measured and recognised at fair value as at 30 June 2022 and 2021.

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets	173,917	234	130,791	304,942
Financial liabilities	–	–	11,197	11,197
2021				
Financial assets	–	67	222,101	222,168
Financial liabilities	–	–	10,115	10,115

The following table gives information about how the fair values of those financial assets / liabilities categorised as Level 3 items are determined (in particular, the valuation techniques and inputs used):

Financial instruments	2022 $'000	2021 $'000	Valuation techniques and unobservable inputs	Range of inputs	Relationship of unobservable input to fair value
Financial assets at FVTPL					
Investments	**115,655**	91,444	Discounted Cash Flow – Revenue growth derived from FUM growth – Discount rate – Terminal growth rate	 5.80% to 42.90% (2021: 5.40% to 43%) 12.20% to 15.80% (2021: 9.10% to 16.50%) 3% (2021: 2.50% to 3%)	1% (2021: 1%) lower or higher terminal growth rate while all the other variables were held constant, the fair value would decrease by $5,508,000 and increase by $6,525,000 (2021: decrease by $3,886,000 and increase by $4,775,000).
Receivable from Raven	**623**	1,773	Discounted Cash Flow – Projected revenue from the new FUM of the business – Discount rate	 33.33% (2021: 33.33%) 5.91% (2021: 6.23%)	1% (2021: 1%) lower or higher discount rate while all the other variables were held constant, the fair value would increase by $2,000 and decrease by $2,000 (2021: increase by $15,000 and decrease by $15,000).
Financial assets at FVTOCI					
Investments	**14,513**	128,884	Discounted Cash Flow – Revenue growth derived from FUM growth – Discount rate – Terminal growth rate – Probability factor on: – discounted cash flow – control transaction value – call option value	 7.60% to 12.20% (2021: 5% to 39.30%) 18.34% (2021: 13.50% to 17.50%) 3% (2021: 3%) (2021: 10%) (2021: 20%) (2021: 70%)	1% (2021: 1%) lower or higher terminal growth rate while all the other variables were held constant, the fair value would decrease by $549,000 and increase by $625,000 (2021: decrease by $1,214,000 and increase by $1,495,000).
Total	130,791	**222,101**			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

D. CAPITAL, FINANCING AND FINANCIAL RISK MANAGEMENT (continued)

18. Financial risk management (continued)

Financial instruments	2022 $'000	2021 $'000	Valuation techniques and unobservable inputs	Range of inputs	Relationship of unobservable input to fair value
Financial liabilities at FVTPL					
Earn out liabilities and deferred payments	**11,197**	10,115	Discounted Cash Flow – Projected revenue – Earn-out factor to earn-out multiplier – Discount rate	$12,850,000 (2021: $10,514,000) 50% (2021: 50%) 9.88% to 18.34% (2021: 8.68% to 17.50%)	1% (2021: 1%) lower or higher discount rate while all the other variables were held constant, the fair value would increase by $157,000 and decrease by $153,000 (2021: increase by $206,000 and decrease by $200,000).
Total	**11,197**	**10,115**			

(ii) Transfers between levels and changes in valuation techniques

There were no transfers between the levels of fair value hierarchy during the financial year. There were also no changes made to any of the valuation techniques applied as at 30 June 2022.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the table below, the carrying amounts of financial assets (cash and cash equivalents, trade and other receivables and security deposits) and financial liabilities (trade and other payables) recognised in the consolidated financial statements approximate their fair values.

	2022		2021	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets at amortised cost				
– Receivable from EAM Global	974	989	1,410	1,474
– Loans receivable from IFP	65	74	327	327

19. Capital commitments, operating lease commitments and contingencies

	2022 $'000	2021 $'000
a. Capital commitments		
The Group has outstanding capital commitments as follows:		
– Aether GPs (USD264,000) (2021: USD270,000)	382	361
– CAMG further drawdowns (GBPnil) (2021: GBP750,000)	–	1,382
– Additional Contribution to NCI (USD11,895,000) (2021: USD12,095,000)[2]	17,229	16,137
Total capital commitments	**17,611**	**17,880**

Notes:

1 This represents the maximum potential earn-out obligation of the Group to Banner Oak if certain revenue thresholds will be achieved by Banner Oak.

2 Under the Aurora Subscription Deed and Shareholder's Deed referred in Note 13, Aurora agreed to make an Additional Contribution to NCI in the amount of USD13,500,000; reduced by the amount of Guarantee paid of USD1,605,000 (2021: USD1,405,000).

b. Earn-out payments for future funds of Aether

This represents the potential commitment by the Group to the two founders of Aether, for marketing and offering interests for the set-up and successful launching of future Aether funds (ARA Fund VI and interim funds related to ARA Fund V and ARA Fund VI).

c. Contingent liabilities

The Group has outstanding contingent liabilities as follows:

	2022 $'000	2021 $'000
– Guarantee to NCI (USD5,000,000) (2021: USD5,000,000)[1]	7,242	6,671

Notes:

[1] The Group agreed to provide a guarantee ("Guarantee") to NCI of up to USD5,000,000 a year for each of the six years following the date of commission of the first solar project sponsored by NCI. This Guarantee is to cover any shortfall payments, which are basically the amounts that are drawn upon by NCI if and when certain prescribed thresholds in respect to annual revenues of NCI are not met.

The Shareholder's Deed requires that an escrow account ("Escrow Account") be funded to be used to satisfy the Guarantee. These shortfall payments are drawn from the Escrow Account. The Group shall contribute additional amounts to the Escrow Account equal to any amounts drawn down by Nereus so that the balance of the of the Escrow Account will be kept at USD5,000,000. To date, the Group does not maintain the Escrow Account. Nevertheless, the Group has been honouring any shortfall payments to date by funding in total USD1,605,000 (2021: USD1,405,000).

d. Lease commitments

Commitments for minimum lease payments:

	2022 $'000	2021 $'000
– not later than one year	10	78
– later than one year and not later than five years	29	325
– later than five years	–	101
Total lease commitments	**39**	**504**

The lease commitments relate to leases that are short-term and low value which were not capitalised. In the prior year, the lease commitments also included a lease that was already executed but the start date commenced after 30 June 2021.

e. Contingent assets

On 17 September 2019, the Company received an originating application in the Federal Court of Australia in Melbourne by Michael Brendan Patrick de Tocqueville and ASI Mutual Pty Limited (collectively "ASI") seeking leave of the court to commence a derivative action on behalf of the Company against individuals serving as Directors at the time of the 2014 merger between the Company and the Northern Lights Capital Group, LLC (including two current Directors) for matters arising out of the merger. On 20 February 2020, the Federal Court of Australia granted ASI leave to bring the proceedings. Omni Bridgeway (Fund 5) Australian Invt. Pty Ltd ("Litigation Funder") has given an undertaking to cover the Company's costs and any liabilities or adverse cost orders made against the Company in favour of the defendants. As a result, the claims are not expected to have a material adverse financial effect on the Company. If the proceedings are successful or are settled on terms that the defendants pay an agreed amount, the Company will be entitled to the net proceeds after deducting specified legal costs and the Litigation Funder's share.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

E. GROUP STRUCTURE

This section provides information regarding the group structure of the Group, including further details on interests in subsidiaries, intangible assets, investment in associates and joint venture, parent entity disclosure and related party transactions.

20. Interests in subsidiaries

The following are the Company's subsidiaries:

		Ownership interest held by the Company	
Name of subsidiaries	Country of incorporation	2022 %	2021 %
Aurora Investment Management Pty Ltd	Australia	100	100
The Aurora Trust	Australia	100	100
Treasury Group Investment Services Pty Ltd	Australia	100	100
Treasury ROC Pty Ltd[1]	Australia	100	100
Northern Lights MidCo, LLC ("Midco")	USA	100	100
Carlisle Acquisition Vehicle, LLC ("CAV")[2]	USA	100	100
Northern Lights Capital Group, LLC	USA	100	100
NLCG Distributors, LLC	USA	100	100
Northern Lights Capital Partners (UK) Ltd ("NLCPUK")	UK	100	100
Strategic Capital Investments, LLP	UK	60	60
Northern Lights MidCo II, LLC	USA	100	100
Aether Investment Partners, LLC	USA	100	100

Notes:

1 This subsidiary is a holding company and non-operating.

2 CAV is a limited liability company that holds the Group's investment in Carlisle. Midco owns 1% and NLCPUK owns 99% of CAV.

a. Disposal of a subsidiary

On 30 November 2020, the Group completed the sale of all its economic interest in Seizert to the current Seizert management team. The assets and liabilities of Seizert including the other identifiable intangibles held in Seizert were derecognised as at 30 November 2020 and the proceeds amounting to $6,800,000 (USD5,000,000) before tax was received. The results of operations of Seizert from 1 July 2020 to 30 November 2020 were included in the consolidated financial statements. The sale of the Group's investment in Seizert resulted to a loss of $2,250,000.

Details of the sale are as follows:

	$'000
Consideration received	6,800
Carrying amount of the investment sold	(9,050)
Loss on sale before income tax	(2,250)

The carrying amounts of assets and liabilities as at the date of the completion of the sale were:

	30 November 2020 $'000
Cash and cash equivalents	4,529
Trade and other receivables	2,304
Other current assets	674
Plant and equipment	57
Right-of-use assets	884
Other assets	3
Total assets	8,451
Trade and other payables	831
Provisions	13
Lease liabilities	933
Total liabilities	1,777
Net assets	6,674
Add: Intangible assets - brands and trademarks	2,376
Total carrying value	**9,050**

Accounting policies

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders, potential voting rights held by the Company, other vote holders or other parties, rights arising from other contractual arrangements, and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income/(loss) are attributed to the members of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the members of the Company and to the non-controlling interests 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. The financial statements of the Australian, US and UK subsidiaries are prepared for the same reporting period as the Company (30 June).

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

E. GROUP STRUCTURE (continued)

20. Interests in subsidiaries (continued)

(ii) Foreign currency translations and balances

Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of the Group are expressed in Australian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions and balances

In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Translation of foreign operations

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollar using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

For the purposes of presenting the transactions disclosed in the notes to the financial statements, these transactions are translated into Australian dollar using the exchange rates prevailing at the date of transaction. For other amounts disclosed at the end of the reporting period, these amounts are translated into Australian dollar using the exchange rates prevailing at the end of the reporting period.

21. Intangible assets

a. Analysis of balances

	2022 $'000	2021 $'000
Goodwill, net of impairment	37,217	34,282
Other identifiable intangible assets, at carrying amount		
– Brand and trademark	7,821	7,205
– Management rights	9,277	11,218
	17,098	18,423
Total intangible assets	**54,315**	**52,705**

	Goodwill $'000	Brand and trademark $'000	Management rights $'000	Total $'000
Movement of intangible assets				
2022				
Opening balance	34,282	7,205	11,218	52,705
Amortisation	–	–	(2,761)	(2,761)
Effect of foreign currency differences	2,935	616	820	4,371
Closing balance	**37,217**	**7,821**	**9,277**	**54,315**
2021				
Opening balance	37,295	10,373	15,064	62,732
Amortisation	–	–	(2,642)	(2,642)
Disposal	–	(2,376)	–	(2,376)
Effect of foreign currency differences	(3,013)	(792)	(1,204)	(5,009)
Closing balance	**34,282**	**7,205**	**11,218**	**52,705**
Cash generating units				
Goodwill and other identifiable intangible assets:				
2022				
– Aether	37,217	7,821	9,277	54,315
2021				
– Aether	34,282	7,205	11,218	52,705

b. Accounting policies

(i) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

(ii) Brand and trademark and management rights

Brand and trademark and management rights acquired as part of a business combination are recognised separately from goodwill. These are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

- Brand and trademark – Subsequent to initial recognition, brand and trademark which have indefinite lives are reported at cost less accumulated impairment losses.
- Management rights – Subsequent to initial recognition, management rights are reported at cost less accumulated amortisation and accumulated impairment losses. Management rights are amortised as follows:
  - Acquired in 2014 – based on a straight-line basis over its estimated useful life of 12 years; and
  - Acquired in 2019 – based on 50% of the annual revenue from ARA Fund V over 12 years.

(iii) Impairment of goodwill, brand and trademark and management rights

For the purposes of impairment testing, goodwill, brand and trademark, and management rights are allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill, brand and trademark and management rights have been specifically identified to the cash-generating unit is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill to the unit, then to brand and trademark and management rights and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. A further impairment test is performed to the brand and trademark and management rights to determine individually if there is an indication that these other identifiable intangible assets may be impaired. Any impairment loss for the cash generating units (goodwill, brand and trademark and management rights) are recognised directly in profit or loss. Any impairment loss recognised for goodwill are not reversed in subsequent periods. For brand and trademark and management rights, any impairment loss recognised are reversed in subsequent periods if a business recovers or exceeds previous levels of financial performance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

E. GROUP STRUCTURE (continued)

21. Intangible assets (continued)

c. Key estimates, judgments, and assumptions

Impairment of goodwill and other identifiable intangible assets

At the end of each reporting period, management assesses the level of goodwill and other identifiable intangible assets of each of the underlying assets of the Group. Should assets underperform or not meet expected growth targets from prior expectations, a resulting impairment of the goodwill and other identifiable intangible assets is recognised if that deterioration in performance is deemed not to be derived from short term factors such as market volatility. Factors that are considered in assessing possible impairment in addition to financial performance include changes to key investment staff, significant investment underperformance and litigation. Impairments of goodwill in relation to subsidiaries cannot be reversed if a business recovers or exceeds previous levels of financial performance.

Aether

The recoverable amount of Aether, a cash-generating unit, is determined based on a value in use calculation which uses cash flow projections. These cash flow projections include expected revenues from existing funds, which are largely certain, as well as anticipated new fund raising. A five-year discrete period was applied as it is believed that it is sufficient time for the business to be in a steady state in terms of launching new funds based on the existing plan for the business. During the year, the goodwill and other identifiable intangible assets were assessed and tested for impairment. At 30 June 2022, no impairment (2021: no impairment) was recognised.

A weighted average discount rate of 12.71% to 14.01% (2021: 8.68% to 13.33%) in the cash flow projections during the discrete period, tax rate of 21% (2021: 21%) and the terminal growth rate of 3% (2021: 3%) were applied.

Impact of COVID-19

While the specific areas of judgement noted above did not change, the Group applied further judgement to consider the impact of COVID-19 within those identified areas.

Sensitivity analysis

An analysis was conducted to determine the sensitivity of the impairment test to reasonable changes in the key assumptions used to determine the recoverable amount of the CGU. The sensitivities tested include a 5% reduction in the annual cash flow of the CGU, a 1% decrease in the terminal growth rate used to extrapolate cash flows beyond the end of the discrete cash flows and a 1% increase in the discount rate applied to cash flow projections.

The impact on the impairment as result of these sensitivities is shown below:

Sensitivity	Impact on impairment assessment	Impairment $'000
A 5% decrease in cash flows	No impairment	–
A 1% decrease in terminal growth rate	No impairment	–
A 1% increase in discount rate	Impairment	472

AASB 136 requires that where a reasonably possible change in a key assumption would cause the carrying amount of the CGU to exceed its recoverable amount, the value at which an impairment first arises shall be disclosed.

22. Investment in associates and joint venture

a. Analysis of balances

	2022 $'000	2021 $'000
Investment in associates		
Opening balance	102,803	100,447
Acquisition of associates	48,257	7,979
Additional contribution to associates	6,973	1,377
Subsequent reclassification from FVTPL to investment in associate (Note 22a(iv))	1,983	–
Share of net profits of associates	7,968	6,994
Dividends and distributions received/receivable	(9,374)	(3,583)
Impairment (Note 3)	(3,796)	(3,536)
Share in foreign currency reserve of an associate	72	–
Effect of foreign currency differences	9,164	(6,875)
Closing balance	**164,050**	**102,803**
Investment in joint venture		
Opening balance	29,255	33,159
Share of net profits/(loss) of a joint venture	162	(386)
Dividends and distributions received/receivable	(820)	(845)
Effect of foreign currency differences	2,470	(2,673)
Closing balance	**31,067**	**29,255**
Total	**195,117**	**132,058**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

E. GROUP STRUCTURE (continued)

22. Investment in associates and joint venture (continued)

(i) Details of associates and joint venture

	Principal activity	Ownership interest 2022 %	2021 %	Place of incorporation and operation
Associates				
Aether General Partners[1]	Funds Management	25.00	25.00	USA
ASOP Profit Share LP[2]	Investment Entity	39.03	39.31	Cayman Islands
Astarte Capital Partners, LLP[2]	Funds Management	44.46	44.90	UK
Banner Oak Capital Partners, LP[3]	Funds Management	35.00	–	USA
Blackcrane Capital, LLC[4]	Funds Management	25.00	25.00	USA
Capital & Asset Management Group, LLP[5]	Funds Management	40.00	36.25	USA/UK
IFP Group, LLC[6]	Investment Adviser	24.90	24.90	USA
Northern Lights Alternative Advisors LLP[7]	Placement Agent	23.00	23.00	UK
Roc Group[8]	Funds Management	30.01	30.01	Australia
Victory Park Capital Advisors, LLC[9]	Funds Management	24.90	24.90	USA
Victory Park Capital GP Holdco, L.P.[10]	Funds Management	24.90	24.90	USA
Joint venture				
Copper Funding, LLC[11]	Investment Entity	50.00	50.00	USA
Associate of the joint venture				
Pennybacker Capital Management, LLC[12]	Funds Management	16.50	16.50	USA

Notes:

1 Aether Real Assets GP I, LLC, Aether Real Assets GP II, LLC, Aether Real Assets GP III, LLC and Aether Real Assets III Surplus GP, LLC (collectively the "Aether General Partners") are the General Partners of Aether Real Assets I, L.P., Aether Real Assets II, L.P., Aether Real Assets III, L.P. and Aether Real Assets III Surplus, L.P. (collectively the "Funds"). The General Partners are responsible for the operation of the Funds and the conduct and management of its business.

2 Astarte is based in London, England, is an investment manager focused on private markets real asset strategies. Astarte's business model is distinctive in that it provides anchor/seed capital, working capital, and fundraising support to operating experts and emerging investment managers to support their growth. ASOP-PSP was set-up to receive the portion of the revenues and income of ASOP Fund vehicles.

3 Banner Oak is an alternative investment manager offering a private real estate strategy focused on the creation of growth of fully integrated private real estate operating companies. It is based in Dallas, Texas, USA.

4 Blackcrane is a boutique asset management firm focusing on global and international equities.

5 CAMG is a private infrastructure investment firm based in London and Washington DC, USA.

6 IFP is a multi-custodial registered investment adviser focused on delivering personalised, concierge-level service to advisors in the USA specialising in wealth management and retirement plan consulting.

7 NLAA is a strategic partner and placement agent based in London, England that focused on private equity and hedge funds.

8 Roc Group is a specialised investment firm offering both pooled and customised Asia Pacific private equity solutions. Roc Group includes Roc Partners Pty Ltd and Roc Partners (Cayman) Limited. The Group holds stapled securities in Roc Group.

9 VPC is a focused on private debt strategies-direct lending to financial service companies (Specialty Finance) with some investments in private equity.

10 VPC-Holdco holds direct and indirect interest in VPC funds and their general partner entities.

11 CFL is a limited liability company established as a joint venture of the Group with Kudu Investments Management, LLC ("Kudu") to hold the investment in Pennybacker.

12 Pennybacker is an alternative investment manager based in Austin, Texas, USA offering private equity investment strategies focused on both commercial, retail, office, and industrial assets, as well as affordable multifamily residential real estate in certain markets in the USA.

(ii) Acquisitions of associates

On 31 December 2021, the Group acquired a 35% equity interest in Banner Oak for $48,257,000 (USD35,000,000) and a potential earn-out obligation with a maximum additional consideration of $6,894,000 (USD5,000,000). This earn-out obligation would be paid between the closing of the transaction and 31 December 2025 based on Banner Oak's cumulative management fee revenues net of any acquisition and placement fees reduced by certain revenue hurdles. At the date of acquisition, the fair value of the potential obligation of the Group is $1,559,000 (USD1,131,000) and has been added to the acquisition cost of Banner Oak. As at 30 June 2022, the earn-out obligation was reversed since the probability of achieving the revenue hurdles is considered low. The acquisition included goodwill and other identifiable intangible assets of $47,885,000 (USD34,730,000).

On 19 March 2021, the Group, following the receipt of a regulatory approval in the United Kingdom, completed its investment in Astarte and ASOP-PSP for $7,979,000 (GBP4,420,000) for a 44.90% and 39.31% equity ownership, respectively. The acquisition included goodwill and other identifiable intangible assets of $6,727,000.

(iii) Additional contributions to associates

During the financial year CAMG made drawdowns for a total of $1,377,000 (GBP750,000) (2021: $1,354,000 (GBP750,000)). This resulted to the increase in the Group's equity interest in CAMG to 40% (2021: 36.25%).

(iv) Restructuring of associates

On 27 December 2021, the Group restructured its investment in IFP.

The Group contributed an additional $5,515,000 (USD4,000,000) in exchange for an additional 20% of the economics or share in profit/losses of IFP and a preference in distribution. The investment in IFP is still accounted for as an associate since the increase in the share of economics or share in profit/losses of IFP and preference in distribution did not change the Group's significant influence over IFP.

In addition, the operating capital contributions with a value of $1,983,000 (USD1,439,000) that were entitled to 10% to 13% annual returns were converted as part of the preferred equity held in IFP. Accordingly, these investments in IFP were transferred from fair value through profit or loss to investment in an associate. The conversion of these instruments did not give rise to an increased equity ownership nor a return specific to these instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

E. GROUP STRUCTURE (continued)

22. Investment in associates and joint venture (continued)

b. Summarised financial information for associates

2022	Banner Oak[1] $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Aggregate of immaterial associates $'000	Total $'000
Comprehensive income						
Revenue and other income for the year	10,886	32,326	61,510	8,187	165,291	278,200
Profit after tax for the year	5,524	8,188	16,670	7,661	3,601	41,644
Other comprehensive income for the year	–	–	–	–	240	240
Total comprehensive income for the year	**5,524**	**8,188**	**16,670**	**7,661**	**3,841**	**41,884**
Dividends/distributions received during the year	1,903	820	2,696	2,133	2,642	10,194
The above profit after tax includes the following:						
– Depreciation and amortisation	196	608	1,690	–	4,549	7,043
– Interest income	–	–	89	–	–	89
– Interest expense	31	90	1,089	–	956	2,166
– Income tax expense	–	–	–	–	2,973	2,973
Financial position						
Current assets	4,421	24,279	73,626	–	37,451	139,777
Non-current assets	1,033	–	31,235	–[2]	30,975	63,243
Current liabilities	(1,031)	(4,170)	(85,324)	(1,440)	(35,402)	(127,367)
Non-current liabilities	(466)	–	(9,264)	–	(14,627)	(24,357)
Net assets/(liabilities)	**3,957**	**20,109**	**10,273**	**(1,440)**	**18,397**	**51,296**

Notes:

1 Banner Oak was acquired on 31 December 2021; therefore, the comprehensive income information only covers the period from acquisition to 30 June 2022.

2 The non-current assets balance of VPC-Holdco included the carried interest amounting to $70,513,000, of which the Group has $17,558,000 share, was not recognised in accordance with AASB 15: *'Revenue'* ("AASB 15").

2022	Banner Oak $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Aggregate of immaterial associates $'000	Total $'000
Reconciliation of the summarised financial position to the carrying amount recognised by the Group:						
– Net assets/(liabilities) before determination of fair values	3,957	20,109	10,273	(1,440)	18,397	51,296
– Ownership interest in %	35.00%	16.50%[1]	24.90%	24.90%	28.63%[2]	
– Proportion of the Group's ownership interest	1,385	3,318	2,558	(359)	5,267	12,169
– (Increase)/decrease in net assets/liabilities	(994)	(3,259)	(5,930)	(70)	17,932	7,679
– Acquired goodwill and other identifiable intangibles	49,144	30,323	56,132	21,418	8,368	165,385
– Impairment during the year	–	–	–	–	(3,795)	(3,795)
– Undistributed profits	1,773	685	7,855	–	3,294	13,607
– Foreign exchange movement	–	–	–	–	72	72
Closing balance	**51,308**	**31,067**	**60,615**	**20,989**	**31,138**	**195,117**
The above assets and liabilities include the following:						
– Cash and cash equivalents	3,703	2,993	31,486	–	16,402	54,584
– Current financial liabilities (excluding trade and other payables and provisions)	(296)	–	(11,856)	–	(4,603)	(16,755)
– Non-current financial liabilities (excluding trade and other payables and provisions)	(466)	–	(9,264)	–	(13,422)	(23,152)

Notes:

1 The effective ownership interest of the Group of 16.5% was used calculating the proportion of the Group's ownership at Pennybacker through the joint venture in CFL.

2 The rate relates to multiple different % across multiple entities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

E. GROUP STRUCTURE (continued)

22. Investment in associates and joint venture (continued)

2021	Banner Oak[1] $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Aggregate of immaterial associates $'000	Total $'000
Comprehensive income						
Revenue and other income for the year	–	23,789	35,343	7,771	135,753	202,656
Profit after tax for the year	–	4,604	19,337	7,444	11,828	43,213
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	**4,604**	**19,337**	**7,444**	**11,828**	**43,213**
Dividends/distributions received during the year	–	845	11	1,928	1,644	4,428
The above profit after tax includes the following:						
– Depreciation and amortisation	–	–	1,968	–	2,633	4,601
– Interest income	–	–	93	–	341	434
– Interest expense	–	–	1,172	–	1,131	2,303
– Income tax expense	–	–	–	–	987	987
Financial position						
Current assets	–	2,818	26,006	–	33,819	62,643
Non-current assets	–	–	33,629	–[2]	26,736	60,365
Current liabilities	–	(1,184)	(44,124)	(817)	(29,130)	(75,255)
Non-current liabilities	–	–	(9,449)	–	(16,995)	(26,444)
Net assets/(liabilities)	–	**1,634**	**6,062**	**(817)**	**14,430**	**21,309**

Notes:

1 Banner Oak was acquired on 31 December 2021 resulting in nil amounts in the 30 June 2021 information.

2 The non-current assets balance of VPC-Holdco included the carried interest amounting to $57,429,000, of which the Group has $14,300,000 share, was not recognised in accordance with AASB 15.

2021	Banner Oak $'000	Pennybacker $'000	VPC $'000	VPC-Holdco $'000	Aggregate of immaterial associates $'000	Total $'000
Reconciliation of the summarised financial position to the carrying amount recognised by the Group:						
– Net assets/(liabilities) before determination of fair values	–	1,634	6,062	(817)	14,430	21,309
– Ownership interest in %	–	16.50%[1]	24.90%	24.90%	30.05%[2]	
– Proportion of the Group's ownership interest	–	270	1,509	(203)	4,336	5,912
– (Increase)/decrease in net assets/liabilities		(216)	(4,615)	27	10,845	6,041
– Acquired goodwill and other identifiable intangibles	–	29,073	53,376	22,077	10,109	114,635
– Impairment during the year	–	–	–	(2,348)	(1,202)	(3,550)
– Undistributed profits	–	128	5,827	–	3,065	9,020
Closing balance	**–**	**29,255**	**56,097**	**19,553**	**27,153**	**132,058**
The above assets and liabilities include the following:						
– Cash and cash equivalents	–	181	4,072	–	9,839	14,092
– Current financial liabilities (excluding trade and other payables and provisions)	–	–	(17,339)	–	(2,455)	(19,794)
– Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	(9,449)	–	(13,767)	(23,216)

Notes:

1 The effective ownership interest of the Group of 16.5% was used calculating the proportion of the Group's ownership at Pennybacker through the joint venture in CFL.

2 The rate relates to multiple different % across multiple entities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

E. GROUP STRUCTURE (continued)

22. Investment in associates and joint venture (continued)

c. Accounting policies

(i) 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 does not control or joint control over those policies. A joint venture is an entity over which the Group has joint control over its net assets. Joint control is the power to control in the financial and operating policy decisions of the investee.

The financial statements of the associate that is domiciled in Australia and certain associates in the USA are prepared for the same reporting period as the Group (i.e., 30 June). For the other associates and joint venture, their reporting period vary between 31 March, 31 May, and 31 December. For equity accounting purposes, the Group takes up the proportionate share of the net profits/(losses) of these associates and joint venture based on their pro-rata financial statements as at 30 June, so as to align the proportionate share of their net profits/losses with the Group.

The results of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting from the date on which the investee becomes an associate or a joint venture. Under the equity method, an investment in an associate or joint venture is initially recognised in the statement of financial position at cost and deferred consideration and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income or loss of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

Distributions or dividends received from the associates or joint venture are reduced from the carrying value. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

(ii) Impairment

The requirements of AASB 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill and other identifiable intangible assets) is tested for impairment in accordance with AASB 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part (as a reduction) of the carrying amount of the investment.

(iii) Disposal

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

d. Key estimates, judgments, and assumptions

Impairment of investments in associates and joint venture

At the end of each reporting period, management is required to assess the carrying values of each of the underlying investments in associates and joint venture of the Group. Should assets underperform or not meet expected growth targets from prior expectations, a resulting impairment of the investments is recognised if that deterioration in performance is deemed not to be derived from short term factors such as market volatility. Factors that are considered in assessing possible impairment in addition to financial performance include changes to key investment staff, significant investment underperformance and litigation. A significant or prolonged decline in the fair value of an associate or joint venture below its cost is also an objective evidence of impairment. During the year, the investments in associates and joint venture were tested for impairment. Blackcrane and CAMG were impaired for $3,796,000 (2021: $3,536,000 for CAMG and VPC-Holdco).

The following were the rates applied in the cash flow projections during the discrete period on associates with impairment:

Associates	Weighted average discount rate	Tax rate	Terminal growth rate
CAMG	21.31%	19%	3%

Blackcrane was fully impaired at 30 June 2022.

Impact of COVID-19

While the specific areas of judgement noted above did not change, the Group applied further judgement to consider the impact of COVID-19 within those identified areas.

Sensitivity analysis

An analysis was conducted to determine the sensitivity of the impairment test to reasonable changes in the key assumptions used to determine the recoverable amount of the Group's investment in associates and joint venture. The sensitivities tested include a 5% reduction in the annual cash flow of the associates, a 1% decrease in the terminal growth rate used to extrapolate cash flows beyond financial year 2022 and a 1% increase in the discount rate applied to cash flow projections.

The impact on the impairment as result of these sensitivities is shown below:

Sensitivity	Impact on impairment assessment	Impairment $'000
A 5% decrease in cash flows	Further impairment CAMG	82
A 1% decrease in terminal growth rate	Further impairment CAMG	67
A 1% increase in discount rate	Further impairment CAMG	94

AASB 136 requires that where a reasonably possible change in a key assumption would cause the carrying amount of the investment in associates to exceed its recoverable amount, the value at which an impairment first arises shall be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

E. GROUP STRUCTURE (continued)

23. Parent entity disclosures

Summarised presentation of the parent entity, Pacific Current Group Limited, financial statements:

	2022 $'000	2021 $'000
Summarised statement of financial position		
Assets		
Current assets	3,609	4,735
Non-current assets	225,791	225,817
Total assets	**229,400**	**230,552**
Liabilities		
Current liabilities	79,402	57,680
Non-current liabilities	1,284	1,321
Total liabilities	80,686	59,001
Net assets	**148,714**	**171,551**
Equity		
Share capital	186,927	184,655
Accumulated losses	(46,122)	(19,806)
Reserves	7,909	6,702
Total equity	**148,714**	**171,551**
Summarised statement of profit or loss and other comprehensive income		
Loss for the year	(5,444)	(4,706)
Other comprehensive income for the year	–	–
Total comprehensive loss for the year	**(5,444)**	**(4,706)**

The accounting policies of the Company being the ultimate parent entity are consistent with the Group except for the investment in subsidiaries. Investments in subsidiaries are accounted for at costs in the financial statements of the Company. The Company effectively provides commitments and guarantees to the Group as disclosed in Note 19.

24. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below.

	2022 $	2021 $
Compensation paid to key management personnel ("KMP") of the Company		
Short-term employee benefits	4,058,336	2,432,823
Post-employment benefits	52,207	47,145
Share based payments	1,089,826	433,641
	5,200,369	**2,913,609**

Detailed remuneration disclosures are provided in the Remuneration Report.

Apart from the above, the Group had no other transactions with Directors, their related parties, or loans to KMP.

	2022 $	2021 $
Transactions with associates and affiliated entities		
Revenue and other income transactions		
– Management fees - Aether funds under management	12,092,648	12,840,100
– Commission income - Blackcrane and VPC (2021: Blackcrane, GQG LP, and VPC)	3,081,984	1,849,897
– Retainer fees - Blackcrane and Roc Group	513,388	316,362
– Interest income - IFP	15,190	59,577
– Dividends and distributions income - GQG Inc and GQG LP (2021: GQG LP)	9,646,442	13,298,692
– Other income – Blackcrane	36,873	44,746
Investments in associates and joint venture transactions		
– Additional contributions - Aether GPs, IFP and CAMG (2021: Aether GPs and CAMG)	6,972,680	1,376,748
– Dividends and distributions - Aether GPs, Banner Oak, CFL, NLAA, Roc Group, VPC, and VPC-Holdco (2021: Aether GPs, CFL, NLAA, Roc Group, VPC, VPC-Holdco)	10,194,442	4,427,929
– Loans to associates – IFP	344,692	616,554
– Collections of loans to associates - IFP	620,446	167,542
– Conversion of investment at FVTPL (2021: loans receivable) to associate - IFP	1,983,438	743,821
Affiliated entities		
– Proceeds from the restructure of investment - GQG LLC	60,247,178	–
Balances at the end of the reporting period		
– Trade receivables - Aether funds under management, Blackcrane, Roc Group and VPC (2021: Blackcrane, GQG LP, Roc Group and VPC)	3,843,106	1,549,521
– Dividend receivable - GQG Inc, NLAA, and Roc Group (2021: GQG LP, NLAA, and Roc Group	1,790,510	2,940,413
– Interest receivable - IFP	10,771	8,565
– Loans receivable - IFP	65,178	326,878
– Financial assets at fair value - IFP	–	1,919,316

The above transactions with related parties were on normal terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

F. OTHER INFORMATION

This section provides other information of the Group, including further details of share-based payments, auditor's remuneration, significant events subsequent to reporting date and adoption of new and revised Standards.

25. Share-based payments

a. The Group Long-Term Incentive ("LTI") Plan

(i) Options and performance rights

	Options		Performance Rights			
Date Granted	19 November 2021	24 February 2022	21 June 2018	25 June 2019	1 August 2019	24 February 2022
Vesting dates:						
Tranche 1	1 July 2024	1 July 2024	30 June 2021	30 June 2021	30 June 2021	30 June 2024
Tranche 2	1 July 2025	1 July 2025	30 June 2022	30 June 2022	30 June 2022	30 June 2025
Tranche 3	n/a	n/a	n/a	n/a	n/a	30 June 2026
Fair value per option/performance rights:						
Tranche 1	$1.49	$1.57	$0.55	$0.14	$1.28	$6.62
Tranche 2	$1.57	$1.64	$0.67	$0.23	$1.31	$6.31
Tranche 3	n/a	n/a	n/a	n/a	n/a	$6.02
No of options/ performance rights issued	1,740,000	690,000	2,500,000	750,000	200,000	430,500
Exercise price per share	$7.28	$7.28	$nil	$nil	$nil	$nil
Number of options/ performance rights vested:						
Tranche 1	–	–	–	–	–	–
Tranche 2	–	–	14,336	4,300	–	–
Tranche 3	–	–	–	–	–	–
Number of options/ performance rights forfeited:						
Tranche 1	–	–	1,250,000	375,000	75,000	–
Tranche 2	–	–	1,235,664	370,700	75,000	–
Tranche 3	–	–	–	–	–	–
Cancelled	–	–	–	–	50,000	18,000
Performance hurdles	Continued employment	Continued employment	Continued employment, share price hurdle and total shareholder return hurdle	Continued employment, share price hurdle and total shareholder return hurdle	Continued employment, share price hurdle and total shareholder return hurdle	Continued employment, and net asset value hurdle

The fair values of the options and performance rights were independently determined by valuation specialists Leadenhall Valuation Services Pty Ltd using Black Scholes/ Monte Carlo simulation model. AON Solutions Australia Limited is commissioned to provide a report on the vesting of the performance rights.

(ii) Options and performance rights recognised in the profit or loss

The amount of option expense for the year was $646,000 (2021: $nil) and the performance rights amortisation expense for the year was $560,000 (2021: $594,000).

(iii) Shares bought on market to settle share-based payments

The shares bought on market to settle performance rights vested amounted to $nil (2021: $629,000).

b. Accounting policies

The Company provides benefits to employees (including senior executives and Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The Company's LTI plan is in place whereby the Company, at the discretion of the Board of Directors, awards performance rights to Directors, executives, and certain members of staff of the Company. Each performance right at the time of grant represents one company share upon vesting.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the vesting period based on the Group's estimate of equity instruments that will eventually vest.

The cumulative expense recognised for equity-based transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The consolidated statement of profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No cumulative expense is recognised for awards that do not ultimately vest because of the non-fulfilment of a non-market condition.

c. Key estimates, judgments, and assumptions

Share-based payment transactions

The Company measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using Black Scholes/ Monte Carlo simulation model with the following assumptions used in arriving at the valuations:

	Volatility of the underlying share price	Expected dividend yield per annum	Risk free rates per annum
Options			
- 19 November 2021	40%	5.10%	0.95% and 1.40%
- 24 February 2022	40%	4.90%	1.60% and 1.70%
Performance rights			
- 21 June 2018	30%	3.84%	2.07% and 2.15%
- 25 June 2019	30%	4.48%	0.89% and 0.90%
- 1 August 2019	30%	3.60%	0.87% and 0.83%
- 24 February 2022	40%	4.90%	1.30%, 1.70% and 1.80%

The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

F. OTHER INFORMATION (continued)

26. Auditors' remuneration

Ernst & Young (2021: Deloitte Touche Tohmatsu) and related network firms:

	2022 $	2021 $
Audit or review of financial reports		
– Group	760,000	925,000
– Subsidiaries	48,533	104,613
Statutory assurance services required by legislation provided by the auditor	30,000	40,000
Other services		
– Tax compliance services	–	45,778
	838,533	1,115,391
Other auditors and their related network firms		
– Subsidiaries	141,713	102,106
Statutory assurance services required by legislation provided by the auditor	54,186	44,332
	195,899	146,438
Total auditors' remuneration	**1,034,432**	**1,261,829**

27. Significant events subsequent to reporting date

On 26 August 2022, the Directors of the Company declared a final dividend on ordinary shares in respect of the 2022 financial year. The total amount of the dividend is $11,764,000 which represents a fully franked dividend of 23 cents per share. The final dividend for 2022 financial year will be eligible for the DRP. Any shares issued under the DRP will be priced at the average daily VWAP calculated over a 10-day period commencing on the third trading day following the record date. The dividend has not been provided for in the 30 June 2022 consolidated financial statements.

Other than the matters detailed above there has been no matter or circumstance, which has arisen since 30 June 2022 that has significantly affected or may significantly affect either the operations or the state of affairs, of the Group.

28. Adoption of new and revised Standards

a. New and amended AASB standards that are effective from 1 July 2021

All new and revised accounting standards relevant to the Group that are mandatorily effective for the current year have been adopted by the Group. Adoption of these other new and revised accounting standards did not result in a material financial impact to the consolidated financial statements of the Group.

b. Standards and interpretations in issue not yet adopted

The AASB has issued several new and amended accounting standards and Interpretations that have mandatory application dates for future reporting periods have not been early adopted by the Group.

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

DIRECTORS' DECLARATION

The Directors declare that:

a. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
b. in the Directors' opinion, the attached consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in Section A in the notes to the financial statements;
c. in the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and
d. the Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Antony Robinson
Chairman
26 August 2022

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2022

Building a better working world

Ernst & Young
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Independent auditor's report to the members of Pacific Current Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the financial report of Pacific Current Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Investments in associates and joint ventures

Why significant	How our audit addressed the key audit matter
The Group classifies investments in entities over which it has significant influence as associates in the statement of financial position and applies equity method accounting in line with AASB 128 Investments in Associates and Joint Ventures. As at 30 June 2022, the carrying value of the investments in associates and joint venture totals $195m, which is 32% of the total assets and the share of profits totals $8m, which is 17% of the net loss before tax. The Group performs an annual assessment to determine whether there is any objective evidence that investments in associates and joint ventures are impaired. The identification of indicators of impairment requires the application of significant judgement in terms of future cash flows, discount rates and terminal growth rates. This was considered a key audit matter due its subjective nature and the quantitative impact on the Group's financial statements.	Our procedures included: - Evaluating the Group's assessment of significant influence over the investments, and the accounting treatment and presentation thereon; - Testing the appropriateness of the equity accounting for the Group's investments in associates. For the material associates, we issued group instructions to associate's auditors covering matters significant to the audit. We performed a review of the auditor's final report to assess whether procedures were performed in line with instructions and the conclusion reached was appropriate for the purposes of our audit; - Assessing the methodology used in the impairment models to calculate the recoverable amount of the associate in accordance with Australian Accounting Standards; - Testing the mathematical accuracy of the impairment models; - Assessing assumptions applied in calculating the recoverable amount, including future cash flows, discount rates and terminal growth rates, in conjunction with our internal valuation specialists; - Assessing the accuracy of historical cash flow forecasts; - Assessing the reasonableness of the sensitivity analysis on changes to key inputs and assumptions in the impairment models; and - Assessing the adequacy of the disclosures in Note 22 in accordance with Australian Accounting Standards.

Investments valuation

Why significant	How our audit addressed the key audit matter
The Group has a significant portfolio of financial assets at fair value. As at 30 June 2022, the value of these assets, as shown in note 10 to the financial report was, $304m which equates to 50% of the total assets held by the Group. As described in note 10, $290m of the Group's fair value investments were classified as 'financial assets at fair value through profit or loss' ("FVTPL") and $15m are classified as 'financial assets at fair value through other comprehensive income' ("FVTOCI"). For the financial instruments classified as Level 3, the fair value measurement is based on unobservable inputs and has a high level of complexity. Significant judgement and high level of uncertainty is involved in developing unobservable inputs, including forecasted future cash flows, terminal growth rates, and discount rates. This was considered a key audit matter due to its subjective nature and the quantitative impact on the Group's financial statements.	Our procedures included: - Agreeing the fair value of investments in the portfolio held at 30 June 2022 to independent pricing sources for listed securities; For Level 3 investments: - Assessing the methodology used to calculate the fair value of the investment in accordance with Australian Accounting Standards; - Testing the mathematical accuracy of the model; - Assessing the assumptions applied in calculating the fair value, including future cash flows, discount rates and terminal growth rates, in conjunction with our internal valuation specialists; - Assessing the accuracy of historical cash flow forecasts; - Assessing the reasonableness of the sensitivity analysis on changes to key inputs and assumptions in the fair value assessment; and - Assessing the adequacy of the disclosures in Note 10 in accordance with Australian Accounting Standards.

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2022

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Impairment assessment of goodwill

Why significant	How our audit addressed the key audit matter
Goodwill has been recognised as a result of the Group's historical acquisitions, representing the excess of the purchase consideration over the fair value of assets and liabilities acquired. On acquisition date, the goodwill has been allocated to the applicable Cash Generating Units ("CGUs"). The Group has goodwill of $37m as at 30 June 2022. Goodwill must be tested for impairment on at least an annual basis. The determination of recoverable amount requires significant judgement in both identifying and then calculating the value of the relevant CGUs. Recoverable amounts are based on the Group's view of the key inputs and assumptions applied in measuring the recoverable amount of assets, including future cash flows, terminal growth rates, and discount rates. As such it was considered a key audit matter.	Our procedures included: - Assessing the Group's determination of the CGUs to which goodwill is allocated; - Assessing the methodology used in the impairment model to calculate the recoverable amount of the CGU in accordance with Australian Accounting Standards; - Testing the mathematical accuracy of the impairment model; - Assessing the assumptions applied in calculating the recoverable amount, including future cash flows, discount rates and terminal growth rates, in conjunction with our internal valuation specialist; - Assessing the accuracy of historical cash flow forecasts; - Assessing the reasonableness of the sensitivity analysis on changes to key inputs and assumptions in the impairment model; and - Assessing the adequacy of the disclosures in Note 21 in accordance with Australian Accounting Standards.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2022 annual report, but does not include the financial report and our auditor's report thereon. We obtained the Directors' Report and Corporate Directory that are to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2022

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 34 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Pacific Current Group Limited for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

RDaSilva

Rita Da Silva
Partner

Sydney
26 August 2022

Jaddus Manga
Partner

Sydney
26 August 2022

ASX ADDITIONAL INFORMATION

Corporate Governance

In accordance with ASX Listing Rule 4.10.3, the Group's Corporate Governance Statement can be found on its website at www.paccurrent.com/shareholders/corporate-governance/

The Corporate Governance Statement has been approved by the Board and is current as at 6 October 2022.

Shareholder Information as at 16 September 2022

Additional information required by the Australian Securities Exchange listing rules and not shown elsewhere in this report is as follows:

a. Distribution of equity securities (as at 16 September 2022)

The number of shareholders by size of holding for fully paid ordinary shares are:

Holding	Number of shareholders	Number of shares	%
1 – 1,000	1,495	605,616	1.18
1,001 – 5,000	1,219	3,109,838	6.08
5,001 – 10,000	280	2,064,454	4.04
10,001 – 100,000	193	4,733,554	9.25
100,001 and over	34	40,636,261	79.45
Total	**3,221**	**51,149,723**	**100.00**

The number of shareholders holding less than a marketable parcel of 72 shares is 254, a total of 2,854 shares.

b. Twenty largest shareholders (as at 16 September 2022)

The names of the 20 largest holders of quoted shares are:

Name		Number of shares	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,439,658	22.37
2	CITICORP NOMINEES PTY LIMITED	6,932,635	13.55
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,197,922	10.16
4	UBS NOMINEES PTY LTD	2,770,809	5.42
5	NATIONAL NOMINEES LIMITED	1,620,685	3.17
6	RIVER CAPITAL PTY LTD <RIVER CAPITAL DIV PLUS A/C>	1,616,190	3.16
7	BELLWETHER INVESTMENTS PTY LTD <YORK STREET SETTLEMENT A/C>	1,100,000	2.15
8	BOND STREET CUSTODIANS LIMITED <SALTER – D79836 A/C>	1,010,000	1.97
9	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	888,300	1.74
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	841,919	1.65
11	MRS ANTONIA CAROLINE COLLOPY	825,000	1.61
12	PAUL GREENWOOD	654,781	1.28
13	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP A/C	637,005	1.25
14	BOND STREET CUSTODIANS LIMITED <RSALTE - D62375 A/C>	635,000	1.24
15	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	478,148	0.93
16	MR MICHAEL BRENDAN PATRICK DE TOCQUEVILLE	400,000	0.78
17	MR TIMOTHY GERARD RYAN	400,000	0.78
18	BANSON NOMINEES PTY LTD	370,854	0.73
19	MR BRYAN F SHORT <SHORT FAMILY S/F A/C>	366,700	0.72
20	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	342,255	0.67
Total 20 Holders		**38,527,861**	**75.32**
Balance of Register		**12,621,862**	**24.68**
Total Register		**51,149,723**	**100.00**

ASX ADDITIONAL INFORMATION

c. Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

Name	Number of Shares	Current Interest
Perpetual Limited and its related bodies corporate	7,375,810	14.42%
Regal Funds Management Pty Limited	6,827,935	13.35%
River Capital Pty Ltd	4,900,758	9.58%
Mr Michael C. Fitzpatrick	2,701,285	5.28%
Paradice Investment Management Pty Ltd	2,558,396	5.00%

d. Unquoted securities

As at 16 September 2022, the Company has the following unquoted performance rights and options under its Employee LTI Plan

- 412,500 performance rights
- 2,430,000 options

e. Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

f. Buyback

There is no current on-market buy-back.

CORPORATE INFORMATION

ABN 39 006 708 792

Directors

Mr. Antony Robinson, Independent Non-Executive Chairman

Mr. Paul Greenwood, Executive Managing Director

Mr. Jeremiah Chafkin, Non-Executive Director

Ms. Melda Donnelly, Non-Executive Director

Mr. Gilles Guérin, Non-Executive Director

Mr. Peter Kennedy, Non-Executive Director

Executive Management

Mr. Paul Greenwood, Chief Executive Officer and Chief Investment Officer

Mr. Ashley Killick, Chief Financial Officer

Company Secretary

Ms. Clare Craven

Registered Office / Principal Place of Business

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Share Register

Computershare Investor Services Pty Limited

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Bankers

Westpac Banking Corporation

Auditor

Ernst & Young

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Sydney, NSW, 2000

Stock Exchange Listing

Pacific Current Group Limited shares are listed on the Australian Securities Exchange, code: PAC

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