

Pengana Capital Group Limited
Appendix 4D
Half-year report



1. Company details

| | |
|-------------------|--|
| Name of entity: | Pengana Capital Group Limited |
| ABN: | 43 059 300 426 |
| Reporting period: | For the half-year ended 31 December 2023 |
| Previous period: | For the half-year ended 31 December 2022 |

2. Results for announcement to the market

| | 31 Dec 2023 \$'000 | 31 Dec 2022 \$'000 | Change \$'000 | Change % |
|--|---------------------------------|--|------------------|-------------|
| Revenues from ordinary activities | 18,186 | 20,461 | (2,275) | (11%) |
| Profit/(loss) from ordinary activities after tax attributable to the owners of Pengana Capital Group Limited | (873) | 322 | (1,195) | (371%) |
| Profit/(loss) for the half-year attributable to the owners of Pengana Capital Group Limited | (873) | 322 | (1,195) | (371%) |
| | 31 Dec 2023 Cents | 31 Dec 2022 Cents | | |
| Basic earnings per share | (1.05) | 0.39 | | |
| Diluted earnings per share | (1.05) | 0.37 | | |
| | Amount per security Cents | Franked amount per security Cents | | |
| On 24 August 2023, a final dividend was declared for the year ended 30 June 2023 and paid on 13 September 2023 to shareholders registered on 30 August 2023. | 1.0 | 1.0 | | |
| On 29 February 2024, the directors declared an interim dividend for the half-year ended 31 December 2023 to be paid on 20 March 2024 to shareholders registered on 6 March 2024. | 1.0 | 1.0 | | |

Comments

Please refer to the Shareholder Presentation accompanying the interim report for a comprehensive review of operations.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | 31.50 | 32.49 |

The net tangible assets per ordinary security for the reporting period is calculated based on 83,092,809 (31 December 2022: 83,414,044) ordinary shares on issue. This number does not include 27,375,314 (31 December 2022: 26,695,314) treasury shares. Net tangible assets exclude intangible assets, right-of-use assets, deferred tax liabilities and lease liabilities.

The net tangible assets per ordinary security are negatively impacted by the accounting treatment of the company's loan share plan whereby shares issued under the plan (treasury shares) are not recognised in equity and the associated loans are not recorded as an asset until the associated loans are repaid. Repayment is due on or before September 2030. The underlying net tangible assets per ordinary security recognising the treasury shares in equity and associated loans as assets is 52.41 cents (31 December 2022: 51.02 cents).

4. Dividend reinvestment plans ('DRP')

The company has a dividend reinvestment plan ('DRP'). The DRP will not be operative for the dividend declared on 29 February 2024.

5. Details of associates and joint venture entities

| Name of associate / joint venture | Reporting entity's percentage holding | | Contribution to profit/(loss) | |
|---|---------------------------------------|-------------------|-------------------------------|------------------------|
| | Reporting period % | Previous period % | Reporting period \$'000 | Previous period \$'000 |
| Lizard International Master Fund LP (Associate) | - | 1.75% | - | - |
| High Conviction Property Securities Fund (Associate) | 1.23% | 1.29% | 23 | 10 |
| Pengana Private Equity Trust (Associate) | 0.84% | 0.66% | (34) | 544 |
| Pengana Credit Pty Ltd (Joint Venture) * | 50.00% | - | (1,124) | - |
| <i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i> | | | | |
| Profit/(loss) from ordinary activities before income tax | | | (1,135) | 554 |

* Pengana Credit Pty Ltd is jointly owned and operated by the group and Washington H. Soul Pattinson Ltd (ASX: SOL) to offer Australian Investors access to institutional grade global private credit investments.

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

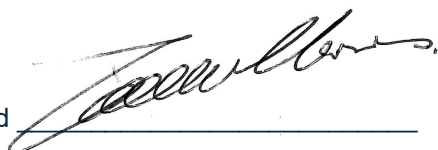
7. Attachments

Details of attachments (if any):

The Interim Report of Pengana Capital Group Limited for the half-year ended 31 December 2023 is attached.

8. Signed

As authorised by the Board of Directors

Signed 

David Groves
Non-Executive Chairman
Sydney

Date: 29 February 2024



PENGANA

CAPITAL GROUP

PENGANA CAPITAL GROUP LIMITED

31 DECEMBER
2023

INTERIM REPORT

PENGANA CAPITAL GROUP LIMITED

ABN 43 059 300 426

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**PENGANA
CAPITAL GROUP
LIMITED**

Pengana Capital Group Limited
Contents
31 December 2023



| | |
|---|----|
| Directors' report | 2 |
| Auditor's independence declaration | 4 |
| Statement of profit or loss | 5 |
| Statement of other comprehensive income | 7 |
| Statement of financial position | 8 |
| Statement of changes in equity | 9 |
| Statement of cash flows | 10 |
| Notes to the financial statements | 11 |
| Directors' declaration | 21 |
| Independent auditor's review report to the members of Pengana Capital Group Limited | 22 |

Pengana Capital Group Limited
Directors' report
31 December 2023



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Pengana Capital Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Pengana Capital Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

David Groves - Non-Executive Chairman
Russel Pillemer - Managing Director and Chief Executive Officer
Jeremy Dunkel - Non-Executive Independent Director
Kevin Eley - Non-Executive Independent Director
Brendan O'Dea - Non-Executive Director

Principal activities

The principal activity of the group is funds management with the objective of increasing investor wealth by developing, offering and managing investment funds in Australia and globally as opportunities arise.

Dividends

Dividends paid during the financial half-year were as follows:

| Consolidated | |
|---------------------|--------------------|
| 31 Dec 2023 | 31 Dec 2022 |
| \$'000 | \$'000 |

On 24 August 2023, a fully franked final dividend of 1.0 cents per ordinary share was declared for the year ended 30 June 2023 and paid on 13 September 2023 to the shareholders registered on 30 August 2023 (31 December 2022: 8.0 cents per ordinary share).

833

6,812

On 29 February 2024, the directors declared a fully franked interim dividend for the half-year ended 31 December 2023 of 1.0 cent per ordinary share. The dividends will be paid on 20 March 2024 to eligible shareholders on the register on 6 March 2024.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial half-year.

Review of operations

The loss for the group after providing for income tax and non-controlling interest amounted to \$873,000 (31 December 2022: profit of \$322,000).

For a Review of Operations for the half-year ended 31 December 2023, please refer to the Shareholder Presentation ASX announcement accompanying this Report.

Matters subsequent to the end of the financial half-year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Pengana Capital Group Limited
Directors' report
31 December 2023



This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "David Groves", written over a horizontal line.

David Groves
Non-Executive Chairman

A handwritten signature in black ink, appearing to read "Russel Pillemer", written over a horizontal line.

Russel Pillemer
Chief Executive Officer

29 February 2024
Sydney

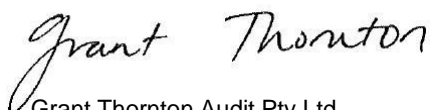
Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of Pengana Capital Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Pengana Capital Group Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



N M Gonzalez
Partner – Audit & Assurance

Sydney, 29 February 2024

Pengana Capital Group Limited
Statement of profit or loss
For the half-year ended 31 December 2023



| | | Consolidated | |
|--|-------------|---------------------|--------------------|
| | Note | 31 Dec 2023 | 31 Dec 2022 |
| | | \$'000 | \$'000 |
| Revenue | | | |
| Management fees | | 17,732 | 18,370 |
| Share of profits/(losses) of associates and joint ventures accounted for using the equity method | | (1,135) | 554 |
| Interest revenue calculated using the effective interest method | | 88 | 93 |
| Other income and gains | 4 | 1,501 | 322 |
| Total revenue and income | | <u>18,186</u> | <u>19,339</u> |
| Expenses | | | |
| Human resources expenses | | (7,386) | (6,225) |
| Fund manager profit share expense | | (5,113) | (5,307) |
| Fund operating expenses | | (1,748) | (1,712) |
| Occupancy expenses | | (170) | (158) |
| Capital raising and product development expenses | | - | (144) |
| Technology and telecommunications expenses | | (726) | (584) |
| Marketing and investment research expenses | | (429) | (481) |
| Insurance expenses | | (598) | (625) |
| Professional, registry and listing related expenses | | (241) | (265) |
| Depreciation and amortisation expenses | | (1,731) | (1,769) |
| Finance costs | | (79) | (105) |
| Other operating expenses | | (238) | (141) |
| Total expenses | | <u>(18,459)</u> | <u>(17,516)</u> |
| Profit/(loss) before income tax expense from continuing operations | | (273) | 1,823 |
| Income tax expense | | <u>(600)</u> | <u>(762)</u> |
| Profit/(loss) after income tax expense from continuing operations | | (873) | 1,061 |
| Loss after income tax expense from discontinued operations | 5 | <u>-</u> | <u>(852)</u> |
| Profit/(loss) after income tax expense for the half-year | | <u><u>(873)</u></u> | <u><u>209</u></u> |
| Profit/(loss) for the half-year is attributable to: | | | |
| Non-controlling interest | | - | (113) |
| Owners of Pengana Capital Group Limited | | <u>(873)</u> | <u>322</u> |
| | | <u><u>(873)</u></u> | <u><u>209</u></u> |

The above statement of profit or loss should be read in conjunction with the accompanying notes

Pengana Capital Group Limited
Statement of profit or loss
For the half-year ended 31 December 2023



| | | Cents | Cents |
|--|----|--------------|--------------|
| Earnings per share for profit/(loss) from continuing operations attributable to the owners of Pengana Capital Group Limited | | | |
| Basic earnings per share | 16 | (1.05) | 1.27 |
| Diluted earnings per share | 16 | (1.05) | 1.21 |
| Earnings per share for loss from discontinued operations attributable to the owners of Pengana Capital Group Limited | | | |
| Basic earnings per share | 16 | - | (0.89) |
| Diluted earnings per share | 16 | - | (0.89) |
| Earnings per share for profit/(loss) attributable to the owners of Pengana Capital Group Limited | | | |
| Basic earnings per share | 16 | (1.05) | 0.39 |
| Diluted earnings per share | 16 | (1.05) | 0.37 |

The above statement of profit or loss should be read in conjunction with the accompanying notes

Pengana Capital Group Limited
Statement of other comprehensive income
For the half-year ended 31 December 2023



| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2023 | 31 Dec 2022 |
| | \$'000 | \$'000 |
| Profit/(loss) after income tax expense for the half-year | (873) | 209 |
| Other comprehensive income | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | |
| Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax | 181 | 218 |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Foreign currency translation | 5 | (9) |
| Foreign currency translation on minority interest | - | (6) |
| Other comprehensive income for the half-year, net of tax | 186 | 203 |
| Total comprehensive income for the half-year | (687) | 412 |
| Total comprehensive income for the half-year is attributable to: | | |
| Continuing operations | - | - |
| Discontinued operations | - | (119) |
| Non-controlling interest | - | (119) |
| Continuing operations | (687) | 1,270 |
| Discontinued operations | - | (739) |
| Owners of Pengana Capital Group Limited | (687) | 531 |
| | (687) | 412 |

The above statement of other comprehensive income should be read in conjunction with the accompanying notes

Pengana Capital Group Limited
Statement of financial position
As at 31 December 2023



| | | Consolidated | |
|---|-------------|---------------------|--------------------|
| | Note | 31 Dec 2023 | 30 Jun 2023 |
| | | \$'000 | \$'000 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 10,660 | 14,180 |
| Trade and other receivables | 6 | 1,759 | 1,086 |
| Contract assets | | 2,889 | 3,032 |
| Prepayments and deposits | 8 | 1,431 | 682 |
| Income tax refund due | | 1,677 | 1,519 |
| Total current assets | | <u>18,416</u> | <u>20,499</u> |
| Non-current assets | | | |
| Trade and other receivables | 6 | 348 | 351 |
| Financial assets at fair value through profit or loss | 15 | 1,503 | 1,583 |
| Investments accounted using the equity method | 9 | 3,983 | 2,755 |
| Financial assets at fair value through other comprehensive income | 7 | 7,324 | 7,082 |
| Property, plant and equipment | | 934 | 1,092 |
| Intangibles | 10 | 52,135 | 53,339 |
| Right-of-use assets | | 3,205 | 3,608 |
| Prepayments and deposits | 8 | 571 | 585 |
| Total non-current assets | | <u>70,003</u> | <u>70,395</u> |
| Total assets | | <u>88,419</u> | <u>90,894</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 4,849 | 5,725 |
| Employee benefits | | 1,685 | 1,333 |
| Lease liabilities | | 712 | 678 |
| Total current liabilities | | <u>7,246</u> | <u>7,736</u> |
| Non-current liabilities | | | |
| Trade and other payables | 11 | 23 | - |
| Employee benefits | | 163 | 247 |
| Provisions | | 186 | 186 |
| Lease liabilities | | 2,556 | 2,932 |
| Deferred tax | | 1,920 | 2,080 |
| Total non-current liabilities | | <u>4,848</u> | <u>5,445</u> |
| Total liabilities | | <u>12,094</u> | <u>13,181</u> |
| Net assets | | <u>76,325</u> | <u>77,713</u> |
| Equity | | | |
| Contributed equity | 12 | 98,667 | 98,969 |
| Reserves | 13 | 50,268 | 26,169 |
| Accumulated losses | | <u>(72,610)</u> | <u>(47,425)</u> |
| Total equity | | <u>76,325</u> | <u>77,713</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Pengana Capital Group Limited
Statement of changes in equity
For the half-year ended 31 December 2023



| Consolidated | Contributed equity \$'000 | Reserves \$'000 | Accumulated losses \$'000 | Non-controlling interest \$'000 | Total equity \$'000 |
|---|--------------------------------------|----------------------------|--------------------------------------|--|--------------------------------|
| Balance at 1 July 2022 | 98,859 | 35,867 | (46,933) | (413) | 87,380 |
| Profit/(loss) after income tax expense for the half-year | - | - | 322 | (113) | 209 |
| Other comprehensive income for the half-year, net of tax | - | 209 | - | (6) | 203 |
| Total comprehensive income for the half-year | - | 209 | 322 | (119) | 412 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Share-based payments | - | 337 | - | - | 337 |
| Share buy-back | (432) | - | - | - | (432) |
| Loan repayment on treasury shares | 482 | - | - | - | 482 |
| Adjustments to acquisition reserve | - | (2,712) | - | 939 | (1,773) |
| Dividends paid (note 14) | - | (6,812) | - | - | (6,812) |
| Balance at 31 December 2022 | <u>98,909</u> | <u>26,889</u> | <u>(46,611)</u> | <u>407</u> | <u>79,594</u> |
| Consolidated | Contributed equity \$'000 | Reserves \$'000 | Accumulated losses \$'000 | Non-controlling interest \$'000 | Total equity \$'000 |
| Balance at 1 July 2023 | 98,969 | 26,169 | (47,425) | - | 77,713 |
| Loss after income tax expense for the half-year | - | - | (873) | - | (873) |
| Other comprehensive income for the half-year, net of tax | - | 186 | - | - | 186 |
| Total comprehensive income for the half-year | - | 186 | (873) | - | (687) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Share buy-back (note 12) | (302) | - | - | - | (302) |
| Share-based payments (note 13) | - | 434 | - | - | 434 |
| Transfer from accumulated losses to profits reserve (note 13) | - | 24,312 | (24,312) | - | - |
| Dividends paid (note 14) | - | (833) | - | - | (833) |
| Balance at 31 December 2023 | <u>98,667</u> | <u>50,268</u> | <u>(72,610)</u> | <u>-</u> | <u>76,325</u> |

The above statement of changes in equity should be read in conjunction with the accompanying notes

Pengana Capital Group Limited
Statement of cash flows
For the half-year ended 31 December 2023



| | | Consolidated | |
|--|-------------|---------------------|--------------------|
| | Note | 31 Dec 2023 | 31 Dec 2022 |
| | | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 19,816 | 25,746 |
| Payments to suppliers, customers and employees (inclusive of GST) | | (17,721) | (21,983) |
| Dividends received | | 247 | 259 |
| Interest received | | 88 | 93 |
| Other revenue | | 87 | 99 |
| Finance costs | | - | (42) |
| Income taxes paid | | (979) | (6,140) |
| Net cash from/(used in) operating activities | | 1,538 | (1,968) |
| Cash flows from investing activities | | | |
| Proceeds from disposal of equity accounted investments | | 75 | 3,567 |
| Proceeds from disposal of property, plant and equipment | | 75 | - |
| Proceeds from return of capital from subsidiaries (US) | | 58 | - |
| Proceeds from shareholder loan repayments | | 3 | 28 |
| Proceeds from security deposits | | - | 22 |
| Payments for investments in associates and joint ventures | | (1,500) | (44) |
| Payment for equity accounted investments | | (1,015) | - |
| Payments for purchase of financial instruments held at fair value through profit or loss | | - | (2,195) |
| Payments for property, plant and equipment | | (12) | (561) |
| Payments for security deposits | | (2) | - |
| Payment of loan to joint venture | | (4,107) | - |
| Proceeds from joint venture loan repayment | | 2,950 | - |
| Net cash (used in)/from investing activities | | (3,475) | 817 |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | - | (1,250) |
| Repayment of lease liabilities | | (448) | (440) |
| Payments for share buy-backs | | (302) | (2) |
| Dividends paid | 14 | (833) | (6,812) |
| Proceeds from loan repayment on treasury shares | | - | 53 |
| Net cash used in financing activities | | (1,583) | (8,451) |
| Net decrease in cash and cash equivalents | | (3,520) | (9,602) |
| Cash and cash equivalents at the beginning of the financial half-year | | 14,180 | 25,656 |
| Effects of exchange rate changes on cash and cash equivalents | | - | 7 |
| Cash and cash equivalents at the end of the financial half-year* | | 10,660 | 16,061 |

* 31 December 2022 cash and cash equivalents included \$2,916,000 assets held for sale.

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements cover Pengana Capital Group Limited as a consolidated entity consisting of Pengana Capital Group Limited ('company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (collectively the 'group'). The financial statements are presented in Australian dollars, which is Pengana Capital Group Limited's functional and presentation currency.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 31 December 2023 and are not expected to have any significant impact for the full financial year ending 30 June 2024.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

The main business activities of the group are the provision of funds management services. The Board of Directors and the Chief Executive Officer, 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 used by the CODM, the group has one operating segment being development, offering of and management of investment funds.

The operating segment information is the same information as provided throughout the financial statements and are therefore not duplicated.

The information reported to the CODM is on a regular basis.

Note 3. Disaggregation of revenue

Revenue is substantially generated in Australia and is recognised over time. Revenue is categorised as either management or performance fees on the statement of profit or loss.

Note 4. Other income and gains

| | Consolidated | |
|-----------------------------|---------------------|--------------------|
| | 31 Dec 2023 | 31 Dec 2022 |
| | \$'000 | \$'000 |
| Dividends and distributions | 187 | 187 |
| Rental income | 45 | 36 |
| Other income | 1,269 | 99 |
| | <u>1,501</u> | <u>322</u> |

Note 5. Discontinued operations

During the previous financial year, the group divested its 65% direct equity stake in Lizard Investors LLC ("Lizard"). As a result of the restructuring, the financial information of the discontinued operations are separately disclosed. Refer below for the financial performance of the discontinued operation for the previous financial half-year.

Financial performance information

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2023 | 31 Dec 2022 |
| | \$'000 | \$'000 |
| Revenue | | |
| Management fees | - | 702 |
| Total revenue | <u>-</u> | <u>702</u> |
| Realised and unrealised gains/(losses) on financial instruments | - | 370 |
| Other income | - | 50 |
| Total other income | <u>-</u> | <u>420</u> |
| Expenses | | |
| Human resources expenses | - | (839) |
| Fund operating expenses | - | (49) |
| Occupancy expenses | - | (5) |
| Technology and telecommunications expenses | - | (313) |
| Marketing and investment research expenses | - | (41) |
| Insurance expenses | - | (23) |
| Professional, registry and listing related expenses | - | (151) |
| Depreciation and amortisation expenses | - | (92) |
| Finance costs | - | (5) |
| Other operating expenses | - | (456) |
| Total expenses | <u>-</u> | <u>(1,974)</u> |
| Loss before income tax expense | - | (852) |
| Income tax expense | - | - |
| Loss after income tax expense from discontinued operations | <u>-</u> | <u>(852)</u> |

Note 5. Discontinued operations (continued)

Cash flow information

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2023 | 31 Dec 2022 |
| | \$'000 | \$'000 |
| Net cash used in operating activities | - | (403) |
| Net cash from investing activities | - | 1,372 |
| Net cash used in financing activities | - | (84) |
| | <hr/> | <hr/> |
| Net increase in cash and cash equivalents from discontinued operations | - | 885 |
| | <hr/> | <hr/> |

Note 6. Trade and other receivables

| | Consolidated | |
|---------------------------|---------------------|--------------------|
| | 31 Dec 2023 | 30 Jun 2023 |
| | \$'000 | \$'000 |
| <i>Current assets</i> | | |
| Trade receivables | 57 | 198 |
| Other receivables | 86 | 888 |
| Loan to joint ventures * | 1,616 | - |
| | <hr/> | <hr/> |
| | 1,759 | 1,086 |
| | <hr/> | <hr/> |
| <i>Non-current assets</i> | | |
| Other loans | 348 | 351 |
| | <hr/> | <hr/> |
| | 2,107 | 1,437 |
| | <hr/> | <hr/> |

* During the financial year, the group provided a short term interest free loan to the joint venture, Pengana Credit Pty Ltd. The loan is unsecured and repayable on demand.

Note 7. Financial assets at fair value through other comprehensive income

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2023 | 30 Jun 2023 |
| | \$'000 | \$'000 |
| <i>Non-current assets</i> | | |
| Investments in listed equity securities | 7,324 | 7,082 |
| | <hr/> | <hr/> |

Refer to note 15 for further information on fair value measurement.

Note 8. Prepayments and deposits

| | Consolidated | |
|---------------------------|---------------------|---------------------|
| | 31 Dec 2023 | 30 Jun 2023 |
| | \$'000 | \$'000 |
| <i>Current assets</i> | | |
| Prepayments | 1,226 | 479 |
| Security deposits | 5 | 3 |
| Other deposits | 200 | 200 |
| | <u>1,431</u> | <u>682</u> |
| <i>Non-current assets</i> | | |
| Prepayments | - | 14 |
| Security deposits | 571 | 571 |
| | <u>571</u> | <u>585</u> |
| | <u><u>2,002</u></u> | <u><u>1,267</u></u> |

Note 9. Investments accounted using the equity method

| | Consolidated | |
|------------------------------|---------------------|--------------------|
| | 31 Dec 2023 | 30 Jun 2023 |
| | \$'000 | \$'000 |
| <i>Non-current assets</i> | | |
| Investments in associates | 3,607 | 2,755 |
| Investments in joint venture | 376 | - |
| | <u>3,983</u> | <u>2,755</u> |

Interests in associates

The following interests in associates are accounted for using the equity method of accounting:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|--|---|---------------------------|--------------------|
| | | 31 Dec 2023 | 30 Jun 2023 |
| | | % | % |
| Lizard International Master Fund LP | Australia | - | 1.75% |
| High Conviction Property Securities Fund | Australia | 1.23% | 1.29% |
| Pengana Private Equity Trust | Australia | 0.84% | 0.66% |

Interests in joint ventures

The following interests in joint ventures are accounted for using the equity method of accounting:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|--|---|---------------------------|--------------------|
| | | 31 Dec 2023 | 30 Jun 2023 |
| | | % | % |
| Pengana Credit Pty Ltd (Joint Venture) * | Australia | 50.00% | 50.10% |

* Pengana Credit Pty Ltd is jointly owned and operated by the group and Washington H. Soul Pattinson Ltd (ASX: SOL) to offer Australian Investors access to institutional grade global private credit investments.

Note 10. Intangibles

| | Consolidated | |
|----------------------------------|---------------------|--------------------|
| | 31 Dec 2023 | 30 Jun 2023 |
| | \$'000 | \$'000 |
| <i>Non-current assets</i> | | |
| Goodwill - at cost | 40,860 | 40,860 |
| Acquired relationships - at cost | 27,220 | 27,220 |
| Less: Accumulated amortisation | (15,945) | (14,741) |
| | 11,275 | 12,479 |
| | <u>52,135</u> | <u>53,339</u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| Consolidated | Goodwill | Acquired | |
|-----------------------------|-----------------|----------------------|---------------|
| | \$'000 | relationships | Total |
| | | \$'000 | \$'000 |
| Balance at 1 July 2023 | 40,860 | 12,479 | 53,339 |
| Amortisation expense | - | (1,204) | (1,204) |
| Balance at 31 December 2023 | <u>40,860</u> | <u>11,275</u> | <u>52,135</u> |

Note 11. Trade and other payables

| | Consolidated | |
|--------------------------------|---------------------|--------------------|
| | 31 Dec 2023 | 30 Jun 2023 |
| | \$'000 | \$'000 |
| <i>Current liabilities</i> | | |
| Trade payables | 3 | - |
| Accrued expenses | 2,024 | 3,027 |
| Fund manager profit share | 2,419 | 2,354 |
| Other payables | 403 | 344 |
| | <u>4,849</u> | <u>5,725</u> |
| <i>Non-current liabilities</i> | | |
| Other payables | 23 | - |
| | <u>4,872</u> | <u>5,725</u> |

Pengana Capital Group Limited
Notes to the financial statements
31 December 2023



Note 12. Contributed equity

| | Consolidated | | | |
|------------------------------|---------------------|--------------------|--------------------|--------------------|
| | 31 Dec 2023 | 30 Jun 2023 | 31 Dec 2023 | 30 Jun 2023 |
| | Shares | Shares | \$'000 | \$'000 |
| Ordinary shares - fully paid | 110,468,123 | 110,076,680 | 133,443 | 132,994 |
| Less: Treasury shares | (27,375,314) | (26,695,314) | (34,776) | (34,025) |
| | <u>83,092,809</u> | <u>83,381,366</u> | <u>98,667</u> | <u>98,969</u> |

Movements in ordinary share capital

| Details | Date | Shares | \$'000 |
|---|------------------|--------------------|----------------|
| Balance | 1 July 2023 | 110,076,680 | 132,994 |
| Share buy-back | July 2023 | (58,354) | (70) |
| Issue of shares under the Pengana Capital Group Loan Share Plan | 7 September 2023 | 680,000 | 751 |
| Share buy-back | September 2023 | (84,713) | (86) |
| Share buy-back | October 2023 | (120,594) | (122) |
| Share buy-back | November 2023 | (24,896) | (24) |
| Balance | 31 December 2023 | <u>110,468,123</u> | <u>133,443</u> |

Movements in treasury shares

| Details | Date | Shares | \$'000 |
|---|------------------|---------------------|-----------------|
| Balance | 1 July 2023 | (26,695,314) | (34,025) |
| Issue of shares under the Pengana Capital Group Loan Share Plan | 7 September 2023 | (680,000) | (751) |
| Balance | 31 December 2023 | <u>(27,375,314)</u> | <u>(34,776)</u> |

Share buy-back

During the half-year, the company bought back 288,557 shares at the cost of \$302,000. The buy-back program expires on 13 September 2024 and allows a maximum of 10,991,200 shares to be bought back.

Note 13. Reserves

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2023 | 30 Jun 2023 |
| | \$'000 | \$'000 |
| Profits reserve | 41,898 | 18,419 |
| Foreign currency reserve | 91 | 86 |
| Share-based payments reserve | 8,605 | 8,171 |
| Financial assets at fair value through other comprehensive income (OCI) reserve | (326) | (507) |
| | <u>50,268</u> | <u>26,169</u> |

Note 13. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

| Consolidated | Profits reserve \$'000 | Foreign currency reserve \$'000 | Share-based payments reserve \$'000 | Financial assets at fair value through OCI reserve \$'000 | Total \$'000 |
|----------------------------------|------------------------------|--|--|---|-----------------|
| Balance at 1 July 2023 | 18,419 | 86 | 8,171 | (507) | 26,169 |
| Revaluation, net of tax | - | - | - | 181 | 181 |
| Foreign currency translation | - | 5 | - | - | 5 |
| Transfer from accumulated losses | 24,312 | - | - | - | 24,312 |
| Dividend paid | (833) | - | - | - | (833) |
| Share-based payments | - | - | 434 | - | 434 |
| Balance at 31 December 2023 | <u>41,898</u> | <u>91</u> | <u>8,605</u> | <u>(326)</u> | <u>50,268</u> |

Note 14. Dividends

Dividends paid during the financial half-year were as follows:

| Consolidated | |
|---------------------|--------------------|
| 31 Dec 2023 | 31 Dec 2022 |
| \$'000 | \$'000 |

On 24 August 2023, a fully franked final dividend of 1.0 cents per ordinary share was declared for the year ended 30 June 2023 and paid on 13 September 2023 to the shareholders registered on 30 August 2023 (31 December 2022: 8.0 cents per ordinary share).

833 6,812

On 29 February 2024, the directors declared a fully franked interim dividend for the half-year ended 31 December 2023 of 1.0 cent per ordinary share. The dividends will be paid on 20 March 2024 to eligible shareholders on the register on 6 March 2024.

Note 15. Fair value measurement

Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Observable market data used in valuation techniques to determine the fair value. Level 2 instruments are not traded in an active market

Level 3: Unobservable inputs for the asset or liability

| Consolidated - 31 Dec 2023 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| Assets | | | | |
| Financial instruments at fair value through profit or loss | - | - | 1,503 | 1,503 |
| Financial assets at fair value through other comprehensive income | <u>7,324</u> | <u>-</u> | <u>-</u> | <u>7,324</u> |
| Total assets | <u>7,324</u> | <u>-</u> | <u>1,503</u> | <u>8,827</u> |

Note 15. Fair value measurement (continued)

| Consolidated - 30 Jun 2023 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|---|---------------------------|---------------------------|---------------------------|-------------------------|
| <i>Assets</i> | | | | |
| Financial instruments at fair value through profit or loss | - | - | 1,583 | 1,583 |
| Financial assets at fair value through other comprehensive income | 7,082 | - | - | 7,082 |
| Total assets | 7,082 | - | 1,583 | 8,665 |

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Financial instruments at fair value through profit or loss (level 3)

Financial instruments at fair value through profit or loss represent a future reduction in management fees payable to Lizard for Lizard's management of Pengana Global Small Companies Fund, received as consideration for divestment from Lizard Investors LLC in 2023. The fair value of financial instruments at fair value through profit or loss has been calculated using a discounted cash flow model with key valuation inputs being estimated funds under management for Pengana Global Small Companies Fund and a cost of equity discount rate.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

| Consolidated | Financial assets at fair value through profit or loss \$'000 |
|------------------------------------|---|
| Balance at 1 July 2023 | 1,583 |
| Fair value adjustment | (80) |
| Balance at 31 December 2023 | 1,503 |

Sensitivity disclosure for level 3

A 10% increase in funds under management would result in an increase in the fair value of financial instruments at fair value through profit or loss of \$73,000, whilst a 10% decrease in funds under management would result in a decrease in the fair value by \$245,000.

A 1% change in the discount rate changes the fair value of the financial instruments at fair value through profit or loss on average by approximately 3.4%.

Pengana Capital Group Limited
Notes to the financial statements
31 December 2023



Note 16. Earnings per share

| | Consolidated | |
|--|---------------------|--------------------|
| | 31 Dec 2023 | 31 Dec 2022 |
| | \$'000 | \$'000 |
| <i>Earnings per share for profit/(loss) from continuing operations</i> | | |
| Profit/(loss) after income tax | (873) | 1,061 |
| Non-controlling interest | - | - |
| Profit/(loss) after income tax attributable to the owners of Pengana Capital Group Limited | <u>(873)</u> | <u>1,061</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 83,217,525 | 83,414,044 |
| Adjustments for calculation of diluted earnings per share: | | |
| Dilutive impact of treasury shares accounted for as options | - | 4,215,377 |
| Dilutive impact of service rights | - | 68,115 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>83,217,525</u> | <u>87,697,536</u> |
| | Cents | Cents |
| Basic earnings per share | (1.05) | 1.27 |
| Diluted earnings per share | (1.05) | 1.21 |
| | | |
| | Consolidated | |
| | 31 Dec 2023 | 31 Dec 2022 |
| | \$'000 | \$'000 |
| <i>Earnings per share for loss from discontinued operations</i> | | |
| Loss after income tax | - | (852) |
| Non-controlling interest | - | 113 |
| Loss after income tax attributable to the owners of Pengana Capital Group Limited | <u>-</u> | <u>(739)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | - | 83,414,044 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>-</u> | <u>83,414,044</u> |
| | Cents | Cents |
| Basic earnings per share | - | (0.89) |
| Diluted earnings per share | - | (0.89) |
| | | |
| | Consolidated | |
| | 31 Dec 2023 | 31 Dec 2022 |
| | \$'000 | \$'000 |
| <i>Earnings per share for profit/(loss)</i> | | |
| Profit/(loss) after income tax | (873) | 209 |
| Non-controlling interest | - | 113 |
| Profit/(loss) after income tax attributable to the owners of Pengana Capital Group Limited | <u>(873)</u> | <u>322</u> |

Note 16. Earnings per share (continued)

| | Number | Number |
|---|-------------------|-------------------|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 83,217,525 | 83,414,044 |
| Adjustments for calculation of diluted earnings per share: | | |
| Dilutive impact of treasury shares accounted for as options | - | 4,215,377 |
| Dilutive impact of service rights | - | 68,115 |
| | <u>83,217,525</u> | <u>87,697,536</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>83,217,525</u> | <u>87,697,536</u> |
| | Cents | Cents |
| Basic earnings per share | (1.05) | 0.39 |
| Diluted earnings per share | (1.05) | 0.37 |

The weighted average number of ordinary shares to calculate basic earnings per share excludes 27,375,314 (31 December 2022: 26,695,314) treasury shares.

Note 17. Events after the reporting period

Apart from the dividend declared as disclosed in note 14, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 18. General information

Pengana Capital Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 27.01
 Level 27, Governor Philip Tower
 1 Farrer Place
 Sydney, NSW 2000

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 February 2024.

Pengana Capital Group Limited
Directors' declaration
31 December 2023



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in black ink, appearing to read "David Groves", written over a horizontal line.

David Groves
Non-Executive Chairman

A handwritten signature in black ink, appearing to read "Russel Pillemer", written over a horizontal line.

Russel Pillemer
Chief Executive Officer

29 February 2024
Sydney

Independent Auditor's Review Report

To the Members of Pengana Capital Group Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Pengana Capital Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a giving a true and fair view of the Pengana Capital Group Limited's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

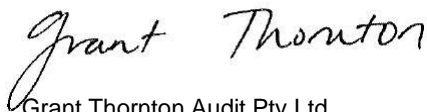
Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



N M Gonzalez
Partner – Audit & Assurance
Sydney, 29 February 2024



PENGANA
CAPITAL GROUP

**PENGANA
CAPITAL GROUP
LIMITED**



PENGANA

CAPITAL GROUP

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