REGAL
PARTNERS

**Regal Partners Limited**
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22 February 2024

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

# Annual Report for the Year Ended 31 December 2023

**Important Note:** On 3 June 2022, VGI Partners Limited (subsequently renamed Regal Partners Limited) acquired all of the shares in Regal Funds Management Pty Limited. As the transaction was accounted for under reverse acquisition accounting, the pro forma financial results for the year ended 31 December 2022 (also referred to as "2022" or the prior corresponding period (pcp)) in this announcement and the accompanying presentation provide a more accurate summary of the Company's financial position than its 2022 statutory results.

Regal Partners Limited (ASX:RPL) hereby lodges:

- Appendix 4E for the year ended 31 December 2023; and
- Annual Report for the year ended 31 December 2023, incorporating the Directors' Report to Shareholders and Financial Statements.

AUTHORISED FOR RELEASE BY:

**Ian Cameron, Joint Company Secretary**

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REGAL PARTNERS

# Appendix 4E
# Full Year Report

| | |
|---|---|
| Company | Regal Partners Limited |
| ASX code | RPL |
| Year ended | 31 December 2023 |
| Previous corresponding period | 31 December 2022 |
| ABN | 33 129 188 450 |

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

This announcement to the market for Regal Partners Limited's consolidated group (the **Group's** or the **RPL Group's**) results should be read in conjunction with the attached 31 December 2023 Annual Report.

| | 2023 $'000 | 2022 $'000 | UP/DOWN | MOVEMENT (%) |
|---|---|---|---|---|
| Income from ordinary activities * | 105,282 | 88,329 | ▲ | 19% |
| Profit from ordinary activities after tax attributable to RPL Shareholders * | 1,596 | 12,435 | ▼ | (87%) |
| Total comprehensive income attributable to RPL Shareholders * | 1,625 | 12,225 | ▼ | (87%) |
| Normalised net profit after tax attributable to RPL Shareholders | 32,731 | 24,766 | ▲ | 32% |

* The statutory results in the comparative year ended 31 December 2022 have been impacted by a business combination in that period so they may not be comparable. Refer to the notes to the Consolidated Financial Statements for further details. The statutory results present Taurus' results from 5 November 2023 to 31 December 2023 as an associate. The PM Capital results are presented from 21 December 2023 to 31 December 2023 and EPAM's results from 3 August 2023 to 31 December 2023 on a line-by-line basis.

## IMPACT OF ACQUISITIONS ON THE PRESENTATION OF RESULTS AND FINANCIAL REPORT

On 2 August 2023, the RPL Group completed its acquisition of 100% of the ordinary shares of East Point Asset Management Limited (**EPAM**), a Hong Kong-based alternative asset manager of the East Point Asset Management Fund.

On 4 November 2023, the RPL Group completed its acquisition of 50% of the ordinary shares of Taurus SM Holdings Pty Limited (**Taurus**), a specialist provider of financing solutions to global mid-tier and junior mining companies.

On 20 December 2023, the RPL Group completed its acquisition of 100% of the ordinary shares of PM Capital Limited (**PM Capital**), a multi-award-winning investment management company with a core focus on global long/short equities and fixed income strategies.

As a result of these acquisitions, the presentation of the Group's results was impacted as follows:

- **Statutory results**: The statutory results for the year ended 31 December 2023 include EPAM's results as a subsidiary following the date of acquisition (2 August 2023) to 31 December 2023, Taurus' results as an associate following the date of acquisition (4 November 2023) to 31 December 2023 and PM Capital's results as a subsidiary following the date of acquisition (20 December 2023) to 31 December 2023.
- **Normalised results**: The normalised results for the year ended 31 December 2023 reflect normalisation adjustments to exclude one-off costs (for example one-off capital transaction costs) and certain non-cash items and reclassify Taurus' results as though it was consolidated on a line-by-line basis (instead of equity accounted) from the date of acquisition.

Please see page 10 of the 2023 Annual Report for further details.

## DIVIDEND INFORMATION

| | DIVIDEND PER SHARE | FRANKED AMOUNT PER SHARE | TAX RATE FOR FRANKING CREDIT |
|---|---|---|---|
| Final 2023 dividend determined | 5.0c | 5.0c | 30% |
| Interim 2023 dividend (paid on 14 September 2023) | 5.0c | 5.0c | 30% |

## FINAL DIVIDEND DATES

| | |
|---|---|
| Ex-dividend date | 2 April 2024 |
| Record date | 3 April 2024 |
| Last election date for the DRP | 4 April 2024 |
| Payment date | 18 April 2024 |

## DIVIDEND REINVESTMENT PLAN

The Dividend Reinvestment Plan (**DRP**) is in operation for Shareholders in the Company (**RPL Shareholders** or the **Shareholders**) and the fully franked final dividend of 5.0 cents per share qualifies for the DRP.

Details of the DRP may be found at https://regalpartners.com/shareholders/

## COMMENTARY ON RESULTS

### STATUTORY RESULTS

In the year ended 31 December 2023, the Group recorded total net income from ordinary activities of $105,282,000 (2022: $88,329,000) and profit after tax of $2,459,000 (2022: $14,723,000), of which profit after tax $1,596,000 (2022: $12,435,000) was attributable to RPL Shareholders.

The Group's operating expenses totalled $92,999,000 (2022: $65,463,000), which included transaction and integration costs related to the acquisitions of EPAM, Taurus and PM Capital; strategic initiatives relating to the launch of new funds and the establishment of a $50,000,000 Corporate Credit Facility with the Hong Kong and Shanghai Banking Corporation (**HSBC**); as well as one-off contingent consideration in connection with the initial acquisition of the Group's 51% interest in Attunga Capital Pty Limited (**Attunga Capital**).

The Group is in a strong financial position. As at 31 December 2023, the reported net tangible assets per ordinary share was $0.76 (31 December 2022: $0.79). The net tangible assets per ordinary share include the payment of fully franked dividends totalling 9.0 cents per share during the year.

The Group's revenue is dependent on its funds under management (**FUM**) and the performance of the investment portfolios it manages (together the **Regal Partners Funds**).

As at 31 December 2023, FUM for the Group was $11.0 billion*, including $1.1 billion in non-fee earning FUM managed on behalf of staff and various charities. Commencing 1 January 2024, the non-fee earning FUM decreased to $0.5 billion on the change in staff rebate discussed below.

Management fees for the year ended 31 December 2023 totalled $60,767,000 (year ended 31 December 2022: $50,570,000). Performance fees for the year ended 31 December 2023 were $24,706,000 (year ended 31 December 2022: $31,648,000).

On 17 April 2023, the Group announced that the capital managed by the Regal Funds Management business on behalf of staff, for which management and performance fees were fully rebated, would be adjusted to a 50% rebate effective 1 January 2024. Based on the level of non-fee earning Group staff FUM as at 31 January 2024, it is estimated that this could generate a further $5.0 million in management fees per annum and could provide the Group with the opportunity to earn performance fees in respect of such FUM, if applicable.

### NORMALISED RESULTS

Normalised net profit after tax (**NPAT**) attributable to RPL Shareholders was $32,731,000 (2022: $24,766,000). Normalised NPAT attributable to RPL Shareholders includes the results of Kilter Rural, Attunga Capital, VGI Partners and Regal Funds Management businesses attributable to RPL Shareholders for the current and previous reporting periods. In addition, normalised NPAT includes the results of EPAM from 3 August 2023, Taurus from 5 November 2023 and PM Capital from 21 December 2023 for the current reporting period on a line-by-line basis. Please refer to page 11 of RPL's 2023 Annual Report for a reconciliation of statutory NPAT attributable to RPL Shareholders to normalised NPAT attributable to RPL Shareholders.

Additional information supporting the Appendix 4E disclosure requirements can be found in the 2023 Annual Report, which contains the Directors' Report and the 31 December 2023 Consolidated Financial Statements and accompanying notes.

## DIVIDENDS

The Company paid the following dividends (totalling $22,918,000 or 9.0 cents per share) during the year ended 31 December 2023:

- Final dividend for the year ended 31 December 2022: 4.0 cents per share fully franked, totalling $10,184,000, with a record date of 7 March 2023 and payment date of 22 March 2023.
- Interim dividend for the half-year ended 30 June 2023: 5.0 cents per share fully franked, totalling $12,734,000, with a record date of 30 August 2023 and payment date of 14 September 2023.

## NET TANGIBLE ASSETS **

| | 31 DECEMBER 2023 | 31 DECEMBER 2022 |
|---|---|---|
| Net tangible assets per fully paid ordinary share | $0.76 | $0.79 |

## ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

On 2 August 2023, the Group acquired 100% of the ordinary shares of EPAM. On 20 December 2023, the Group acquired 100% of the ordinary shares of PM Capital. A summary of all subsidiaries is included in the 2023 Annual Report at note 27 to the Consolidated Financial Statements.

On 1 December 2023, the Group participated in the seeding of the Regal Partners Private Fund.

On 15 November 2023, the Group acquired the issued capital of Regal Partners Foundation Pty Limited (formerly VGI Partners Foundation Pty Ltd), which acts as trustee for the VGI Partners Foundation.

On 3 October 2022, the Group seeded the Regal Private Credit Opportunities Fund. During the year ended 31 December 2023, the Group raised external capital in the Regal Private Credit Opportunities Fund, which diluted the Group's ownership interest in this fund.

## ASSOCIATES AND JOINT VENTURE ENTITIES

On 4 November 2023, the Group acquired 50% of the ordinary shares of Taurus, which became an associate of the Group from the date of acquisition. Details of associates and joint venture entities are included in the 2023 Annual Report at note 28 to the Consolidated Financial Statements.

## AUDIT

This report is based on the 2023 Annual Report for the year ended 31 December 2023, which has been audited by the Group's auditors, Deloitte Touche Tohmatsu. All the documents comprise the information required by Listing Rule 4.2A.

* FUM (including 100% of Kilter Rural, Attunga Capital and Taurus) is rounded and unaudited, and includes non-fee earning FUM.

** Includes the total assets shown in the financial statements less deferred tax assets, right of use assets, intangible assets, contract assets and lease liabilities. The total number of ordinary shares excludes converting, redeemable preference shares issued on the acquisition of PM Capital Limited.

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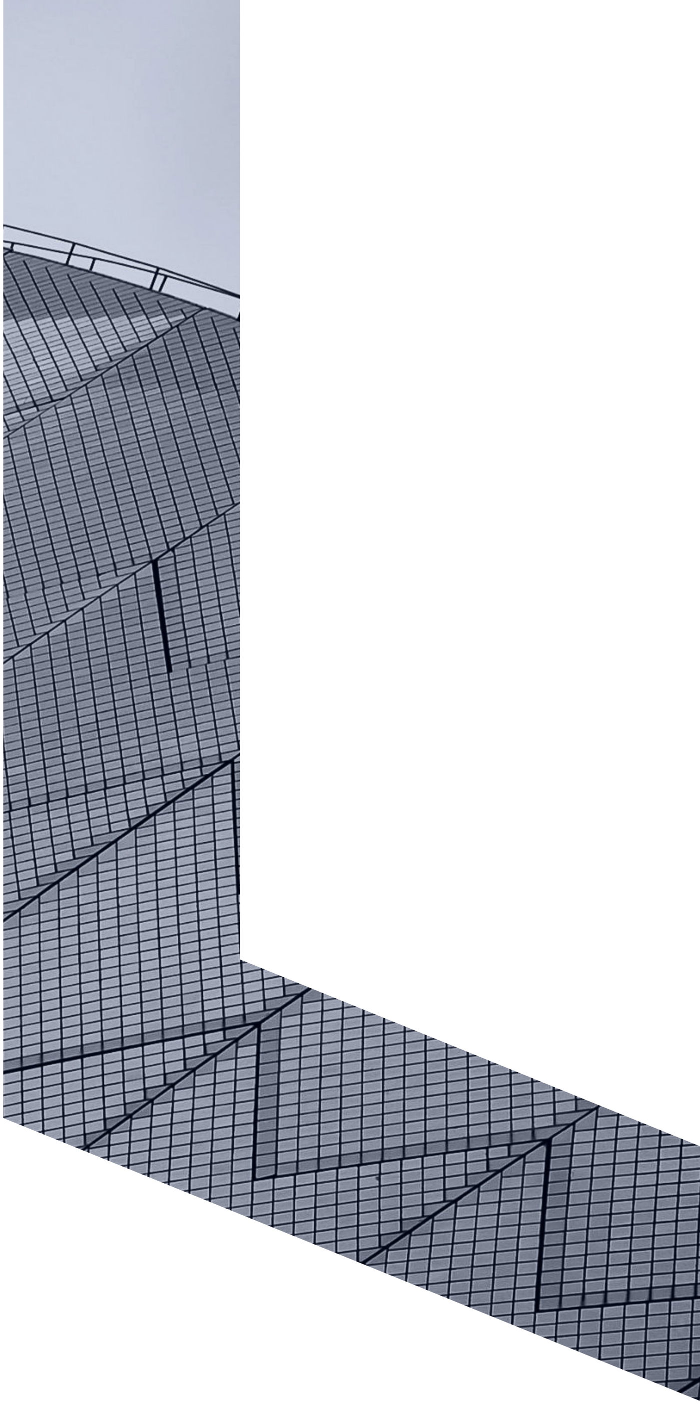


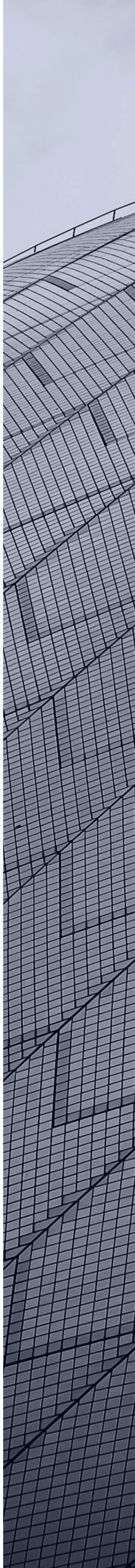
# 2023 Annual Report

Year ended 31 December 2023

**Regal Partners Limited**
ABN 33 129 188 450

# Contents





## ANNUAL GENERAL MEETING 2024

Notice of the Annual General Meeting will be forwarded to Shareholders separately.

## CORPORATE GOVERNANCE

The Corporate Governance Statement of Regal Partners Limited (the **Company**) ABN 33 129 188 450 has been approved by the Board and lodged with the Australian Securities Exchange (**ASX**). A copy of the Corporate Governance Statement is available at www.regalpartners.com.

# Letter from the Chairman

Dear Regal Partners shareholders,

Calendar 2023, the first full reporting year for Regal Partners Limited (ASX:RPL) since the merger in June 2022, has proven to be a period of strong growth and activity for the business. As a result, I am pleased to confirm that funds under management (FUM) grew from $5.2 billion to $11.0 billion[1] over the twelve months. Part of this step change was driven by the acquisitions of PM Capital and a ~50% stake in Taurus Funds Management ("Taurus"), both of which I will discuss later in more detail.

## KEY FINANCIALS

RPL's normalised net profit after tax (NPAT) in 2023 was $32.7 million, rising 32% over the prior year[2], with revenues (+17%) outpacing costs (+11%). The increase in NPAT was largely organic growth, as the acquisitions mentioned above completed in late 2023. Fully franked dividends of 10c per share were determined to be paid during the year, comprising a 5c interim dividend for the six months to June 2023 and a 5c final dividend for the six months to December 2023, with RPL's Dividend Reinvestment Plan available. This represented a payout of approximately 89% of 2023 normalised NPAT. Importantly, while investment performance did improve during the year – with a much larger percentage of funds above high-water mark by December – performance fees reported in 2023 were still below the prior year and relatively low by historical standards. We are therefore optimistic of further upside to come in future, especially with PM Capital and Taurus now part of the group.

On the topic of fund fees, an important decision was made in early 2023 to reduce the rebate on management and performance fees for staff capital that is managed by the Regal Funds Management business from 100% to 50%. We believe this represents a suitable balance whereby staff remain aligned with investors in their funds, while also increasing alignment with Regal Partners shareholders. This change became effective on 1 January 2024 and has the potential to generate an additional $5 million of management fees per annum – based on the relevant capital of $0.6 billion – as well as the opportunity for Regal Partners to earn additional performance fees. Aligning staff with the firm's various stakeholders has always been a critical part of Regal Partners' philosophy, and it is pleasing to see that staff remain significant investors in RPL's funds as well as shareholders in RPL stock. In the same vein, a Minimum Shareholding Policy for RPL's Executive Key Management Personnel (KMPs) and Non-Executive Directors was introduced in August 2023. More detail on this is available in the Remuneration Report of this annual report.

## ACQUISITIONS OF PM CAPITAL AND TAURUS FUNDS MANAGEMENT

With regard to PM Capital and Taurus, Regal Partners has become increasingly diversified by asset class, client type and geographic exposure post completing these transactions. We see this as an important part of building a business that seeks growth and which is not just resilient, but can thrive, in a variety of market conditions. Importantly, both businesses have strong performance track records and extensive client relationships in areas that are complementary to Regal Partners' and we are excited by the opportunities that these businesses may bring.

PM Capital has a strong pedigree in global long/short equities, dating back to 1998, as well as strategies in Australian long/short and enhanced fixed income and I would like to extend a warm welcome to its founder and Chief Investment Officer, Paul Moore, and his colleagues as they integrate into the Regal Partners group.

As many of you would be aware, a key feature of the PM Capital acquisition, which completed on 20 December 2023, was that approximately 87% of the total potential consideration was in RPL scrip, reflecting again a strong alignment of interests and PM Capital's shared vision of the benefits of the combined group. Furthermore, the scrip was in the innovative form of Converting Redeemable Preference Shares ("Converting Shares"), which have various vesting points out to July 2028 and certain of which are conditional upon some long-term incentive targets for Paul Moore and his team to achieve conversion. 68.8 million Converting Shares were issued after gaining shareholder approval at an Extraordinary General Meeting held on 15 December 2023, with 100% of the 146.8 million votes that were cast voting in favour.

1 FUM (including 100% of Kilter Rural, Attunga Capital and Taurus) is rounded and unaudited, and includes non-fee earning FUM.
2 Using the 2022 earnings that were pro forma for the merger between Regal Funds Management Pty Ltd and VGI Partners Limited.

As Regal Partners nears its 20th anniversary since Regal Funds Management formed in 2004, I note the group has evolved from being a small but dynamic long/short specialist, led by Phil King, to a firm with a presence across multiple continents, an enviable set of client relationships – built on trust and track record – and a wide suite of investment strategies.

Turning to Taurus, this business was established in 2006 and is a specialist provider of financing solutions to global mid-tier and junior mining companies, including private credit ("mining finance"), mining royalties and private equity. The transaction, which involved RPL purchasing 50% of the ordinary shares on issue in the parent company of the Taurus business, was announced on 1 November 2023 and completed shortly thereafter on 4 November 2023. Prior to the deal, Regal Partners was already one of the largest providers of equity capital to the ASX-listed resources sector, and the partnership with Taurus will help RPL access the significant client relationships in North America that Taurus has fostered. We also expect the opportunity for Regal Partners' highly regarded mining and royalties investment teams to collaborate with Taurus' technical experts to be very fruitful. Again, I welcome the Taurus team to Regal Partners.

In other activity, during the year, Regal Partners increased its stake in Attunga Capital from 51% to 61%. This again demonstrates RPL's willingness to take majority interests in attractive companies and raise its exposure over time.

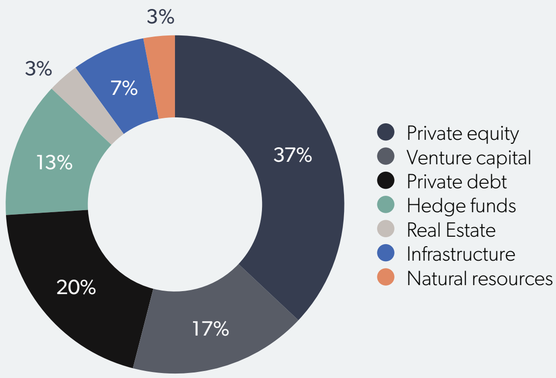
## ONGOING EVOLUTION OF REGAL PARTNERS AND THE APPEAL OF ALTERNATIVES

As Regal Partners nears its 20th anniversary since Regal Funds Management formed in 2004, I note the group has evolved from being a small but dynamic long/short specialist, led by Phil King, to a firm with a presence across multiple continents, an enviable set of client relationships – built on trust and track record – and a wide suite of investment strategies.

As at 31 December 2023, RPL's $5.9 billion of long/short equities strategies represented 54% of the group's FUM, and are spread across numerous funds and portfolio managers, including talent that has been developed within the RPL group over many years. Credit & Royalties ($3.2 billion or 29%) was the next biggest class and again is a combination of numerous teams, including Regal Funds Management's Private Credit team who commenced in 2022, portfolio managers from a prior Regal Funds Management/Gresham royalties partnership and members of PM Capital and Taurus. While the remaining classes (Real & Natural Assets 7%, Multi-Strategy 6% and Private Markets 5%) are comparatively small, these are all valuable parts of the group, given their appeal to clients. In fact, we have been seeing an increase in demand from investors for a multi-strategy fund which provides investors with exposure to a diverse range of alternative investment strategies and, accordingly, we launched the Regal Partners Private Fund in December 2023. Furthermore, the Regal Investment Fund (ASX:RF1), a multi-strategy listed investment trust which is available to retail investors, also further evolved in 2023, with Private Credit becoming its ninth strategy in March. RF1 remains a unique proposition on the ASX, with retail investors able to gain access to a broad range of alternative asset classes that have strong track records and an objective to achieve reduced correlation with the equity market.

As another illustration of demand, a Preqin survey[3] last year noted that Asia Pacific (**APAC**) family offices remained positive on the outlook for alternative asset classes, given their ability to offer portfolio diversification and uncorrelated returns, especially against a backdrop of macroeconomic uncertainties. At the time, the family offices that were surveyed were most optimistic within the alternatives space on the 12-month return outlook for private debt and hedge funds. Furthermore, the chart below shows their expectation that these classes, along with private equity and venture capital, may also provide the best opportunities over the next decade.

**APAC family offices' expectations of asset classes presenting the best opportunities over the next decade**




Source: Prequin APAC Family Office Survey 2023, March 2023

3 Prequin APAC Family Office Survey 2023, March 2023.

Importantly for Regal Partners, the survey noted that many family offices would seek to increase diversification and reduce risk by working with specialist fund managers rather than pursuing direct deals. Similarly, private debt was seen as a newer class for many family offices – versus traditional areas such as real estate – again leading these family offices to seek funds that 'can identify high-quality deals, conduct due diligence, and manage investments' for them, according to the survey.

It is therefore not surprising that we feel the outlook for alternatives remains promising, noting Boston Consulting Group forecast that revenues from alternatives will be 55% of industry revenues by 2027, up from 50% in 2022.[4] Industry participants have likewise recognised the ongoing demand for this segment, with numerous alternative investment businesses globally being acquired, or the target of takeover activity.

## BOARD AND GOVERNANCE

From a Board perspective, non-executive director David Jones announced in early 2023 an intention not to seek re-election. He subsequently stepped down from the board in May. As a result, our Board consists of five directors, three of whom are independent. This means we are now majority independent, in addition to having an independent chairman. We believe this is a key part of meeting our governance goals, and the new structure has resonated soundly with our shareholder base. We thank David for his contribution to Regal Partners and his many years of service to VGI Partners beforehand.

I separately chose to join Regal Partners' Audit and Risk Committee in May 2023, taking the total number of members to four.

The Company's upcoming Annual General Meeting is currently planned for May, and we would encourage all shareholders to participate. More details will be shared closer to the date, and we look forward to speaking with many of you then.

For those of you seeking further operational and governance details, I encourage you to read the CEO's letter and the Directors' Report, which immediately follow this letter.

Yours faithfully,

**Michael J Cole AM**

Independent Chairman

21 February 2024

4 Source: Boston Consulting Group – Global Asset Management 2023 "The Tide Has Turned".

# Letter from the CEO

Dear Regal Partners shareholders,

Thank you for your support over the past twelve months, a period in which we have continued to execute on our growth-focused strategy, in line with our ambition to be the leading provider of alternative investment strategies in Australia and Asia.

Amid an uncertain investing backdrop and challenging fundraising environment, the firm pleasingly generated positive investment performance in 2023 and net fund inflows of $0.5 billion. The year then culminated in the acquisitions of multi-award-winning global equities and fixed income manager PM Capital and a ~50% stake in mining finance and royalties specialist Taurus Funds Management ("Taurus"). As a result, group FUM more than doubled over the year to $11.0 billion[1], with the group now employing approximately 155 staff, including over 70 investment professionals, and our distribution footprint further expanding to include domestic retail clients as well as institutional relationships across North America.

Our business mix has also further diversified, with these transactions particularly boosting Regal Partners' product offering in credit and royalties, while enhancing our global equities capabilities.

I provide more detail below, as well as a number of other highlights for 2023:

- Net FUM inflows of $466 million were achieved in conditions that many have acknowledged as challenging for fundraising. Rapid increases in interest rates, persistent inflation, growing geopolitical tension in numerous countries and a softer Chinese economy all contributed to investors deferring decisions on when to deploy their cash into new investments.
- Given this, we were especially pleased that FUM flows in 2023 were well diversified, across both asset class and client type, demonstrating the ongoing benefits of our firm's broadening product suite. In particular, it has been encouraging to see inflows into RPL's newer asset classes, such as credit and royalties. Real and natural assets were also key flow contributors, including material mandates won in Attunga Capital's power strategy, continued support of Kilter Rural's Water and Balanced Water funds and the launch of the Kilter Agriculture Fund.
- Within long/short equities, in 1H23 Regal launched a Cayman (offshore) version of the award-winning Regal Resources Long/Short strategy, followed in December by the launch of the Regal Resources High Conviction Fund, a concentrated long-biased version of the same strategy. Both funds have been in high demand given the strong performance track record of Regal's mining investment team specialists and the ongoing opportunities emerging across the resources sector as a result of the transition to a lower carbon economy.
- The Regal Partners Private Fund, a new unlisted fund which offers access to a range of Regal's investment strategies, was also selectively opened in late 2023 to family office clients and has continued to gain traction with investors and advisers in early 2024.
- Growing institutional investor interest in RPL's funds saw eight new institutional investors onboarded in 2023 across a range of strategies.
- Pleasingly, a number of larger investment mandates have subsequently been committed in the early months of the 2024 calendar year, with the Group receiving over $400 million of commitments from institutional investors into long/ short equities in the first two months.
- A number of in-depth due diligence reviews and discussions are also ongoing, and we are optimistic that a number will convert to mandates over time, particularly where investment consultants may recommend investments to multiple clients once they have completed their due diligence, or where a large client may enter via one strategy but expand into other funds as the relationship develops.
- Turning to investment performance, we were pleased to see the Regal Australian Small Companies Fund crowned by Morningstar as the best performing Australian equities fund for 2023, with the Fund generating a net return of +35.5% over the calendar year.[2]
- After a softer 2022, investment performance also improved across the broader group. By 31 December 2023, the percentage of fee-earning FUM that was either above, at or within 5% of high-water mark had increased from 19% to 36% over the year (before adjusting for the PM Capital and Taurus transactions).

1 FUM (including 100% of Kilter Rural, Attunga Capital and Taurus) is rounded and unaudited, and includes non-fee earning FUM.
2 Past performance is not a reliable indicator of future performance.

> We continue to build additional organic capabilities and identity attractive inorganic opportunities that are expected to add further shareholder value.

This rises materially to 54% when we include the two acquisitions, given the impressive performance track record of both businesses.

- Furthermore, due to the timing of crystallisation periods of performance fees, some of RPL's funds which are above high-water mark did not book performance fees at 31 December 2023. This means there are currently accrued performance fees for funds – such as the PM Capital Global Companies Fund – that have the potential to be realised in future.
- Given the above factors, and noting that RPL's 2023 performance fees were still below historical levels, we see significant upside potential to RPL's profits.

On the subject of PM Capital and Taurus, we were very pleased to complete these acquisitions before year end and their integrations are progressing well. We believe both businesses will be highly complementary to our group.

As an illustration of PM Capital's appeal, its flagship Global Companies strategy was named category winner for International Equities (Alternative Strategies) at the 2023 Zenith Fund Awards. The related fund also recently ranked #3 out of 196 funds globally for performance over 3 years, #2 out of 170 funds over 5 years and #5 out of 112 funds over 10 years in Morningstar's peer analysis report for the period ended 31 December 2023.[3] Similarly, PM Capital Global Opportunities Fund Limited (ASX:PGF) was the top performing ASX-listed investment company for the 3 years to December 2023, generating a total shareholder return of +23.3% p.a. and is currently trading at a premium to its pre-tax net tangible assets.[4]

Meanwhile, we see Taurus' focus on mining finance and royalties as an excellent extension of Regal Funds Management's existing credit and royalties business – and which further enhances our capabilities in resources, where Regal Funds Management already had a strong presence. Post completing the Taurus transaction, Regal Partners now manages approximately $3 billion in resources-focused strategies, covering long/short equities, private credit and resources royalties, with the ability to provide global resource companies with a broad range of funding solutions. An added benefit of the Taurus acquisition is its offshore footprint, with its client base dominated by 'blue chip' institutional investors and pension funds across North America. We believe there is great potential to further develop these client relationships and look forward to the benefits of collaboration between Taurus' technical specialists and our existing Regal Funds Management investment team.

Looking forward, we are optimistic that FUM flows will continue in 2024, assisted by improving market conditions and a number of recent appointments to the distribution team. These hires bring with them a wealth of experience and extensive relationships across high net worth individuals, family offices and adviser networks, including a Melbourne-based presence. Many of you are investors in our funds and may have already met them but, if not, we have numerous events and roadshows planned for the coming year which we hope you will be able to attend.

On the corporate side, the balance sheet is strong, with over $200 million of net cash, cash receivables and investments. We continue to build additional organic capabilities and identify attractive inorganic opportunities that are expected to add further shareholder value.

In conclusion, thank you again for your interest in Regal Partners and we look forward to engaging with you during 2024.

Yours sincerely,

**Brendan J O'Connor**
CEO and Managing Director

21 February 2024

3 As ranked in the Morningstar Equity World Large Blend funds in Australia to 31 December 2023. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Past performance is not a reliable indicator of future performance.

4 PGF data sourced from Factset and Bloomberg, where return is before the benefit of franking credits and ranking relates to LICs with a market capitalisation of over $300 million. Past performance is not a reliable indicator of future performance.

# Directors' Report

The Directors of Regal Partners Limited (**RPL** or **the Company**) present their Directors' Report together with the Consolidated Financial Statements for the year ended 31 December 2023 and the associated Independent Auditor's Report (**2023 Annual Report**). The 2023 Annual Report represents the Company and its consolidated entities (**Regal Partners** or **the Group**). A list of the consolidated entities is included in note 27 of the Consolidated Financial Statements.

## DIRECTORS

The Directors of the Company during the year and as at the date of this report are listed below.

| NAME | POSITION | DATE APPOINTED | DATE RESIGNED |
|---|---|---|---|
| Michael J Cole AM | Independent Chairman | 3 June 2022 | |
| Brendan J O'Connor | Chief Executive Officer, Managing Director | 3 June 2022 | |
| Sarah J Dulhunty | Independent Non-Executive Director | 3 June 2022 | |
| Jaye L Gardner | Independent Non-Executive Director | 12 May 2019 | |
| Ian M Gibson | Executive Director | 3 June 2022 | |
| David F Jones AM | Non-Executive Director | 8 August 2018 | 23 May 2023 |

## PRINCIPAL ACTIVITIES

The principal activity of the Group is the provision of investment management services, specialising in alternative investments. The Group manages a diverse range of investment strategies covering long/short equities, private markets, real and natural assets, and credit and royalties (formerly called 'capital solutions') on behalf of institutions, family offices, charitable groups and private investors.

With the addition of PM Capital Limited (**PM Capital**) and Taurus SM Holdings Pty Limited (**Taurus**), the Group extended its existing global equities and credit and royalties capabilities, with additional exposure to retail and large institutional investors.

## REVIEW OF OPERATIONS

### PRESENTATION OF RESULTS

In the previous comparative period, VGI Partners Limited (**VGI**) completed its merger with Regal Funds Management Pty Limited (**Regal Funds Management**), an unlisted company (the **merger**). VGI's name was changed from 'VGI Partners Limited' to 'Regal Partners Limited' at the completion of the merger.

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

As a result of the merger, the:

- Comparative results for the year ended 31 December 2022 reflect Regal Funds Management for the period from 1 January 2022 to 3 June 2022 and the combined Regal Funds Management and VGI for the period 4 June 2022 to 31 December 2022;
- Comparative results have been amended to reflect the finalisation of provisional accounting for the acquisition in that period. Refer to page 74 of the 2023 Annual Report for further details; and
- Results for the year ended 31 December 2023 reflect the Group for the entire period.

In addition, during the year ended 31 December 2023, the Group completed three acquisitions: East Point Asset Management Limited (**EPAM**), Taurus (50% of the issued ordinary shares) and PM Capital. The impact of these acquisitions on the Group's statutory and normalised results is summarised below. Further details on the acquisitions are included in notes 28 and 29 of the Consolidated Financial Statements.

The statutory results for the year ended 31 December 2023 include Taurus' results as an associate, with the share of its profit included in the results following the date of acquisition of 4 November 2023 to 31 December 2023; and EPAM's and PM Capital's results as subsidiaries in the RPL Group following their respective dates of acquisition (2 August and 20 December 2023, respectively) to 31 December 2023.

The normalised results for the year ended 31 December 2023 reflect normalisation adjustments to exclude one-off costs (for example one-off capital transaction costs) and certain non-cash items and reclassify Taurus' results as though it was consolidated on a line-by-line basis (instead of equity accounted) from the date of acquisition.

## STATUTORY RESULTS

In the year ended 31 December 2023, the Group recorded total net income from ordinary activities of $105,282,000 (2022: $88,329,000) and profit after tax of $2,459,000 (2022: $14,723,000), of which $1,596,000 (2022: $12,435,000) was attributable to RPL Shareholders. The Group's operating expenses totalled $92,999,000 (2022: $65,463,000), which included transaction and integration costs related to the acquisitions of EPAM, Taurus and PM Capital; strategic initiatives relating to the launch of new funds and the establishment of a $50,000,000 Corporate Credit Facility with the Hong Kong and Shanghai Banking Corporation (HSBC); as well as one-off contingent consideration in connection with the initial acquisition of the Group's 51% interest in Attunga Capital Pty Limited (**Attunga Capital**).

The Group is in a strong financial position. As at 31 December 2023, the reported net tangible assets (**NTA**)* per ordinary share was $0.76 (31 December 2022: $0.79). The Group's revenue is dependent on its funds under management (**FUM**) and the performance of the investment portfolios it manages (together the **Regal Partners Funds**).

As at 31 December 2023, FUM for the Group was $11.0 billion** including $1.1 billion in non-fee earning FUM managed on behalf of staff and various charities. Commencing 1 January 2024, the non-fee earning FUM decreased to $0.5 billion on the change in staff rebate discussed below.

Management fees for the year ended 31 December 2023 totalled $60,767,000 (year ended 31 December 2022: $50,570,000). Performance fees for the year ended 31 December 2023 were $24,706,000 (year ended 31 December 2022: $31,648,000).

On 17 April 2023, the Group announced that the capital managed by the Regal Funds Management business on behalf of staff, for which management and performance fees are fully rebated, would be adjusted to a 50% rebate effective 1 January 2024. Based on the level of non-fee earning Group staff FUM at 31 January 2024, it is estimated that, this could generate a further $5.0 million in management fees per annum and could provide the Group with the opportunity to earn performance fees in respect of such FUM, if applicable.

* NTA includes the total assets shown in the financial statements less deferred tax assets, intangible assets, contract assets, right of use assets and lease liabilities. The total number of ordinary shares excludes converting, redeemable preference shares issued on the acquisition of PM Capital.

** FUM (including 100% of Kilter Rural, Attunga Capital and Taurus) is rounded and unaudited and includes non-fee earning FUM.

## NORMALISED RESULTS

Normalised net profit after tax (**NPAT**) attributable to RPL Shareholders was $32,731,000 (2022: $24,766,000).

A reconciliation between statutory NPAT attributable to RPL Shareholders and normalised NPAT attributable to RPL Shareholders is summarised below.

| RECONCILIATION BETWEEN STATUTORY AND NORMALISED RESULTS | NOTES | YEAR ENDED 31 DECEMBER 2023 $'000 | YEAR ENDED 31 DECEMBER 2022 $'000 |
|---|---|---|---|
| Statutory NPAT attributable to RPL shareholders | | 1,596 | 12,435 |
| Normalisation adjustments: | | | |
| Amortisation of contract assets and intangible assets | (A) | 4,772 | 3,616 |
| Amortisation of share-based payments (related to long term incentives) | (A) | 16,409 | 6,636 |
| Strategic initiatives including one-off contingent consideration for Attunga Capital | (B) | 5,192 | – |
| Unrealised mark-to-market losses on strategic asset | (C) | 1,932 | – |
| Transaction and integration costs | (D) | 4,631 | 4,440 |
| Tax adjustments on normalisation adjustments | | (1,801) | (1,501) |
| Pro forma adjustments: | | | |
| Normalised VGI NPAT | | – | (860) |
| **Normalised NPAT attributable to RPL Shareholders** | | **32,731** | **24,766** |

Notes to normalised results

(A) Amortisation is non-cash in nature. Share-based payments relate to a one-off equity issuance in 2022 following the merger of VGI and Regal Funds Management.

(B) Strategic initiatives include costs relating to establishing the Corporate Credit Facility and launching new funds as well as approximately $4 million in contingent consideration in connection with the initial acquisition of the Group's 51% interest in Attunga Capital. The consideration has been expensed in the current period as required under AASB 3 *Business Combinations*.

(C) Unrealised mark-to-market loss on a strategic asset during the period. It should be noted that mark-to-market gains/losses on seed capital managed by the Group are included in the normalised NPAT results.

(D) Relates to the transaction and integration costs associated with the acquisitions of PM Capital, Taurus and EPAM including legal and professional costs in the current period and costs associated with the merger of VGI and Regal Funds Management and capital raised in the previous year.

### PRESENTATION OF NORMALISED RESULTS

The normalised results for the year ended 31 December 2023:

- include EPAM from 3 August 2023 to 31 December 2023, Taurus from 5 November 2023 to 31 December 2023 and PM Capital from 21 December 2023 to 31 December 2023; and
- reflect normalisation adjustments to exclude one-off costs (for example, one-off capital transaction costs) and certain non-cash items (for example, amortisation of intangible assets).

The comparative results for the year ended 31 December 2022 also include pro forma adjustments as though the acquisition of VGI by Regal Funds Management had been completed on 1 January 2022.

For further information on the reconciliation of statutory NPAT to normalised NPAT, please refer to '2023 Results Presentation', published on the ASX on 22 February 2024.

## REVENUES

The Group generates a substantial amount of revenue from management and performance fees charged on the investment portfolios it manages. The main driver of revenue is the amount of FUM, which is impacted by investment performance and flows. Other factors include but are not limited to channels and product mix. Management fees typically accrue and are paid monthly for each investment portfolio. They vary from month to month, in line with changes in the FUM of each investment portfolio. Performance fees are driven by the investment performance of the Regal Partners Funds, which can be volatile.

As at 31 December 2023, FUM for the Group was $11.0 billion* including $1.1 billion in non-fee earning FUM managed on behalf of staff and various charities. The average management fee margin the Group charged in 2023 on FUM was 1.09%. The normalised management fees before amortisation and fund operating costs of the Regal Partners Funds for the year ended 31 December 2023 totalled $65,547,000 (2022: $63,021,000) which includes management fees earned from Taurus as though the Group consolidated Taurus following the acquisition date of 4 November 2023.

On 17 April 2023, the Group announced that the capital managed by the Regal Funds Management business on behalf of staff, for which management and performance fees are fully rebated, would be adjusted to a 50% rebate effective 1 January 2024. Based on the level of non-fee earning Group staff FUM as at 31 January 2024, it is estimated that this could generate a further $5.0 million in management fees per annum and could provide the Group with the opportunity to earn performance fees in respect of such FUM, if applicable.

The Group charges performance fees for outperformance on the various investment portfolios it manages. Performance fees are typically subject to a 'high-water mark' mechanism and where relevant, a hurdle. Under the 'high-water mark' mechanism, if an investment portfolio's net asset value (**NAV**) (adjusted for transactions that are capital in nature) at the end of a period is lower than the high-water mark, no performance fee is paid for the period. Further, when an investment portfolio's NAV is above its high-water mark but under the hurdle rate, no performance fee is paid for the period.

The performance fee for each Regal Partners Fund is based on performance over a period determined in the respective investment portfolio's investment management agreement or Information Memorandum (the **Performance Calculation Period**). Performance fees are typically calculated semi-annually on 30 June and/or 31 December, or more frequently, as prescribed in the investment portfolio's Information Memorandums or disclosure documents. Additionally, certain fixed-term funds managed by the Group earn 'carry interest', reflecting a fee for outperforming against the hurdle at the end of the life of the fund.

Normalised performance fees for the year ended 31 December 2023 totalled $24,886,000 (2022: $31,648,000) which includes performance fees earned from Taurus as if the Group consolidated Taurus following the acquisition date of 4 November 2023. In 2023, $7,978,000 of total performance fees were earned in the first half of the year and $16,908,000 were earned in the second half. Performance fees are variable and can fluctuate significantly from period to period. Although volatile in nature, they are a key earnings stream for the Group and a significant component of value creation for shareholders over time.

* FUM (including 100% of Kilter Rural, Attunga Capital and Taurus) is rounded and unaudited and includes non-fee earning FUM.

## EXPENSES

The Group's normalised operating expenses totalled $65,034,000 (2022: $58,486,000), which excluded one-off costs of $6,004,000, comprising transaction and integration costs related to the acquisition of PM Capital, Taurus and EPAM, and costs associated with one-off strategic initiatives such as the launch of new funds and the establishment of the Corporate Credit Facility with HSBC (2022: $9,065,000 of one-off transaction costs related to the merger). Other expenses also included approximately $4,000,000 of contingent consideration in connection with the Group's initial acquisition of 51% interest in Attunga Capital.

## BUSINESS OBJECTIVES AND RISK MANAGEMENT

The Group balances its ability to meet its business objectives – generating management and performance fees – by proactively managing its business risks. It does this by:

- maintaining a level of capital to support business growth and strategy;
- proactively managing expenses to support group results;
- deploying surplus capital to seed new revenue-generating funds and diversify the Group's revenue base;
- investing in the Group's operating platform and extensive distribution capabilities;
- creating alignment between the Group's objectives and its employees; and
- following the Group's core investment philosophy.

RPL's approach to risk management and key business risks is discussed in detail below.

### RISK MANAGEMENT FRAMEWORK

RPL's approach to risk management globally is based on a Risk Management Policy that is set by the RPL Board and outlines the risk boundaries and minimum expectations of RPL Management. The Audit and Risk Committee oversees RPL's risk management process.

The Group's Risk Management Framework is designed to manage and formulate responses to the key business risks faced by the Group. These business risks and their mitigants are set out below.

| RISK CATEGORY | RISK DESCRIPTION | RISK MITIGANTS |
|---|---|---|
| **Investment** | Risk arising from ineffective or underperforming investment strategies relative to peers and benchmarks, non-adherence to investment guidelines and mandates or inadequate management of market, credit and liquidity risks within funds or client accounts. | – Well defined and disciplined investment objectives and strategies.<br>– Investment in proprietary operational, risk and trading infrastructure, as well as high performing investment staff.<br>– Dedicated risk management controls. |
| **Key person and talent** | Risk arising if key investment management staff or management team personnel are severely incapacitated or leave the firm.<br>Wider firm risk arising from an inability to attract, engage and retain talent to execute RPL's business strategy. | – Investment in attracting and retaining top talent to execute investment strategies, as well as talent identification programs and retention strategies.<br>– Alignment of remuneration outcomes for staff, including key executive staff, to ensure longer-term value creation for shareholders and clients.<br>– Diversification of the investment strategies offered by to the Group's customers.<br>– Annual staff performance reviews. |
| **Regulatory and compliance** | Risk arising from an inability or failure to meet existing or changing regulatory requirements. | – Regular review of compliance with existing laws and regulations as well as an increased focus on any new or pending changes.<br>– Ongoing monitoring by RPL's legal and compliance department and regular focused training for investment team personnel. |

| | | |
|---|---|---|
| **Information technology and cyber security** | Risk arising from failed, corrupted, breached, or inadequate information systems resulting from inadequate infrastructure, applications, cloud services, security controls and support. This includes (but is not limited to) loss of confidentiality, integrity, and availability of sensitive or critical data as well as business disruption resulting from a cyber security event or failure of a technology service provider to meet business requirements. | – Defined information security program and IT security policies and procedures.<br>– Implementation of operational security technology (including firewalls and antivirus measures).<br>– Security training for staff and regular external penetration testing. |
| **Financial** | Risk that the strength of RPL's balance sheet, profitability or liquidity are inadequate for its business activities. This includes inappropriate accounting, financial reporting, or related disclosures and ongoing global inflation. | – Budget planning process.<br>– Monitoring of seed capital risks.<br>– Monitoring of regulatory capital requirements.<br>– Reconciliation and review processes.<br>– Regular income and expense and balance sheet reviews.<br>– Engagement of external auditors.<br>– Monitoring of market risk factors including interest rates, inflation risk and broader impact on RPL. |
| **Acquisition and integrations** | Risk that integration of business acquisition(s) (whether partially or wholly) may not be as successful as anticipated, which could impact the Group's reputation and affect its ability to retain and attract new customers. | – Due diligence and engagement with legal, finance and tax advisors throughout the due diligence process, as required.<br>– Business strategy planning.<br>– Regular communication with acquired businesses (via management interaction or board role(s)) and regular integration planning and project management meetings. |

## CAPITAL MANAGEMENT

The Group has a robust balance sheet and liquidity position that supports its strategy. As at 31 December 2023, the Group had shareholders' funds of $578,763,000 (31 December 2022: $436,749,000). Shareholders' Funds as at 31 December 2023 is after dividend payments of $22,918,000 during the period.

### CASH AND SHORT-TERM RECEIVABLES

The Group held cash and cash equivalents, amounts held at brokers and short-term fee and distribution receivables from its balance sheet investments of $47,700,000 as at 31 December 2023 (31 December 2022: $62,158,000).

### SEED CAPITAL

A meaningful portion of the Group's capital is invested in the funds it manages to seed new strategies or invest surplus capital.

As at 31 December 2023, the Group held investments measured at fair value of $194,497,000 (31 December 2022: $173,694,000). Its seed capital (excluding strategic assets) generated a return of $18,702,000 (including mark-to-market movements, dividend income and distribution income from seed investments), reflecting an annualised return on investment of ~10.7% compounded semi-annually over the year. A return of 5.7% was generated in the six months to 31 December 2023 and 4.7% in the six months to 30 June 2023.

### CORPORATE CREDIT FACILITY

On 18 July 2023, the Group announced that it had established a $50,000,000 unsecured corporate credit facility with the Hong Kong and Shanghai Banking Corporation (**HSBC**) for a term of two years and 11 months. The facility provides additional working capital flexibility as well as funding for corporate initiatives. It complements the Group's existing cash and investments on balance sheet of $211,724,000 as at 31 December 2023.

As at 31 December 2023, the facility was drawn to $42,000,000 to provide additional working capital flexibility. For the six months ended 31 December 2023, the facility was used to seed new strategies and to provide temporary short-term funding for a strategic acquisition.

### AWARDS UNDER THE EMPLOYEE INCENTIVE PLAN

Regal has historically deferred a portion of variable remuneration for certain employees whose variable remuneration exceeds a specific amount for a period of up to two years to create longer term alignment and retention. For the FY23 remuneration year (the 12 months ended 30 June 2023), the Group granted Performance Share Rights to employees under a Deferred Bonus Grant with an accounting fair value of approximately $4.6 million; 50% (approximately $2.4 million) will vest one year after the date of issue and 50% (approximately $2.2 million) will vest two years after the date of issue.

Vesting of the Performance Share Rights is subject to recipients being employed on the relevant vesting date. The Performance Share Rights do not have an entitlement to dividends during the vesting period.

### ON-MARKET PURCHASE OF SHARES BY EMPLOYEE SHARE TRUST

The Group established an employee share trust, for which Certane CT Pty Limited (**Certane**) is the external trustee. In September 2023, the Group instructed Certane to acquire up to 2.6 million shares in RPL via on-market purchases. The purpose of the purchases was to satisfy the future delivery of RPL shares as a result of the vesting of Performance Share Rights. The trust purchased 2.6 million shares at an average price of $2.3248 per share. Refer to note 19 of the Consolidated Financial Statements for more details.

## OUTLOOK

The Group's future performance is directly linked to the performance of the investment portfolios. It is well positioned for growth through the cycle with a diversified, scalable and growing platform that is exposed to attractive market tailwinds and has strong business economics with multiple growth opportunities.

Please refer to the Letter from the Chairman and the Letter from the CEO for more information on future outlook.

## TRANSACTIONS COMPLETED DURING THE YEAR

### COMPLETION OF ACQUISITION OF EPAM

The Group completed its acquisition of EPAM on 2 August 2023. As a result of the acquisition, the Group recorded an increase in the value of goodwill on a provisional basis of $3,246,000. The acquisition of EPAM provided the Group with access to EPAM's fundamental, high conviction, long/short Asian equities capabilities and an exposure to the Asia-Pacific region.

The transaction involved the issuance of 788,195 RPL shares, subject to escrow arrangements, as well as additional deferred consideration if certain conditions are met, to an offshore-based institutional seed investor in the EPAM Fund as consideration for the transfer of revenue share rights to the Group. Refer to note 30 of the Consolidated Financial Statements for details of the revenue share rights and note 29 for further detail on the business combination.

### PURCHASE OF AN ADDITIONAL 10% OF THE ISSUED SHARE CAPITAL OF ATTUNGA CAPITAL

On 23 August 2023, the Group purchased an additional 10% of the issued share capital of Attunga Capital (a partially owned subsidiary) for approximately $2.4 million. As a result, the total legal and economic interest of the Group in Attunga Capital has now increased to 61%.

### COMPLETION OF THE ACQUISITION OF 50% OF THE ISSUED ORDINARY SHARES IN TAURUS

The RPL Group completed its acquisition of 50% of the ordinary shares of Taurus, a specialist provider of financing solutions to global mid-tier and junior mining companies. The acquisition was completed on 4 November 2023.

As at 31 December 2023, Taurus managed $2.2 billion in committed and drawn capital from its client base of predominantly US institutional investors and pension funds.

The transaction expands Regal's existing capabilities across alternative investment strategies, specifically in the structurally attractive sectors of credit and resource royalties and provides the Group with access to additional institutional and family office investor bases and Taurus' existing distribution hubs.

The transaction involved an upfront consideration of approximately $34.5 million cash (after net debt and working capital adjustments), with a separate deferred contingent consideration with respect to the after-tax performance fees (that is, the 'carry') on certain funds also to be paid in cash. The deferred contingent consideration, at a high-level, is intended to operate as a 'pass-through', and accordingly, is not anticipated to draw on RPL's cash balances as it reflects the cash from the carry the vendor would have received (on an after-tax basis) if it had continued to hold its former interest in Taurus. Performance fees on any newly launched funds or new capital raised will be retained by RPL (in proportion to RPL's ownership interest in the Taurus business). The transaction is accounted by the Group as an investment in an associate, with equity accounting adopted on a statutory basis.

### COMPLETION OF THE ACQUISITION 100% OF THE ORDINARY SHARES OF PM CAPITAL

On 20 December 2023, RPL completed its acquisition of 100% of the ordinary shares of PM Capital, a multi-award-winning investment management company with a core focus on global long/short equities and fixed income strategies.

PM Capital services a diverse range of Australian retail investors and financial advisory groups, managing approximately $2.9 billion of FUM as at 31 December 2023. The acquisition further extends Regal's existing global equities and credit investment capabilities.

The transaction provides the Group with a deeply experienced, multi-award-winning investment capability under PM Capital's Chief Investment Officer Paul Moore, in addition to further Group-wide scale benefits. It also provides PM Capital with access to Regal's enhanced corporate, operational and distribution platform.

The transaction involved an upfront consideration of approximately $22 million in cash (after net debt and working capital adjustments), and deferred consideration of approximately $143 million (based on an accounting fair value) in the form of converting redeemable preference shares in RPL (**Converting Shares**), a portion of which are contingent on meeting key performance indicators over time. The Converting Shares create a strong alignment of interests and Mr Moore's long-term commitment to the PM Capital and broader Regal business going forward. The key components of the deferred consideration include:

- deferred conditional scrip consideration of approximately $95 million of converting shares in RPL (value for accounting purposes), converting to ordinary shares in RPL at various dates between 30 September 2024 and 30 September 2026, subject to the satisfaction of certain conditions;
- deferred scrip consideration of approximately $12 million of Converting Shares in RPL (value for accounting purposes), converting to ordinary shares in RPL on 30 September 2026; and
- deferred conditional scrip consideration of $36 million of Converting Shares in RPL (value for accounting purposes), converting to ordinary shares in RPL at various dates between 1 July 2026 to 1 July 2028, subject to the satisfaction of specific revenue and/or FUM targets.

The transaction is accounted for by the Group as a business combination and consolidated as a subsidiary, with the performance and position of PM Capital included in the Group's normalised and statutory results from 21 December 2023 to 31 December 2023. Refer to note 29(A) to the Consolidated Financial Statements for further details on the business combination.

## DIVIDENDS

The Company paid the following dividends (totalling $22,918,000 or 9.0 cents per share) during the year ended 31 December 2023:

- Final dividend for the year ended 31 December 2022: 4.0 cents per share fully franked, totalling $10,184,000, with a record date of 7 March 2023 and payment date of 22 March 2023.
- Interim dividend for the half-year ended 30 June 2023: 5.0 cents per share fully franked, totalling $12,734,000, with a record date of 30 August 2023 and payment date of 14 September 2023.

## FINANCIAL POSITION

The Group's net assets as at 31 December 2023 were $578,763,000 (2022: $436,749,000).

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue to pursue its investment objectives for the long-term benefit of Shareholders, as discussed in the Outlook section of the Directors' Report.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

### PURCHASE OF TAURUS CARRY AND SEED CAPITAL

Subsequent to the reporting date, the Group agreed non-binding terms to pay to the vendor of Taurus an amount such that the deferred contingent consideration (which is estimated as A$22,000,000 on the Group's balance sheet) would no longer be required to be paid to the vendor. Upon completion of the proposed transaction, the 'pass through' that RPL owed to the vendor over time is no longer required and the entitlement to the Group's share of the cash flows from carry interest on all funds managed by Taurus will remain with the Group.

In addition, the Group agreed non-binding terms to purchase seed capital in two of the funds managed by Taurus from the vendor of Taurus at a discount to their carrying value. An update will be provided in RPL's half year report ended 30 June 2024.

### DIVIDEND AND DIVIDEND REINVESTMENT PLAN

On 21 February 2024, the Directors determined to pay a fully franked dividend at a 30% tax rate of 5.0 cents per share, which will be paid on 18 April 2024.

The Company operates a Dividend Reinvestment Plan (**DRP**) for holders of ordinary shares in the Company. The fully franked 2023 final dividend of 5.0 cents per share qualifies for the DRP. In addition, holders of Contingent Converting Shares will have their fully franked dividends issued under the DRP rules.

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

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than those noted above and in the 'Review of operations' section of this report, there have been no significant changes in the Group's state of affairs.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company and its controlled entities indemnify the current Directors and Officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Officers of the Group, except where the liabilities arise out of conduct involving a lack of good faith. The Company and its controlled entities will meet the full amount of any such liabilities, including costs and expenses. The auditor of the Company is in no way indemnified out of the assets of the Company.

In accordance with the provisions of the *Corporations Act 2001* (Cth), the Company has a liability policy that covers all Directors and Officers of the Group. The terms of the policy specifically prohibit the disclosure of details of the amount of the amount insurance cover and the premium paid.

## INFORMATION ON DIRECTORS AND OFFICERS

### CURRENT BOARD OF DIRECTORS

**Michael J Cole AM**

Independent Chairman
*B.Econ M.Econ (UOW)*

*Board committees:*
Member of Audit and Risk Committee

*Experience and Expertise:*
Mr Cole has over 40 years' experience in investment banking and portfolio management. He held the following roles over his extensive career: Executive Director and Executive Vice-President of Bankers Trust Australia, Chairman of Challenger Listed Investments, Chairman of IMB Bank, Director of NSW Treasury Corporation, Chairman of SAS Trustee Corporation (State Super Board), Chairman of ASX-listed investment company Ironbark Capital and Chairman of Platinum Asset Management Limited.

*Current directorships:*
Mr Cole is the Chairman of Ironbark Capital Limited.

*Former directorships (last three years):*
Mr Cole has not held any other directorships of listed companies over the past three years.

*Interests in the Company:*
Nil

**Brendan J O'Connor**

Chief Executive Officer and Managing Director
*B.Bus (Acct/Fin) (UTS), CA, GAICD*

*Experience and Expertise:*
Mr O'Connor has over 25 years' experience in financial markets and asset management, and is currently Chief Executive Officer of Regal Partners. In addition, he is a director of Kilter Rural and Attunga Capital. Previously, he was Chief Financial Officer of Challenger's Asset Management business and then the company's Funds Management business. He has served as a director on the boards of several listed investment trusts and several of Fidante Partners' boutique asset managers.

*Current directorships:*
Mr O'Connor is a Director of Kilter Pty Ltd, Attunga Capital Pty Ltd, East Point Asset Management Limited, the Taurus Group and PM Capital.

*Former directorships (last three years):*
Mr O'Connor has not held any other directorships of listed companies over the past three years.

*Interests in the Company:*
Ordinary Shares: 8,996,857
Performance Share Rights: 1,167,250

**Sarah Dulhunty**

Independent Non-Executive Director
*BA, LLB (Hons) (USYD)*

*Board Committees:*
Chair of Nomination and Remuneration Committee, member of Audit and Risk Committee

*Experience and Expertise:*
Ms Dulhunty was previously a partner in the Corporate Transactions team at Ashurst and has over 30 years' experience advising in equity capital markets, mergers and acquisitions, corporate governance, and corporate and securities law. She also served on the board of Ashurst for over four years. She was a member of the Australian Takeovers Panel for nine years (during which she served as Acting President) and sat on the AICD Law Committee for 13 years. She is currently a Deputy Chair of the Corporations Committee of the Business Law Section of the Law Council of Australia. She was formerly a Governor of Winifred West Schools Limited.

*Current directorships:*
Ms Dulhunty is a Director of Parklife Metro.

*Former directorships (last three years):*
Ms Dulhunty has not held any other directorships of listed companies over the past three years.

*Interests in the Company:*
Nil

**Jaye L Gardner**

Independent Non-Executive Director
*B.Com (UQLD), LLB (Hons) (UQLD), SF Fin, CA, GAICD*

*Board Committees:*
Chair of Audit and Risk Committee, member of Nomination and Remuneration Committee

*Experience and Expertise:*
Ms Gardner has more than 30 years' experience in corporate finance. She is a Managing Director of Grant Samuel, where she is responsible for the preparation of valuations and independent expert reports for primarily top 200 ASX-listed companies. She also advises on mergers, acquisitions and asset sales, focusing on the financial services, property, health and media industries.

*Current directorships:*
Ms Gardner does not hold any other directorships of listed companies.

*Former directorships (last three years):*
Ms Gardner has not held any other directorships of listed companies over the past three years.

*Interests in the Company:*
Ordinary Shares: 21,809

**Ian M Gibson**

Executive Director
*LLB, B.Bus (Fin) (UTS)*

*Board Committees:*
Member of Audit and Risk Committee, and Nomination and Remuneration Committee

*Experience and Expertise:*
Mr Gibson has over 25 years' experience in financial markets, spending the past 15 years acting as director, investment advisor and consultant for a range of financial groups and organisations. Currently, he is a director of Kilter Rural, Attunga Capital and Renew Power Group, an advisor to RPG Management, a Director and Investment Committee member for Realside Financial Group, and an independent member of the Investment Committee for Atrium Investment Management.

*Current directorships:*
Mr Gibson is a director of Attunga Capital Pty Ltd, Kilter Pty Ltd, Renew Power Group Pty Ltd, Realside Financial Group Pty Ltd and the Taurus Group.

*Former directorships (last three years):*
Mr Gibson has not held any other directorships of listed companies over the past three years.

*Interests in the Company:*
Ordinary Shares: 1,879,102

## INFORMATION ON FORMER DIRECTORS

**David Jones AM** (resigned 23 May 2023)

Mr Jones has more than 30 years' experience in investment markets, the majority as a general partner in private equity firms, and before that in general management and management consulting. Mr Jones has been a board member of numerous private and public businesses, including a number in the wealth management sector. He is a non-executive member of the Investment Committee of Aviron Investment Management and EMR Capital, the Chairman of DTS Capital Partners and a board member of the Clean Energy Finance Corporation.

Mr Jones is Chairman of VGI Partners Global Investments Limited (ASX:VG1) and a Director of Regal Asian Investments Limited (ASX:RG8).

## CURRENT OFFICERS AND/OR COMPANY SECRETARIES

**Ian Cameron**

Chief Financial Officer &
Joint Company Secretary

***Experience and expertise:***
Mr Cameron has over 15 years' experience in investment management and professional services. Ian worked at Pantheon Ventures and Aspect Capital in London after starting his career at KPMG in Sydney. Ian is a member of Chartered Accountants Australia and New Zealand and has been admitted as a Solicitor of the Supreme Court of NSW. He is also the Company Secretary of VGI Partners Global Investments Limited and Regal Asian Investments Limited. He was recently appointed as a Director of the Taurus Group and PM Capital. Ian holds a Bachelor of Laws and a Bachelor of Commerce.

**Kathleen Liu**

General Counsel &
Joint Company Secretary

***Experience and expertise:***
Ms Liu is the General Counsel and Company Secretary at Regal Partners. Initially joining Regal Funds Management in 2018, Kathleen has over 12 years' legal experience in the financial services industry. Before joining Regal, Kathleen practised law in Sydney and London at top-tier law firm Ashurst. She holds a Bachelor of Laws (Hons) and a Bachelor of Business majoring in Finance from the University of Technology Sydney.

**Candice Driver**

Joint Company Secretary
(appointed 30 October 2023)

***Experience and expertise:***
Ms Driver is Company Secretary at Regal Partners. Candice has over 15 years' experience working as a company secretarial and board governance specialist in the financial services, real property and resources sectors. Before joining Regal Partners, Candice was Head of Subsidiaries at Insurance Australia Group (IAG) and Group Company Secretary at AirTrunk. Candice started her career as a solicitor at a top five law firm in Scotland, and holds a Bachelor of Laws (Hons) and a Masters in Commercial Law from the University of Glasgow. She was appointed as a Company Secretary of VGI Partners Global Investments Limited and Regal Asian Investments Limited in October 2023.

## REMUNERATION OF KEY MANAGEMENT PERSONNEL

Information about the remuneration of key management personnel (**KMP**) is set out in the Remuneration Report section of this Directors' Report. The term 'KMP' refers to those personnel who have authority and responsibility for directly or indirectly planning, directing and controlling the activities of the Group. This includes any Director (Executive or otherwise) of the Company and its consolidated entities.

## DIRECTORS' MEETINGS

The following table sets out the number of meetings the Group's Board of Directors held during the year ended 31 December 2023, and the number of meetings each Director attended.

| | BOARD MEETINGS | | AUDIT AND RISK COMMITTEE MEETINGS | | NOMINATION AND REMUNERATION COMMITTEE MEETINGS | |
|---|---|---|---|---|---|---|
| | ATTENDED | ELIGIBLE TO ATTEND | ATTENDED | ELIGIBLE TO ATTEND | ATTENDED | ELIGIBLE TO ATTEND |
| Michael J Cole AM * | 12 | 13 | 2 | 2 | – | – |
| Brendan J O'Connor | 13 | 13 | – | – | – | – |
| Sarah J Dulhunty | 13 | 13 | 4 | 4 | 4 | 4 |
| Jaye L Gardner | 13 | 13 | 4 | 4 | 4 | 4 |
| Ian M Gibson | 13 | 13 | 4 | 4 | 4 | 4 |
| David F Jones AM ** | 3 | 3 | – | – | – | – |

* Mr Cole was appointed as a member of the ARC on 10 May 2023.

** Mr Jones resigned as director of the RPL Board on 23 May 2023, so attendance reflects the meetings Mr Jones was eligible to attend up to that date.

## REMUNERATION REPORT (AUDITED)

The Directors present the Remuneration Report for the year ended 31 December 2023, in accordance with section 300A of the *Corporations Act 2001* (Cth). The Remuneration Report provides our stakeholders with information about the remuneration arrangements for KMP.

Information in the Remuneration Report is presented on a statutory basis.

KMP remuneration presented for the year ended 31 December 2022 was impacted by the acquisition of 100% of the shares of the Regal Funds Management Pty Limited (Regal Funds Management) by Regal Partners Limited (formerly VGI Partners Limited) on 3 June 2022 (the **merger date**). KMP remuneration for the year ended 31 December 2023 includes the entire year presented.

The information provided in this report has been audited by the Group's auditor, Deloitte Touche Tohmatsu, as required by section 308(3C) of the Corporations Act. It forms part of the Directors' Report.

### REMUNERATION REPORT – TABLE OF CONTENTS

## 1. THE GROUP'S REMUNERATION FRAMEWORK

### OVERVIEW

The Group aims to be a leading provider of alternative investment strategies in Australia and Asia and believes it can achieve this objective through its deep industry experience, extensive networks and multi-award-winning performance track records. The Group believes that investing in its people, along with robust systems and processes, is critical in achieving its objectives.

The overall objectives of the Board's remuneration policy are to support and achieve the Group's long-term values and strategic objectives, and to align remuneration with the creation of sustainable shareholder value.

To deliver RPL's strategy and generate shareholder value, the Group must continue to attract, motivate and retain highly skilled staff, including executives, and ensure that reward for performance is competitive and appropriate for the results achieved. The Group aims to balance short-term and long-term incentives appropriately, including encouraging broad-based employee ownership of the Company.

Although the Group's financial year ends on 31 December each year, the remuneration year or performance period (that is the time span over which employees or Executive KMP goals and objectives are set and measured) is the period of 12 months ending 30 June each year.

### REMUNERATION ARRANGEMENTS

The Group's remuneration arrangements comprise the following components:

(a) Fixed remuneration

This is set at a level to attract exceptional talent. It includes salary, benefits and statutory entitlements and reflects the nature and scope of the role as well as the skills and experience of the individual. Executive KMP fixed remuneration is determined at least annually by the Board on the recommendation of the Nomination and Remuneration Committee (**NRC**). Non-Executive Directors are provided with fixed remuneration in the form of Director's fees. Executive Directors and other Executive KMP are offered fixed remuneration in the form of salaries (including superannuation arrangements). Refer to page 25 for a list of KMP classified as Executive KMP and Non-Executive KMP.

(b) Short-term variable remuneration

**Remuneration in cash (all staff and Executive KMP eligible to participate)**

At the start of each annual performance period, goals are set for each employee or Executive KMP under the cash bonus scheme. Recommendations in respect of variable remuneration awards are generally made annually, based on the achievement of performance objectives. These recommendations are reviewed rigorously by senior management and the NRC before being referred to the Board for approval.

In approving the aggregate bonus amount, the Board considers factors including the performance of the Group, market remuneration levels and key metrics such as total compensation as a percentage of revenue. Employees are assessed annually across quantitative and qualitative factors relevant to their role, as well as against the Company's core values and principles, including risk management and compliance criteria. Any approved bonus amount is generally paid in cash within three months of the end of the remuneration year to which the bonus relates.

It may be determined that a component of the annual bonus of an employee (including an Executive KMP) be deferred to create longer-term alignment and promote staff retention and be delivered in equity under the Group's Employee Incentive Plan (the **Employee Incentive Plan**). Under the Employee Incentive Plan, employees can be granted awards in the form of equity or equity rights. These may take the form of shares, options or rights to receive shares in the future (such as Performance Share Rights (**PSRs**)). A copy of the Employee Incentive Plan was lodged with the ASX on 21 June 2019.

**PSR grants – Deferred Bonus Grant (all staff and Executive KMP eligible to participate)**

Regal has historically deferred a portion of bonuses that exceed a specified amount over two years to create longer-term alignment and retention under a Deferred Bonus Grant. For the FY23 remuneration year (the 12 months ended 30 June 2023), and consistent with the prior year, RPL granted PSRs with an accounting fair value of approximately $4.6 million to a number of senior employees under a Deferred Bonus Grant, as a partial deferral of annual bonuses into rights.

50% of these rights will vest one year after the date of issue, with the remaining 50% vesting two years after the date of issue subject to the recipient remaining employed by the Group on the relevant vesting date.

None of the Deferred Bonus Grants issued in August 2023 (for the FY23 remuneration year) were granted to Executive KMP.

(c) Historical long-term variable Remuneration (PSRs)

**PSR grants – Integration Grant and Long-Term Incentive (LTI) Grant (all staff and Executives eligible to participate)**

The long-term variable remuneration component of the awards made by RPL in August 2022 comprises the Integration Grant and the LTI Grant.

These grants were intended to be one-off in nature as part of the merger between VGI and Regal Funds Management in June 2022.

Separate grants were made to employees, senior management and the Chief Executive Officer/Managing Director (**CEO/MD**) of the Group under the Integration Grant and LTI Grant. Rights issued under the Integration Grant and the LTI Grant vest over about three years, subject to the recipient being employed by the Group on the vesting date and not being subject to any formal performance management process at such time on the vesting date.

In addition, the LTI Grant is subject to certain company-specific performance hurdles (see note 31 of the Consolidated Financial Statements for more details). The offer of rights under the Integration Grant and the LTI Grant is expected to be a one-off, with any future LTI allocations subject to different performance hurdles.

**Restricted Share Plan**

On 22 April 2022 (prior to the merger), Regal Partners Limited (then known as VGI Partners Limited) issued 698,061 ordinary shares (**Restricted Shares**) under a Restricted Share Plan for VGI employees, none of whom were VGI Directors. The shares were issued for nil consideration and carry the same voting and dividend rights as all other ordinary shares. The shares vest in June 2024 in accordance with the Restricted Share Plan rules. This was considered a one-off arrangement implemented by VGI prior to its merger with Regal Funds Management. In certain circumstances, including when an employee who is allocated Restricted Shares resigns, such Restricted Shares may be reallocated.

The deferral elements of the short-term and long-term variable remuneration arrangements are designed to align employee (including KMP) interests with Shareholder interests. They will also help retain talent and foster a culture of compliance, and financial and operational risk management behaviour, within the Group.

RPL's remuneration arrangements are regularly refined to ensure that they align with RPL's core purpose and business strategy.

### MINIMUM SHAREHOLDING POLICY

In August 2023, the Company implemented a minimum shareholding policy that is applicable to KMPs.

Under the policy, KMP are required to hold a minimum shareholding equal to one year's fixed remuneration or Directors' fees (excluding any additional fees received for acting as the Chair of the Board or any committee), as applicable, within the later of three years after the date they become a KMP and three years following the adoption of the minimum shareholding policy. KMP must acquire 50% of their minimum shareholding on or before the later of one year after the date they become a KMP and one year after the adoption of the minimum shareholding policy.

An update on the implementation of the policy will be provided in next year's Remuneration Report. See section 7 for details about current shareholdings held by KMP at the date of this report.

## 2. OVERSIGHT AND GOVERNANCE

The Board delegates responsibility to the NRC for reviewing and making recommendations on remuneration policies and arrangements for the Group, including policies governing the remuneration of Directors and Executive KMP. RPL believes Group performance is driven by the quality of its Directors and Executive KMP. The NRC is scheduled to meet quarterly, or more frequently as and when required.

The NRC's objectives are to help the Board:

(a) evaluate its performance and ensure is effective – in in terms of composition, size, commitment and knowledge of the business and industry in which it operates – to adequately discharge its responsibilities and duties, and comprises individuals who are best able to discharge the responsibilities of RPL Directors, having regard to the law and governance best standards;

(b) ensure that RPL has coherent remuneration policies and practices that are aligned with the Group's purpose, values, strategic objectives and risk appetite, and that will help attract, motivate and retain appropriately skilled and diverse executives and Directors who will create value for Shareholders;

(c) establish that RPL observes its remuneration policies and practices; and

(d) see to it that RPL fairly and responsibly rewards executives, having regard to their performance and that of the Group, and the general external pay environment.

The NRC periodically assesses the appropriateness of remuneration policies and the amount of remuneration given with reference to relevant employment market conditions.

The NRC also reviews the design of, and total proposed payments made under any incentive plan, including any performance hurdles associated with the incentive plans. See section 6 for details on remuneration of Executive KMP and Non-Executive Directors.

The NRC periodically seeks independent advice from specialist remuneration consultants when required. During the year, the NRC engaged a remuneration consultant (KPMG) to provide high-level advice in relation to benchmarking remuneration to industry standards and to review the remuneration arrangements in line with the Group's overall objectives.

The NRC currently comprises two independent Non-Executive Directors and an Executive Director.

A copy of RPL's NRC Charter is available at www.regalpartners.com.

## 3. IDENTIFYING KMP COVERED IN THIS REPORT

The table below summarises the KMP of the Group in office during the 2023 financial year.

| NAME | POSITION |
|---|---|
| **Non-Executive KMP** | |
| Michael J Cole AM | Independent Chair |
| Sarah J Dulhunty | Independent Non-Executive Director |
| Jaye L Gardner | Independent Non-Executive Director |
| David F Jones AM | Non-Executive Director[1] |
| | |
| **Executive KMP** | |
| Brendan J O'Connor | Chief Executive Officer and Managing Director |
| Ian J Cameron | Chief Financial Officer and Joint Company Secretary |
| Ian M Gibson | Executive Director |

1 Mr Jones resigned from the RPL Board on 23 May 2023.

There were no other individuals that were KMP within the Group during the 2023 financial year.

## 4. RPL'S PURPOSE, OBJECTIVES AND BEHAVIOURS

RPL's purpose and strategic objectives encourage expected behaviours for staff and Executive KMP, as set out below.

| | |
|---|---|
| **RPL's purpose** | To be a leading provider of alternative investment strategies in Australia and Asia, achieving this objective through deep industry experience, extensive networks and multi-award-winning performance track records. |
| **RPL's strategic objectives** | – Provide clients with differentiated and attractive investment returns.<br>– Attract and retain a highly engaged team while promoting a culture of accountability, active risk management and the relentless pursuit of superior returns.<br>– Provide attractive returns to Shareholders.<br>– Build strong and constructive relationships with investors. |

| | |
|---|---|
| **Behaviours RPL strives toward** | – Clients first: Never lose sight of our clients and always act with integrity. Seek to constantly exceed expectations, both in investment performance and client experience. Delighted clients are our best advocates.<br>– Custodians of capital: We remind ourselves of the fiduciary duty we owe to our funds and clients. We promote active risk management and identify and manage key risks.<br>– Accountability and reputation: Our reputation is of utmost value and must be preserved.<br>– Entrepreneurial: All staff members are encouraged to think like a business owner, be passionate and search for opportunities to invest and/or operate more efficiently.<br>– Teamwork: We aim to hire talented people and provide them with an opportunity to do their best work together. We operate a flat structure and win as a team, not as individuals. We leverage the collective and embrace diversity of thought.<br>– Alignment: We understand the power of true partnerships, and we invest alongside our clients and Shareholders to ensure interests remain aligned |

RPL believes its value is linked to the skills and expertise of its people. When our staff members, including Executive KMP, consistently demonstrate the behaviours RPL strives towards; it plays an important part in driving long-term Shareholder returns and achieving RPL's purpose and strategic objectives.

## 5. GROUP PERFORMANCE

The Group's performance is summarised below. The results are presented on a statutory basis. As the merger between Regal Funds Management and VGI was completed during the previous year, performance is presented commencing from the year ended 31 December 2022. Prior to the merger date, the parent entity for accounting purposes (Regal Funds Management) was not required to prepare a remuneration report under the Corporations Act, and accordingly five years of results are not presented.

| | 2023 | 2022 |
|---|---|---|
| Statutory gross revenue ($m)[1] | 105.3 | 88.3 |
| Statutory profit before tax ($m)[1] | 12.3 | 22.9 |
| Statutory profit after tax ($m)[1] | 2.5 | 14.7 |
| Dividends per share declared and paid prior to the merger date (cents)[2] | n/a | 76.7c |
| Dividends per share determined / paid since the merger date (cents)[3] | 10.0c | 4.0c |
| Statutory basic earnings per share (**EPS**) (cents) | 0.63c | 7.47c |
| Statutory diluted EPS (cents) | 0.56c | 6.13c |
| Traded share price at year end ($) | $2.66 | $3.43 |

1 Figures are presented on a statutory basis and are consistent with RPL's Financial Report. These figures do not include normalised results of RPL.

2 RPL (under VGI) declared dividends totalling $53,828,000 or 76.7 cents per share prior to the merger with Regal Funds Management, which are not included in the consolidated results for the year ended 31 December 2022. Regal Funds Management paid a total dividend of $32,040,000 prior to the merger.

3 Since the end of the financial year, the Directors determined to pay a fully franked dividend of 5.0 cents per share which is expected to be paid on 18 April 2024.

### PERFORMANCE OF KMP

#### Non-Executive KMP

The NRC is responsible for reviewing the collective and individual performance of Board members and reporting to the Board on the same. The NRC also reviews the remuneration of Non-Executive KMP for serving on the Board and any committee memberships, including the process by which the pool of Directors' fees approved by Shareholders is allocated to Non-Executive Directors.

#### Executive KMP

The NRC is responsible for reviewing the performance of the CEO/MD and ensuring RPL has a process for annually evaluating the performance of other senior employees including other Executive KMP. This is administered through annual performance reviews.

Executive KMP performance reviews consider the financial performance of the Group, and individual and team performance. The performance cycle commences in July each year when performance objectives and targets are set for Executive KMP as a whole and individually. The performance cycle completes in June of the following year when performance against objectives and targets is measured.

The performance of each Executive KMP influences any adjustments to fixed and/or short-term variable remuneration.

## 6. REMUNERATION OF KMP AND SUMMARY OF REMUNERATION OUTCOMES – NON-EXECUTIVE DIRECTORS AND EXECUTIVE DIRECTORS

### SUMMARY OF REMUNERATION OUTCOMES

The Board, in consultation with the NRC, remain focused on ensuring there is a robust and rigorous process in place to determine remuneration outcomes. For the remuneration year for the 12 months to 30 June 2023, the Board, in consultation with the NRC, applied oversight to ensure outcomes were fair, appropriate, and competitive, having regard to both individual and Group performance (including the performance of subsidiaries, where relevant).

In determining the remuneration outcomes for KMP in 2023, the Board sought to ensure KMP remuneration outcomes reflected the softer financial results in the 12 months ended 30 June 2023. Specifically, it was determined:

- in relation to Mr O'Connor, in his role as CEO, that:
  - his base salary remains unchanged at $527,500 (including superannuation contributions); and
  - he should not receive any cash bonus.
- in relation to Mr Gibson, in his capacity as a director of Attunga Capital (a subsidiary in the Group), that due to the strong investment performance and FUM growth of Attunga Capital, that Mr Gibson be:
  - awarded a bonus of $110,000 (including superannuation contributions); and
  - effective 1 July 2023, Mr Gibson's base salary be increased to $90,000 (including superannuation contributions) (2022: $85,000 including superannuation contributions).
- in relation to Mr Cameron, in his capacity as Chief Financial Officer and Joint Company Secretary, that:
  - as his base salary was below market when considered against sector peers and other comparable ASX listed companies, Mr Cameron's base salary be increased with effect from 1 July 2023 to $397,397 including superannuation contributions (2022: $375,674 including superannuation contributions); and
  - in recognition of his efforts as one of the significant contributors to the Group in integrating the Regal Funds Management and VGI businesses in the 12 months to 30 June 2023, Mr Cameron be awarded a cash bonus of $100,000 (2022: $300,000), and that he be allocated 80,500 Restricted Shares under the Restricted Share Plan.
- In relation to the Non-Executive Directors (other than Mr Jones), that Non-Executive Directors' fees be increased by 0.5% to offset the increase in the superannuation guarantee rate from 10.5% to 11.0%. The total cost of this change to the Group is circa $2,600.

### REMUNERATION OF EXECUTIVE KMP

The table below shows the relative proportions of the 2023 remuneration of each Executive KMP, including the 2023 annual bonus.

| | FIXED (%) | VARIABLE – SHORT-TERM AND LONG-TERM (%)[1] | PAID DURING THE YEAR (%)[2] |
|---|---|---|---|
| **Executive KMP** | | | |
| Brendan J O'Connor | 28 | 72 | 28 |
| Ian J Cameron | 45 | 55 | 49 |
| Ian M Gibson | 67 | 33 | 100 |

1 Short-term variable remuneration relates to cash bonuses paid during the year, as well as share-based payments accrued as an accounting expense in the current year from prior periods. Accordingly, the relative proportions may not reflect remuneration on a forward-looking basis.

2 Excludes share-based payments, leave entitlement accruals and post-employment benefits.

For details of actual remuneration paid to Executive KMP, please refer to the Statutory Remuneration Table on page 29.

### REMUNERATION OF NON-EXECUTIVE DIRECTORS

The NRC periodically reviews and determines Non-Executive Directors' remuneration. Non-Executive Directors' remuneration is not directly linked to the performance or earnings of the Group.

Under RPL's constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services. The aggregate amount of remuneration that can be paid to Non-Executive Directors is $1,200,000 per annum. RPL's constitution specifies that any change to the maximum amount of remuneration that can be paid to the Non-Executive Directors must be approved by shareholders.

The Non-Executive Director roles held within the Group are detailed in the table below. Non-Executive Directors receive no retirement benefits other than mandatory superannuation. No termination payments are payable on cessation of office, and any Director may retire or resign from the Board or be removed by a resolution of shareholders.

| NON-EXECUTIVE DIRECTOR [1] | BOARD | AUDIT AND RISK COMMITTEE | NOMINATION AND REMUNERATION COMMITTEE |
|---|---|---|---|
| Michael Cole | Chair | Member [2] | – |
| Sarah Dulhunty | Director | Member | Chair |
| Jaye Gardner | Director | Chair | Member |
| David Jones [3] | Director | – | – |

1 Mr Gibson is a member of both the Audit and Risk Committee and the Nomination and Remuneration Committee; however, he is excluded from the table as he is an Executive Director.

2 Appointed as a member of the ARC on 10 May 2023.

3 Mr Jones resigned from the RPL Board on 23 May 2023.

The table below presents amounts paid to the Non-Executive Directors on an annualised basis (including superannuation).

| NON-EXECUTIVE DIRECTORS FEES – ANNUALISED | BOARD ($) | AUDIT AND RISK COMMITTEE ($) | NOMINATION AND REMUNERATION COMMITTEE ($) | TOTAL PER DIRECTOR ($) |
|---|---|---|---|---|
| Michael Cole | 190,905 | 10,000 | – | **200,905** |
| Sarah Dulhunty | 100,588 | 10,000 | 20,000 | **130,588** |
| Jaye Gardner | 100,588 | 20,000 | 10,000 | **130,588** |
| David Jones [1] | 39,493 | – | – | **39,493** |

1 Mr Jones resigned from the RPL Board on 23 May 2023, and accordingly, the remuneration actually paid to Mr Jones during the year ended 31 December 2023 is presented. On an annualised basis Mr Jones was paid $100,000 per annum.

For details of actual Directors' fees paid to Directors during 2023, please refer to the Statutory Remuneration Table on page 29. The remuneration of Directors must not include a commission on or a percentage of the profits or income of the Group.

## 7. STATUTORY REMUNERATION INCLUDING EQUITY AND PERFORMANCE SHARE RIGHTS

The following table discloses the total remuneration of KMP in accordance with the Corporations Act, for the year ended 31 December 2023.

| | SHORT-TERM BENEFITS | | | | | POST-EMPLOYMENT BENEFITS | LONG-TERM BENEFITS | | TOTAL REMUNERATION |
|---|---|---|---|---|---|---|---|---|---|
| YEAR ENDED 31 DECEMBER 2023 | SALARY AND FEES ($) | SHORT-TERM VARIABLE ($) | LEAVE BENEFITS ($) | OTHER NON-MONETARY BENEFITS ($) | SHARE-BASED PAYMENTS ($) | SUPERANNUATION ($) | LEAVE BENEFITS ($) | SHARE-BASED PAYMENTS ($) | ($) |
| **Non-Executive KMP** | | | | | | | | | |
| Michael J Cole AM | 180,995 | – | – | – | – | 19,457 | – | – | **200,452** |
| Sarah J Dulhunty | 117,647 | – | – | – | – | 12,647 | – | – | **130,294** |
| David F Jones AM[1] | 35,740 | – | – | – | – | 3,753 | – | – | **39,493** |
| Jaye L Gardner | 117,647 | – | – | – | – | 12,647 | – | – | **130,294** |
| **Executive KMP** | | | | | | | | | |
| Brendan J O'Connor | 500,000 | – | (9,732) | 9,600 | 548,763 | 27,500 | 13,258 | 797,499 | **1,886,888** |
| Ian J Cameron | 356,938 | 100,000 | 32,625 | – | – | 28,546 | 25,173 | 447,046 | **990,328** |
| Ian M Gibson | 187,600 | 105,380 | – | – | – | 24,792 | – | – | **317,772** |
| **Total KMP** | **1,496,567** | **205,380** | **22,893** | **9,600** | **548,763** | **129,342** | **38,431** | **1,244,545** | **3,695,521** |

1 Mr Jones resigned from the RPL Board on 23 May 2023.

The following table discloses the total remuneration of KMP in accordance with the Corporations Act, for the year ended 31 December 2022.

| | SHORT-TERM BENEFITS | | | | POST-EMPLOYMENT BENEFITS | LONG-TERM BENEFITS | | TOTAL REMUNERATION |
|---|---|---|---|---|---|---|---|---|
| 2022 | SALARY AND FEES ($) | SHORT-TERM VARIABLE ($) | LEAVE BENEFITS ($) | SHARE-BASED PAYMENTS ($) | SUPERANNUATION ($) | LEAVE BENEFITS ($) | SHARE-BASED PAYMENTS ($) | ($) |
| **Non-Executive KMP** | | | | | | | | |
| Michael J Cole AM [1] | 105,649 | – | – | – | 11,017 | – | – | **116,666** |
| Sarah J Dulhunty [1] | 68,672 | – | – | – | 7,161 | – | – | **75,833** |
| David F Jones AM [2] | 160,489 | 300,000 | 3,708 | – | 15,601 | – | – | **479,798** |
| Jaye L Gardner [2] | 103,707 | – | – | – | 10,665 | – | – | **114,372** |
| **Executive KMP** | | | | | | | | |
| Brendan J O'Connor [1] | 286,538 | 500,000 | 8,881 | 237,587 | 15,729 | 45,375 | 269,425 | **1,363,535** |
| Ian J Cameron [2] | 368,156 | 300,000 | 40,622 | – | 24,702 | – | 201,540 | **935,020** |
| Ian M Gibson [1] | 123,749 | 330,264 | – | – | 17,222 | – | – | **471,235** |
| **Total KMP** | **1,216,960** | **1,430,264** | **53,211** | **237,587** | **102,097** | **45,375** | **470,965** | **3,556,459** |

1 Mr Cole, Ms Dulhunty, Mr O'Connor and Mr Gibson were appointed KMP on completion of the merger on 3 June 2022. Accordingly, information for Mr Cole, Ms Dulhunty, Mr O'Connor and Mr Gibson is presented from the merger date of 3 June 2022 to 31 December 2022.

2 Information for Ms Gardner, Mr Jones and Mr Cameron is presented from 1 January 2022 to 31 December 2022 as they were KMP throughout the year.

## KEY TERMS OF EMPLOYMENT OR SERVICE CONTRACTS

### Independent Chairman and other Non-Executive Directors

Under the key terms and conditions of the Non-Executive Directors letters of appointment with RPL, Non-Executive Directors:

- receive fixed compensation per annum, including superannuation contributions;
- are not entitled to participate in the Company's short-term variable remuneration scheme; and
- may have their employment by the Group terminated without notice for serious misconduct, and the Group may terminate their employment contracts by providing three months' written notice.

### Chief Executive Officer and Managing Director

Under the key terms and conditions of his employment contract, Mr O'Connor:

- receives fixed compensation of $527,500 per annum including superannuation contributions;
- may receive a bonus from time to time at the Board's absolute discretion, having regard to his performance against applicable key performance indicators and RPL's performance;
- is entitled to participate in any of RPL's compensation arrangements;
- may have his employment by the Group terminated without notice for serious misconduct, and the Group may terminate his employment contract by providing six months' written notice; and
- is subject to a six-month non-compete clause and six-month non-solicitation obligation on termination of his employment.

### Other Executive KMP

Other than in respect to compensation, the key terms of the employment contracts of other Executive KMP are substantially the same as those of the Chief Executive Officer and Managing Director, other than as set out below:

- Mr Gibson receives a fixed Director's fee for his role as Executive Director of the Company, and separate fixed compensation for his employment as a director of Attunga Capital, a subsidiary company in the Group.

### KMP equity holdings and other transactions

The following table sets out the interest of each KMP in ordinary shares in RPL:

**EQUITY HOLDING IN RPL (NUMBER OF ORDINARY SHARES)**

| | BALANCE AT 1 JANUARY 2023 | RECEIVED AS PART OF REMUNERATION | PURCHASED UNDER DRP | PURCHASED ON MARKET | ADDITIONS DUE TO VESTING OF PSRS | BALANCE AT 31 DECEMBER 2023 |
|---|---|---|---|---|---|---|
| **Non-Executive KMP** | | | | | | |
| Michael J Cole AM | **–** | – | – | – | – | **–** |
| Sarah J Dulhunty | **–** | – | – | – | – | **–** |
| David F Jones AM [1] | **13,559** | – | – | – | – | **13,559** |
| Jaye L Gardner | **21,809** | – | – | – | – | **21,809** |
| **Executive KMP** | | | | | | |
| Brendan J O'Connor | **8,830,107** | – | – | – | 166,750 | **8,996,857** |
| Ian J Cameron | **115,588** | 80,500 [2] | – | – | – | **196,088** |
| Ian M Gibson | **1,879,102** | – | – | – | – | **1,879,102** |

1 Mr Jones resigned from the RPL Board on 23 May 2023 and accordingly, his equity holding is presented until the date of his resignation.

2 Mr Cameron's additional allocation under the Restricted Share Plan in September 2023. In total, Mr Cameron has been awarded 185,209 Restricted Shares which are beneficially held.

The following table sets out interests in PSRs of RPL held by KMP.

| PERFORMANCE SHARE RIGHTS AWARDED | BALANCE AT 1 JANUARY 2023 [1] | DEFERRED BONUS GRANT | VESTED DURING THE PERIOD | BALANCE AT 31 DECEMBER 2023 [1] |
|---|---|---|---|---|
| **Executive KMP (only)** | | | | |
| **Deferred Bonus Grant** | | | | |
| Brendan J O'Connor | 333,500 | – | (166,750) | 166,750 |
| Ian J Cameron | – | – | – | – |
| Ian M Gibson | – | – | – | – |
| **Total Deferred Bonus Grant** | **333,500** | **–** | **(166,750)** | **166,750** |
| **Integration Grant** | | | | |
| Brendan J O'Connor | 500,250 | – | – | 500,250 |
| Ian J Cameron | 116,725 | – | – | 116,725 |
| Ian M Gibson | – | – | – | – |
| **Total Integration Grant** | **616,975** | **–** | **–** | **616,975** |
| **LTI Grant** | | | | |
| Brendan J O'Connor | 500,250 | – | – | 500,250 |
| Ian J Cameron | 116,725 | – | – | 116,725 |
| Ian M Gibson | – | – | – | – |
| **Total LTI Grant** | **616,975** | **–** | **–** | **616,975** |
| **Total** | **1,567,450** | **–** | **(166,750)** | **1,400,700** |

1 The amounts are unvested at balance date.

### Shared-based payments

PSRs issued to KMP are made in accordance with the Company's Employee Share Plan. There were no additional PSRs granted to KMP in 2023. The table below shows the total PSRs granted to all KMP in 2022 and those that remained on foot as at 31 December 2023.

| GRANTS | YEAR OF GRANT | MATURITY | ISSUE VALUE ($/RIGHT) | FAIR VALUE ($/RIGHT) | AWARDS GRANTED TO KMP IN 2022 (#) | AWARDS HELD AT 31 DECEMBER 2023 (#) |
|---|---|---|---|---|---|---|
| 2023 Deferred Bonus Grant | 2022 | 31 August 2023 | 2.9985 | 2.9305 | 166,750 | – |
| 2024 Deferred Bonus Grant | 2022 | 31 August 2024 | 2.9985 | 2.8153 | 166,750 | 166,750 |
| 2025 Integration Grant | 2022 | August 2025 [1] | 2.9985 | 2.6570 | 616,975 | 616,975 |
| 2025 LTI Grant | 2022 | August 2025 [1] | 2.9985 | 2.6570 | 616,975 | 616,975 |

1 Rights issued under the 2025 Integration Grant and 2025 LTI Grant will vest on the date on which the results for the Group for the six months ended 30 June 2025 are released to the ASX.

Refer to Section 1 of this Remuneration Report and note 31 of the Consolidated Financial Statements for more details about the Employee Incentive Plan.

For the 2025 LTI Grant, the fair value is adjusted for the probability of meeting a prescribed non-market performance hurdle of 5% per annum growth in normalised and pro forma net profit before tax over three years, calculated based on normalised profit during the year of the grant.

In relation to the 2025 LTI Grant, the Board considers that the specific financial hurdle encourages staff to strive for investment and operational achievement while making the hurdle an attractive return for Shareholders. Over three years, the financial hurdle represents an increased net profit before tax of ~15.7% from the level in 2022. In addition, staff must be employed by the Group on the vesting date (being the date on which the results for RPL for the six months ended 30 June 2025 are released to the market) and not have submitted a notice to terminate their employment agreement or be subject to any formal performance management processes.

Expense in the form of amortisation in relation to the PSRs is adjusted for RPL's estimate of those PSRs vesting (such as through forfeiture by KMP on terminating their employment with RPL). The Remuneration Report presents the carrying value allotted to KMP assuming all KMP will fulfil their service conditions.

**Loans to KMP**

No loans were made to KMP during the year.

## 8. OTHER STATUTORY DISCLOSURES

### USE OF REMUNERATION ADVISORS DURING THE YEAR

From time to time, the NRC may engage remuneration consultants, who act on the instruction of the Chair of the NRC (as delegated by the RPL Board).

The NRC makes use of general industry market trend information as and when required. The recommendations the NRC makes are based on its own assessment of the advice and information received from multiple sources, using its experience and observations, and having regard to the principles and objectives of the remuneration framework, Group performance, Shareholder expectations and RPL's core purpose and business strategy.

During the year, the NRC engaged a remuneration consultant (KPMG) to provide high-level advice in relation to benchmarking remuneration to industry standards and to review the remuneration arrangements in line with the Group's overall objectives.

### SECURITIES TRADING POLICY

All staff members and Non-Executive Directors are required to comply with the Company's Securities Trading Policy at all times. Trading is subject to pre-clearance and is not permitted during designated blackout periods, except in exceptional circumstances. The Group's Securities Trading Policy is available at www.regalpartners.com.

### DIVERSITY POLICY

RPL is committed to building a diverse and inclusive workforce, founded on respect, tolerance, growth and a workplace culture that fosters equal employment opportunities for all staff members. RPL actively promotes a culture of meritocracy, performance, fairness and potential at all levels of the business. RPL recognises the value of attracting and retaining employees with different backgrounds, knowledge, experience and abilities.

The Group maintains a Diversity Policy, a copy of which is available at www.regalpartners.com. The policy outlines the Group's commitment to diversity and inclusion in the workplace and provides a framework for achieving its diversity and inclusion goals for the business. The Group's policy is to recruit and manage on the basis of competence and performance, regardless of age, race, gender, nationality, religion, sexuality, physical ability or cultural background.

Section 4 of the Diversity Policy sets out the Company's measurable objective for achieving diversity at the Board level. Under the policy, the Company seeks to ensure that at least 30% of its Directors are women. The Company has also taken a number of steps to promote gender diversity within the wider business including:

- **Implementing psychometric testing of potential employees**. The testing is designed to ensure that there is a standardised method to evaluate candidates for roles and reduces opportunity for subjective biases and judgments. RPL believes that having a strong focus on competencies and skills reduces biases related to age, gender and race, and focuses on the candidate's potential to complete the role rather than, for example, their background or any rapport they have built with the relevant hiring managers; and
- **Monitoring of bias in remuneration.** The Company has updated its process for reviewing staff remuneration to promote focus on individual performance and the achievement of defined objectives, and to assess alignment of behaviour with the Company's values and expectations. It is expected this framework will assist to ensure that the remuneration review process is free of both conscious and unconscious bias.

**End of Remuneration Report**

## ROUNDING OF AMOUNTS

The Group is an entity of the kind referred to in *Australian Securities and Investments Commission (**ASIC**) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. In accordance with that Corporations Instrument, amounts in the Directors' Report are rounded to the nearest thousand dollars, or in certain circumstances to the nearest dollar.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act.

## NON-AUDIT SERVICES

The Board is satisfied that the provision of other services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act. For the following reasons, the Directors are satisfied that the services disclosed in note 32 of the Consolidated Financial Statements did not compromise the Auditor's independence:

- All non-audit services are reviewed prior to commencement, to ensure they do not adversely affect the integrity or objectivity of the Auditor.
- The nature of the services provided does not compromise the general principles relating to the Auditor's independence, in accordance with the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* set by the Accounting Professional & Ethical Standards Board.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration is included on page 37.

## ENVIRONMENTAL REGULATION

The Group has reviewed its exposure to environment-related regulation and other emerging risks, and has not identified any significant risk that could impact the financial performance or position of the Group. To the extent that any environmental regulations may have an incidental impact on the Group's operations, the Directors of the Group are not aware of any breach of those regulations by the Group.

**Brendan J O'Connor**
Chief Executive Officer and Managing Director

Sydney
21 February 2024

# Investing in the community

Regal Partners strongly believes in supporting charitable, social and environmental causes and this philosophy is deeply embedded across the Group's businesses and staff culture. The Company also considers that the best way to provide assistance is to draw on its strengths, namely by offering its investment management capabilities. Some of Regal's key partnerships and contributions are explained below.

## FUTURE GENERATION AUSTRALIA (ASX:FGX)

Regal Funds Management provides pro bono funds management services to Future Generation Australia (ASX: FGX) a listed investment company that provides investors with investment and social returns, whilst supporting a range of high-impact not-for-profits focused on at-risk children and youth. FGX's social impact partners include Lighthouse Foundation (youth homelessness), Giant Steps (youth autism), and Youth Off the Street's First Nations cultural support program. Regal currently manages more than $60 million on behalf of FGX and has rebated over $3.5 million in management and performance fees since FGX's inception in 2014. In lieu of paying management and performance fees, FGX donates 1% of the investment company's net assets per annum to its nominated not-for-profits and others, equating to more than $37 million in fees donated since FGX's inception.

## HEARTS AND MINDS

Regal Funds Management has been a longstanding supporter of Hearts and Minds, an organisation dedicated to raising money for Australian medical research. Regal provides pro bono services to Hearts and Minds Investments Limited (ASX:HM1), a philanthropic listed investment company, and is a founding Gold Supporter for the annual Sohn Hearts & Minds Investment Leaders Conference, where fund managers provide stock recommendations for HM1's portfolio. HM1 donates 1.5% of its net tangible assets per annum and, combined with the conference fundraising, has donated over $60 million in cumulative research funding to date. As a HM1 Core Fund Manager, Regal can nominate beneficiaries and has chosen to support the RPA Green Light Institute for Emergency Care.

*RPA Green Light Institute*: The Institute was established in 2020 as part of the Sydney Local Health District to facilitate and coordinate research for emergency department patients, as well as provide education and training to medical emergency professionals. Since it began, the Institute has spearheaded many high-impact research initiatives that will have direct impacts on patient outcomes. The Institute also takes a highly collaborative approach, leading and facilitating research with other pioneering organisations and clinicians. Some of its key focus areas include care for patients suffering strokes, cardiac arrests and rib fractures, as well as broader programs relating to musculoskeletal and mental health problems. The Institute has also developed and piloted an artificial intelligence (AI) tool for managing patient flow and overcrowding, and collaborated with Macquarie University and the Digital Health Cooperative Research Centre to test AI-assisted chest x-ray interpretation.

## KILTER RURAL

Kilter Rural continues to be recognised for its work in the protection of natural capital and sustaining ecosystem function with the Murray Darling Basin Balanced Water Fund (**BWF**) receiving the Australian Financial Review's Sustainability Award 2023 (winner for Environment and Agriculture). BWF has donated over 12,000 megalitres of water since its inception which is the largest private water donation in history. Water is donated to the Environmental Water Trust and is then delivered to wetland systems by the Murray Darling Wetlands Working Group (**MDWWG**) in the southern Murray Darling Basin, in line with a watering plan developed each year. The wetlands are situated largely on privately held lands that include agricultural and horticultural properties and wineries, as well as lands owned by First Nations communities. BWF, since inception, has impacted over 10,000ha for biodiversity improvement outcomes and continues to work with groups, including private land, and in 2022-23 saw 13 rare and threatened plants recorded for the first time in the wetlands. These critical wetlands are foraging and breeding grounds for over 59 waterbird species, including 13 federal or state-listed endangered species.

Kilter Rural launched the new Kilter Agriculture Fund (**KAF**) in 2023 and subsequently merged with the Australian Farmlands Funds (**AFF**) which combined, showcases an aggregation of over 9,500ha in the much sought-after "food bowl" of the Southern Riverina and Northern Victoria. KAF has already revegetated 15% of the land through its Girgarre aggregation and will target 30% native vegetation cover, a significant biodiversity outcome for a high-priority conservation area.

## CHARITABLE FOUNDATION CLASS OF THE VGI PARTNERS MASTER FUND

The VGI Partners Foundation, founded in 2018, aims to enhance social unity, improve the health and wellbeing of Australian children, and support families of individuals who have made substantial personal sacrifices for Australian society. The Foundation's funding is primarily derived from the donated management and performance fees of the VGI Partners Master Fund's Charitable Foundation class. As at 31 December 2023, approximately $2.3 million has been generated from fees for the Foundation since its inception. During the 2023 fiscal year, the Foundation allocated around $253,300 to various organisations, including Dolly's Dream for bullying prevention, RAISE for high school mentoring, the Sydney Jewish Museum, Kids Under Cover to address youth homelessness, the Women's and Girls' Emergency Centre, and Women's Community Shelters. Additionally, Regal Partners staff have the opportunity to participate in a matching program, where their charitable donations are matched by the Foundation, provided the charities align with the Foundation's goals.

# Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

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

21 February 2024

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

Dear Board Members

**Auditor's Independence Declaration to Regal Partners Limited**

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

As lead audit partner for the audit of the financial report of Regal Partners Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountants
Sydney, 21 February 2024

# Consolidated Financial Statements

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

| | NOTE | YEAR ENDED 31 DECEMBER 2023 $'000 | YEAR ENDED 31 DECEMBER 2022[1] $'000 |
|---|---|---|---|
| **Income** | | | |
| Management fees | 5 | 60,767 | 50,570 |
| Performance fees | 5 | 24,706 | 31,648 |
| Share of profit of an associate or joint venture | 6 | 831 | 4,152 |
| Other income incl. net gain on financial assets | | 18,978 | 1,959 |
| **Total net income** | | **105,282** | **88,329** |
| **Expenses** | | | |
| Personnel expenses | 8 | (62,992) | (41,483) |
| Research, IT and communications expenses | | (3,872) | (3,436) |
| Finance and occupancy expenses | | (2,819) | (1,706) |
| Depreciation and amortisation of other intangibles [2] | | (5,763) | (4,347) |
| Operating cost of funds | 5 | (3,615) | (4,954) |
| Other expenses | 9 | (13,938) | (9,537) |
| **Total expenses** | | **(92,999)** | **(65,463)** |
| **Profit before tax** | | **12,283** | **22,866** |
| Income tax expense | 10 | (9,824) | (8,143) |
| **Profit for the period** | | **2,459** | **14,723** |
| **Profit attributable to:** | | | |
| Owners of RPL | | 1,596 | 12,435 |
| Non-controlling interest | | 863 | 2,288 |
| **Earnings per share (EPS) attributable to the owners of RPL:** | | | |
| Basic (cents per share) | 7 | 0.63 | 7.47 |
| Diluted (cents per share) | 7 | 0.56 | 6.13 |
| **Other comprehensive income, net of income tax** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation | | 29 | (210) |
| **Total comprehensive income for the period** | | **2,488** | **14,513** |
| **Total comprehensive income attributable to:** | | | |
| Owners of RPL | | 1,625 | 12,225 |
| Non-controlling interest | | 863 | 2,288 |

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

1 As set out in note 29(B) to the Consolidated Financial Statements, as a result of the reverse acquisition of VGI by Regal Funds Management for accounting purposes, the comparative information for 31 December 2022 represents the results of Regal Funds Management only from 1 January 2022 to 3 June 2022 and the consolidated group results from 4 June 2022 to 31 December 2022.

2 As set out in note 29(B) to the Consolidated Financial Statements, the Group has completed the accounting for the merger, which was provisional in the 2022 Annual Report. As a result, the Group has made retrospective amendments to the comparative information presented during the measurement period, as required by the applicable accounting standards.

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

| | NOTE | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 [1] $'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | | 17,227 | 39,764 |
| Amounts due from brokers | | 52 | 224 |
| Trade and other receivables | 14 | 32,206 | 23,306 |
| Investment in financial assets | 11 | 194,497 | 173,694 |
| Income tax receivable | 10 | – | 2,027 |
| **Total current assets** | | **243,982** | **239,015** |
| Property, plant and equipment | | 1,161 | 835 |
| Loan receivables | | – | 4,200 |
| Deferred tax assets | 10 | 15,177 | 18,888 |
| Right of use assets | 15 | 3,497 | 4,071 |
| Intangible assets | 30 | 368,248 | 218,512 |
| Investment in associates | 28 | 55,181 | 99 |
| Other assets | 13 | 1,999 | 1,809 |
| **Total non-current assets** | | **445,263** | **248,414** |
| **Total assets** | | **689,245** | **487,429** |
| **Liabilities** | | | |
| Trade and other payables | 16 | 6,935 | 3,816 |
| Income tax payable | 10 | 3,535 | – |
| Deferred revenue | | 15,444 | 14,975 |
| Employee entitlements | 12 | 11,227 | 20,517 |
| Lease liabilities | 15 | 2,179 | 1,777 |
| **Total current liabilities** | | **39,320** | **41,085** |
| Employee entitlements | 12 | 983 | 959 |
| Deferred tax liabilities | 10 | 3,656 | 5,800 |
| Lease liabilities | 15 | 1,872 | 2,736 |
| Borrowings | 18 | 42,000 | – |
| Other long-term liabilities | 28 | 22,651 | 100 |
| **Total non-current liabilities** | | **71,162** | **9,595** |
| **Total liabilities** | | **110,482** | **50,680** |
| **Net assets** | | **578,763** | **436,749** |
| **Equity** | | | |
| Share capital | 19 | 526,325 | 378,545 |
| Reserves | 19 | 31,727 | 15,564 |
| Retained earnings | | 17,515 | 38,837 |
| Non-controlling interests | | 3,196 | 3,803 |
| **Total Shareholders' equity** | | **578,763** | **436,749** |

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

1 As set out in note 29(B) to the Consolidated Financial Statements, the Group has completed the accounting for the merger, which was provisional in the 2022 Annual Report. As a result, the Group has made retrospective amendments to the comparative information presented during the measurement period, as required by the applicable accounting standards.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

| | NOTE | SHARE CAPITAL $'000 | RESERVES $'000 | RETAINED EARNINGS $'000 | TOTAL ATTRIBUTABLE TO OWNERS OF RPL $'000 | NON-CONTROLLING INTERESTS $'000 | TOTAL EQUITY [2] $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2022 [1]** | | **10,080** | **7,112** | **58,442** | **75,634** | **3,148** | **78,782** |
| Profit for the period | | – | – | 12,435 | 12,435 | 2,288 | 14,723 |
| Other comprehensive income | | – | (210) | – | (210) | – | (210) |
| Issue of shares on merger | 19 | 260,161 | – | – | 260,161 | – | 260,161 |
| Share issue transaction costs – merger | 19 | (353) | – | – | (353) | – | (353) |
| Issue of shares on capital raise | 19 | 109,987 | – | – | 109,987 | – | 109,987 |
| Share issue transaction costs – capital raise | 19 | (1,330) | – | – | (1,330) | – | (1,330) |
| Share-based payments | 31 | – | 8,662 | – | 8,662 | – | 8,662 |
| Dividends paid | 17 | – | – | (32,040) | (32,040) | (1,633) | (33,673) |
| **Balance at 31 December 2022 [2]** | | **378,545** | **15,564** | **38,837** | **432,946** | **3,803** | **436,749** |
| **Balance at 1 January 2023 [2]** | | **378,545** | **15,564** | **38,837** | **432,946** | **3,803** | **436,749** |
| Profit for the period | | – | – | 1,596 | 1,596 | 863 | 2,459 |
| Other comprehensive income | | – | 29 | – | 29 | – | 29 |
| Issue of shares | 19 | 2,877 | – | – | 2,877 | – | 2,877 |
| Dividend Reinvestment Plan | 19 | 378 | – | – | 378 | – | 378 |
| Share issue transaction costs – business combinations | 19 | (128) | – | – | (128) | – | (128) |
| Transactions with non-controlling interest holders | 19(iii) | – | (2,404) | – | (2,404) | – | (2,404) |
| Issue of Converting Shares | 19 | 143,092 | – | – | 143,092 | – | 143,092 |
| Shares purchased by employee share trust | 19 | (6,057) | – | – | (6,057) | – | (6,057) |
| Share-based payments | 19, 31 | 7,618 | 18,538 | – | 26,156 | – | 26,156 |
| Dividends paid | 17 | – | – | (22,918) | (22,918) | (1,470) | (24,388) |
| **Balance at 31 December 2023** | | **526,325** | **31,727** | **17,515** | **575,567** | **3,196** | **578,763** |

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

1 As set out in note 29(B) to the Consolidated Financial Statements, as a result of the reverse acquisition of VGI by Regal Funds Management for accounting purposes, the comparative information for 31 December 2022 represents Regal Funds Management only from 1 January 2022 to 3 June 2022 and the consolidated group results from 4 June 2022 to 31 December 2022.

2 As set out in note 29(B) to the Consolidated Financial Statements, the Group has completed the accounting for the merger, which was provisional in the 2022 Annual Report. As a result the Group has made retrospective amendments to the comparative information presented during the measurement period, as required by the applicable accounting standards.

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

| | NOTE | YEAR ENDED 31 DECEMBER 2023 $'000 | YEAR ENDED 31 DECEMBER 2022[1] $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts in the course of operations | | 75,846 | 146,118 |
| Income taxes paid | | (3,942) | (16,143) |
| Cash payments in the course of operations | | (57,362) | (99,400) |
| Interest received | | 1,576 | 887 |
| Repayment from other assets | | – | 32 |
| **Net cash inflows / (outflows) from operating activities** | **25** | **16,118** | **31,494** |
| **Cash flows from investing activities** | | | |
| Payments to acquire property, plant and equipment | | (724) | (653) |
| Payments to acquire intangible assets | | (200) | (2,200) |
| Cash obtained on acquisition of business | 29 | 7,844 | 41,458 |
| Broker advances | | 172 | 3,489 |
| Payment to acquire investment in associate | | (34,481) | – |
| Payments to acquire / invest in subsidiaries | | (25,415) | – |
| Payments for purchase of financial assets | | (77,394) | (96,446) |
| Proceeds from sale of financial assets | | 74,790 | – |
| Dividends received from associates | | 2,266 | – |
| Dividends and distributions received | | 1,748 | – |
| Receipts from loan receivables | | 2,108 | 490 |
| Payment for other assets | | (268) | – |
| **Net cash inflows / (outflows) from investing activities** | | **(49,554)** | **(53,862)** |
| **Cash flows from financing activities** | | | |
| Receipts from / (repayments for) borrowings | 18 | 42,000 | (156) |
| Proceeds on issue of shares | 19 | – | 109,987 |
| Payments for purchase by employee share trust | 19 | (6,057) | – |
| Payments related to issue of shares | 19 | – | (2,179) |
| Repayments of lease liabilities | | (2,058) | (2,059) |
| Dividends paid | | (22,539) | (60,040) |
| Interest and financing costs paid | | (711) | – |
| **Net cash inflows / (outflows) from financing activities** | | **10,635** | **45,553** |
| Net (decrease) / increase in cash and cash equivalents | | (22,801) | 23,185 |
| Cash and cash equivalents at the beginning of the year | | 39,764 | 16,599 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | 264 | (20) |
| **Cash and cash equivalents at the end of the year** | | **17,227** | **39,764** |

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

1 As set out in note 29(B) to the Consolidated Financial Statements, as a result of the reverse acquisition of VGI by Regal Funds Management for accounting purposes, the comparative information for 31 December 2022 represents the results of Regal Funds Management only for the period 1 January 2022 to 3 June 2022 and the consolidated group results from 4 June 2022 to 31 December 2022.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 1 CORPORATE INFORMATION

The 2023 Annual Report of Regal Partners Limited (the **Company**) and its controlled entities (together, **Regal Partners** or the **Group**) for the year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 21 February 2024.

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

The registered office and principal place of business of the Group is Level 47 – Gateway, 1 Macquarie Place, Sydney NSW 2000.

The nature of the operations and principal activities of the Group are described in the Directors' Report. Information on the Group and entities comprising the Group is provided in note 27.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Accounting policies adopted have been consistently applied to all periods presented (unless otherwise stated).

### (A) BASIS OF PREPARATION

The 2023 Annual Report for the year ended 31 December 2023 has been prepared in accordance with the *Corporations Act 2001* (Cth), Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (**AASB**) as appropriate for entities operating for profit.

#### Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. Accordingly, the Directors have continued to use the going concern basis of accounting for the preparation of the financial statements.

#### Historical cost convention

The financial statements have been prepared under the historical cost convention, except, where applicable, for the revaluation of financial assets and liabilities at fair value through profit or loss (**FVTPL**). 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 liability, the Group considers 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.

#### Critical accounting estimates

Preparing financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

#### Rounding

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

**Currency**

The Annual Report is presented in Australian dollars ($) unless otherwise stated.

**Comparative information**

As a result of the prior year merger between VGI and Regal Funds Management that was accounted for as a reverse acquisition as detailed in note 29(B), the comparative results represent Regal Funds Management's operations from 1 January 2022 to 3 June 2022 and the combined Group results from 4 June 2022 to 31 December 2022.

## (B) STATEMENT OF COMPLIANCE

Compliance with Australian Accounting Standards ensures that the Group's financial statements and notes comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). Consequently, this annual report has been prepared in accordance with IFRS as issued by the IASB.

## (C) BASIS OF CONSOLIDATION AND SUMMARY OF TRANSACTIONS DURING THE CURRENT AND PREVIOUS PERIODS

**Principles of consolidation**

The Consolidated Financial Statements incorporate the assets and liabilities of all Group subsidiaries as at 31 December 2023 and the results of the Group for the year then ended. Regal Funds Management (the accounting parent entity) and its subsidiaries are summarised in note 27.

Business combinations, including acquisitions of subsidiaries, are initially accounted for on a provisional basis. The Group is permitted to retrospectively adjust the provisional amounts recognised and may also recognise additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on the earlier of either: (i) 12 months from the date of acquisition; or (ii) when the Group receives all the information possible to determine the fair value. Refer to note 29(B) for changes to provisional calculations performed in the current reporting period.

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

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

The following transactions impacted the 2023 Annual Report:

**Transactions completed during the year ended 31 December 2023**

*Acquisition of EPAM*

The Group completed its acquisition of 100% of the ordinary shares of EPAM on 2 August 2023 and as a result gained control of this entity on that date. This transaction is presented as a business combination as required by the Australian Accounting Standards.

EPAM's results are included in the Group's results from the date of acquisition on a line-by-line basis.

*Acquisition of PM Capital Limited*

The Group completed its acquisition of 100% of the ordinary shares of PM Capital on 20 December 2023 and as a result gained control of this entity on that date. This transaction is presented as a business combination as required by the Australian Accounting Standards.

PM Capital's results are included in the Group's results from the date of acquisition on a line-by-line basis.

*Purchase of an additional 10% interest in Attunga Capital Pty Limited*

On 23 August 2023, the Group purchased an additional 10% of the issued share capital in Attunga Capital (a partially owned subsidiary) for additional consideration of $2,400,000.

As a result, the total legal and economic interest of the Group in Attunga Capital increased to 61% (2022: 51%) and was accounted for through equity reserves with a corresponding reduction in non-controlling interests in Attunga Capital.

*Acquisition of 50% of Taurus SM Holdings Pty Limited*

The Group completed its acquisition of 50% of the ordinary shares in Taurus on 4 November 2023 and as a result gained significant influence over this entity from that date.

Taurus' results following the date of acquisition are included in the Statement of Profit or Loss and Other Comprehensive Income as a single line 'share of profit of associate' under the principles of equity accounting. Refer to note 2(j) for further information on the accounting policy adopted.

**Transactions completed during the year ended 31 December 2022**

*Merger between VGI Partners Limited (now Regal Partners Limited) and Regal Funds Management Pty Limited*

On 3 June 2022, VGI (now renamed Regal) acquired all shares in Regal Funds Management in return for the issuance of fully paid VGI shares to Regal Funds Management Shareholders.

## (D) APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group has adopted all new and revised standards and interpretations issued by the AASB that are relevant to its operations and that became mandatory for the current reporting period. This included adopting of AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates which resulted in some amendments to accounting policy wording to disclose 'material accounting policy information' as required by the amendment. This has not had any significant impact on the amounts recognised in the financial statements.

## (E) ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group considers that any accounting standards issued but not yet effective will not have a significant impact on its financial statements in future reporting periods.

## (F) FOREIGN CURRENCIES

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

**Transactions and balances**

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

**Group companies**

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

## (G) CASH AND CASH EQUIVALENTS

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

## (H) AMOUNTS DUE TO OR FROM BROKERS

Amounts due to or from brokers comprise cash paid or received by brokers, on behalf of the Group under prime brokerage agreements and related to margin accounts. Credit risk relating to these transactions is considered to be low due to the short settlement period involved and the high credit quality of the brokers used.

## (I) TRADE AND OTHER RECEIVABLES

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

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

### (J) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

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

The consolidated Statement of Profit or Loss and Other Comprehensive Income (**OCI**) reflects the Group's share of the results of operations of associates and joint ventures (where applicable). Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when a change has been recognised directly in the equity of the associate or joint venture, the Group recognises its share of any change, when applicable, in the consolidated Statement of Changes in Equity.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the consolidated Statement of Profit or Loss and Other Comprehensive Income.

### (K) FINANCIAL INSTRUMENTS

#### Financial assets

*Initial recognition and measurement*

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

Transaction costs related to financial instruments held at FVTPL are immediately expensed to the Statement of Profit or Loss and Other Comprehensive Income.

*Classification*

The Group classifies its financial assets into the following categories:

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

*Subsequent measurement*

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

Financial assets in the 'amortised cost' category are subsequently measured using the effective interest rate (**EIR**) method and are subject to impairment. Gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when the asset is derecognised, modified or impaired.

*Impairment of financial assets*

The ECL model applies to financial assets measured at amortised cost. The Group applies the simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and right of use assets.

**Financial liabilities**

*Initial recognition and measurement*

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

*Classification*

Financial liabilities are classified at amortised cost and consist of trade and other payables, and interest-bearing loans and borrowings.

*Subsequent measurement*

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

Amortised cost is calculated by considering any discount or premium on acquisition and fees, or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated Statement of Profit or Loss and Other Comprehensive Income.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or it expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income.

## (L) INTANGIBLES

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

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

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

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

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

| | MANAGEMENT RIGHTS | INTELLECTUAL PROPERTY | REVENUE SHARE RIGHTS | GOODWILL |
|---|---|---|---|---|
| Useful lives | Finite | Finite | Finite | Indefinite |
| Amortisation method used | Amortised on a straight-line basis over contractual periods or up to 10 years. | Amortised on a straight-line basis over contractual periods or up to 10 years. | Amortised on a straight-line basis over contractual periods or up to 10 years. | No amortisation |

**Goodwill**

Goodwill arises upon the acquisition of a business and is included as part of intangible assets. It is initially recognised on a provisional basis. Goodwill represents the excess of acquisition cost over the fair value of the consolidated entity's share of the net identifiable assets of the entity acquired at the date of acquisition. If the amount is less than the fair value of the net identifiable assets of the entity acquired, the difference is recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income.

**Management rights**

Management rights arise when one or more people act together to participate in or substantially influence the provision of guidance concerning the management, operations or business objectives of the acquired investment portfolio.

**Intellectual property**

Intellectual property arises where the Group pays to acquire assets in the form of utility and design of models, brand names or copyrights from third parties.

### (M) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation rates used are in accordance with the Australian Taxation Office's effective life tables. An asset's residual value and useful life is reviewed, and adjusted if appropriate, at each balance date. The depreciation periods are:

| | |
|---|---|
| Computer equipment | 4 years |
| Office fit-out | 3 - 5 years |
| Office furniture and equipment | 5 - 10 years |

### (N) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

Impairment losses are recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense.

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

### (O) RIGHT OF USE ASSETS

A right of use asset is recognised at the commencement date of a lease. The value of a right of use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, net of any lease incentives received, and any initial direct costs incurred. A right of use asset is depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. The value of the right of use asset is determined with reference to the period over which the consolidated entity is expected to benefit from the lease and will be disclosed as current or non-current accordingly.

### (P) LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the Group's incremental borrowing rate.

## (Q) TRADE AND OTHER PAYABLES

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

## (R) PROVISIONS

### General

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

### Leave entitlements

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

Liabilities for annual leave are recognised in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

## (S) REVENUE RECOGNITION

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

### Investment management services

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

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

### Trust distribution and investment dividend income

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

### Deferred revenue

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

## (T) TAXES

### Current tax

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

### Deferred tax

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

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

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

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the year the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

### (U) SHARE-BASED PAYMENTS

Equity-settled share-based compensation benefits are provided to certain employees, including the Chief Executive Officer (**CEO**), in the form of Performance Share Rights (**PSRs**), which convert to ordinary shares at a future date.

The cost of equity-settled transactions is measured at fair value on the grant date. Fair value is determined using relevant share price trading on the grant date, adjusted for dividend yields on dividend foregone until the PSRs vest at a future period. Unless otherwise determined by the Board, a PSR holder must continue to be employed by the Group until the vesting date. Certain grants may also have a specified performance hurdle as a condition of vesting.

The cost of the equity-settled transactions is recognised as an expense over each grant's vesting period, with a corresponding increase in the share-based payments reserve over the vesting term.

## 3 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, which have significant effect on the amounts recognised in the Consolidated Financial Statements.

**Unconsolidated structured entities**

The Group holds interests in certain investment funds for which Group members provide investment management services. Such interests are not considered to be interests in controlled entities and are recognised in the Consolidated Financial Statements as financial assets held at FVTPL. This classification involves the use of judgement in assessing whether the Group controls each relevant fund, including consideration of the nature and significance of various factors such as the exposure of Group entities to variability of returns for the funds, fees to which Group entities are entitled from the funds, the scope of the Group entities' decision-making authority over the fund and the rights held by third parties to remove Group entities as the fund manager. The nature and extent of the Group's material interest in these entities are included in note 24.

**Accounting for business combinations**

Accounting for acquisitions is inherently complex, requiring a number of judgments and estimates. Management judgement is required to determine the fair value of identifiable assets and liabilities acquired in business combinations. A number of judgements have been made in relation to the identification of fair values attributable to separately identifiable assets and liabilities acquired, including management rights. The Group engaged an external valuation expert to assist with the valuation of the separately identified intangible assets. The determination of fair values required the use of valuation techniques based on assumptions including future cash flows, revenue growth, margins, FUM subscription and/or redemption rates and weighted-average cost of capital.

**Identifying control and significant influence**

The Group has determined that while it owns 50% of the issued ordinary shares of Taurus, it does not control the company. The Group assessed that it has significant influence due to the requirement that the Group's Executive KMP and Taurus' founders who are also directors of Taurus (**founder directors**) have equal representation on the company's Board. In addition, the Group may exercise its authority and responsibility for key planning, directing and controlling Taurus' activities in conjunction with the company's founder directors.

**Recognising performance fees and deferred revenue**

Performance fees from the provision of funds management services are recognised taking into account the terms of individual investment management contracts. The Group recognises performance fee revenue for certain funds managed by the Group when it is highly probable that a significant reversal of cumulative revenue (i.e. performance fees at the end of the contract period) will not occur. The determination of probability of a significant reversal occurring is a judgment and is dependent on the extent to which the fund is above its stated hurdle and high water mark as set out in its investment management agreement and the extent to which gains or losses have been realised by the fund. As the Group provides the fund management services over time, the Group also recognises such performance fees over time. See note 5 for further details. The Group closely monitors investment performance for potential events that may have an adverse impact on performance fees.

## ESTIMATES AND ASSUMPTIONS

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

**Impairment of non-financial assets**

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount of non-financial assets as at 31 December 2023 was determined by calculating the value in use, based on a discounted cash flow model, as described in note 30.

**Taxes**

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

**Estimation of contingent consideration**

The fair value of contingent consideration was estimated by calculating the present value of the future expected cash flows from performance fees earned by Taurus. The performance fees are contingent on certain funds managed by Taurus reaching above-minimum financial return hurdles specified in its investment management agreements.

The fair value was determined using scenarios and forecasts that are based on historical return averages. The estimates were adjusted for the after-tax impact of the dividends RPL would receive as share of profit from the performance fees of certain funds managed by Taurus. The deferred contingent consideration, at a high level, is intended to operate as a pass-through, and accordingly, is not anticipated to draw on RPL's cash balances as it reflects the cash the vendor would have received (on an after-tax basis) as though it had continued to hold its former interest in Taurus. Any dividends paid by Taurus to RPL will reduce the 'investment in associate' balance and reduce the contingent consideration payable to the vendor.

**Fair value measurement of financial instruments**

The fair value of financial instruments that are not traded in an active market (such as financial instruments classified as Level 3 in the fair value hierarchy) is determined using the valuation techniques described in note 21.

**Business combinations**

As discussed in note 29(A), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group, taking into consideration all available information at the reporting date. Fair value adjustments on the finalising of the business combination accounting (including reverse acquisition accounting) is retrospective, where applicable, to the period the combination occurred and may affect the assets and liabilities, depreciation and amortisation reported.

The fair value of contingent consideration transferred as part of a business combination is valued using the inputs and expectations relating to realisation of the relevant business transaction, including meeting business specific performance hurdles and returns on funds managed.

**Share-based payments**

The PSRs expense is adjusted for RPL's estimate of PSRs expected to vest (taking into account factors such as forfeiture by KMP on termination of their employment with RPL).

Further, for the 2025 Long-Term Incentive (**LTI**) Grant, the expense recognised takes into account the probability of meeting a prescribed non-market performance hurdle of 5% per annum growth in normalised and pro forma net profit before tax attributable to RPL Shareholders over three years, calculated based on normalised profit during the year of the grant. It has been determined that it is probable the hurdles will be realised at balance date. Note 31 contains further information.

## 4 OPERATING SEGMENTS

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

## 5 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

**Management fees**

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

**Performance fees**

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

The Group's entitlement to future performance fees depends on the net asset value of the relevant portfolio exceeding a stated hurdle or high-water mark. For funds the Group manages that have a high-water mark, that mark is the net asset value price at the end of the most recent calculation period for which the Group was entitled to a performance fee, adjusted for additions and redemptions.

### DISAGGREGATION OF REVENUE

| | YEAR ENDED 31 DECEMBER 2023 $'000 | YEAR ENDED 31 DECEMBER 2022 $'000 |
|---|---|---|
| **Type of service** | | |
| Investment management services – management fees | 60,767 | 50,570 |
| Investment management services – performance fees [1] | 24,706 | 31,648 |
| **Total investment management services** | **85,473** | **82,218** |
| | | |
| **Costs associated with providing investment management services** | | |
| Operating costs of funds | (3,615) | (4,954) |
| Amortisation of contract assets [2] | (107) | – |

1 The prior year balance excludes $5,600,000 received in performance fees from an associate. When considered together, total revenue generated from performance fees related sources in the prior year was $37,243,000. See note 6 for more details.

2 As set out in note 29(B) to the Consolidated Financial Statements, the Group has completed the accounting for the merger, which was provisional in the 2022 Annual Report. As a result, the Group has made retrospective amendments to the comparative information presented such that contract assets were derecognised and a separately identifiable intangible asset was recognised. The balance of applicable 'amortisation of contract assets' has been adjusted to nil in the current and previous periods and an amortisation of intangible assets has been recognised. The cumulative impact of the adjustment is reflected in the Statement of Profit or Loss for each period presented respectively. The balance in the current period relates to additional contract assets acquired during the period.

## 6 SHARE OF PROFIT OF ASSOCIATE

| | YEAR ENDED 31 DECEMBER 2023 $'000 | YEAR ENDED 31 DECEMBER 2022 $'000 |
|---|---|---|
| Share of profit | 831 | 552 |
| Dividend received from performance fees earned by associate (fully franked) (see below) | – | 3,600 |
| **Total share of profit of associate** | **831** | **4,152** |

The Group acquired a 50% of the issued ordinary shares in Taurus on 4 November 2023. Taurus' results have been included in Group's results from 5 November 2023 to 31 December 2023.

During the comparative year ended 31 December 2022, the Group received a performance fee in the form of a fully franked dividend of $3.6 million (the grossed-up amount is $5.1 million) and a $0.4 million expense reimbursement. These payments crystallised due to performance fees received by the Gresham Resources Royalties Fund.

## 7 EARNINGS PER SHARE (EPS)

| | YEAR ENDED 31 DECEMBER 2023 $'000 | YEAR ENDED 31 DECEMBER 2022 $'000[1] |
|---|---|---|
| Profit after tax for the year attributable to the owners of RPL | 1,596 | 12,435 |

| | Number '000 | Number '000 |
|---|---|---|
| Weighted average number of ordinary shares outstanding during the period, used in calculating basic EPS | 254,735 | 166,386 |
| Weighted average number of ordinary shares outstanding during the period, used in calculating diluted EPS [2] | 283,486 | 202,702 |

| **Earnings per share** | **Cents** | **Cents** |
|---|---|---|
| Basic EPS (cents per share) | 0.63 | 7.47 |
| Diluted EPS (cents per share) | 0.56 | 6.13 |

1 As noted in note 29(B), the comparative period Statement of Profit or Loss and Other Comprehensive income has been revised to reflect the reversal of the amortisation on the 'contract assets' expense and recognition of 'management rights due to the business combination.

2 The impact of the issuance of Converting Shares and PSRs on the calculation of diluted EPS is detailed below.

### Weighted average number of ordinary shares

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

Year ended 31 December 2023: the weighted average number of shares outstanding during the period was not adjusted.

Year ended 31 December 2022: the number of ordinary shares was adjusted for the capital raised by the Group via a non-renounceable accelerated entitlement offer during September 2022. The EPS calculation was adjusted by the 42,302,538 ordinary shares issued.

### Impact of issuance of Converting Shares in connection with the acquisition of PM Capital

Weighted average number of ordinary shares outstanding includes ordinary shares issued as part of consideration transferred in a business combination from the date of issue of those ordinary shares.

The Group includes ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument in the calculation of basic earnings per share from the date the contract was entered into.

The diluted EPS calculation was adjusted for the weighted average number of Converting Shares issued on the business combination with PM Capital on 20 December 2023. Refer to note 29(A) for further detail of the acquisition.

### Impact of issuance of Performance Share Rights

Awards issued under PSRs are included in the calculation of diluted EPS. The weighted average number of PSRs were included in the calculation of diluted EPS.

## 8 PERSONNEL EXPENSES

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Salaries, bonuses and employee benefits | 33,573 | 27,923 |
| Defined contribution superannuation expense | 1,664 | 1,204 |
| Amortisation of PSRs and Restricted Shares – long term incentives | 16,410 | 6,759 |
| Amortisation of PSRs – short term incentives | 9,765 | 3,698 |
| Payroll tax | 1,580 | 1,899 |
| **Total personnel expenses** | **62,992** | **41,483** |

## 9 OTHER EXPENSES

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Legal and professional | 2,071 | 2,465 |
| Insurance | 1,409 | 2,626 |
| Auditor fees (see note 32) | 704 | 438 |
| Acquisition-related costs | 4,253 | 1,767 |
| Contingent consideration on acquisition [1] | 3,818 | – |
| Donations and charitable contributions | 354 | 196 |
| All other | 1,329 | 2,045 |
| **Total other expenses** | **13,938** | **9,537** |

1 Deferred contingent consideration in connection with the initial acquisition of the Group's 51% interest in Attunga Capital.

## 10 INCOME TAXES RELATING TO CONTINUING OPERATIONS

| | | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **10.1** | **Income tax recognised in profit or loss** | | |
| | **Profit before tax from continuing operations** | **12,283** | **22,866** |
| | Prima facie tax at the Australian tax rate of 30% | 3,685 | 6,860 |
| | Non-assessable income and non-deductible expenses | 8,775 | 3,082 |
| | Franking credit benefit derived | (436) | (1,295) |
| | Adjustment to tax charge in respect of previous periods | 139 | 453 |
| | Other adjustments | (2,339) | (957) |
| | **Income tax expense recognised in profit or loss** | **9,824** | **8,143** |
| | Represented by: | | |
| | Current tax | 7,468 | 1,888 |
| | Adjustment to tax charge in respect of previous periods | (240) | (414) |
| | Deferred tax | 2,596 | 6,669 |
| | **Income tax expense recognised in profit or loss** | **9,824** | **8,143** |
| **10.2** | **Income taxes payable/(receivable)** | | |
| | **Income tax payable/(receivable) – opening** | **(2,027)** | **16,073** |
| | Income tax payable acquired on business combination | (368) | 1,350 |
| | Income taxes payable for the financial year | 7,468 | 1,316 |
| | Tax paid during the year, net of any tax refunds | (1,621) | (16,668) |
| | Adjustment to tax charge in respect of previous periods | 83 | (4,098) |
| | **Income taxes payable/(receivable) – closing** | **3,535** | **(2,027)** |
| **10.3** | **Deferred tax balances** | | |
| | **Deferred tax assets – opening** | **18,888** | **24,211** |
| | Deferred tax assets acquired on business combination | 894 | 6,076 |
| | Deductible capital expenditures movement | (7) | 414 |
| | Accruals and provisions, unearned income movement | (19) | (9,925) |
| | Changes in fair value of financial assets | (3,161) | – |
| | Adjustment to tax charge in respect of previous periods | (254) | – |
| | Other | (1,164) | (1,888) |
| | **Deferred tax assets – closing** | **15,177** | **18,888** |
| | **Deferred tax liabilities – opening** | **(5,800)** | **(3,390)** |
| | Deferred tax on acquisition | 404 | (3,806) |
| | Changes in fair value of financial assets | (73) | 1,278 |
| | Equity issuance | 416 | 243 |
| | Contract assets amortisation | 14 | 269 |
| | Adjustment to tax charge in respect of previous periods | (69) | – |
| | Other | 1,452 | (394) |
| | **Deferred tax liabilities – closing** | **(3,656)** | **(5,800)** |

## 11 INVESTMENT IN FINANCIAL ASSETS

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| **Investments in financial assets at FVTPL** | | |
| Listed securities and funds | 84,190 | 44,035 |
| Unlisted funds | 108,173 | 127,462 |
| Unlisted equity securities | 2,134 | 2,197 |
| **Total financial assets** | **194,497** | **173,694** |

Refer to note 21 for further information on fair value measurement.

## 12 EMPLOYEE ENTITLEMENTS

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| Employee benefits – current | 11,227 | 20,517 |
| Employee benefits – non-current | 983 | 959 |
| **Total** | **12,210** | **21,476** |

Employee benefits represent accrued annual leave and long service leave entitlements and other incentives (including any provision for estimated staff incentive payments and related on-costs).

## 13 OTHER ASSETS

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| Contract assets and consideration paid to customers | 243 | – |
| Other assets | 1,756 | 1,809 |
| **Total other assets** | **1,999** | **1,809** |

### Contract assets and consideration paid to customers

The Group may from time to time pay to set up funding vehicles and/or pay customers to commit capital over a period, classifying these activities as 'consideration paid to customers'. The balance in the current period relates to additional contract assets acquired and/or consideration paid to customers during the period.

The Group previously recognised the offer costs and alignment share costs in relation to two listed investment companies VGI Partners Global Investments Limited (**VG1**) and Regal Asian Investments Limited (**RG8**) to which the Group provides investment management services. Amounts relating to contract assets are balances where the Group has transferred services to the customer, but the Group has not yet established an unconditional right to consideration or is paid to obtain the contracts, which are amortised over time.

As set out in note 29(B) to the Consolidated Financial Statements, the Group has completed the accounting for the merger between VGI and Regal Funds Management, which was provisional in the 2022 Annual Report. As a result, the Group has made retrospective amendments to the comparative information presented such that contract assets were derecognised and a separately identifiable intangible asset was recognised. The balance of the applicable 'amortisation of contract assets' has been adjusted to nil in the current and previous periods presented and an amortisation of intangible assets was recognised. The cumulative impact of these adjustment is reflected in the consolidated Statement of Profit or Loss and Other Comprehensive Income for each period presented respectively.

### ALLOWANCE FOR EXPECTED CREDIT LOSSES

Based on the analysis at the end of the reporting period, the impairment under the ECL method is considered to not be material and no amount is recognised in the financial statements.

## 14 TRADE AND OTHER RECEIVABLES

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| Trade receivables and accruals | 31,047 | 22,464 |
| Prepayments | 1,159 | 842 |
| **Total** | **32,206** | **23,306** |

Trade receivables mainly consist of management and performance fees that are received within 30 to 60 days after the balance date.

### ALLOWANCE FOR EXPECTED CREDIT LOSSES

Based on the analysis at the end of the reporting period, the impairment under the ECL method is considered to be immaterial and no amount is recognised in the financial statements.

## 15 LEASES AND RIGHT OF USE ASSETS

The Group has lease contracts for office premises used in its operations. Leases of office premises generally have lease terms between one and five years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets, and some contracts require the Group to maintain certain financial ratios. Several lease contracts include extension and termination options.

The carrying amounts of right of use assets recognised and the movements during the period are set out below.

| RIGHT OF USE ASSETS – OFFICE PREMISES | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| **Opening** | **4,071** | **5,483** |
| Additions | 798 | – |
| Right of use assets acquired on acquisition of business | 596 | 628 |
| Depreciation expense | (1,840) | (2,030) |
| Lease adjustment | (128) | – |
| Exchange differences | – | (10) |
| **Closing** | **3,497** | **4,071** |

The carrying amounts of lease liabilities recognised and the movements during the period are set out below.

| LEASE LIABILITIES | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| **Opening** | **4,513** | **5,765** |
| Additions | 784 | – |
| Lease acquired on acquisition of business | 638 | 731 |
| Accretion of interest | 148 | – |
| Lease adjustment | (19) | – |
| Payments | (2,058) | (2,059) |
| Exchange differences | 45 | 76 |
| **Closing** | **4,051** | **4,513** |
| | | |
| Current | 2,179 | 1,777 |
| Non-current | 1,872 | 2,736 |
| **Total** | **4,051** | **4,513** |

## 16 TRADE AND OTHER PAYABLES

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| **Current** | | |
| Trade payables | 3,374 | 1,260 |
| Other creditors and accruals | 2,170 | 1,275 |
| GST payable (net) | 1,391 | 1,281 |
| **Total** | **6,935** | **3,816** |

## 17 DIVIDENDS

Since the end of the financial year, the Directors have determined to pay a fully franked dividend for the year ended 31 December 2023 of 5.0 cents per share to be paid on 18 April 2024.

The Company paid the following dividends (totalling $22,918,000 or 9.0 cents per share) during the year ended 31 December 2023:

- The final dividend for the year ended 31 December 2022: 4.0 cents per share fully franked, totalling $10,184,000, with a record date of 7 March 2023 and payment date of 22 March 2023.
- The interim dividend for the half-year ended 30 June 2023: 5.0 cents per share fully franked, totalling $12,734,000, with a record date of 30 August 2023 and payment date of 14 September 2023.

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan (**DRP**) is in operation for RPL Shareholders and the fully franked final dividend for 2023 of 5.0 cents per share qualifies for the DRP.

### FRANKING CREDITS

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| Franking credits available for subsequent financial years | 30,888 | 30,960 |

The above amounts comprise the balance of the franking account at the end of the reporting period, adjusted for franking credits that will arise/(reduce) from the payment/(receipt) of the provision for income tax.

The dividend determined by the Directors on 21 February 2024 will be franked out of existing franking credits, or out of franking credits arising from the payment of income tax.

## 18 BORROWINGS

The Group has access to the following credit facilities:

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| **Non-current** | | |
| Facility used | 42,000 | – |
| Facility unused | 8,000 | – |

The Group established a $50 million unsecured corporate credit facility with HSBC for a term of two years and 11 months from July 2023 to June 2026. The facility has an interest rate equal to BBSY plus a 1.25% margin.

The Group has agreed to various debt covenants including a maximum ratio of gross debt to earnings before interest, taxes, depreciation and amortisation (**EBITDA**) and minimum interest cover. The Group was compliant with the covenants as at 31 December 2023.

## 19 ISSUED CAPITAL AND RESERVES

### ISSUED CAPITAL

| | 2023 NUMBER | 2022 NUMBER | 2023 $'000 | 2022 $'000 |
|---|---|---|---|---|
| Fully paid ordinary shares | 257,345,572 | 253,815,228 | 389,418 | 378,545 |
| Shares purchased by employee share trust | (2,600,000) | – | (6,057) | – |
| Total ordinary share capital | 254,745,572 | 253,815,228 | 383,361 | 378,545 |
| | | | | |
| Converting redeemable preference shares issued on business combination, net of transaction costs | 68,819,483 | – | 142,964 | – |
| Total issued capital | 323,565,055 | 253,815,228 | 526,325 | 378,545 |

**Fully paid ordinary share capital**

Refer to below the movement in ordinary share capital during the current and previous periods.

| DETAILS | DATE | SHARES | $'000 |
|---|---|---|---|
| | **1 January 2022** | **114,286** | **10,080** |
| Ordinary shares relinquished on reverse acquisition (i) | 3 June 2022 | (114,286) | – |
| New shares issued in RPL on reverse acquisition (i) | 3 June 2022 | 141,008,460 | – |
| Shares to effect the deemed acquisition of VGI (i) | 3 June 2022 | 70,504,230 | 260,161 |
| Share issue transaction costs (i) | 3 June 2022 | – | (353) |
| Shares issued on entitlement offer – institutional component (ii) | 14 September 2022 | 32,078,016 | 83,403 |
| Shares issued on entitlement offer – retail and shortfall component (ii) | 14 September 2022 | 10,224,522 | 26,584 |
| Share issue transaction costs, net of tax benefits (ii) | 14 September 2022 | – | (1,330) |
| | **31 December 2022** | **253,815,228** | **378,545** |
| | | | |
| Shares issued in consideration for revenue share (iii) | 28 February 2023 | 788,195 | 2,877 |
| Shares issued under DRP (iv) | 22 March 2023 | 65,235 | 196 |
| Shares issued on conversion of PSRs into ordinary shares (v) | 31 August 2023 | 2,599,628 | 7,618 |
| Shares issued under DRP (iv) | 14 September 2023 | 77,286 | 182 |
| Shares purchased by employee share trust (vi) | 26 September 2023 | (2,600,000) | (6,057) |
| | **31 December 2023** | **254,745,572** | **383,361** |

**Nature and purpose of issuances**

(i) Merger-related issued capital transactions (3 June 2022): Refer to note 29(B) for further information on ordinary shares issued as part of the merger between VGI and Regal Funds Management.

(ii) Entitlement Offer (14 September 2022): During the comparative year ended 31 December 2022, the Group raised $109,987,000 ($107,808,000 net of fees) via a one-for-five non-renounceable accelerated entitlement offer and shortfall placement (the **Offer**). Shares issued under the Offer rank equally with all then existing fully paid ordinary RPL shares on issue. Under the Offer, a total of 42,302,538 ordinary shares in RPL were issued at $2.60 per share.

(iii) Shares issued as consideration for a revenue share (28 February 2023): During the year ended 31 December 2023, the Group issued 788,195 shares, subject to escrow arrangements, to an offshore-based institutional seed investor in the East Point Asset Management Fund (and agreed to provide additional deferred consideration if certain conditions were met) as consideration for the transfer of revenue share rights from the institutional seed investor to the Group.

(iv) Shares issued under DRP (22 March 2023 and 14 September 2023): the Group operates a DRP under which eligible RPL Shareholders may reinvest their dividend into new RPL shares.

(v) Shares issued on conversion of PSRs into ordinary shares (31 August 2023): During the year ended 31 December 2023, 2,599,628 PSRs granted under the Deferred Bonus Grant in 2022 matured and were converted into ordinary RPL shares.

(vi) Shares purchased by employee share trust (26 September 2023): The Group established an employee share trust, for which Certane CT Pty Limited (**Certane**) is the external trustee. The Group instructed Certane to acquire up to 2.6 million shares in RPL via on-market purchases. The purpose of the purchases was to satisfy the future delivery of RPL shares as a result of the vesting of PSRs. The trust purchased 2.6 million shares at a volume weighted average price of $2.3248 per share.

The consideration paid is deducted from the total issued capital of the Company. These shares are recorded at cost and when delivery of future shares occurs (which is dependent on vesting and exercise of the PSRs), the cost of such shares will be reflected in the share-based payments reserve.

**Converting redeemable preference shares – issued in connection with the acquisition of PM Capital**

Refer to the movement in Converting Shares during the current period below:

| DETAILS | DATE | SHARES | $'000 |
|---|---|---|---|
| | **1 January 2023** | **–** | **–** |
| Converting Shares issued on acquisition of PM Capital | 20 December 2023 | 68,819,483 | 143,092 |
| Share issue transaction costs, net of tax benefits | 20 December 2023 | – | (128) |
| | **31 December 2023** | **68,819,483** | **142,964** |

**Nature and purpose of issuance**

The Group issued 68,819,483 converting redeemable preference shares in connection with the acquisition of 100% of PM Capital (in addition to cash consideration). The rights and key terms of the Converting Shares are summarised below:

- **Attendance** (non-voting) rights: holders of the Converting Shares are entitled to receive notice of and attend general meetings of the Company, but do not have any right to vote at a general meeting of the Company.
- **Dividends**: each Converting Share ranks equally in respect of payment of dividends to ordinary shares, and equally amongst all other shares.
- **Conversion**: each Converting Share will convert into ordinary shares based on satisfying specified timing or performance requirements, as set out in the following schedule.

| CONVERTING SHARE | CONDITIONS AROUND CONVERSION | CONVERSION DATES | NO. OF CONVERTING SHARES |
|---|---|---|---|
| Deferred 2024 | Conditional on portfolio management targets | 30 September 2024 | 13,234,516 |
| Deferred 2025 | Conditional on portfolio management targets | 30 September 2025 | 13,234,516 |
| Deferred 2026 | Conditional on portfolio management targets | 30 September 2026 | 15,881,419 |
| Deferred 2026 | Unconditional | 30 September 2026 | 5,293,807 |
| | | **Total Deferred** | **47,644,258** |
| Contingent 2026 -2028 | Conditional on revenue targets – at each testing date:<br>– None will convert if realised revenue (net of rebates) from 1 July 2023 to 1 July 2028 (**Revenue Realised**) earned by PM Capital is less than $120 million over a 5-year period<br>– 50% or more will convert if Revenue Realised earned by PM Capital is more than $120 million but less than $150 million over a 5-year period (conversion occurring on a linear scale)<br>– 100% will convert if Revenue Realised earned by PM Capital is more than $150 million over a 5-year period<br>– 100% will convert if the external fee-generating FUM managed by PM Capital exceeds $3.5 billion during the conversion period | Between 1 July 2026 to 1 July 2028 | 21,175,225 |
| | | **Total Contingent** | **21,175,225** |

- **Redemption**: the Company will have a right to redeem Converting Shares that have not converted to ordinary shares prior to 1 August 2028 (excluding 5,293,807 Converting Shares that are not subject to the Company's right of redemption) in specific circumstances. The Converting Shares will be redeemable at a price of $0.001 per Converting Share.

– **Transferability**: a holder of the Converting Shares may not transfer the shares during the vesting period.

## CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard its ability to continue as a going concern while maximising returns for Shareholders.

The capital structure of the Group consists of debt and equity. The equity portion comprises share capital, reserves and retained earnings, and the debt portion comprises an unsecured corporate credit facility.

Various entities in the Group are subject to regulatory financial requirements by virtue of holding Australian Financial Services Licences or similar licences with foreign regulators (the **Licences**). During the year ended 31 December 2023, the Group satisfied the liquidity requirements under the respective licences and there have been no reportable instances of non-compliance with externally imposed capital requirements.

## RESERVES

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| Foreign currency translation reserve (i) | 553 | 524 |
| Share-based payments reserve (ii) | 33,578 | 15,040 |
| Other capital reserves (iii) | (2,404) | – |
| **Total** | **31,727** | **15,564** |

## NATURE AND PURPOSE OF RESERVES

### (i) Foreign currency translation reserve

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

### (ii) Share-based payments reserve

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

### Prior to the merger on 3 June 2022

Prior to the merger between VGI and Regal Funds Management, the Group (under Regal Funds Management) maintained an Employee Share Opportunity Plan under which a number of shares were granted to employees, vesting over a period of up to five years across various tranches. On completion of the merger, the Employee Share Opportunity Plan matured and all employee shares vested and were transferred to the Company on the merger date. Any surplus balances from the share-based payments reserve were transferred to retained earnings.

Prior to the merger, VGI issued 698,061 ordinary shares under a Restricted Share Plan for employees. This is recognised as a Group share-based payment and will vest in June 2024. The market value of those ordinary shares is recognised as an expense in the consolidated Statement of Profit or Loss and Other Comprehensive Income over the vesting period.

### Since the merger from 4 June 2022

On 23 August 2022, RPL approved the granting of awards under the terms of the Company's Employee Incentive Plan to improve alignment of employees with Shareholders across the merged entity.

The awards were granted in three parts: a Deferred Bonus Grant, an Integration Grant and an LTI Grant. A Deferred Bonus Grant totalling $15.6 million was granted to recipients as a partial deferral of annual bonuses into rights that will vest over two years. A $25.5 million Integration Grant and a $40.5 million LTI Grant were granted to the Group's employees and the Chief Executive Officer and Managing Director. Rights issued under the Integration Grant and LTI Grant vest over about three years.

On 22 August 2023, RPL approved the grant of awards with an accounting fair value of approximately $4.6 million to certain employees under the Deferred Bonus Grant as a partial deferral of annual bonuses into rights that will vest over two years.

The LTI Grant issued in the previous comparative period is subject to certain company-specific performance hurdles. The grant of rights under the Integration Grant and the LTI Grant is expected to be a one-off grant, with any future LTI plan subject to different performance hurdles.

Refer to note 31 for further details about the awards granted.

**(iii) Other capital reserves**

Other capital reserves are used to record additional equity interests purchased in partially owned subsidiaries.

On 23 August 2023, the Group purchased an additional 10% of the issued share capital in Attunga Capital (a partially owned subsidiary) for approximately $2.4 million, increasing the Group's total legal and economic interest in Attunga Capital to 61%. The incremental purchase price was reflected in other capital reserves with a corresponding reduction in non-controlling interests.

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's activities expose it to a variety of financial risks, including market risk (such as foreign currency, interest rate and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses different methods, including sensitivity analyses, to measure different types of risk to which it is exposed.

In particular, the Group manages the investments of certain funds and clients where it is entitled to receive management fees and fees contingent on the performance of the portfolio managed, on an annual basis or less frequently. All fees are exposed to significant risk associated with the funds' performance, including market risks (interest rate risk and, indirectly, market risk and foreign exchange risk) and liquidity risk, as detailed below.

Risk management is carried out by senior management and reviewed by the Board and discussed at Board meetings. Management identifies and evaluates financial risks.

### MARKET RISK

**Foreign exchange risk**

Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities, denominated in a currency that is not the entity's functional currency. The Group undertakes certain transactions denominated in foreign currencies (mainly US dollars and Singaporean dollars). The balances at the reporting date are not material and a 10% movement in those balances would not cause a significant fluctuation in the profit or loss or equity of the Group.

**Price risk**

Price risk is the risk that the value of investments held by the Group and classified in the Statement of Financial Position as financial assets at FVTPL will increase or decrease as a result of changes in equity prices in the local currency (caused by factors specific to the individual stock or the market as a whole), exchange rate movements or a combination of both.

The Group invests its own capital in the investment portfolios or funds it manages to diversify its sources of revenue, seed new alternative investment strategies and deploy the Group's available surplus capital in revenue-generating assets.

**Market risk impacts**

An increase of 5% in market prices would have had the following impact as at 31 December:

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| **A 5% increase in market prices would result in:** | | |
| Net change in fair value of financial assets | 9,725 | 8,685 |
| **Impact on net profit before tax** | **9,725** | **8,685** |

A decrease of 5% in market prices would have an equal but opposite impact on net profit before tax.

**Interest rate risk**

Interest rate risk is the possibility that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group's main interest rate risk arises from cash and cash equivalents and borrowings. The Group holds substantial cash positions, including those held at prime brokers, that are directly affected by interest rate movements.

As at the reporting date, the following financial assets and liabilities of the Group were exposed to interest rate risk:

| | FIXED $'000 | FLOATING $'000 |
|---|---|---|
| **31 December 2023:** | | |
| Cash and cash equivalents | – | 17,227 |
| Amounts due from brokers | – | 52 |
| Other assets | 184 | 1,572 |
| Borrowings | – | (42,000) |
| **31 December 2022:** | | |
| Cash and cash equivalents | – | 39,764 |
| Amounts due from brokers | – | 224 |
| Other assets | 536 | 1,273 |

The following table demonstrates the impact of a 1% change in interest rates on net profit after tax for the year ended 31 December 2023, with all other variables held constant:

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| **Net impact on profit/(loss) after tax** | | |
| + 1% | (230) | 418 |
| - 1% | 230 | (418) |

## CREDIT RISK

Credit risk relates to the risk of a counterparty defaulting on a financial obligation, resulting in a loss to the Group.

Credit risk arises from the financial assets of the consolidated entity, including cash, term deposits, trade receivables, balances held at prime brokers, and contract assets. All term deposits (included in other assets in the Statement of Financial Position) and cash balances are held with Australian banks and their 100% owned banking subsidiary institutions that have a Standard & Poor's (**S&P**) A-2 rating (2022: A-2) to mitigate any associated credit risk. The Group is not exposed to any material risk relating to the receivables balance, as these amounts primarily relate to performance and management fees, which are settled between 30 and 60 days after being invoiced and are managed internally within the Group.

The maximum exposure to direct credit risk at the balance date is the carrying amount recognised in the above identified financial assets and the contract assets in the Statement of Financial Position.

## LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its liabilities. The Group's policy is to maintain liquid assets sufficient to cover a proportion of future overhead expenses, without considering additional management revenue that will be received in that period or the maturity of financial liabilities.

Further, the Group invests a proportion of its capital in the investment portfolios or funds it manages. The Group's policy is to maintain a proportion of the investment in those investment portfolios or funds that have daily or monthly liquidity that can be used by the Group as and when required.

The following tables detail the remaining contractual maturity of the Group's financial liabilities. The tables have been prepared based on the undiscounted cash flows of financial liabilities at the earliest date on which the Group can be required to pay. Except for the lease liability and borrowings, no interest is payable on these financial liabilities. Accordingly, only principal cash flows have been disclosed.

| CONSOLIDATED – 2023 | LESS THAN 1 MONTH $'000 | BETWEEN 1 AND 12 MONTHS $'000 | BETWEEN 1 AND 5 YEARS $'000 | 5+ YEARS $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| Trade and other payables | 6,935 | – | – | – | 6,935 |
| Employee entitlements | – | 11,227 | 983 | – | 12,210 |
| Lease liabilities | – | 2,179 | 1,872 | – | 4,051 |
| Deferred revenue | – | 15,444 | – | – | 15,444 |
| Borrowings | – | – | 42,000 | – | 42,000 |
| **Total** | **6,935** | **28,850** | **44,855** | **–** | **80,640** |

| CONSOLIDATED – 2022 | LESS THAN 1 MONTH $'000 | BETWEEN 1 AND 12 MONTHS $'000 | BETWEEN 1 AND 5 YEARS $'000 | 5+ YEARS $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| Trade and other payables | 3,816 | – | – | – | 3,816 |
| Employee entitlements | – | 20,517 | 959 | – | 21,476 |
| Lease liabilities | – | 1,777 | 2,736 | – | 4,513 |
| Deferred revenue | – | – | 14,975 | – | 14,975 |
| **Total** | **3,816** | **22,294** | **18,670** | **–** | **44,780** |

## 21 FAIR VALUE MEASUREMENT

The Group measures and recognises its investments as financial assets and liabilities at FVTPL, on a recurring basis.

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

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

### FAIR VALUE IN AN ACTIVE MARKET (LEVEL 1)

The fair value of investments in financial assets at FVTPL is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets at FVTPL held by the Group is the current last traded price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

### FAIR VALUE IN AN INACTIVE MARKET OR UNQUOTED MARKET (LEVEL 2 AND LEVEL 3)

The fair value of investments in financial assets at FVTPL that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's-length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

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

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the security.

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

| 31 DECEMBER 2023 | LEVEL 1 $'000 | LEVEL 2 $'000 | LEVEL 3 $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Investments in financial assets at FVTPL** | | | | |
| Listed securities and funds | 84,190 | – | – | 84,190 |
| Unlisted funds | – | 108,173 | – | 108,173 |
| Unlisted equity securities | – | – | 2,134 | 2,134 |
| **Total financial assets** | **84,190** | **108,173** | **2,134** | **194,497** |

| 31 DECEMBER 2022 | LEVEL 1 $'000 | LEVEL 2 $'000 | LEVEL 3 $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Investments in financial assets at FVTPL** | | | | |
| Listed securities and funds | 44,035 | – | – | 44,035 |
| Unlisted funds | – | 127,462 | – | 127,462 |
| Unlisted equity securities | – | – | 2,197 | 2,197 |
| **Total financial assets** | **44,035** | **127,462** | **2,197** | **173,694** |

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

**Transfers between levels**

The Group's policy is to recognise transfers between levels at the end of the financial reporting period. There were no transfers between levels for recurring fair value measurements during the year ended 31 December 2023 (31 December 2022: nil).

## FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

**Reconciliation of Level 3 securities**

The Group holds investments in unlisted equity securities as detailed in note 11. These investments were acquired by the Group on their acquisition date at fair value. The fair value of these investments at the end of the financial reporting period was $2,134,000 (2022: $2,197,000). The movement in the fair value during the year was due to a $41,000 unrealised foreign exchange loss (2022: gain of $147,000) and an unrealised loss recognised in profit or loss of $22,000 (2022: $4,860,000).

**Valuation process and methodology – Level 3**

Unlisted equity securities classified as Level 3 relate to an investment in an unlisted company denominated in US dollars. Where possible, the investment is valued based on recent market transactions involving the securities of the unlisted company.

The value of any foreign currency denominated transactions are converted into the Group's presentation currency in accordance with the accounting policy at note 2(f).

Where there are no recent market transactions or the information is otherwise unavailable, the value is measured using alternative valuation techniques. These techniques include income and market-derived valuations that incorporate market unobservable inputs.

As at 31 December 2023, the Group valued the unlisted equity securities using recent arm's-length market transactions during the year involving the securities of the unlisted company (which was the significant unobservable input) adjusted for a discount applied by management, where applicable.

As at 31 December 2023, a +/-10% movement in that price would have resulted in a corresponding +/-$213,000 movement in the pre-tax profit or loss of the Group respectively (2022: +/- $219,000).

## 22 RELATED-PARTY TRANSACTIONS

### ULTIMATE PARENT ENTITY

Regal Partners Limited is the ultimate parent entity.

### SUBSIDIARIES

Interests in subsidiaries are set out in note 27.

### ASSOCIATES

Interests in associates are set out in note 28.

### KEY MANAGEMENT PERSONNEL

Disclosures relating to KMP are set out in note 26, and in the Remuneration Report included in the Directors' Report.

### RELATED-PARTY TRANSACTIONS

The Group provides investment management services to the following related parties (together, **the Regal Partners Funds**):

- listed investment vehicles: Regal Investment Fund (ASX:RF1), Regal Asian Investments Limited (ASX:RG8), VGI Partners Global Investments Limited (ASX:VG1) and PM Capital Global Opportunities Fund Ltd (ASX:PGF);
- unlisted trusts and wholesale funds managed by the Group; and
- other investment portfolios (including separately managed accounts and limited partnerships) and investment funds located in Australia and foreign jurisdictions.

**Related-party fees and operating cost of funds**

The total related-party fees recognised in the periods ended 31 December 2023 and 31 December 2022 are set out in the following table. In addition, the Group pays certain operating costs of the Regal Partners Funds.

| | 2023 ($) | 2022 ($) |
|---|---|---|
| Management and performance fees received/receivable from unconsolidated unlisted vehicles | 56,884,102 | 60,078,534 |
| Net expenses (paid/payable) on behalf of unlisted vehicles | (1,345,751) | (1,358,411) |
| Management and performance fees received/receivable from listed vehicles | 16,579,461 | 10,044,773 |
| Net expenses (paid/payable) on behalf of listed vehicles | (950,040) | (678,461) |

The Group also receives management and performance fee income from non-related parties.

**Related-parties' holdings of units in listed and unlisted vehicles**

As at 31 December 2023, the value of KMP and/or their related parties' holdings in unlisted trusts, wholesale funds and listed investment vehicles was $15,442,540 (2022: $5,918,222).

**Group's holdings in listed and unlisted vehicles**

Investments held by the Group in the listed and unlisted vehicles managed by the Group are detailed in note 24.

### LOANS TO AND FROM RELATED PARTIES

On 23 February 2023, a $1,000,000 loan was provided to Kilter Investments Pty Ltd in connection with the launch of the Kilter Agriculture Fund. During the year, the loan was repaid via conversion into ordinary units in the Kilter Agriculture Fund in connection with the launch of that fund.

### TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions, and at market rates.

## 23 PARENT ENTITY DISCLOSURES

Parent entity disclosures are prepared on the basis that Regal Partners Limited is the legal parent and disclosing entity.

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| **Results of the parent entity – Regal Partners Limited** | | |
| Profit / (loss) after income tax for the period | 3,538 | (222) |
| Other comprehensive loss | – | (93) |
| **Total comprehensive gain / (loss) for the period** | **3,538** | **(315)** |
| | | |
| **Financial position of parent entity at year end** | | |
| Total assets | 669,581 | 471,175 |
| Total liabilities | (73,100) | (6,172) |
| **Net assets** | **596,481** | **465,003** |
| | | |
| **Total equity of the parent entity, comprising:** | | |
| Share capital | 627,406 | 479,626 |
| Reserves | 2,365 | (723) |
| Accumulated losses* | (33,290) | (13,900) |
| **Total equity** | **596,481** | **465,003** |

* Subsequent to year end, the parent entity received dividend income from the various entities in the Group such that the accumulated losses were $9,980,000. The Group had a positive retained earnings balance from a Group perspective at 31 December 2023.

### GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2023 or 31 December 2022.

### CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 31 December 2023 or 31 December 2022.

### CAPITAL COMMITMENTS

The parent entity had no capital commitments as at 31 December 2023 or 31 December 2022.

### MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2.

## 24 UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements.

The Group manages several investment funds and holds an interest in these unconsolidated structured entities by receiving management and performance fees and holds an interest in structured entities via direct investment in the form of 'seed capital'. These funds are considered unconsolidated structured entities representing individually managed accounts, wholesale investment schemes in the form of unlisted trusts, offshore domiciled companies and listed investment companies.

On 3 October 2022, the Group seeded the Regal Private Credit Opportunities Fund. During the year ended 31 December 2023, the Group raised external capital in the Regal Private Credit Opportunities Fund, which diluted the Group's ownership interest in this fund. On 1 December 2023, the Group participated in the seeding of the Regal Partners Private Fund.

These unconsolidated structured entities invest in a range of asset classes. The unconsolidated structured entities have investment objectives and policies that are subject to the terms and conditions of their respective offering documentation. However, all unconsolidated structured entities invest capital from investors in a portfolio of assets, to provide a return to those investors from capital appreciation of those assets, income from those assets, or both. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold. The unconsolidated structured entities are financed through equity capital provided by investors, in which the Group does not hold any material equity interest.

The nature and extent of the Group's interests in unconsolidated structured entities are summarised below.

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Carrying value of assets held at FVTPL | | |
| Listed securities and funds | 84,190 | 44,035 |
| Unlisted funds | 108,173 | 127,462 |
| **Total carrying value of assets** | **192,363** | **171,497** |
| Maximum exposure to loss | | |
| Listed securities and funds | 84,190 | 44,035 |
| Unlisted funds | 108,173 | 127,462 |
| **Total maximum exposure to loss** | **192,363** | **171,497** |

Unless specified otherwise, the Group's maximum exposure to loss is the total of its on-balance sheet positions as at the reporting date. There are no additional off-balance sheet arrangements that would expose the Group to potential loss in respect of unconsolidated structured entities.

During the year, the Group earned management fee income and performance fee income of $50,596,000 (2022: $47,587,000) from structured entities.

## 25 CASH FLOW INFORMATION

### (A) RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOWS FROM OPERATING ACTIVITIES

| | 2023 $'000 | 2022 $'000 |
|---|---|---|
| Profit for the period | 2,459 | 14,723 |
| Adjustments to profit after tax: | | |
| Depreciation and amortisation | 5,447 | 2,351 |
| Non-cash items (includes investing activities including reinvestment of dividends and distributions received) | (6,158) | (1,044) |
| Fair value (gains) / losses and movements in financial assets | (7,445) | 7,876 |
| Share-based payments | 26,156 | 8,663 |
| Net foreign exchange (gain)/loss | (207) | (831) |
| Amortisation of contract assets | – | 2,130 |
| Share of profit of an associate | (831) | (99) |
| Amortisation of intangible assets | – | 1,477 |
| Movements in working capital: | | |
| Decrease/(increase) in trade and other receivables | (10,521) | 42,840 |
| Decrease/(increase) in other assets | (268) | (82) |
| Decrease/(increase) in financial assets and other assets | 4,200 | (7,360) |
| Decrease/(increase) in deferred revenue | 469 | (2,621) |
| Increase/(decrease) in employee entitlements | (8,811) | (21,764) |
| Increase/(decrease) in trade and other payables | 5,746 | (8,963) |
| Increase/(decrease) in taxes | 5,882 | (5,802) |
| **Net cash inflows from operating activities** | **16,118** | **31,494** |

### (B) NON-CASH INVESTING AND FINANCING ACTIVITIES

Non-cash investing activities during the year include $7,831,000 relating to dividend and distribution income from investments held by the Group, where additional interests in the investments were acquired in accordance with their respective dividend or distribution reinvestment plans (31 December 2022: $1,506,000). Further, various acquisitions were made during the year that involved the issue of shares. These are detailed in note 29.

Non-cash financing activities during the year were $378,000 and related to shareholders' participation in the Company's DRP (31 December 2022: nil).

## 26 KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation of Directors and other Company and Group KMP is set out below. As at 31 December 2023, there were six KMP (31 December 2022: seven). The table summarises remuneration paid in both the current and previous periods.

| | **2023 ($)** | **2022 ($)** |
|---|---:|---:|
| Short-term and other non-monetary employment benefits | 1,734,440 | 2,700,435 |
| Post-employment benefits | 129,342 | 102,097 |
| Other long-term benefits | 38,431 | 45,375 |
| Share-based payments | 1,793,308 | 708,552 |
| **Total** | **3,695,521** | **3,556,459** |

Detailed remuneration disclosures are provided in the Remuneration Report on page 29.

## 27 SUBSIDIARIES

| NAME OF SUBSIDIARY | 31 DECEMBER 2023 (% OWNED) | 31 DECEMBER 2022 (% OWNED) |
|---|---|---|
| **Operating entities** | | |
| Regal Funds Management Pty Limited (head entity for accounting purposes) | | |
| Regal Funds Management Asia Pte Limited | 100.00 | 100.00 |
| RFM Capital Pty Ltd | 100.00 | 100.00 |
| Regal Partners Marketing Services Pty Limited (formerly Regal ESOP Pty Ltd) | 100.00 | 100.00 |
| Kilter Pty Ltd | 61.49 | 61.49 |
| Kilter Investments Pty Ltd | 61.49 | 61.49 |
| Kilter Management Services Pty Ltd | 61.49 | 61.49 |
| Attunga Capital Pty Ltd [1] | 61.00 | 51.00 |
| Regal Asian Investments Management Pty Limited (formerly VGI Partners Asian Investments Management Pty Limited) | 100.00 | 100.00 |
| VGI Partners Principal Investments Pty Limited | 100.00 | 100.00 |
| VPPI No.1 Pty Limited | 100.00 | 100.00 |
| Regal Partners US, Inc. (formerly VGI Partners, Inc.) | 100.00 | 100.00 |
| VGI Partners Agricultural Investments No.1 Pty Ltd | 100.00 | 100.00 |
| Regal Partners Foundation Pty Limited (formerly VGI Partners Foundation Pty Ltd) [2] | 100.00 | – |
| Regal Partners Royalties Holdings Pty Limited (formerly, VGI Partners Private Partnerships 1A Pty Ltd (VPPP 1A)) | 100.00 | 100.00 |
| Regal Partners Royalties A Pty Limited (formerly VGI Partners Share Plan Pty Limited) | 100.00 | 100.00 |
| East Point Asset Management Limited [3] | 100.00 | – |
| PM Capital Limited [3] | 100.00 | – |
| **Non-operating entities** | | |
| VGI Partners Private Partnerships 1B Pty Ltd (VPPP 1B) | 100.00 | 100.00 |
| VGI Partners Private Partnerships 1C Pty Ltd (VPPP 1C) | 100.00 | 100.00 |
| VGI Partners Investments Pty Limited | 100.00 | 100.00 |
| Vichingo Global Investments Pty Limited | 100.00 | 100.00 |
| Vichingo Global Investors Pty Limited | 100.00 | 100.00 |

1 On 23 August 2023, the Group purchased an additional 10% of the issued share capital in Attunga Capital (a partially owned subsidiary) for approximately $2.4 million. As a result, the total legal and economic interest of the Group in Attunga Capital increased to 61%.

2 On 19 November 2023, the Group acquired the issued capital of Regal Partners Foundation Pty Limited (formerly VGI Partners Foundation Pty Ltd) as trustee for the VGI Partners Foundation.

3 The Group acquired 100% interests in EPAM and PM Capital during the year. Refer to note 29 for more details on the business combinations.

## 28 INTERESTS IN ASSOCIATES AND JOINT VENTURE ENTITIES

### INVESTMENT IN ASSOCIATES

On 4 November 2023, the Group acquired 50% of the ordinary shares of Taurus, a specialist provider of financing solutions to global mid-tier and junior mining companies. The principal place of business for Taurus is Sydney, New South Wales, Australia. However, Taurus has operations in Western Australia, Victoria, the Cayman Islands, France and the United Kingdom.

The transaction involved an upfront consideration of approximately $34,500,000 in cash (after net debt and working capital adjustments), with deferred contingent consideration with respect to the after-tax performance fees (that is, the 'carry') on certain funds also to be paid in cash. The estimated deferred contingent consideration was recognised in the Statement of Financial Position as an 'other long-term liability' for $22,036,000. At a high level, the deferred contingent consideration is intended to operate as a 'pass-through' (that is it will be extinguished on receipt of dividend from the associate) as and when it is received and accordingly, will not draw on the Group's cash balances.

The investment is accounted by the Group as an associate, with equity accounting adopted on a statutory basis. The Group's share of the associate's profit or loss is presented in the 'share of profit of associate' item in the Statement of Profit or Loss for the period from 5 November 2023 to 31 December 2023. Dividends received from an associate are accounted for as a reduction in the carrying value of the investment.

The associate had no contingent liabilities or unfunded capital commitments as at 31 December 2023.

| ASSOCIATES SUMMARISED FINANCIAL INFORMATION | 31 DECEMBER 2023 $'000 |
|---|---|
| Total current assets | 15,669 |
| Total non-current assets | 4,026 |
| Total current liabilities | (3,300) |
| Total non-current liabilities | (2,558) |
| **Net assets** | **13,837** |
| Reconciliation to carrying amounts: | |
| Opening net assets on acquisition date | 16,708 |
| Net profit after tax | 1,947 |
| Dividend paid | (4,818) |
| **Closing net assets** | **13,837** |
| Group share (%) | 50% |
| Group's share of net assets | 6,919 |
| Excess consideration over share of net assets (goodwill) | 48,163 |
| **Carrying amount** | **55,082** |

During the year, the Group received a dividend from its share of the investment in associate of $2,266,000.

### INVESTMENT IN JOINT VENTURE ENTITIES

The Group held an investment in a joint venture entity as at 31 December 2023 of $99,000 (2022: $99,000).

## 29 BUSINESS COMBINATIONS

### (A) BUSINESS COMBINATIONS IN THE CURRENT PERIOD

**Acquisition of PM Capital**

On 20 December 2023, the Group completed its acquisition of 100% of the ordinary shares of PM Capital for an upfront cash consideration and deferred and contingent consideration in the form of Converting Shares in RPL.

A summary of the acquisition is as follows:

| | $'000 |
|---|---|
| Consideration paid (including Converting Shares issued) | 165,341 |
| Less: Fair value of identifiable net assets acquired | (14,506) |
| **Goodwill arising on acquisition** | **150,835** |

**Details on consideration paid**

The upfront cash consideration was $22,250,000 after net debt and working capital adjustments. The deferred and contingent consideration of $143,091,000 comprised:

– Deferred Converting Shares that convert between 30 September 2024 and 30 September 2026: for accounting purposes, these Converting Shares were recognised at an average market value of $2.2525 per deferred Converting Share. For accounting purposes, the value of these Converting Shares was based on the share price of $2.65 (the RPL share price on completion of the acquisition) discounted to reflect the non-voting and non-tradable rights (until conversion) attached to the Converting Shares.

– Contingent Converting Shares that are convertible between 1 July 2026 and 1 July 2028 subject to achieving prescribed revenue and/or FUM targets: for accounting purposes, these Converting Shares were recognised at an average market value of $1.6894 per contingent Converting Share. For accounting purposes, the value of these Converting Shares was based on an RPL share price of $2.65 (the RPL share price on completion of the acquisition) discounted to reflect the non-voting and non-tradable rights (until conversion) attached to the Converting Shares and taking into account a probability weighted scenario of achieving the prescribed revenue and/or FUM targets.

See note 19 for further details on the rights and key terms of the Converting Shares. Further details in relation to the conversion of the Converting Shares is included in a short-form prospectus lodged with the ASX on 11 December 2023 titled 'Lodgement of Prospectus for Acquisition of PM Capital'.

**Details on fair value of identifiable net assets acquired**

The fair value of PM Capital's net assets acquired and the resulting goodwill and tax balances have been measured provisionally. If within one year of the date of acquisition, new information is obtained about the facts and circumstances that existed at the date of acquisition, which identifies adjustments to the amounts recognised or any additional provisions that existed at the date of acquisition, then the Australian Accounting Standards permit a revision of the acquisition values.

As at the date of this report, the fair value of PM Capital's net assets is provisional and subject to completing the identification of separately identifiable intangible assets and further assessing the probability of achieving performance targets that crystallise payment of the contingent consideration.

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

| | $'000 |
|---|---|
| **Assets acquired** | |
| Cash | 7,624 |
| Fixed assets | 84 |
| Investment in financial assets | 5,941 |
| Fees receivable | 2,176 |
| Deferred tax assets | 921 |
| Right of use of assets | 446 |
| Other | 225 |
| **Total assets acquired** | **17,417** |
| | |
| **Liabilities assumed** | |
| Creditors | 1,967 |
| Other payables | 451 |
| Lease liabilities | 493 |
| **Total liabilities assumed** | **2,911** |
| | |
| **Fair value of identifiable net assets acquired on 20 December 2023** | **14,506** |
| Provisional goodwill arising on acquisition | 150,835 |
| **Consideration transferred, satisfied in equity and cash** | **165,341** |

The carrying values of receivables and payables approximate their fair value and is reflected in the gross amounts that are expected to be collected or settled in full.

Subsequent to the date of acquisition (20 December 2023), PM Capital contributed $1,252,000 in investment management revenue, $1,317,000 in consolidated net income and net profit before tax of $543,000 to the Group.

During 2023, PM Capital and any associates entities generated $37,683,000 of investment management revenue, $39,078,000 of net income and net profit before tax of $26,172,000.

The provisional goodwill of $150,835,000 reflects expected synergies and future prospects that will arise from the acquisition, providing opportunities for efficiency across the Group and to access the Group's institutional-grade operating platform. None of the goodwill recognised is expected to be deductible for income tax purposes.

### Acquisition of East Point Asset Management Limited

The Group completed its acquisition of EPAM on 2 August 2023.

The acquisition involved the purchase of EPAM's net identifiable assets of $270,000. The Group acquired 100% of EPAM's ordinary shares for $3,516,000. As a result of the acquisition, the Group recorded an increase in the value of intangible assets including goodwill on a provisional basis of $3,246,000.

In addition, the transaction involved the issuance of 788,195 RPL shares, subject to escrow arrangements, as well as additional deferred scrip consideration if certain conditions are met, to an offshore-based institutional seed investor in the EPAM Fund as consideration for the transfer of revenue share rights to the Group. Refer to note 30 for details of the revenue share rights.

## (B) BUSINESS COMBINATIONS IN THE PREVIOUS COMPARATIVE PERIOD

**Merger between VGI and Regal Funds Management**

**Background**

In the previous comparative period, VGI, completed its merger with Regal Funds Management, an unlisted company. VGI's name was changed from 'VGI Partners Limited' to 'Regal Partners Limited'. The transaction is accounted for as a business combination and the principles of reverse acquisition accounting are applied, that is Regal Funds Management has acquired VGI for accounting purposes.

**Measurement period adjustments**

As at the date of the 2022 Annual Report, accounting for the acquisition of VGI by Regal Funds Management was presented on a provisional basis.

Consistent with the requirements of the Australian Accounting Standards, the Group retrospectively amended the provisional amounts during the measurement period based on new information obtained about the facts and circumstances that existed at the acquisition date.

The key measurement period adjustments following finalisation of the acquisition accounting for the merger were:

- As at the date of acquisition (3 June 2022): reduction in 'contract assets' assumed on the acquisition by $36,886,000, and a corresponding increase in a separately identifiable intangible asset, 'management rights' of $38,432,000. This led to a decrease in goodwill of $1,546,000 to $167,008,000 as a result of the merger.
- Since the acquisition date: the comparative period Statement of Profit or Loss and Other Comprehensive Income has been amended to reduce the amortisation of 'contract assets' expense to nil and correspondingly increase the amortisation of 'management rights'. The amortisation period of the 'management rights' are based on an estimate of the useful life over which the Group may derive future economic benefits (i.e. their contractual periods) and amortised on a straight-line basis. The incremental impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022 was a gain of $814,000.
- Since the acquisition date: the comparative period Statement of Financial Position has been revised to reflect the reversal of the amortisation of 'contract assets' expense and recognise the amortisation of 'management rights' for the period up to 31 December 2022. This revision was reflected in the carrying value of 'contract assets' rather than the carrying value of 'management rights'. The net incremental impact on the opening retained earnings as at 1 January 2023 was an increase of $814,000.

See note 30 for a reconciliation of the movement in goodwill and intangible assets.

The amendments to the assets acquired and liabilities assumed compared to the previous period are as follows:

| | $'000 |
|---|---|
| **Assets acquired** | |
| Cash and cash equivalents | 41,458 |
| Amounts due from brokers | 3,712 |
| Trade and other receivables | 2,317 |
| Contract assets [1] | – |
| Property, plant and equipment | 637 |
| Financial assets | 46,117 |
| Deferred tax assets | 6,334 |
| Right of use assets | 684 |
| Intangible assets [2] | 38,432 |
| Other assets | 415 |
| **Total assets acquired** | **140,106** |
| | |
| **Liabilities assumed** | |
| Trade and other payables | 35,810 |
| Employee entitlements | 4,941 |
| Income tax payable | 1,350 |
| Lease liabilities | 745 |
| Deferred tax liabilities | 4,107 |
| **Total liabilities assumed** | **46,953** |
| | |
| **Fair value of identifiable net assets acquired (of VGI as at 3 June 2022) [3]** | **93,153** |
| Goodwill arising on acquisition [3] | 167,008 |
| **Consideration transferred, satisfied in equity [4]** | **260,161** |

1 The provisional amount recognised for contract assets on 3 June 2022 was $36,886,000.

2 There was no provisional amounts recognised for intangible assets on 3 June 2022, as a result of the merger. The amount now recognised represents 'management rights' in relation to underlying management agreements of the investment portfolios managed by VGI at the date of the merger.

3 Relative to the provisional amounts, the fair value of identifiable net assets acquired has increased by $1,546,000 and the goodwill arising from the acquisition has reduced by the same amount.

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

## 30 INTANGIBLE ASSETS

| | 31 DECEMBER 2023 $'000 | 31 DECEMBER 2022 $'000 |
|---|---|---|
| Goodwill | 333,130 | 179,049 |
| Management rights | 33,168 | 37,506 |
| Intellectual property | 1,950 | 1,957 |
| **Total** | **368,248** | **218,512** |

## RECONCILIATIONS

Reconciliations of carrying values at the beginning and end of the current and previous financial year are set out in the table below.

| | GOODWILL $'000 | MANAGEMENT RIGHTS $'000 | REVENUE SHARE RIGHTS $'000 | INTELLECTUAL PROPERTY $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **At 1 January 2022** | **10,551** | **4,510** | **–** | **–** | **15,061** |
| Goodwill reassessed during provisional period - other | 1,490 | (1,872) | – | – | (382) |
| Goodwill reassessed during provisional period - merger related [1] | (1,546) | – | – | – | (1,546) |
| Goodwill acquired on acquisition of business | 168,554 | – | – | – | 168,554 |
| Separately identifiable intangibles on acquisition of business [2] | – | 38,432 | – | – | 38,432 |
| Acquired intellectual property | – | – | – | 2,000 | 2,000 |
| Amortisation expense | – | (3,564) | – | (43) | (3,607) |
| **At 31 December 2022** | **179,049** | **37,506** | **–** | **1,957** | **218,512** |
| | | | | | |
| **At 1 January 2023** | **179,049** | **37,506** | **–** | **1,957** | **218,512** |
| Goodwill acquired on acquisition of business | 151,324 | – | – | – | 151,324 |
| Acquired intellectual property | – | – | – | 200 | 200 |
| Revenue share rights purchased [3] | – | – | 2,877 | – | 2,877 |
| Amortisation expense | – | (4,338) | (120) | (207) | (4,665) |
| Reclassification from revenue share rights to goodwill on business acquisition [3] | 2,757 | – | (2,757) | – | – |
| **At 31 December 2023** | **333,130** | **33,168** | **–** | **1,950** | **368,248** |

1 As noted in note 29(B), goodwill acquired on the acquisition of VGI by Regal Funds Management was initially recognised at $168,554,000 on a provisional basis and, on completion of the measurement period, has been reassessed to $167,008,000. This is a decrease of $1,546,000.

2 As noted in note 29(B), additional management rights were recognised on the acquisition of VGI by Regal Funds Management. These were separately identifiable assets arising as a result of the business combination.

3 During the year, the Group purchased revenue share rights from an offshore-based institutional seed investor in the EPAM Fund. The revenue share rights entitle the Group to receive 30% of the management and performance fees from the EPAM Fund, a fund managed by EPAM. The consideration for the revenue share rights was shares in RPL which were issued to that institutional seed investor on 28 February 2023. On completion of the acquisition of EPAM by RPL on 2 August 2023, the revenue share rights were reacquired by the Group and the carrying value of the revenue share rights was reclassified to goodwill.

## GOODWILL – KEY ESTIMATES AND JUDGMENTS

The Group identifies as a single CGU and, therefore, the recoverable amount for goodwill has been determined at the Group level. The recoverable amount of the CGU to which goodwill has been allocated is greater than the carrying value and therefore goodwill is not impaired. The recoverable amount is based on the value-in-use (**VIU**) model and involves the application of significant judgement when making assumptions about future cash flows of the CGU, growth rates and discount rates.

In the Group's goodwill impairment testing, estimated future cash flows are based on financial projections by the Group for a period of one year and are extrapolated for a further four-year period.

In forecasting cash flows over the assessment period, the impacts of changes in market conditions and FUM performance were considered.

Management is of the view that no reasonable possible change to a key assumption would cause the recoverable amount of goodwill to fall below the carrying amount. The following key assumptions were used in the VIU model, noting that these assumptions are based on the requirements of the Australian Accounting Standards:

(a) Pre-tax discount rate of 15.1% (2022: 15.7%);

(b) Projected growth rate of 2% beyond the five-year period (2022: 2%); and

(c) Increase in operating costs and overheads based on current expenditure levels adjusted for inflationary increases.

### SENSITIVITY ANALYSIS

Management estimates that any reasonable changes in the key assumptions would not have a significant impact on the VIU of goodwill that would require it to be impaired.

## 31 SHARE-BASED PAYMENTS

| SHARE-BASED PAYMENTS RESERVE | 2023 $'000 | 2022 $'000 |
|---|---|---|
| **Balance at the beginning of the year** | **15,040** | **6,378** |
| Expensed during the period | 26,156 | 8,662 |
| Reserve reclassified to Issued Capital on tranche maturity | (7,618) | – |
| **Balance at the end of the year** | **33,578** | **15,040** |

### EMPLOYEE INCENTIVE PLAN

#### Background

Subsequent to the merger of VGI and Regal Funds Management, the Group granted awards to employees to promote alignment of employees with Shareholders across the merged entity under the terms of the Group's Employee Incentive Plan.

In August 2022, the Group granted awards in three parts: a Deferred Bonus Grant, an Integration Grant and a LTI Grant. The Group also granted awards in the form of Deferred Bonus Grants in 2023. The awards were granted in the form of PSRs as follows:

- The Integration Grant and LTI Grant were one-off in nature and were issued in connection with the merger between VGI and Regal Funds Management. These grants mature in August 2025.
- Deferred Bonus Grants were issued to employees whose short-term variable remuneration was above a certain level. The total amount of the variable remuneration is deferred in equal tranches over one and two years. Accordingly, Deferred Bonus Grants awarded in 2022 mature in 2023 and 2024; and the Deferred Bonus Grants awarded in 2023 mature in 2024 and 2025.

Background and key features of each grant are summarised below:

| GRANTS (GRANT YEAR) | BACKGROUND OR KEY FEATURES | ISSUE VALUE ($/RIGHT) | FAIR VALUE ($/SHARE) | MATURITY |
|---|---|---|---|---|
| 2023 Deferred Bonus Grant (granted in 2022) | Granted to employees and the CEO as a partial deferral of annual bonuses into rights that will vest over one year | 2.9985 | 2.9305 | 31 August 2023 |
| 2024 Deferred Bonus Grant (granted in 2022) | Granted to employees and the CEO as a partial deferral of annual bonuses into rights that will vest over two years | 2.9985 | 2.8153 | 31 August 2024 |
| 2025 Integration Grant (granted in 2022) | Granted to employees and the CEO as a one-off grant of rights that will vest over three years with no performance hurdles | 2.9985 | 2.6570 | August 2025 |
| 2025 LTI Grant (granted in 2022) | Granted to employees and the CEO as a one-off grant of rights that will vest over three years with certain performance hurdles | 2.9985 | 2.6570 | August 2025 |
| 2024 Deferred Bonus Grant (granted in 2023) | Granted to employees as a partial deferral of annual bonuses into rights that will vest over one year | 2.4862 | 2.2457 | 31 August 2024 |
| 2025 Deferred Bonus Grant (granted in 2023) | Granted to employees as a partial deferral of annual bonuses into rights that will vest over two years | 2.4862 | 2.1043 | 31 August 2025 |

### General conditions for all grants

Awards granted do not carry entitlement to dividends. Shares issued on maturity of the awards rank equally with other ordinary shares of the Company on and from issue. There are no inherent participating rights or entitlements in the awards and no inherent receipt of proceeds from participants in each grant.

For the 2025 LTI Grant, the expense recognised takes into account the probability of meeting a prescribed Company-specific performance hurdle growth of 5% per annum in normalised net profit before tax over three years.

### Fair value of awards granted during the year

The fair value of the awards granted was calculated using the traded price on the grant date (31 August 2023), which was $2.49. Further, as the PSRs do not have entitlements to dividends during the vesting period, the fair value was adjusted for one-year and two-year annualised dividend yields on the Company's shares for dividends expected to be foregone during the vesting period of 4.1% and 3.8% respectively.

In the previous comparative period, the fair value of the awards granted was calculated using the traded price on grant date (31 August 2022), being $2.96. Further, as the PSRs do not have entitlements to dividends during the vesting period, the fair value was adjusted for one-year, two-year and three-year annualised dividend yields on the Company's ordinary shares for dividends expected to be foregone during the vesting period of 1.0%, 4.1% and 5.7% respectively.

### Reconciliation of number of shares outstanding during the year

| GRANTS | GRANT YEAR | NO. OF AWARDS AT THE START OF YEAR (#) | NUMBER OF RIGHTS FORFEITED (#) | NUMBER OF RIGHTS MATURED (#) | NUMBER OF RIGHTS GRANTED (#) | NO. OF AWARDS AT END OF YEAR (#) |
|---|---|---|---|---|---|---|
| 2023 Deferred Bonus Grant | 2022 | 2,599,628 | – | (2,599,628) | – | – |
| 2024 Deferred Bonus Grant | 2022 | 2,599,627 | – | – | – | 2,599,627 |
| 2025 Integration Grant | 2022 | 8,705,005 | (258,961) | – | – | 8,446,044 |
| 2025 LTI Grant | 2022 | 13,381,677 | (1,913,455) | – | – | 11,468,222 |
| 2024 Deferred Bonus Grant | 2023 | – | – | – | 1,068,542 | 1,068,542 |
| 2025 Deferred Bonus Grant | 2023 | – | – | – | 1,068,542 | 1,068,542 |

## 32 REMUNERATION OF AUDITOR

### DISCLOSURE OF AUDITOR REMUNERATION FOR THE GROUP AUDITOR

During the period, the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the Auditor of the Group and its related practices.

| AUDITOR OF THE GROUP | 2023 ($) | 2022 ($) |
|---|---|---|
| Audit of Regal Partners Limited | 310,128 | 295,360 |
| Audit of Regal Partners Funds | 129,207 | 126,480 |
| **Total audit and review of financial statements** | **439,335** | **421,840** |
| Assurance over regulatory requirements | 8,320 | 15,750 |
| **Total assurance services** | **447,655** | **437,590** |
| | | |
| Taxation services relating to Regal Partners Limited | 78,520 | 104,650 |
| Taxation services relating to Regal Partners Funds | 18,720 | 42,100 |
| **Total taxation services** | **97,240** | **146,750** |
| Due diligence services | 130,000 | – |
| **Total non-audit services** | **227,240** | **146,750** |
| **Total services provided by Deloitte Touche Tohmatsu** | **674,895** | **584,340** |

### DISCLOSURE OF AUDITOR REMUNERATION FOR AUDITORS OTHER THAN THE GROUP AUDITOR

In addition to the fees listed in the table immediately above, during the year ended 31 December 2023, the Group paid (or incurred) $231,000 to other auditors and their related network firms for the audit of the financial information of the Group's subsidiaries, $25,000 for assurance services relating to regulatory requirements and $1,003,000 for the audit of the remaining Regal Partners Funds. These fees include one-off incremental changes in scope.

### REGAL PARTNERS FUNDS

The Group is responsible for the audit costs of certain Regal Partners Funds including listed investment companies (VG1 and RG8), certain unlisted managed investment schemes, Cayman Islands domiciled funds, and a number of separate managed accounts.

## 33 CONTINGENCIES AND COMMITMENTS

The Group had no material contingent liabilities or commitments as at 31 December 2023 or 31 December 2022.

## 34 SUBSEQUENT EVENTS

### PURCHASE OF TAURUS CARRY AND SEED CAPITAL

Subsequent to the reporting date, the Group agreed non-binding terms to pay to the vendor of Taurus an amount such that the deferred contingent consideration (which is estimated as A$22,000,000 on the Group's balance sheet) would no longer be required to be paid to the vendor. Upon completion of the proposed transaction, the 'pass through' that RPL owed to the vendor over time is no longer required and the entitlement to the Group's share of the cash flows from carry interest on all funds managed by Taurus will remain with the Group.

In addition, the Group agreed non-binding terms to purchase seed capital in two of the funds managed by Taurus from the vendor of Taurus at a discount to their carrying value. An update will be provided in RPL's half year report ended 30 June 2024.

### DIVIDEND

On 21 February 2024, the Directors determined to pay a fully franked dividend at a 30% tax rate of 5.0 cents per share, which will be paid on 18 April 2024.

# Directors' Declaration

In the Directors' opinion:

(i) The attached financial statements and notes comply with the *Corporations Act 2001* (Cth), the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

(ii) The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its performance for the year ended on that date.

(iii) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(b) includes a statement that the Consolidated Financial Statements comply with International Financial Reporting Standards.

The Directors have been given the declarations required under Section 295A of the Corporations Act for the financial year ended 31 December 2023.

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

**Brendan J O'Connor**

Chief Executive Officer and Managing Director

Sydney

21 February 2024

# Independent Auditor's Report

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## Independent Auditor's Report to the Shareholders of Regal Partners Limited

### Report on the Audit of the Financial Report

*Opinion*

We have audited the financial report of Regal Partners Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group'sfinancial position as at 31 December 2023 and of its financial performance for the year then ended; and
- 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 & 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Accounting for the acquisition of PM Capital Limited ("PMC")<br><br>PM Capital Limited was acquired by the Group on 20 December 2023 for an upfront cash consideration of $22.25 million and deferred consideration consisting of the issuance of $143.09 million of the Group's converting redeemable preference shares as disclosed in Note 29.<br><br>The transaction has been accounted for in accordance with AASB 3 Business Combinations using the acquisition method of accounting.<br><br>Accounting for the acquisition gives rise to the following key areas of management judgement:<br>• Assessment of the transaction and its classification,<br>• Determination of the acquisition date,<br>• The fair valuation of the deferred consideration, and<br>• Determination of the fair value of identifiable net assets acquired.<br><br>As a result of these complexities the accounting for the acquisition of PMC was identified as a key audit matter.</td><td>Our procedures over this acquisition, in conjunction with relevant firm specialists, included, but were not limited to:<br><br>• Obtaining an understanding of the transaction including its governing terms and conditions as stipulated in acquisition agreements;<br>• Evaluating management's assessment of the acquisition in accordance with AASB 3;<br>• Reviewing and assessing the acquisition entries, including adjustments made to equity, for compliance with the purchase agreements and applicable accounting standards;<br>• Assessing the valuation methodology, inputs and key assumptions used to determine the fair value of the deferred consideration; and<br>• Conducting inquiries with management to understand the Group's methodology on purchase price allocation accounting and evaluating the purchase price allocation performed by management, including evaluating the key assumptions.<br><br>We have also assessed the adequacy of the disclosures in Note 29 to the financial statements.</td></tr>
<tr><td>Accounting for the acquisition of Taurus SM Holdings Pty Limited ("Taurus")<br><br>On 4 November 2023, the Group acquired 50% of the issued ordinary shares of Taurus for an upfront cash consideration of $34.5 million, subject to net debt and working capital adjustments, with deferred contingent consideration of $22.0 million with respect to the after-tax performance fees of certain funds paid in cash as disclosed in Note 28.<br><br>The transaction has been accounted for in accordance with AASB 128 Investments in Associates and Joint Ventures using the equity method of accounting.<br><br>Accounting for the acquisition gives rise to the following key areas of management judgement:<br>• Assessment of the transaction and its classification,<br>• Determination of significant influence,<br>• Determination of the acquisition date, and<br>• The fair valuation of the purchase consideration.<br><br>As a result of these complexities the accounting for the acquisition of Taurus was identified as a key audit matter.</td><td>Our procedures, in conjunction with relevant firm specialists, included, but were not limited to:<br><br>• Obtaining an understanding of the transaction including its governing terms and conditions as stipulated in acquisition agreements;<br>• Evaluating management's assessment of significant influence over Taurus, the accounting treatment and presentation in accordance with AASB 128;<br>• Assessing the appropriateness of the equity accounting entries for Taurus in accordance with AASB 128;<br>• Assessing the valuation methodology, inputs and key assumptions used to determine the fair value of the purchase consideration; and<br>• Testing the Group's share of profits at year end.<br><br>We have also assessed the adequacy of the disclosures in Note 28 to the financial statements.</td></tr>
</table>

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| | |
|---|---|
| Impairment assessment of goodwill<br><br>As at 31 December 2023, the Group's goodwill balance amounts to $333.13 million as disclosed in Note 30.<br><br>Consistent with the requirements of AASB 3 *Business Combinations*, the Group retrospectively amended the provisional goodwill balance during the measurement period based on new information obtained about facts and circumstances that existed as at the acquisition date as disclosed in Note 29(B).<br><br>The Group is required to test goodwill annually for impairment. This assessment requires the exercise of significant judgement about forecasting future revenues and expenses, including discount rates applied to cash flows.<br><br>Our assessment of the recoverability of goodwill requires significant judgement due to the assumptions and estimates used in preparing a discounted cash flow model ('value in use'), including managements determination of:<br><br>• Identification of a single Cash Generating Unit ("CGU"),<br>• Future cash flows for the CGU, and<br>• Judgment in determining the discount rate and growth rate.<br><br>As a result of the judgments associated with the assessment we have considered this an key audit matter. | Our procedures included, but were not limited to:<br><br>• Collaborating with our valuation specialist to assess the adjustments made to goodwill during the measurement period;<br>• Evaluating the appropriateness of management's identification of the Group as a single CGU to which the goodwill is allocated;<br>• Evaluating management's controls over the impairment assessment process for the identification of indicators of impairment;<br>• Assessing the reasonableness of cash flow projections and assessing growth rates against external economic and financial data and the Group's own historical performance;<br>• Engaging our valuation specialists to assess the key assumptions and methodology used by management in the impairment model, in particular the discount rate and the growth rate; and<br>• Testing the mathematical accuracy of the impairment model.<br><br>We have also assessed the adequacy of the disclosures in Note 30 and Note 29(B) to the financial statements. |
| Performance Fee revenues<br><br>For the year ended 31 December 2023, the Group earned $60.8 million in management fees and $24.7 million in performance fees, as disclosed in Note 5. These revenue streams are calculated in accordance with the Investment Management Agreements and offer documents, of the underlying managed funds (listed and unlisted) and individually managed accounts. These fees are earned based upon service criteria and performance obligations set out in these agreements.<br><br>The quantum of performance fees can change significantly and are dependent upon market-based returns and management's ability to outperform their previous performance or 'high-water mark', and in certain instances include the risk of reversal of those fees in future periods.<br><br>As a result of the risk factors identified above we consider the measurement of performance fee revenue to be a key audit matter. | Our procedures included, but were not limited to:<br><br>• obtaining an understanding and assessing the design and implementation of the key controls in the Group and key service providers associated with:<br>- recording of funds under management ("FUM"); and<br>- the calculation of performance fees;<br>• assessing the appropriateness of the revenue accounting policy adopted by the Group;<br>• confirming the key terms and conditions (fee rates, FUM, high-water mark) used within the calculation of performance fees to the Investment Management Agreements and offer documents of the underlying managed funds and individually managed accounts;<br>• on a sample basis, performing recalculations of the performance fees; and<br>• on a sample basis validating the FUM used in the calculation by:<br>- agreeing the FUM to investment administrator records;<br>- vouching investment positions to prime broker statements to confirm existence; and obtaining independent pricing.<br><br>We also assessed the adequacy of the disclosures in Note 5 to the financial statements. |

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*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related 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 has 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 judgement 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.

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- 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's audit. We remain solely responsible for our audit opinion.

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 with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period 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 Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 22 to 33 of the Directors' Report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Regal Partners, for the year ended 31 December 2023, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountants

Sydney, 21 February 2024

# Shareholder Information

The shareholder information set out below was applicable as at 31 January 2024.

The following is additional information required by the ASX Listing Rules and is not disclosed elsewhere in this report.

## A) SUBSTANTIAL SHAREHOLDERS

The following parties have notified the Company that they have a substantial relevant interest in ordinary shares of the Company in accordance with section 671B of the *Corporations Act 2001* (Cth).

| | ORDINARY SHARES | |
|---|---|---|
| **NAME** | **NUMBER HELD** | **PERCENTAGE OF TOTAL ORDINARY SHARES ISSUED (%)** |
| Regal Partners Limited (see section (g) below) | 148,237,541 | 57.60 |
| New Highland Pty Ltd | 89,946,895 | 34.95 |
| Robert M P Luciano | 41,054,222 | 15.95 |
| Ficus Fiduciary Limited (as trustee for The Regal Foundation) | 23,198,746 | 9.01 |

## B) VOTING RIGHTS

Each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder present at a meeting or by proxy has one vote on a show of hands.

## C) AUSTRALIAN SECURITIES EXCHANGE LISTING

Quotation has been granted for all ordinary shares of the Company on the Australian Securities Exchange.

## D) UNQUOTED SECURITIES

### PERFORMANCE SHARE RIGHTS

| SIZE OF HOLDING | NUMBER OF HOLDERS | NUMBER OF RIGHTS |
|---|---|---|
| 1–1,000 | – | – |
| 1,001–5,000 | 7 | 18,340 |
| 5,001–10,000 | 3 | 26,344 |
| 10,001–100,000 | 26 | 1,432,038 |
| 100,001 and over | 31 | 22,707,355 |
| **Total Performance Share Rights** | **67** | **24,184,077** |

### DEFERRED CONVERTING REDEEMABLE PREFERENCE SHARES

| SIZE OF HOLDING | NUMBER OF HOLDERS | NUMBER OF RIGHTS |
|---|---|---|
| 1–1,000 | – | – |
| 1,001–5,000 | 1 | 3,431 |
| 5,001–10,000 | – | – |
| 10,001–100,000 | 7 | 398,163 |
| 100,001 and over | 12 | 47,242,664 |
| **Total Deferred Converting Redeemable Preference Shares** | **20** | **47,644,258** |

The following parties have a greater than 20% interest in the Deferred Converting Redeemable Preference Shares of the Company per ASX Listing Rule 4.10.16:

– Mr Paul Moore and his associates: 42,469,411 (89.1% of the total number of Deferred Converting Redeemable Preference Shares).

### CONTINGENT CONVERTING REDEEMABLE PREFERENCE SHARES

| SIZE OF HOLDING | NUMBER OF HOLDERS | NUMBER OF RIGHTS |
|---|---|---|
| 1–1,000 | – | – |
| 1,001–5,000 | 1 | 1,525 |
| 5,001–10,000 | 2 | 12,202 |
| 10,001–100,000 | 7 | 300,635 |
| 100,001 and over | 10 | 20,860,863 |
| **Total Contingent Converting Redeemable Preference Shares** | **20** | **21,175,225** |

The following parties have a greater than 20% interest in the Contingent Converting Redeemable Preference Shares of the Company per ASX Listing Rule 4.10.16:

– Mr Paul Moore and his associates: 18,875,293 (89.1% of the total number of Contingent Converting Redeemable Preference Shares).

## E) DISTRIBUTION OF ORDINARY SHARES

The following table lists ordinary shareholders by size of holding.

| HOLDING | NUMBER OF SHAREHOLDERS | NUMBER OF SHARES | PERCENTAGE OF ISSUED SHARES (%) |
|---|---|---|---|
| 1–1,000 | 1,524 | 514,955 | 0.20 |
| 1,001–5,000 | 1,015 | 2,583,675 | 1.00 |
| 5,001–10,000 | 323 | 2,439,749 | 0.95 |
| 10,001–100,000 | 386 | 11,155,666 | 4.34 |
| 100,001 and over | 78 | 240,651,527 | 93.51 |
| **Total ordinary shares** | **3,326** | **257,345,572** | **100.00** |

There were 635 holders of less than a marketable parcel of ordinary shares.

## F) ORDINARY SHAREHOLDERS

Following are the 20 largest ordinary shareholders as at 31 January 2024.

| NAME | NUMBER OF ORDINARY SHARES HELD | PERCENTAGE OF ISSUED SHARES (%) |
|---|---|---|
| New Highland Pty Ltd <King Family A/C> | 66,025,210 | 25.66 |
| RMPL Investments Pty Ltd <RMPL Family A/C> | 40,905,913 | 15.90 |
| New Highland Pty Ltd <Philip King Family A/C> | 23,921,685 | 9.30 |
| Ficus Fiduciary Limited <The Regal Foundation A/C> | 16,964,761 | 6.59 |
| M&B O'Connor Investments Pty Ltd <O'Connor Family A/C> | 8,830,107 | 3.43 |
| D&C Tynan Investments Pty Ltd <D&C Tynan Family A/C> | 7,144,415 | 2.78 |
| HSBC Custody Nominees (Australia) Limited | 6,646,354 | 2.58 |
| Stroud Agricultural Company Pty Ltd <The Vernon A/C> | 6,465,040 | 2.51 |
| Regal Funds Management Pty Limited <The Regal Foundation A/C> | 6,300,299 | 2.45 |
| Citicorp Nominees Pty Limited | 6,291,112 | 2.44 |
| D&C Tynan Investments Pty Ltd <D&C Tynan Family A/C> | 3,543,102 | 1.38 |
| BNP Paribas Nominees Pty Ltd <Ib Au Noms Retailclient > | 3,010,209 | 1.17 |
| J P Morgan Nominees Australia Pty Limited | 2,621,731 | 1.02 |
| Certane Ct Pty Ltd <RPL Eip PSR Unallocated A/C> | 2,600,000 | 1.01 |
| Mightyboy Pty Ltd | 2,492,117 | 0.97 |
| Dr Fesq Pty Ltd <The Mariners Revenge A/C> | 2,188,978 | 0.85 |
| Latimore Family Pty Ltd <Latimore Family Trust A/C> | 1,963,967 | 0.76 |
| Warman Investments Pty Ltd | 1,923,076 | 0.75 |
| Gibson Capital Pty Ltd <Gc A/C> | 1,879,102 | 0.73 |
| Stephanie Mormanis | 1,540,531 | 0.60 |
| **Total top 20 holdings of ordinary shares** | **213,257,709** | **82.88** |

## G) SECURITIES SUBJECT TO VOLUNTARY ESCROW

Approximately 57.60% of the Company's issued ordinary shares are under voluntary escrow arrangements. Voluntary escrow arrangements are in place in respect of:

- shares issued to shareholders of Regal Funds Management on merger with RPL (formerly VGI) on 3 June 2022;
- shares held by shareholders in RPL (formerly VGI) prior to the Company's IPO in June 2019;
- shares held by shareholders in RPL on conversion of share option arrangements into ordinary shares in June 2021; and
- shares held by an offshore-based institutional seed investor in the EPAM Fund issued on 28 February 2023 as consideration for the transfer of 'revenue share rights' to the Company.

Please see Section 5.3 of the Company's Notice of Annual General Meeting and Explanatory Memorandum lodged on the ASX on 27 April 2022, for more information on voluntary escrow arrangements, and updates to the relevant interests in relation to the voluntary escrow arrangements lodged on the ASX on 19 September 2022 and 5 October 2022. For further information on shares held by the offshore-based institutional seed investor in the EPAM Fund, refer to the announcement lodged on the ASX on 10 February 2023.

# Corporate Directory

## BOARD OF DIRECTORS

Michael J Cole AM – Independent Chairman

Brendan J O'Connor – Chief Executive Officer and Managing Director

Sarah J Dulhunty

Jaye L Gardner

Ian M Gibson

## JOINT COMPANY SECRETARIES

Kathleen Liu

Ian Cameron

Candice Driver

## INVESTOR RELATIONS

Ingrid L Groer

T: +61 2 8197 4350

E: investorrelations@regalpartners.com

## REGISTERED OFFICE

Level 47 – Gateway, 1 Macquarie Place

Sydney NSW 2000

Australia

## WEBSITE

www.regalpartners.com

## SHARE REGISTRAR

Boardroom Pty Limited

Level 8, 210 George Street

Sydney NSW 2000

T: 1300 737 760 (inside Australia)

T: +61 2 9290 9600 (outside Australia)

E: enquiries@boardroomlimited.com.au

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

## AUDITOR

Deloitte Touche Tohmatsu

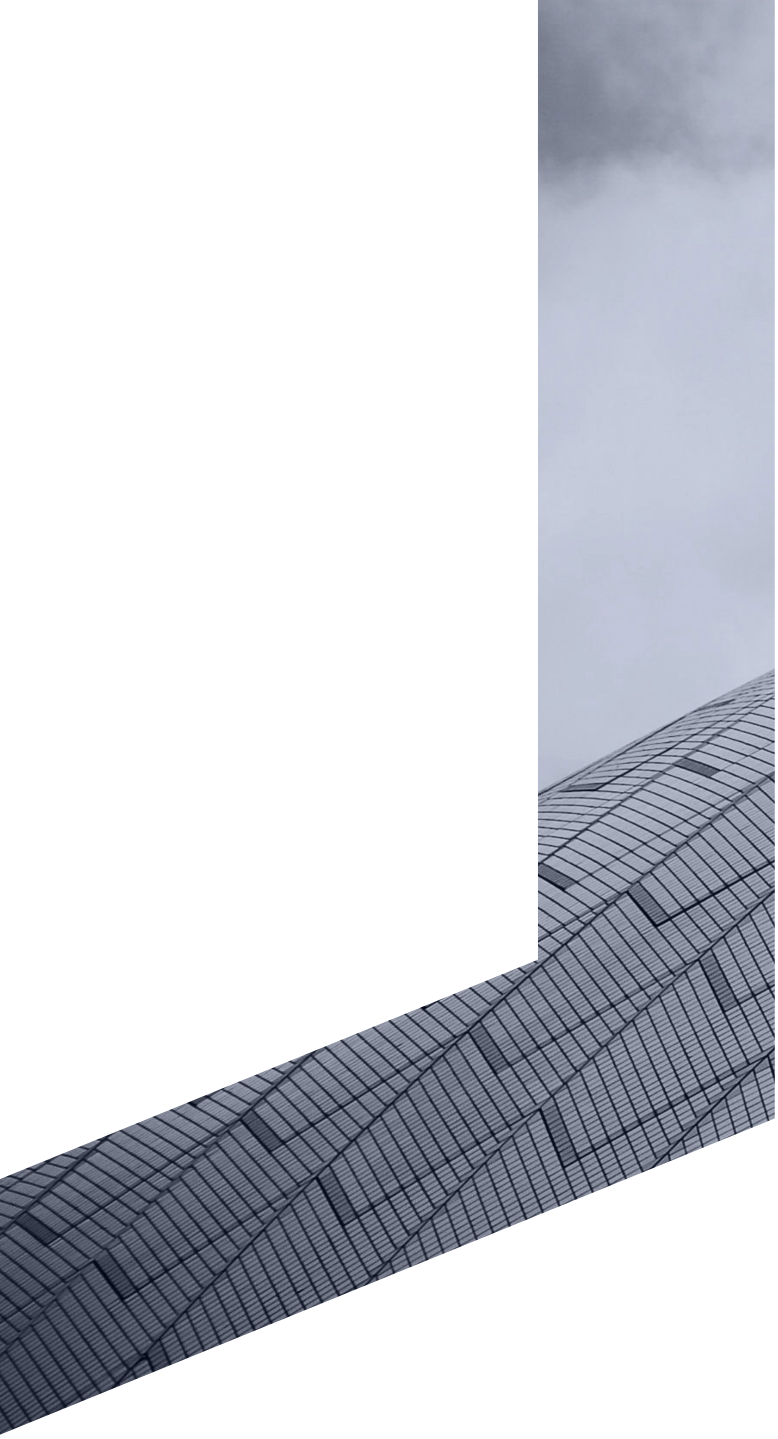
Level 46, 50 Bridge Street

Sydney NSW 2000

T: +61 2 9322 7000

## ASX CODE

RPL



**Regal Partners Limited**

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