Pengana Capital Group Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Pengana Capital Group Limited
ABN:	43 059 300 426
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

	2024 $'000	2023 $'000	Change $'000	Change %
Revenues from ordinary activities	42,608	39,201	3,407	8.7%
Loss from ordinary activities after tax attributable to the owners of Pengana Capital Group Limited	(4,347)	(489)	(3,858)	789.0%
Loss for the year attributable to the owners of Pengana Capital Group Limited	(4,347)	(489)	(3,858)	789.0%

	2024 Cents	2023 Cents
Basic earnings per share	(5.22)	(0.59)
Diluted earnings per share	(5.22)	(0.59)

Dividends

	Amount per security Cents	Franked amount per security Cents
On 29 February 2024, an interim dividend was declared for the year ended 30 June 2023 and paid on 20 March 2024 to shareholders registered on 6 March 2024.	1.0	1.0
On 29 August 2024, a final dividend was declared for the year ended 30 June 2024 to be paid on 18 September 2024 to shareholders registered on 4 September 2024.	2.0	2.0

Comments
Please refer to the Letter from the Chairman and Letter from the Chief Executive Officer within the accompanying Annual Report for a comprehensive review of operations.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	28.19	31.73

The net tangible assets per ordinary security for the reporting period is calculated based on 83,468,875 (2023: 83,381,366) ordinary shares on issue. This number does not include 26,377,669 (2023: 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 50.23 cents (2023: 51.34 cents).

4. Control gained over entities

On 7 March 2024, the group obtained control of Pengana Credit Pty Ltd, formerly a joint venture entity, and TermPlus, an investment of Pengana Credit Pty Ltd. Refer to note 33 of the notes to the financial statements for further details.

5. Dividend reinvestment plans ('DRP')

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

6. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $'000**	**Previous period $'000**
High Conviction Property Securities Fund (Associate)	-	1.29%	48	22
Pengana Private Equity Trust (Associate)	0.84%	0.66%	(100)	319
Pengana Diversified Private Credit Fund (Associate)	0.01%	-	-	-
Pengana Credit Pty Ltd (Joint Venture) *	-	50.10%	-	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			(52)	341

* Pengana Credit Pty Ltd was jointly owned and operated by the group and Washington H. Soul Pattinson (ASX: SOL) to offer Australian Investors access to institutional grade global private credit investments. As noted above, on 7 March 2024 the group acquired a controlling interest in Pengana Credit Pty Ltd. Refer to note 33 of the notes to the financial statements for further details.

7. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued.

8. Attachments

Details of attachments (if any):

The Annual Report of Pengana Capital Group Limited for the year ended 30 June 2024 is attached.

9. Signed

As authorised by the Board of Directors

Signed ______________________________ Date: 29 August 2024

David Groves
Non-Executive Chairman
Sydney

PENGANA CAPITAL GROUP LIMITED

30 JUNE
2024

ANNUAL REPORT

PENGANA CAPITAL GROUP LIMITED
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Australia

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PENGANA.COM

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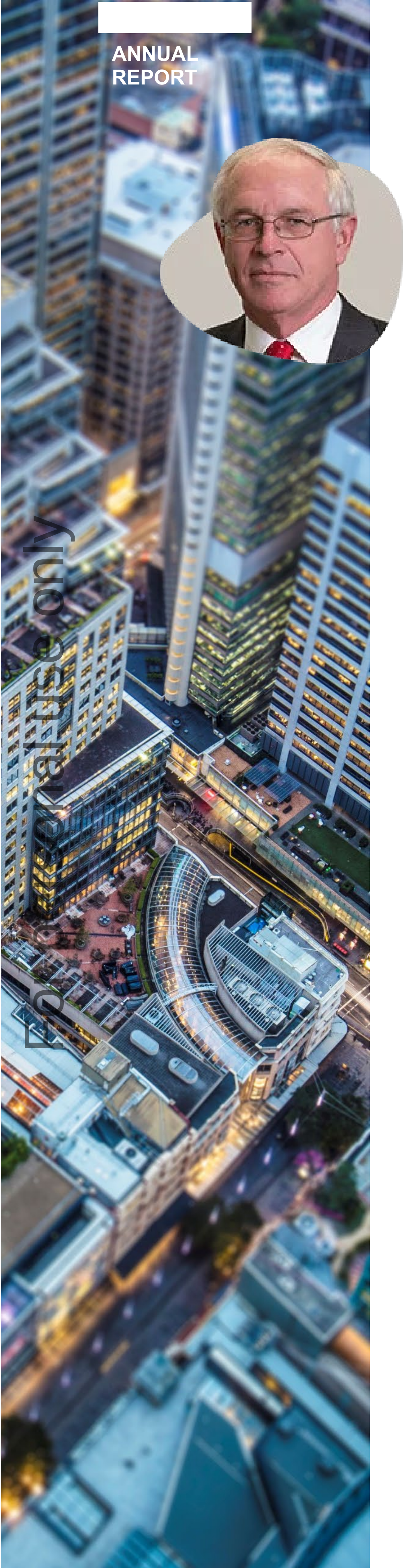
CORPORATE **DIRECTORY**

Directors	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
Company secretary	Paula Ferrao
Registered office	Suite 27.1, Level 27 Governor Phillip Tower 1 Farrer Place Tel: +61 2 8524 9900
Share register	Computershare Investor Services Pty Limited 6 Hope St Ermington NSW 2115 Tel: 1300 787 272
Auditor	Grant Thornton Audit Pty Ltd Level 17, 383 Kent Street Sydney NSW 2000
Stock exchange listing	Pengana Capital Group Limited shares are listed on the Australian Securities Exchange (ASX code: PCG)
Website	www.pengana.com
Corporate Governance Statement	The directors and management are committed to conducting the business of Pengana Capital Group Limited in an ethical manner and in accordance with the highest standards of corporate governance. Pengana Capital Group Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement can be found on the company's website at www.pengana.com.



LETTER FROM THE CHAIR

Dear fellow Pengana shareholders,

Pengana Capital Group Limited ('Pengana' or 'the Company') delivered underlying profit before tax of $2.4 million and a loss from ordinary activities after tax of $4.3 million for the year ended 30 June 2024. Whilst a seemingly disappointing result, it reflects the completion of a major repositioning of the Company. Increased operating expenses reflect the costs associated with incubating strategies, and in relation to the establishment of a number of funds within the Private Credit division, with the business having established the scalable infrastructure required to exploit opportunities in the private markets sector. While modest by historical standards, the financial year saw a welcome return of performance fee income.

Our balance sheet remains strong, with Statutory Net Tangible Assets of 28.19 cents per share, including $6.5 million of net working capital and no debt, giving us capital management flexibility, including regular payment of dividends, investment in growth, and support for our share buyback program.

Today the Board declared a 2 cents per share final dividend, fully franked. The decision to declare a dividend from a loss-making year is predicated on the Company's strong balance sheet, cash reserves and its franking credit balance, and reflects the Board's confidence in the Company's future profitability prospects. Together with the 1 cent per share declared for the interim, this brings the total dividends declared out of the 2024 financial year to 3 cents per share. Since June 2017, the Company has paid over 68 cents per share in dividends, largely fully franked.

The Board is of the opinion that the Company's current share price does not reflect the underlying value of the Company and in the financial year, the Company invested $0.3 million to buy back 0.3 million shares. While the Board intends to renew the on-market buyback facility for a further twelve months, we believe that the best use of capital is to expand our business and, in the letter from our Chief Executive Officer ('CEO') that follows, Russel Pillemer outlines the recent strategic re-positioning of the Company to private markets and the potential for a significant re-rating of the Company's market valuation.

Equity is a key component of Pengana's remuneration and incentive structure, aligning the interests of employees, investors, and shareholders. During the year, we allocated a final 680,000 Pengana shares under the existing Employee Loan Share Plan ('ELSP').

As at 30 June 2024, the balance of the Company's off-balance sheet loans funding our ELSP was $31.6 million, of which $23.5 million, funding 21.5 million shares, is repayable on 31 October 2024. At this point, either these loans will be repaid or the shares attached to the loans will be bought back by the Company and cancelled. At the time of writing, a new Long Term Variable Remuneration Plan ('LTVR') for the year ending 30 June 2025 is being devised with vesting conditions aligned to shareholder returns.

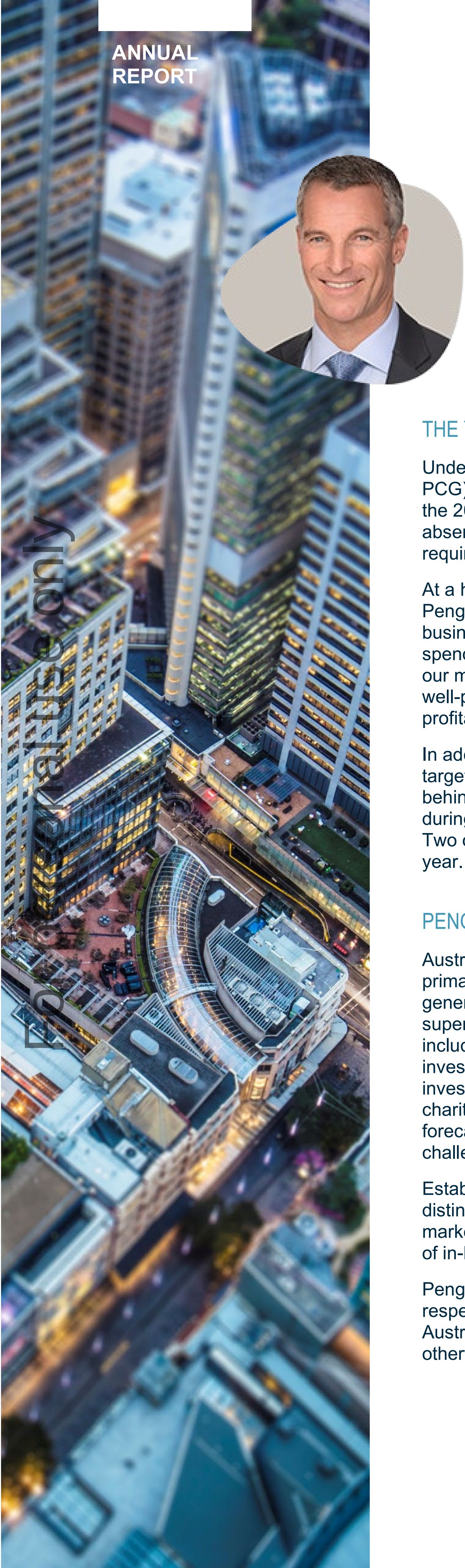
In addition, our Non-executive Directors (NEDs) elected to salary sacrifice their directors' fees into Pengana shares, with 376,066 shares issued in the financial year. At the upcoming Annual General Meeting ('AGM'), we will again be seeking your approval to grant our NEDs new Pengana shares in place of their directors' fees. The NED Equity Plan operates on a fee-sacrifice basis, it does not involve additional cost to Pengana and enhances the alignment between the NEDs and our Shareholders.

Since my last letter, the Private Credit division has progressed significantly. As discussed in previous Annual Reports, the division is a key strategic endeavour for the Company. In the year, the Company unwound its Private Credit joint venture with Washington H. Soul Pattinson ('Soul Patts', ASX: SOL) so that, henceforth, 100% of the division's profit will accrue to PCG. In addition, during the financial year, the division established three products out of the master portfolio of global private credit investments, to which Soul Patts allocated $200 million in seed funding. The Pengana Diversified Private Credit Fund (a wholesale unlisted fund, launched in October 2023), the Pengana Global Private Credit Trust (ASX: PCX) (a listed investment trust launched in June 2024) and TermPlus (an unlisted retail term product launched in June 2024) are expected to have a significant impact on Pengana's long-term profitability. It is worth noting that the structure of the master portfolio of global private credit investments allows Pengana to offer bespoke credit solutions to a wide range of market segments.

In the year, significant headway was made in this strategic undertaking, repositioning the Company to take advantage of a high-margin sector while significantly diversifying our future income streams, and we expect that the positive bottom-line impact of these activities will come to bear in the 2025 financial year and beyond.

I'll close by thanking our shareholders and investors for their continued support and our staff for their continued commitment. I look forward to seeing you at our Annual General Meeting which will be held in our Sydney offices on November 7, 2024

David Groves
Chair, Pengana Capital Group Limited
29 August 2024



LETTER FROM THE CEO

THE YEAR IN REVIEW

Underlying profit before tax of Pengana Capital Group Limited (ASX: PCG) ("Pengana", the "Company") was subdued over the course of the 2024 Financial Year ("FY") due to several factors, including the absence of significant performance fees as well as the expenditure required to fully establish our Private Credit Business.

At a headline level, it might appear that this was a poor year for Pengana. However, from a value creation perspective, I think the business made excellent progress during the year. After 3 years of spending significant time and expenditure on the establishment of our multi-faceted Private Credit Business, we are now strategically well-placed to grow both Funds Under Management ("FUM") and profitability in the years ahead.

In addition, our listed equity funds, (most of which failed to generate target returns in FY 2023 and entered the FY 2024 year significantly behind their respective high-water-marks) in general performed well during the year, including closing the gaps on high-water-marks. Two of the funds generated performance fees at the back-end of the year.

PENGANA'S POSITIONING IN THE NON-INSTITUTIONAL MARKET

Australia presents a highly attractive market for funds management, primarily due to the tailwinds provided by superannuation. In general, the market is divided into two segments: institutional superannuation funds and the non-institutional ("NI") market which includes self-managed superannuation funds catering to retail investors, as well as including the substantial savings held by retail investors, high-net-worth individuals, family offices, foundations, and charities. The NI market is particularly appealing due to strong forecast growth and high margins, though it remains fragmented and challenging to penetrate.

Established in 2003, Pengana has a highly diversified range of distinct and differentiated investment strategies across both private markets as well as listed equity markets, managed by a combination of in-house teams and external fund managers.

Pengana focusses on the NI market and is well recognised and respected as a provider of quality products that enable many Australian investors access to investment opportunities that would otherwise be out of reach.

Over the past 20 years, Pengana has built a well-regarded brand and is used by more than 3,000 financial advisors, maintaining solid relationships with major wealth groups and the higher-end segment of the advisor market. The Company has an estimated 50,000+ underlying investors, including more than 10,000 direct investors, all serviced by an experienced and capable distribution team. Additionally, Pengana's products are well-rated by research houses and are widely available across investment platforms.

Pengana is well-positioned for growth, with the capacity to expand within existing strategies and the flexibility to introduce new strategies and vehicles. The Company has multiple growth prospects in high-demand segments and themes, supported by an innovative management team with the experience and capability to capitalize on emerging opportunities. Pengana also benefits from a robust, scalable, and technologically advanced "institutional grade" infrastructure.

PRIVATE MARKETS FOCUS

While private markets (including Private Credit and Private Equity) is considered the most attractive segment of the funds management market due to their potential to deliver growth, returns, and stability, there is a significant shortage of these strategies available to Australian NI investors.

Over the past few years, Pengana has focussed on building the foundations necessary to become one of the dominant providers of private market investment strategies to the NI market. Today, Pengana has the largest Global Private Equity ("GPE") vehicle listed on the ASX, the Pengana Global Private Equity Trust (ASX Ticker: PE1), a multi-faceted Global Private Credit ("GPC") business that includes an ASX listed vehicle, the Pengana Global Private Credit Trust (ASX Ticker: PCX), as well as wholesale and retail offerings including its newly launched direct to consumer vehicle ("TermPlus").

Pengana's range of GPC vehicles each invest in a master portfolio over of 20 underlying funds, selected and managed by Mercer Consulting (Australia) Pty Ltd ("Mercer"). Pengana's deep strategic relationship with Mercer is a key strength, as Mercer is one of the world's largest investment consultants, advising on over US$16 trillion in global assets and possessing significant expertise in GPC. In addition to providing investment expertise, Mercer also offers extensive support, utilising its resources, expertise, and relationships to assist Pengana's GPC business.

Pengana has strong growth prospects in Private Market strategies as it is among the few Australian NI fund managers offering both GPC and GPE. Currently, Private Market strategies only represent approximately 22% of Pengana's FUM, however, the Company plans for this segment to become the dominant part of its business in the medium term.

GPC generally operates with high margins. The GPC products currently offered by Pengana have varying fee structures, including base fees, performance fees, and spreads, which are estimated on average to generate in excess of a 1.0% net revenue margin.

Pengana's GPC business is scalable due to advanced technology and a sophisticated digital platform that facilitates growth without long-term capacity constraints. Since Pengana's GPC offerings primarily leverage existing infrastructure, any additional GPC vehicles will have minimal additional resource requirements or require minimal increases to the cost base. Consequently, any net revenue margin from FUM growth in this area is expected to contribute directly to the bottom line.

It is notable that globally, fund managers focused on private markets tend to trade at significant premiums compared to those that on listed equity markets

OPERATING RESULTS FOR 2024 FINANCIAL YEAR

FUNDS UNDER MANAGEMENT (FUM)

FUM at 30 June 2024 stood at $3.3 billion, having increased by 10% year on year, with $120 million of distributions paid to investors offset by $67 million in net inflows and $349 million of absolute performance.

During July 2024 our range of listed equity strategies participated in the continued upward trajectory of equity markets. FUM at $3.4 billion was steady, as the payment of distributions of $79 million in the month was offset by performance gains and net inflows.

FINANCIAL RESULTS

Pengana's profitability in FY 2024 was supressed due to several factors. Limited performance fees contributed to the lower profitability, and the Company invested heavily in growth, resulting in a high-cost structure relative to its current level of FUM. Additionally, the global private credit vehicles only launched late in the financial year and hence had minimal impact on the year's profitability.

Operating EBITDA and underlying profit	June 2024 $'000	June 2023 $'000
Management fee revenue	35,853	35,973
Performance fee revenue	3,136	-
Operating expenses	(20,358)	(18,188)
Team profit share	(11,678)	(11,125)
Operating EBITDA[1]	**3,122**	**3,703**
Interest and investment income distributions	755	681
Interest on loan funded share plan	2,539	1,802
Gain/(loss) on investments and other non-recurring items	541	539
Product development costs	(4,561)	(697)
Underlying profit before tax[2]	**2,395**	**6,028**
Basic EPS on underlying profit after normalised tax[3]	*1.63 cps*	*4.11 cps*

Weighted average FUM for the financial year was flat, translating into flat management fee revenue year on year.

Pengana earned $3.1 million in gross performance fees, and while this is modest by historical standards, it signifies that some of the strategies in the listed equity funds business are either close to, or have reached, their performance fee high-water marks.

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[1] Source: Pengana Management Accounts

[2] Underlying profit before tax attributable to Pengana Shareholders

[3] Calculated on 110,350,802 weighted average number of shares (i.e., including treasury shares) (2023: 109,880,991), applying normalised 25% tax rate (2023: 25%)

Operating expenses increased from $18.2 million in the prior comparable period to $20.5 million. The increase in operational expenses this year is largely driven by increased personnel and technology costs to support the establishment and planned growth in the Private Markets.

Product development costs of $4.6 million predominantly reflect the cost of raising $157 million in PCX, a permanent capital product listed on the ASX. After taking into account these costs, Pengana generated Underlying Profit before tax of $2.4 million which represents 1.63 cents per share after normalised tax.

At the time of writing, FUM was 10% up on the average for the 2024 financial year, with Pengana the beneficiary of approximately 63% of the average management fee rate of 1.20% across FUM subject to management fees. We expect to continue to have strong fee margins as we strategically shift our FUM concentration to Private Markets.

BALANCE SHEET

Our Statutory Net Tangible Assets at $23.5 million represents 28.19 cents per share at 30 June 2024, excluding the $31.6 million of the Company's off-balance sheet loans funding our Employee Loan Share Plan ('ELSP'), a large part of which is repayable on 31 October 2024. During the 2024 financial year we paid $1.7 million or 2 cents per share in dividends, repaid our borrowings and ended the period with $6.6 million in net working capital .

Our Board today declared a 2 cent per share dividend, fully franked at 25% tax rate. This brings the total dividends declared for the 2024 financial year to 3 cents per share.

The management of our balance sheet is critically important to our business and the returns we deliver to shareholders in the long term, as it allows us to take advantage of strategic opportunities as they arise.

THE PENGANA OPPORTUNITY

Pengana is uniquely positioned to benefit from the convergence of three key tailwinds:

- General funds management market growth driven by Superannuation
- Strong growth prospects and high margins in the NI segment
- Strong growth prospects and high margins in Private Markets

Pengana's Board believes that the Company's current share price does not reflect the underlying value of the Company, nor does it reflect the significant potential upside, which includes performance fees, growth prospects, and potential re-rating of its valuation multiple.

As always, I thank our shareholders for the trust in placing their savings with Pengana and I look forward to once again meeting many of you at our Annual General Meeting, to be held in November at Pengana's Sydney offices

Russel Pillemer

Managing Director and Chief Executive Officer
Pengana Capital Group Limited
29 August 2024

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 year ended 30 June 2024.

Directors
The following persons were directors of Pengana Capital Group Limited during the whole of the financial 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 year were as follows:

	Consolidated 2024 $'000	Consolidated 2023 $'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 (2023: fully franked final dividend of 8.0 cents per ordinary share for the year ended 30 June 2022)	833	6,812
On 29 February 2024, a fully franked interim dividend of 1.0 cents per ordinary share was declared for the year ended 30 June 2024 and paid on 20 March 2024 to the shareholders registered on 6 March 2024 (2023: fully franked interim dividend of 2.0 cents per ordinary share for the year ended 30 June 2023)	835	1,673
	1,668	8,485

On 29 August 2024, the directors declared a fully franked final dividend for the year ended 30 June 2024 of 2.0 cents per ordinary share. The dividend will be paid on 18 September 2024 to eligible shareholders on the register on 4 September 2024.

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

Review of operations
The loss for the group after providing for income tax and non-controlling interest amounted to $4,347,000 (30 June 2023: $489,000).

Please refer to the Letter from the Chairman and Letter from the Chief Executive Officer for further information on the results and future outlook.

Matters subsequent to the end of the financial year
Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2024 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.

Likely developments and expected results of operations
Refer to the Chief Executive Officer's Report for information on likely developments and future outlook.

Material business risks

Material business risks that could adversely affect the group's future financial performance are listed below.

Market risk

The group's funds under management and associated fee income are exposed to movements in market volatility. Whilst the impact of market fluctuations can be both positive and negative, diversification strategies are used to reduce the magnitude of the effects associated with market volatility.

Environmental and social sustainability risks

The group may have material indirect exposure to environmental and social sustainability risks through the investment portfolios of the various investment strategies it manages that could lead to loss of reputation and funds under management. To mitigate this risk the group has adopted a Sustainability and Responsible Investment Policy covering its product offerings.

Cyber security risk

The risk of cyber-attacks that could result in a loss of data, networks, money, reputation, or the inability to operate are managed in accordance with the group's cyber security strategy which includes an internal framework, outsourced components and regular monitoring and testing.

Environmental regulation

The group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	David Groves
Title:	Non-Executive Chairman
Experience and expertise:	David has over 25 years' experience as a company director. He is Chairman of H&G High Conviction Limited (ASX:HCF) and is a non-executive director of Pengana International Equities Limited and MA Redcape Hotel Fund RE Ltd as responsible entity of the MA Redcape Hotel Fund. He is a former director of EQT Holdings Ltd, Tassal Group Ltd and GrainCorp Ltd and a former executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia. David is a member of the Council of Wollongong University. He is a member of Chartered Accountants Australia and New Zealand.
Other current directorships:	Pengana International Equities Limited (ASX: PIA) and H&G High Conviction Limited (ASX:HCF)
Former directorships (last 3 years):	Redcape Hotel Group (ASX: RDC) - delisted on 2 November 2021
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	1,335,249 ordinary shares

Name:	Russel Pillemer
Title:	Managing Director and Chief Executive Officer
Experience and expertise:	Russel co-founded Pengana in 2003 and has been its Chief Executive Officer since its inception. Prior to founding Pengana, Russel worked in the Investment Banking Division of Goldman Sachs in New York where he specialised in providing advice to funds management businesses. Before moving to New York, he was responsible for leading Goldman Sachs' Australian Financial Institutions Group. He was previously Chairman of Centric Wealth Group and a Principal of Turnbull Pillemer Capital. Russel is a member of Chartered Accountants Australia and New Zealand and has a Bachelor of Commerce (Hons) from the University of New South Wales.
Other current directorships:	Pengana International Equities Limited (ASX: PIA)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	10,123,517 ordinary shares and 16,843,528 ordinary shares (treasury shares held under the loan share plan)

Name:	Jeremy Dunkel
Title:	Non-Executive Independent Director
Experience and expertise:	Jeremy is a director of Taurus Capital, a family office investment consultancy specialising in philanthropy. His accounting and finance experience includes working for Chemical Bank, Chase Manhattan and Price Waterhouse. He is a director of Education Heritage Foundation as well as being the Chair of Y2i.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Committee
Interests in shares:	2,078,645 ordinary shares

Name:	Kevin Eley
Title:	Non-Executive Independent Director
Experience and expertise:	Kevin has over 30 years' experience in management in a broad range of industries including manufacturing, mining, retail, finance and funds management. He has worked for a major international accounting firm, two investment banks and was CEO of HGL Limited.
Other current directorships:	EQT Holdings Ltd (ASX: EQT) and Hancock & Gore Ltd (formerly HGL Limited (ASX: HNG))
Former directorships (last 3 years):	Milton Corporation Limited (ASX: MLT) - retired on 6 October 2021
Special responsibilities:	Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committee
Interests in shares:	664,098 ordinary shares

Name:	Brendan O'Dea
Title:	Non-Executive Director
Experience and expertise:	Brendan is currently the Chief Investment Officer of Washington H. Soul Pattinson and Company (ASX: SOL) and was appointed to the role in October 2021 having previously been the Managing Director and CEO of Milton Corporation for 3 years. Brendan is an experienced global equity markets executive with extensive business management and investing experience having spent 22 years with Citigroup in Sydney, Hong Kong, New York and Tokyo as a Managing Director. Brendan holds a Bachelor of Economics from the University of Sydney and a Master's Degree in Business Finance from the University of Technology, Sydney. Brendan is Member of Chartered Accountants Australia and New Zealand and a Member of the Institute of Company Directors.
Other current directorships:	None
Former directorships (last 3 years):	Milton Corporation Limited (ASX:MLT)
Special responsibilities:	Member of the Nomination and Remuneration Committee
Interests in shares:	73,364 ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Ms Paula Ferrao has held the role of Company Secretary since 4 January 2017. Paula is also an executive of the group, Company Secretary of Pengana International Equities Limited, and member of the Finance Council of the Trustees of the Sisters of the Good Samaritan. Before joining Pengana, Paula was interim Chief Executive Officer of Hunter Hall International Limited, having previously held the position of Chief Financial Officer since 2010. Paula has over 25 years’ experience in the funds management industry with strong expertise in financial reporting and tax for listed corporate entities, listed investment companies, managed investment schemes and public offer superannuation funds, and in all aspects of fund operations.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
David Groves	10	10	-	-	4	4
Russel Pillemer	10	10	-	-	-	-
Jeremy Dunkel	10	10	2	2	4	4
Kevin Eley	10	10	2	2	4	4
Brendan O'Dea	10	10	2	2	-	-

Held: represents the number of meetings held during the time the director held office and was a member of the relevant committee.

Remuneration report (audited)
The remuneration report details the key management personnel ('KMP') remuneration arrangements for the group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

Principles used to determine the nature and amount of remuneration
The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee ('NRC') is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration
Non-executive directors each have a letter of appointment with the company. Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the NRC. The NRC may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

On 6 April 2020, the company announced the implementation of a Non-Executive director equity plan (‘NED Plan’) that operates on a fee sacrifice basis. Under the plan Non-Executive directors are annually given the opportunity to sacrifice up to 100% of fees (excluding compulsory superannuation contribution) in return for a grant of Restricted Rights to acquire shares in the company at an equivalent market value. Restricted Rights are exercisable following the elapsing of 60 days after the grant date. Shares acquired as a result of the exercise of Restricted Rights are subject to a disposal restriction such that they may not be disposed of until the earlier of the elapse of 15 years from the grant date or the participant ceases to hold the office of a Non-Executive director. Effective from 1 July 2020, annual shareholder approval is sought to grant these rights.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 28 November 2017, where the shareholders approved a maximum annual aggregate remuneration of $750,000.

Executive remuneration
The group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following components:
- fixed remuneration, including superannuation and long service leave;
- Short term incentives ('STI') in the form of a discretionary cash bonus; and
- Long term incentives ('LTI') in the form of share-based payments.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and long service leave, will be reviewed annually by the NRC based on individual and business unit performance, the overall performance of the group and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the group and provides additional value to the executive.

Short term incentives are payable to KMP and other executives at the discretion of the Board and are not directly linked to the group's profitability, however, the profitability of the group is taken into consideration when determining bonuses. During the years ended 30 June 2024 and 30 June 2023, discretionary cash bonuses were determined by reference to both the performance of the individual and performance of the group.

Long term incentives
The long-term incentives include equity settled share-based payments.

The group operates a Loan Share Plan ('LSP') which is outlined below in the section 'Share-based compensation'.

Use of remuneration consultants
During the financial year ended 30 June 2024, the group did not engage any remuneration consultants.

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')
At the 2023 AGM, shareholders voted to approve the adoption of the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of KMP of the group are set out in this section.

The KMP of the group consisted of the directors of Pengana Capital Group Limited and the following persons:
- Katrina Glendinning - Chief Financial Officer
- Adam Myers - Executive Director, Strategy and Distribution

2024	Short-term benefits Cash salary and fees $	Short-term benefits Cash bonus $	Short-term benefits Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
David Groves	-	-	-	15,679	-	142,534	158,213
Jeremy Dunkel	-	-	-	10,076	-	91,603	101,679
Kevin Eley	-	-	-	11,205	-	101,864	113,069
Brendan O'Dea	-	-	-	8,958	-	81,435	90,393
Executive Directors:							
Russel Pillemer	648,676	-	23,553	27,399	18,545	118,034	836,207
Other KMP:							
Katrina Glendinning	392,488	35,000	-	27,500	9,517	16,858	481,363
Adam Myers	392,589	70,000	-	27,399	9,116	64,022	563,126
	1,433,753	105,000	23,553	128,216	37,178	616,350	2,344,050

2023	Short-term benefits Cash salary and fees $	Short-term benefits Cash bonus $	Short-term benefits Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
David Groves*	9,774	-	-	11,307	-	97,919	119,000
Jeremy Dunkel	-	-	-	9,246	-	88,054	97,300
Kevin Eley	4,909	-	-	8,735	-	78,281	91,925
Brendan O'Dea**	19,570	-	-	2,055	-	-	21,625
Warwick Negus	-	-	-	-	-	151,400	151,400
Executive Directors:							
Russel Pillemer	644,208	-	-	25,292	15,165	104,240	788,905
Other KMP:							
Katrina Glendinning	374,404	35,000	-	27,498	8,015	15,042	459,959
Adam Myers	374,404	70,000	-	27,498	7,729	60,003	539,634
	1,427,269	105,000	-	111,631	30,909	594,939	2,269,748

* Represents remuneration as Non-Executive Chairman (from 1 April 2023) and as Non-Executive Independent Director (until 31 March 2023).
** Represents remuneration from 1 April 2023 to 30 June 2023.

The share-based payments represent amortisation of the notional options arising from the accounting treatment of the LSP, as described below under 'Share-based compensation' for executive directors and other KMP, and fees sacrificed into the NED Plan for non-executive directors.

Non-executive directors' remuneration is 100% fixed. The fixed proportion and the proportion of remuneration linked to the performance of Executive Directors and KMP are as follows:

	Fixed remuneration		STI		LTI	
Name	2024	2023	2024	2023	2024	2023
Executive Directors:						
Russel Pillemer	86%	87%	-	-	14%	13%
Other KMP:						
Katrina Glendinning	89%	89%	7%	8%	4%	3%
Adam Myers	77%	76%	12%	13%	11%	11%

Service agreements

Remuneration and other terms of employment for group executives are formalised in employment agreements. Details of the employment agreements with KMP are as follows:

Name:	Russel Pillemer
Title:	Managing Director and Chief Executive Officer
Term of agreement:	Ongoing - no fixed minimum term
Details:	A total fixed salary of $724,115 per annum, which includes statutory superannuation contributions and any salary sacrifice arrangements. Russel participates in the loan share plan. Either party may terminate the employment agreement by providing six months' notice.

Name:	Katrina Glendinning
Title:	Announced retirement on 29 July 2024
Term of agreement:	Ongoing - no fixed minimum term
Details:	A total fixed salary of $434,688 per annum, which includes statutory superannuation contributions and any salary sacrifice arrangements. Katrina participates in the loan share plan. Either party may terminate the employment agreement by providing six months' notice.

Name:	Adam Myers
Title:	Executive Director, Strategy and Distribution
Term of agreement:	Ongoing - no fixed minimum term
Details:	A total fixed salary of $434,688 per annum, which includes statutory superannuation contributions and any salary sacrifice arrangements. Adam participates in the loan share plan. Either party may terminate the employment agreement by providing one months' notice.

In addition to the fixed salary, KMP are entitled to any discretionary bonus approved by NRC. KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares under the Loan Share Plan ('LSP')

The group operates a LSP whereby limited recourse loans are provided to employees and fund managers to acquire shares in the company. As the share acquisitions are funded by limited recourse loans, and whilst those loans remain outstanding, the shares are referred to as treasury shares and not recognised in equity nor are the associated loans recognised as a receivable. As at 30 June 2024, loans outstanding under the LSP totalled $31,643,317 (2023: $30,060,185) and represent the value of both receivables and contributed equity not recognised on the statement of financial position.

Treasury shares for accounting purposes are treated similar to a grant of options and accounted for as equity-settled share-based payments. Treasury shares are fair valued using an option pricing model on the date they are granted and amortised as an expense in profit or loss over the vesting period. A share-based payment expense of $472,000, related to treasury shares, has been recognised in the statement of profit or loss for the year ended 30 June 2024 (2023: $359,000).

The loans are interest bearing and have a maximum term of up to seven years. Recourse on the loans (including associated interest) is limited to the associated shares and any dividend amounts applied to the loan balance. The shares granted under the LSP are subject to a vesting condition, that the employees must remain continuously employed for a period of three to five years from the grant date, except for shares associated with the LSP granted to the CEO which are not subject to a vesting condition and vested on the date the shares were granted.

Outstanding loan payable under LSP by each KMP is provided below:
- Russel Pillemer $18,522,772 (2023: $17,412,038)
- Katrina Glendinning $758,966 (2023: $711,174)
- Adam Myers $2,692,121 (2023: $2,345,609).

The terms and conditions of each grant of shares under the LSP affecting remuneration of KMP in this financial year or future reporting years are as follows:

Grant date	Expiry date	Name	Number of loan shares	Exercise price	Fair value per loan share at grant date
14/09/2021	12/09/2028	Russel Pillemer	400,000	$1.58	$0.455
30/06/2021	28/06/2028	Katrina Glendinning	76,103	$1.31	$0.382
20/12/2019	18/12/2026	Adam Myers	250,000	$1.50	$0.372
30/06/2021	28/06/2028	Adam Myers	127,995	$1.31	$0.382
14/09/2021	12/09/2028	Adam Myers	72,005	$1.58	$0.455
08/09/2022	06/09/2029	Katrina Glendinning	75,000	$1.35	$0.472
08/09/2022	06/09/2029	Adam Myers	200,000	$1.35	$0.472
08/09/2022	06/09/2029	Russel Pillemer	571,000	$1.35	$0.472
07/09/2023	05/09/2030	Adam Myers	160,000	$0.90	$0.239

Performance/service rights
There were no performance/service rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

Additional disclosures relating to KMP

Shareholding
The number of shares in the company, excluding shares under the LSP, held during the financial year by each director and other members of KMP of the group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Additions via NED plan	Balance at the end of the year
Ordinary shares					
David Groves	947,133	-	259,707	128,409	1,335,249
Jeremy Dunkel	1,996,121	-	-	82,524	2,078,645
Kevin Eley	472,329	-	100,000	91,769	664,098
Brendan O'Dea	-	-	-	73,364	73,364
Russel Pillemer	10,100,081	-	23,436	-	10,123,517
Katrina Glendinning	2,159,530	-	-	-	2,159,530
Adam Myers	166,250	-	-	-	166,250
	15,841,444	-	383,143	376,066	16,600,653

Shares under the loan share plan
The number of shares under the LSP in the company held during the financial year by each director and other members of KMP of the group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Shares under the loan share plan (vested and unvested)					
Russel Pillemer	16,843,528	-	-	-	16,843,528
Katrina Glendinning	574,002	-	-	-	574,002
Adam Myers	1,825,654	160,000	-	-	1,985,654
	19,243,184	160,000	-	-	19,403,184

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Shares under the loan share plan (vested)			
Russel Pillemer	15,872,528	-	15,872,528
Katrina Glendinning	422,899	-	422,899
Adam Myers	1,175,654	-	1,175,654
	17,471,081	-	17,471,081

This concludes the remuneration report, which has been audited.

Shares under the loan share plan and shares under options
Shares under the LSP in Pengana Capital Group Limited and reported as treasury shares at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number of loan shares
01/03/2017	31/10/2024	$1.49	5,149,796
01/03/2017	31/10/2024	$1.20	10,722,732
03/03/2017	31/10/2024	$1.49	5,655,038
20/12/2019	18/12/2026	$1.50	788,000
30/06/2021	28/06/2028	$1.31	651,998
14/09/2021	12/09/2028	$1.58	1,039,105
08/09/2022	06/09/2029	$1.35	1,691,000
07/09/2023	05/09/2030	$0.90	680,000
			26,377,669

The value of loans issued under the LSP total $33,569,000 (2023: $34,025,000). Due to the limited recourse nature of the loans and whilst the loans remain outstanding the value of the loans is not recognised as a receivable and issued capital is reduced by both the value of the initial loans and the number of associated treasury shares. Refer to note 22 and note 38 of the notes to the financial statements for further details.

There were no unissued ordinary shares of Pengana Capital Group Limited under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Pengana Capital Group Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Shares issued on the exercise of service rights
There were no ordinary shares of Pengana Capital Group Limited issued on the exercise of service rights during the year ended 30 June 2024 and up to the date of this report.

Shares under service rights
Unissued ordinary shares of Pengana Capital Group Limited under service rights at the date of this report are as follows:

Grant date	Vesting date	Exercise price	Number under rights
27/09/2022	30/06/2024	$0.00	216,050
27/09/2022	30/06/2025	$0.00	302,469
27/09/2022	30/06/2026	$0.00	345,679
			864,198

No person entitled to exercise the service rights had or has any right by virtue of the service right to participate in any share issue of the company or of any other body corporate.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where the indemnity is not permitted by law.

During the financial year the group paid premiums in respect of contracts to insure the directors and executives of the company and group. The contract of insurance prohibits disclosure of the nature of the risks insured and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, 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.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Grant Thornton Audit Pty Ltd
There are no officers of the company who are former partners of Grant Thornton Audit Pty Ltd.

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.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

David Groves	Russel Pillemer
Non-Executive Chairman	Chief Executive Officer

29 August 2024
Sydney

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230

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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 audit of Pengana Capital Group Limited for the year ended 30 June 2024, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Nicole Gonzalez.

N M Gonzalez
Partner – Audit & Assurance

Sydney, 29 August 2024

Pengana Capital Group Limited
Statement of profit or loss
For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	2023 $'000
Revenue			
Management fees		36,352	36,519
Performance fees		3,336	-
Other fee revenue		11	-
Total revenue	2	39,699	36,519
Share of profits/(losses) of associates accounted for using the equity method		(52)	341
Interest revenue calculated using the effective interest method		372	170
Other income and gains	3	2,589	1,049
Total revenue and income		42,608	38,079
Expenses			
Human resources expenses		(15,786)	(13,808)
Fund manager profit share expenses		(11,678)	(10,841)
Fund operating expenses		(3,942)	(3,314)
Distribution expenses		(124)	-
Loss on revaluation of financial asset at fair value through profit or loss		(380)	-
Occupancy expenses		(318)	(291)
Capital raising and product development expenses		(6,048)	(1,124)
Technology and telecommunications expenses		(1,422)	(1,065)
Marketing and investment research expenses		(1,328)	(1,130)
Insurance expenses		(1,151)	(1,272)
Professional, registry and listing related expenses		(747)	(773)
Depreciation and amortisation expenses	4	(3,460)	(3,501)
Finance costs	4	(148)	(190)
Other operating expenses		(1,201)	(380)
Total expenses		(47,733)	(37,689)
Profit/(loss) before income tax (expense)/benefit from continuing operations		(5,125)	390
Income tax (expense)/benefit	5	778	(140)
Profit/(loss) after income tax (expense)/benefit from continuing operations		(4,347)	250
Loss after income tax expense from discontinued operations	6	-	(852)
Loss after income tax (expense)/benefit for the year		(4,347)	(602)
Loss for the year is attributable to:			
Non-controlling interest		-	(113)
Owners of Pengana Capital Group Limited		(4,347)	(489)
		(4,347)	(602)

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 year ended 30 June 2024

	Note	Consolidated 2024	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	39	(5.22)	0.30
Diluted earnings per share	39	(5.22)	0.29
Earnings per share for loss from discontinued operations attributable to the owners of Pengana Capital Group Limited			
Basic earnings per share	39	-	(0.89)
Diluted earnings per share	39	-	(0.89)
Earnings per share for loss attributable to the owners of Pengana Capital Group Limited			
Basic earnings per share	39	(5.22)	(0.59)
Diluted earnings per share	39	(5.22)	(0.59)

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 year ended 30 June 2024

	Consolidated	
	2024	2023
	$'000	$'000
Loss after income tax (expense)/benefit for the year	(4,347)	(602)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax	544	692
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	5	52
Other comprehensive income for the year, net of tax	549	744
Total comprehensive income for the year	(3,798)	142
Total comprehensive income for the year is attributable to:		
Continuing operations	-	-
Discontinued operations	-	(113)
Non-controlling interest	-	(113)
Continuing operations	(3,798)	994
Discontinued operations	-	(739)
Owners of Pengana Capital Group Limited	(3,798)	255
	(3,798)	142

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 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Assets			
Current assets			
Cash and cash equivalents	7	9,111	14,180
Trade and other receivables	8	1,393	1,086
Contract assets	9	6,173	3,032
Prepayments and deposits	11	687	682
Income tax refund due	5	940	1,519
Total current assets		18,304	20,499
Non-current assets			
Trade and other receivables	8	345	351
Financial assets at fair value through profit or loss	10	7,486	1,583
Investments accounted using the equity method	12	3,243	2,755
Financial assets at fair value through other comprehensive income	13	7,808	7,082
Property, plant and equipment	14	882	1,092
Intangibles	15	51,261	53,339
Right-of-use assets	16	2,785	3,608
Prepayments and deposits	11	771	585
Total non-current assets		74,581	70,395
Total assets		92,885	90,894
Liabilities			
Current liabilities			
Trade and other payables	17	6,657	5,702
Employee benefits	18	1,784	1,333
Lease liabilities	19	751	678
Liability to unitholders	21	6,255	-
Total current liabilities		15,447	7,713
Non-current liabilities			
Trade and other payables	17	23	23
Employee benefits	18	203	247
Provisions	20	186	186
Liability to unitholders	21	204	-
Lease liabilities	19	2,139	2,932
Deferred tax	5	1,455	2,080
Total non-current liabilities		4,210	5,468
Total liabilities		19,657	13,181
Net assets		73,228	77,713
Equity			
Contributed equity	22	99,085	98,969
Reserves	23	50,227	26,169
Accumulated losses		(76,084)	(47,425)
Total equity		73,228	77,713

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 year ended 30 June 2024

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
Loss after income tax expense for the year	-	-	(489)	(113)	(602)
Other comprehensive income for the year, net of tax	-	744	-	-	744
Total comprehensive income for the year	-	744	(489)	(113)	142
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 22)	416	-	-	-	416
Share buy-back (note 22)	(789)	-	-	-	(789)
Loan repayment on treasury shares (note 22)	483	-	-	-	483
Share-based payments (note 38)	-	752	-	-	752
Adjustments to acquisition reserve (note 23)	-	(2,712)	-	-	(2,712)
Adjustment to non-controlling interest on disposal	-	-	-	526	526
Other changes	-	3	(3)	-	-
Dividends paid (note 24)	-	(8,485)	-	-	(8,485)
Balance at 30 June 2023	98,969	26,169	(47,425)	-	77,713

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 benefit for the year	-	-	(4,347)	-	(4,347)
Other comprehensive income for the year, net of tax	-	549	-	-	549
Total comprehensive income for the year	-	549	(4,347)	-	(3,798)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 22)	1,169	-	-	-	1,169
Net derecognition of treasury shares	107	-	-	-	107
Share buy-back (note 22)	(1,160)	-	-	-	(1,160)
Share-based payments (note 38)	-	865	-	-	865
Transfer from accumulated losses to profits reserve (note 23)	-	24,312	(24,312)	-	-
Dividends paid (note 24)	-	(1,668)	-	-	(1,668)
Balance at 30 June 2024	99,085	50,227	(76,084)	-	73,228

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 year ended 30 June 2024

	Note	Consolidated 2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		40,403	43,927
Payments to suppliers, customers and employees (inclusive of GST)		(42,531)	(38,992)
Purchase of financial instruments held at fair value through profit or loss		(55,384)	-
Dividends received		510	509
Interest received		233	170
Other revenue		174	1,600
Finance costs		(2)	(42)
Income taxes refunded		551	-
Income taxes paid		-	(7,084)
Net cash (used in)/from operating activities	37	(56,046)	88
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	33	103	-
Proceeds from return of capital on investments in subsidiaries		58	1,019
Proceeds from shareholder loan repayments		7	35
Cash disposed of on disposal of subsidiaries		-	(2,916)
Payments for property, plant and equipment		(54)	(619)
Payments for intangibles	15	(260)	-
Payments for equity accounted investments		(1,386)	(44)
Proceeds from disposal of equity accounted investments		324	251
Payments for purchase of financial instruments held at fair value through profit or loss		-	(2,195)
Proceeds from disposal of investments in financial instruments held at fair value through profit or loss		-	3,567
Payments for term deposits		-	(200)
Proceeds from security deposits		-	40
Payments for security deposits		(2)	(10)
Payments for loan to Pengana Private Credit Master Fund		(1,109)	-
Net cash used in investing activities		(2,319)	(1,072)
Cash flows from financing activities			
Proceeds from issue of shares	22	417	416
Payments for share buy-backs		(302)	(358)
Repayment of borrowings	37	-	(1,250)
Repayment of lease liabilities	37	(903)	(875)
Proceeds from loan repayment on treasury shares		-	53
Dividends paid	24	(1,668)	(8,485)
Proceeds from applications by unitholders		55,752	-
Net cash from/(used in) financing activities		53,296	(10,499)
Net decrease in cash and cash equivalents		(5,069)	(11,483)
Cash and cash equivalents at the beginning of the financial 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 year	7	9,111	14,180

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

Note 1. 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 is therefore not duplicated.

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

Major customers
During the year ended 30 June 2024, approximately 70% (2023: 59%) of the group's external revenue was derived from four (2023: three) Funds.

Note 2. Disaggregation of revenue

Revenue is substantially generated in Australia and is recognised over time. Revenue is categorised as either management or performance fees in the statement of profit or loss. Refer to note 40 for accounting policies associated with each category.

Note 3. Other income and gains

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Dividends and distributions	373	373
Rental income	91	82
Loss on disposal of subsidiary	-	(266)
Gain on bargain purchase in business combinations (note 33)	1,500	-
Debt forgiveness income	541	-
Other income	84	860
	2,589	1,049

Note 4. Expenses

	Consolidated	
	2024	**2023**
	$'000	**$'000**
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Leasehold improvements	18	14
Furniture and fittings	64	48
Plant and equipment	106	167
Right-of-use assets	859	923
Total depreciation	1,047	1,152
Amortisation		
Acquired relationships	2,409	2,441
Software	4	-
Depreciation and amortisation included in discontinued operations (note 6)	-	(92)
Total amortisation	2,413	2,349
Total depreciation and amortisation	3,460	3,501
Finance costs		
Interest and finance charges paid/payable on borrowings	-	42
Interest and finance charges paid/payable on lease liabilities	148	148
Finance costs expensed	148	190
Net foreign exchange loss		
Net foreign exchange loss	541	4
Defined contribution superannuation expense	965	805
Share-based payments expense - included in human resources expenses		
Share-based payments expense	865	752

Note 5. Income tax

	Consolidated 2024 $'000	Consolidated 2023 $'000
Income tax expense/(benefit)		
Current tax	(334)	371
Deferred tax - origination and reversal of temporary differences	(444)	(231)
Aggregate income tax expense/(benefit)	(778)	140
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease in deferred tax liabilities	(444)	(231)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit from continuing operations	(5,125)	390
Loss before income tax expense from discontinued operations	-	(852)
	(5,125)	(462)
Tax at the statutory tax rate of 25%	(1,281)	(116)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	(500)	115
Non-deductible expenses	393	228
Assessable income not in profit or loss	635	450
Sundry items	(2)	-
	(755)	677
Adjustment to tax balances as a result of change in statutory tax rate	-	(398)
Prior period adjustments	(10)	(11)
(Recognise)/derecognise tax asset related to capital losses	(13)	(128)
Income tax expense/(benefit)	(778)	140

	Consolidated 2024 $'000	Consolidated 2023 $'000
Amounts credited directly to equity		
Deferred tax liabilities	(181)	(345)
Tax losses not recognised		
Capital tax losses for which no deferred tax asset has been recognised	2,523	2,576
Potential tax benefit at statutory tax rates	631	644

Note 5. Income tax (continued)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Deferred tax liability/(asset)		
Deferred tax liability/(asset) comprises temporary differences attributable to:		
Amounts recognised:		
Identifiable intangibles	2,518	3,120
Unrealised gains/losses	(61)	(168)
Provisions	(929)	(825)
Right of return assets	(73)	(47)
Deferred tax liability	1,455	2,080
Movements:		
Opening balance	2,080	2,656
Credited to profit or loss	(444)	(231)
Credited to equity	(181)	(345)
Closing balance	1,455	2,080

	Consolidated 2024 $'000	Consolidated 2023 $'000
Income tax refund due		
Income tax refund due	940	1,519

Note 6. 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 year.

Note 6. Discontinued operations (continued)

Financial performance information

	Consolidated	
	2024 $'000	2023 $'000
Revenue		
Management fees	-	702
Total revenue	-	702
Realised and unrealised gains/(losses) on financial instruments	-	370
Other income	-	50
Total other income	-	420
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	-	(1,974)
Loss before income tax expense	-	(852)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	-	(852)

Cash flow information

	Consolidated	
	2024 $'000	2023 $'000
Net cash used in operating activities	-	(403)
Net cash from investing activities	-	1,372
Net cash used in financing activities	-	(84)
Net increase in cash and cash equivalents from discontinued operations	-	885

Note 7. Cash and cash equivalents

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Cash on hand and at bank	8,963	14,039
Cash on deposit	148	141
	9,111	14,180

Note 8. Trade and other receivables

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current assets		
Trade receivables	26	198
Other receivables	223	888
Loan to Pengana Private Credit Master Fund	1,109	-
BAS receivable	35	-
	1,393	1,086
Non-current assets		
Other loans	345	351
	1,738	1,437

Allowance for expected credit losses
The group has recognised a loss of $nil (2023: $nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

The allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	**2024 %**	**2023 %**	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**
Not overdue	-	-	26	198	-	-

Note 9. Contract assets

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current assets		
Contract assets - accrued management and performance fees	6,173	3,032

Management and performance fees are invoiced monthly in arrears and received within the following month. Significant changes in contract assets are attributable to the volatile nature of performance fee revenue.

Allowance for expected credit losses:
The group has recognised a loss of $nil (2023: $nil) in profit or loss in respect of the non-recoverability of contract assets for the year ended 30 June 2024.

Note 10. Financial assets at fair value through profit or loss

	Consolidated 2024 $'000	Consolidated 2023 $'000
Non-current assets		
Financial instrument (note 26)	1,050	1,583
Profit participating notes (note 26)	6,436	-
	7,486	1,583

Refer to note 26 for further information on fair value measurement.

Note 11. Prepayments and deposits

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current assets		
Prepayments	682	479
Security deposits	5	3
Term deposits	-	200
	687	682
Non-current assets		
Prepayments	-	14
Security deposits	771	571
	771	585
	1,458	1,267

Note 12. Investments accounted using the equity method

	Consolidated 2024 $'000	Consolidated 2023 $'000
Non-current assets		
Investments in associates	3,243	2,755

Refer to note 35 for further information on interests in associates.

Refer to note 36 for further information on interests in joint ventures.

Note 13. Financial assets at fair value through other comprehensive income

	Consolidated 2024 $'000	Consolidated 2023 $'000
Non-current assets		
Investments in listed equity securities	7,808	7,082

Refer to note 26 for further information on fair value measurement.

Note 14. Property, plant and equipment

	Consolidated 2024 $'000	Consolidated 2023 $'000
Non-current assets		
Leasehold improvements - at cost	298	298
Less: Accumulated depreciation	(54)	(36)
	244	262
Furniture and fittings - at cost	514	506
Less: Accumulated depreciation	(118)	(54)
	396	452
Plant and equipment - at cost	562	606
Less: Accumulated depreciation	(320)	(228)
	242	378
	882	1,092

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

Consolidated	Leasehold improvements $'000	Furniture and fittings $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2022	89	2	118	209
Additions	226	497	422	1,145
Disposals	(39)	-	-	(39)
Depreciation expense	(14)	(47)	(162)	(223)
Balance at 30 June 2023	262	452	378	1,092
Additions	-	8	46	54
Write-off of assets	-	-	(1)	(1)
Transfers to identifiable intangibles	-	-	(75)	(75)
Depreciation expense	(18)	(64)	(106)	(188)
Balance at 30 June 2024	244	396	242	882

Note 15. Intangibles

	Consolidated 2024 $'000	Consolidated 2023 $'000
Non-current assets		
Goodwill - at cost	40,860	40,860
Acquired relationships - at cost	27,220	27,220
Less: Accumulated amortisation	(17,150)	(14,741)
	10,070	12,479
Software - at cost	335	-
Less: Accumulated amortisation	(4)	-
	331	-
	51,261	53,339

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

Consolidated	Goodwill $'000	Acquired relationships $'000	Software $'000	Total $'000
Balance at 1 July 2022	43,553	14,920	-	58,473
Lizard Investors LLC (note 23)	(2,693)	-	-	(2,693)
Amortisation expense	-	(2,441)	-	(2,441)
Balance at 30 June 2023	40,860	12,479	-	53,339
Additions	-	-	335	335
Amortisation expense	-	(2,409)	(4)	(2,413)
Balance at 30 June 2024	40,860	10,070	331	51,261

The group identifies a single cash-generating unit ('CGU') and, therefore, the recoverable amount has been determined at the group level.

The recoverable amount of the group's goodwill has been determined by value-in-use ('VIU') calculations. The calculations use cash flow projections based on the business plan approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

The following key assumptions were used in the VIU model:
a. Pre-tax discount rate of 16.30% (2023: 17.0%);
b. Projected growth rate of 2.25% (2023: 2.25%) beyond five year period for the CGU; 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 value-in-use of goodwill that would require the assets to be impaired.

The remaining amortisation period for the acquired relationships is between 1 and 16 years.

Note 16. Right-of-use assets

	Consolidated 2024 $'000	Consolidated 2023 $'000
Non-current assets		
Right-of-use assets	5,943	5,930
Less: Accumulated depreciation	(3,158)	(2,322)
	2,785	3,608

The group leases office premises and office equipment (e.g. photocopier) under agreements expiring between one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated and a new lease entered into.

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

Consolidated	Office premises $'000	Others $'000	Total $'000
Balance at 1 July 2022	278	9	287
Additions	4,380	-	4,380
Transfer of assets related to Lizard Investors LLC (note 6)	(136)	-	(136)
Depreciation expense	(917)	(6)	(923)
Balance at 30 June 2023	3,605	3	3,608
Additions	8	31	39
Write-off on early termination	-	(3)	(3)
Depreciation expense	(853)	(6)	(859)
Balance at 30 June 2024	2,760	25	2,785

For other AASB 16 lease-related disclosures:
- Refer note 4 for details of interest on lease liabilities;
- Refer note 19 and note 37 for details of lease liabilities at the beginning and end of the reporting period;
- Refer note 25 for the maturity analysis of lease liabilities; and
- Refer statement of cash flows for repayment of lease liabilities.

Note 17. Trade and other payables

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current liabilities		
Trade payables	59	-
Accrued expenses	2,742	3,027
Fund manager profit share	3,802	2,354
Other payables	54	321
	6,657	5,702
Non-current liabilities		
Security deposits payable	23	23
	6,680	5,725

Refer to note 25 for further information on financial instruments.

Note 18. Employee benefits

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current liabilities		
Annual leave	864	614
Long service leave	920	719
	1,784	1,333
Non-current liabilities		
Long service leave	203	247
	1,987	1,580

Note 19. Lease liabilities

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current liabilities		
Lease liability	751	678
Non-current liabilities		
Lease liability	2,139	2,932
	2,890	3,610

Refer to note 25 for maturity analysis of lease liabilities.

Note 20. Provisions

	Consolidated	
	2024	2023
	$'000	$'000
Non-current liabilities		
Lease make good	186	186

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the group at the end of the respective lease terms.

Note 21. Liability to unitholders

	Consolidated	
	2024	2023
	$'000	$'000
Current liabilities		
Net assets attributable to unitholders	6,255	-
Non-current liabilities		
Net assets attributable to unitholders	204	-
	6,459	-

Units issued by TermPlus are classified as a liability under AASB 132 Financial Instruments Presentation due to differing entitlements to income and capital.

Note 22. Contributed equity

	Consolidated			
	2024	2023	2024	2023
	Shares	Shares	$'000	$'000
Ordinary shares - fully paid	109,846,544	110,076,680	132,654	132,994
Less: Treasury shares	(26,377,669)	(26,695,314)	(33,569)	(34,025)
	83,468,875	83,381,366	99,085	98,969

Note 22. Contributed equity (continued)

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2022	108,748,050	130,476
Share buy-back	June 2023	(83,983)	(105)
Share buy-back	1 July 2022	(1,047)	(2)
Issue of shares under the Pengana Capital Group Loan Share Plan	8 September 2022	1,165,000	1,992
Issue of shares under the Pengana Capital Group Loan Share Plan	25 October 2022	571,000	976
Share buy-back	28 October 2022	(373,645)	(430)
Recognise loss on compulsory divestiture of treasury shares		-	(78)
Share buy-back	April 2023	(21,665)	(28)
Share buy-back	May 2023	(170,101)	(223)
Issue of shares under non-executive directors plan ('NED Plan')	28 February 2023	243,071	416
Balance	30 June 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)
Issue of shares under non-executive directors plan ('NED Plan')	29 February 2024	376,066	418
Share buy-back	26 April 2024	(997,645)	(858)
Recognise loss on compulsory divestiture of treasury shares	26 April 2024	-	(349)
Balance	30 June 2024	109,846,544	132,654

Movements in treasury shares

Details	Date	Shares	$'000
Balance	1 July 2022	(25,379,961)	(31,617)
Derecognise treasury shares on loan repayment	1 July 2022	47,002	55
Issue of shares under the Pengana Capital Group Loan Share Plan	8 September 2022	(1,165,000)	(1,992)
Issue of shares under the Pengana Capital Group Loan Share Plan	25 October 2022	(571,000)	(976)
Derecognise treasury shares on compulsory divestiture	28 October 2022	373,645	505
Balance	30 June 2023	(26,695,314)	(34,025)
Issue of shares under the Pengana Capital Group Loan Share Plan	7 September 2023	(680,000)	(751)
Derecognise treasury shares on compulsory divestiture	26 April 2024	997,645	1,207
Balance	30 June 2024	(26,377,669)	(33,569)

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 22. Contributed equity (continued)

Treasury shares
The group operates a loan share plan ('LSP') pursuant to which limited recourse loans are granted to certain employees and fund managers to fully fund the acquisition of shares in the company. LSP shares, also known as treasury shares, are subject to vesting conditions and transfer is restricted until the associated loans have been fully repaid. Due to the limited recourse nature of the loans and whilst the loans remain outstanding, the issued capital is reduced by both the value of the initial loans and the number of associated treasury shares. When the loans are repaid, issued capital will be increased by both the amount of the loan repayment and the number of associated treasury shares. Refer to note 38 for further details.

Share buy-back
During the year, in order to effect a compulsory divestiture of a participants loan plan shares, the company bought back 997,645 unvested loan share plan shares for $858,000, being an amount equal to that part of the participants loan balance attributable to those plan shares.

During the year, the company bought back 288,557 shares at the cost of $302,000. The buy-back program has been extended to 13 September 2025 and allows for a maximum of 10,984,654 shares to be bought back.

Capital risk management
The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Two wholly-owned subsidiaries of the group, Pengana Capital Limited ('PCL') and Pengana Investment Management Ltd ('PIML'), hold an Australian Financial Services Licence and are subject to regulatory financial requirements that include maintaining a minimum level of net tangible assets. As at 30 June 2024, PCL and PIML were required to maintain $5,000,000 and $2,967,000 (2023: $5,000,000 and $2,281,000) respectively in liquid assets, of which 50% (2023: 50%) is held in cash or cash equivalents.

The directors believe the group has adequate capital at 30 June 2024 to maintain the groups existing business activities and facilitate growth.

The capital risk management policy remains unchanged from the 2023 Annual Report.

Note 23. Reserves

	Consolidated	
	2024 $'000	2023 $'000
Profits reserve	41,063	18,419
Foreign currency reserve	91	86
Share-based payments reserve	9,036	8,171
Financial assets at fair value through other comprehensive income (OCI) reserve	37	(507)
	50,227	26,169

Profits reserve
The reserve records profits not offset against accumulated losses and is available to fund dividend payments.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Note 23. Reserves (continued)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and fund managers as part of their remuneration, and other parties as part of their compensation for services.

Financial assets at fair value through other comprehensive income ('OCI') reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Movements in reserves
Movements in each class of reserve during the current and previous financial 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	Acquisition reserve $'000	Total $'000
Balance at 1 July 2022	26,766	31	7,557	(1,199)	2,712	35,867
Revaluation, net of tax	-	-	-	692	-	692
Foreign currency translation	-	52	-	-	-	52
Share-based payments	-	-	752	-	-	752
Dividend paid	(8,347)	-	(138)	-	-	(8,485)
Lizard Investors LLC	-	-	-	-	(2,712)	(2,712)
Other changes	-	3	-	-	-	3
Balance at 30 June 2023	18,419	86	8,171	(507)	-	26,169
Revaluation, net of tax	-	-	-	544	-	544
Foreign currency translation	-	5	-	-	-	5
Share-based payments	-	-	865	-	-	865
Dividend paid	(1,668)	-	-	-	-	(1,668)
Transfer from retained earnings	24,312	-	-	-	-	24,312
Balance at 30 June 2024	41,063	91	9,036	37	-	50,227

Note 24. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2024 $'000	Consolidated 2023 $'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 (2023: fully franked final dividend of 8.0 cents per ordinary share for the year ended 30 June 2022)	833	6,812
On 29 February 2024, a fully franked interim dividend of 1.0 cents per ordinary share was declared for the year ended 30 June 2024 and paid on 20 March 2024 to the shareholders registered on 6 March 2024 (2023: fully franked interim dividend of 2.0 cents per ordinary share for the year ended 30 June 2023)	835	1,673
	1,668	8,485

Note 24. Dividends (continued)

On 29 August 2024, the directors declared a fully franked final dividend for the year ended 30 June 2024 of 2.0 cents per ordinary share. The dividend will be paid on 18 September 2024 to eligible shareholders on the register on 4 September 2024.

Franking credits

	Consolidated	
	2024 $'000	2023 $'000
Franking credits available for subsequent financial years	2,851	3,439

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 25. Financial instruments

Financial risk management objectives
The group's activities expose it to a variety of financial risks: market risk (including 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 financial performance of the group. The group uses different methods to measure different types of risk to which it is exposed, including sensitivity analysis.

In particular, the group manages the investments of certain funds and clients where it is entitled to receive management fees and fees contingent upon performance of the portfolio managed, on an annual basis or longer. All fees are exposed to significant risk associated with the funds' performance, including market risks and liquidity risk as detailed below.

Risk management is carried out by the Board of Directors and discussed at board meetings. Management identifies and evaluates financial risks.

Market risk

Foreign currency risk
Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The group is not exposed to any significant foreign currency risk, except for translation of financial assets and liabilities of foreign subsidiaries into presentation currency.

Price risk
The group is exposed to direct equity price risk on its financial assets that are at fair value. The table below summarises the impact of a 10% movement in the market value of these assets:

	Average price increase			Average price decrease		
Consolidated - 2024	% change	Effect on profit before tax $'000	Effect on equity $'000	% change	Effect on profit before tax $'000	Effect on equity $'000
Financial instrument at fair value through other comprehensive income	10%	-	586	(10%)	-	(586)

Note 25. Financial instruments (continued)

Consolidated - 2023	Average price increase % change	Average price increase Effect on profit before tax $'000	Average price increase Effect on equity $'000	Average price decrease % change	Average price decrease Effect on profit before tax $'000	Average price decrease Effect on equity $'000
Financial instrument at fair value through other comprehensive income	10%	-	531	(10%)	-	(531)

Interest rate risk
The group's main interest rate risk arises from its cash at bank. Cash at bank issued at variable rates exposes the group to interest rate risk.

As at the reporting date, the group had the following variable rate bank accounts and borrowings:

Consolidated	2024 Weighted average interest rate	2024 Balance $'000	2023 Weighted average interest rate	2023 Balance $'000
Cash at bank	1.71%	8,963	1.13%	14,039
Cash on deposit	4.52%	148	3.48%	141
Net exposure to cash flow interest rate risk		9,111		14,180

The table below summarises the impact of a 50 basis point movement in interest rates:

Consolidated - 2024	Basis points increase Basis points change	Basis points increase Effect on profit/loss before tax $'000	Basis points increase Effect on equity $'000	Basis points decrease Basis points change	Basis points decrease Effect on profit/loss before tax $'000	Basis points decrease Effect on equity $'000
Net exposure to cash flow interest rate risk	50	46	35	(50)	(46)	(35)

Consolidated - 2023	Basis points increase Basis points change	Basis points increase Effect on profit/loss before tax $'000	Basis points increase Effect on equity $'000	Basis points decrease Basis points change	Basis points decrease Effect on profit/loss before tax $'000	Basis points decrease Effect on equity $'000
Net exposure to cash flow interest rate risk	50	71	53	(50)	(71)	(53)

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any expected credit loss allowance of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

Note 25. Financial instruments (continued)

The group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables and contract assets through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the group based on recent sales experience, historical collection rates and forward-looking information that is available.

The group has a credit risk exposure with the cash at bank, loans to shareholders and funds under management. The funds under management as at 30 June 2024 owed the group 100% (2023: 100%) of trade receivables and contract assets. The balance was within its terms of trade and no expected credit loss allowance was made as at the reporting date. These receivables represent management fees that are accrued daily and paid monthly by the Funds.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Other loans receivables amount to $345,000 as at 30 June 2024 (2023: $351,000). The loans were made to shareholders and used to fund the purchase of shares in Pengana Capital Group Limited. The loans are interest-free and secured against the purchased shares in Pengana Capital Group Limited. The timing of these amounts due under these agreements are at the discretion of the group.

Liquidity risk
Managing liquidity risk requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents and listed investments) to be able to pay debts as and when they become due and payable.

The group manages liquidity risk by maintaining adequate cash reserves by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2024	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	59	-	-	-	59
Other payables	54	-	-	-	54
Fund manager profit share	3,802	-	-	-	3,802
Security deposits payable	-	-	23	-	23
Liability to unitholders	6,255	194	10	-	6,459
Interest-bearing - variable					
Lease liability	940	980	1,271	-	3,191
Total non-derivatives	11,110	1,174	1,304	-	13,588

Note 25. Financial instruments (continued)

Consolidated - 2023	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Other payables	321	-	-	-	321
Fund manager profit share	2,354	-	-	-	2,354
Security deposits payable	-	-	23	-	23
Interest-bearing - fixed rate					
Lease liability	825	931	2,224	-	3,980
Total non-derivatives	3,500	931	2,247	-	6,678

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 26. 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 - 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial instrument at fair value through profit or loss	-	-	1,050	1,050
Profit participating notes	-	-	6,436	6,436
Financial assets at fair value through other comprehensive income	7,808	-	-	7,808
Total assets	7,808	-	7,486	15,294

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial instrument 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 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.

Note 26. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 3

Profit participating notes (level 3)
The group holds profit participating notes issued by Pengana Private Credit Feeder Fund. A profit participating note is a debt security which provides economic exposure to the underlying investments of Pengana Private Credit Feeder Fund. Profit participating notes are valued using the latest available valuations for underlying funds. Valuations for underlying funds are typically issued on a quarterly basis and as much as (and in some cases in excess of) 90 days after each calendar quarter end. The group seeks to ensure that it receives unaudited Underlying Fund financial statements typically on a quarterly basis (and more frequently where available) and, to the extent practicable, financial statements that have been audited by a third-party accounting firm annually. Whilst the valuations are generally obtained quarterly, given the nature of the investments, the process of completing the valuations can take up to three months, or longer in some cases.

Financial instrument at fair value through profit or loss (level 3)
Financial instrument at fair value through profit or loss represents 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. The fair value of financial instrument 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 and previous financial year are set out below:

Consolidated	Financial assets at fair value through profit or loss $'000	Profit participating notes $'000	Total $'000
Balance at 1 July 2022	-	-	-
Receivable recognised on disposal of Lizard Investors LLC	1,700	-	1,700
Benefit received	(117)	-	(117)
Balance at 30 June 2023	1,583	-	1,583
Profit participating notes from acquisition of controlling interest in TermPlus	-	70,554	70,554
Acquisition of profit participating notes	-	55,384	55,384
Sale of profit participating notes	-	(119,638)	(119,638)
Distribution received	-	136	136
Benefit received	(153)	-	(153)
Loss on revaluation of financial assets at fair value through profit or loss*	(380)	-	(380)
Balance at 30 June 2024	1,050	6,436	7,486

* Loss on revaluation of financial assets at fair value through profit or loss was calculated on financial instrument at fair value through profit or loss due to the extended period to reach the agreed target amount driven by the FUM level, coupled with an increase in the discount rate due to perceived increased risk associated with cash flows.

Sensitivity disclosure for level 3
A 10% increase in funds under management would result in an increase in the fair value of financial instrument at fair value through profit or loss of $170,000, whilst a 10% decrease in funds under management would result in a decrease in the fair value by $200,000.

A 1% change in the discount rate changes the fair value of the financial instrument at fair value through profit or loss on average by approximately 3.5%.

Note 27. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

	Consolidated 2024 $	Consolidated 2023 $
Short-term employee benefits	1,562,306	1,532,269
Post-employment benefits	128,216	111,631
Long-term benefits	37,178	30,909
Share-based payments	616,350	594,939
	2,344,050	2,269,748

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company:

	Consolidated 2024 $	Consolidated 2023 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	207,735	199,800

Fees disclosed above include audit of Australian Financial Services Licences amounting to $11,500 (2023: $ 11,000).

Note 29. Contingent liabilities

The group had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Note 30. Commitments

The group had no capital commitments as at 30 June 2024 and 30 June 2023.

Note 31. Related party transactions

Parent entity
Pengana Capital Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Associates
Interests in associates are set out in note 35.

Joint ventures
Interests in joint ventures are set out in note 36.

Key management personnel
Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

Note 31. Related party transactions (continued)

Transactions with related parties:
The following transactions occurred in Funds where the group is a responsible entity or Trustee:

	Consolidated	
	2024 **$**	**2023** **$**
Sale of goods and services:		
Management fees	36,526,128	36,481,888
Performance fees	3,363,810	-
Other transactions:		
During the year, Pengana Credit Pty Ltd settled borrowings from Washington H. Soul Pattinson and Company Limited via a in specie sale of financial assets at fair value through profit or loss	119,638,000	-

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2024 **$**	**2023** **$**
Current receivables:		
Trade receivables and contract assets from Funds	6,175,171	3,031,523

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2024 **$**	**2023** **$**
Current receivables:		
Loan to related parties	1,109,574	-
Non-current receivables:		
Loan to related parties	344,751	-

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

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024 $'000	2023 $'000
Profit/(loss) after income tax	(3,920)	24,312
Total comprehensive income	(3,920)	24,312

Statement of financial position

	Parent	
	2024 $'000	2023 $'000
Total current assets	23,150	29,648
Total assets	229,851	234,449
Total current liabilities	9	-
Total liabilities	9	-
Equity		
Contributed equity	223,268	223,152
Profits reserve	41,063	18,419
Share-based payments reserve	9,036	8,171
Accumulated losses	(43,525)	(15,293)
Total equity	229,842	234,449

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 30 June 2024 and 30 June 2023.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 40, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates and joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 33. Business combinations

Pengana Credit Pty Ltd and TermPlus acquisition
Pengana Credit Pty Ltd was jointly owned and operated by the group and Washington H. Soul Pattinson and Company Limited (ASX: SOL) to offer Australian investors access to institutional grade global private credit investments. On 7 March 2024 the group had a 50% interest in Pengana Credit Pty Ltd and acquired the remaining 50% interest from joint venture partner SOL for nominal consideration. On the same date, 7 March 2024, the group assessed control of TermPlus, an investment of Pengana Credit Pty Ltd. The group's interest in TermPlus exposes the group to variable returns which are of such significance that it indicates that they are a principal, which combined with the group’s ability to direct the activities of TermPlus as responsible entity satisfies the criteria outlined in AASB 10 ‘Consolidated Financial Statements’ to support consolidation of TermPlus as a subsidiary. For the group, the transaction on 7 March 2024 resulted in full economic ownership of Pengana Credit Pty Ltd as well as simplified accounting for Pengana Credit Pty Ltd. Whilst no longer a joint venture partner SOL remains the groups largest shareholder and a $200 million seed investor in the Pengana Global Credit portfolio. The groups investment in TermPlus provides the basis for TermPlus investor protections. Risks associated with investor protections differ post 7 March 2024, however on balance are likely reduced.

The resulting gain on bargain purchase of $1,500,000, being the fair value of net assets acquired, represents SOLs contribution to product development costs. For the period 7 March 2024 to 30 June 2024, Pengana Credit Pty Ltd contributed revenues of $109,000 and TermPlus contributed revenues of $141,000 to the group. The acquisition related costs are nil.

Details of the acquisition are as follows:

	Pengana credit Fair value $'000	TermPlus Fair value $'000	Total $'000
Cash and cash equivalents	99	4	103
Investor monies	-	13,934	13,934
Loan receivable	2,901	-	2,901
Investment in PPNs	-	71,407	71,407
Borrowings	(84,488)	-	(84,488)
Liability to unitholders	-	(857)	(857)
Acquisition-date fair value of the total consideration transferred *	(81,488)	84,488	3,000
Representing:			
Pre-existing 50% interest in Pengana Credit (Joint Venture)			1,500
Gain on bargain purchase			1,500
			3,000
Cash used to acquire business, net of cash acquired:			
Cash paid on acquisition			-
Less: cash and cash equivalents acquired			(103)
Net cash received			(103)

* Acquisition date fair values exclude intercompany balances between Pengana Credit and TermPlus.

Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 40:

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Pengana Holdings Pty Ltd	Australia	100%	100%
Pengana Capital Ltd	Australia	100%	100%
Pengana Investment Management Ltd	Australia	100%	100%
Pengana USA Holdings Inc.	United States of America	100%	100%
Pengana Capital Markets Pty Ltd	Australia	100%	100%
TermPlus Pty Ltd	Australia	100%	100%
Pengana Credit Pty Ltd	Australia	100%	-
TermPlus	Australia	6%	-

Principal activities of the subsidiaries listed above are provision of Investment Management Services and facilitating investor exposure to an underlying portfolio of institutional grade global private credit investments.

Note 35. 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 2024 %	Ownership interest 2023 %
High Conviction Property Securities Fund	Australia	-	1.29%
Pengana Private Equity Trust	Australia	0.84%	0.66%
Pengana Diversified Private Credit Fund	Australia	0.01%	-

Summarised financial information relating to associates is not included as they are not material to the group.

Note 36. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Pengana Credit Pty Ltd	Australia	-	50.10%

On 7 March 2024 the group acquired a controlling interest in Pengana Credit Pty Ltd. Refer to note 33 of the notes to the financial statements for further details.

Note 37. Cash flow information

Reconciliation of loss after income tax to net cash (used in)/from operating activities

	Consolidated 2024 $'000	Consolidated 2023 $'000
Loss after income tax (expense)/benefit for the year	(4,347)	(602)
Adjustments for:		
Depreciation and amortisation	3,460	3,501
Share of loss/(profit) - associates	52	(341)
Share-based payments	865	752
Impairment loss	380	-
Other non-cash items	106	(561)
Purchase of investments in financial assets at fair value through profit or loss	(55,384)	-
Loan to Cayman (included in other receivables)	1,109	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(218)	(622)
Decrease/(increase) in contract assets	(3,141)	4,556
Decrease/(increase) in income tax refund due	574	(1,519)
Decrease/(increase) in prepayments	(189)	428
Increase/(decrease) in trade and other payables	900	(2,931)
Decrease in provision for income tax	-	(4,504)
Decrease in deferred tax liabilities	(620)	-
Increase in employee benefits	407	70
Decrease in liability to LLC unitholders	-	1,861
Net cash (used in)/from operating activities	(56,046)	88

Non-cash investing and financing activities

	Consolidated 2024 $'000	Consolidated 2023 $'000
Additions to the right-of-use assets and lease liabilities	39	4,194
Right-of-use assets - lease make good	-	186
Shares issued under loan share plan	751	2,969
Loans granted under loan share plan	(751)	(2,969)
In specie sale of financial assets at fair value through profit or loss	(119,638)	-
In specie settlement of borrowings	119,638	-
Dividends withheld from company shareholders with outstanding loans under loan share plan	(541)	(2,561)
Dividends applied on outstanding loans under loan share plan	541	2,561
Dividends withheld from company shareholders with outstanding other loans	(9)	(47)
Dividends applied on outstanding other loans	9	47
Share buy-back of treasury shares	(858)	(430)
	(819)	3,950

Note 37. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	Bank loan $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2022	1,250	286	1,536
Net cash used in financing activities	(1,250)	(875)	(2,125)
Acquisition of leases (excluding lease make good)	-	4,194	4,194
Other changes	-	5	5
Balance at 30 June 2023	-	3,610	3,610
Net cash used in financing activities	-	(903)	(903)
Acquisition of leases (excluding lease make good)	-	36	36
Other changes	-	147	147
Balance at 30 June 2024	-	2,890	2,890

Note 38. Share-based payments

Loan Funded Share Plan ('LSP')
The group operates a LSP, whereby limited recourse loans totalling $33,569,000 (2023: $34,025,000) were provided to employees and fund managers to acquire shares in the company. Under the plan the CEO has 16,843,528 (2023: 16,843,528) shares, employees and fund managers have 9,534,141 (2023: 9,851,786) shares.

The loans are interest bearing and have a maximum term of up to seven years. Recourse on the loans (including associated interest) is limited to the associated shares and any dividend amounts applied to the loan balance. The shares granted under the LSP are subject to a vesting condition, that the employees and fund managers must remain continuously employed for a period of three to five years from the grant date, except for shares associated with the LSP granted to the CEO prior to September 2021 which are not subject to a vesting condition and vested on the date the shares were granted.

As the share purchases are funded by limited recourse loans, they are treated for accounting purposes as grants of share options and accounted for as equity-settled share-based payments. The share options deemed to be issued under the LSP are fair valued on the date they are granted and amortised as an expense in profit or loss over the vesting period.

As the loans and associated shares issued are not recorded on the statement of financial position on the grant date, there are no transactions in the statement of financial position relating to the issue of shares under the LSP other than a share-based payment expense of $472,000 which has been recognised in profit or loss for the year ended 30 June 2024 (2023: $359,000).

Interest accruing on the loans and dividends applied to the loans are not recorded in the financial statements but do impact the outstanding loan balance. As at 30 June 2024, total outstanding loans related to treasury shares were $31,643,000 (2023: $30,060,000).

Note 38. Share-based payments (continued)

Set out below are summaries of shares granted under the LSP:

2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/03/2017	31/10/2024	$1.49	5,149,796	-	-	-	5,149,796
01/03/2017	31/10/2024	$1.20	10,722,732	-	-	-	10,722,732
03/03/2017	31/10/2024	$1.49	6,622,683	-	-	(967,645)	5,655,038
20/12/2019	18/12/2026	$1.50	788,000	-	-	-	788,000
30/06/2021	28/06/2028	$1.31	651,998	-	-	-	651,998
14/09/2021	12/09/2028	$1.58	1,054,105	-	-	(15,000)	1,039,105
08/09/2022	06/09/2029	$1.35	1,706,000	-	-	(15,000)	1,691,000
07/09/2023	05/09/2030	$0.90	-	680,000	-	-	680,000
			26,695,314	680,000	-	(997,645)	26,377,669
Weighted average exercise price			$1.36	$0.90	$0.00	$1.49	$1.35

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/03/2017	28/02/2024	$1.49	5,149,796	-	-	-	5,149,796
01/03/2017	28/02/2024	$1.20	10,722,732	-	-	-	10,722,732
03/03/2017	01/03/2024	$1.49	6,669,685	-	-	(47,002)	6,622,683
20/12/2019	18/12/2026	$1.50	818,000	-	-	(30,000)	788,000
05/06/2020	04/06/2027	$0.86	233,645	-	-	(233,645)	-
30/06/2021	28/06/2028	$1.31	651,998	-	-	-	651,998
14/09/2021	12/09/2028	$1.58	1,134,105	-	-	(80,000)	1,054,105
08/09/2022	06/09/2029	$1.35	-	1,165,000	-	(30,000)	1,135,000
25/10/2022	06/09/2029	$1.35	-	571,000	-	-	571,000
			25,379,961	1,736,000	-	(420,647)	26,695,314
Weighted average exercise price			$1.36	$1.35	$0.00	$1.15	$1.36

Set out below are the shares granted under the LSP vested and exercisable at the end of the financial year:

Grant date	Expiry date	2024 Number	2023 Number
01/03/2017	31/10/2024	5,149,796	5,149,796
01/03/2017	31/10/2024	10,722,732	10,722,732
03/03/2017	31/10/2024	5,655,038	6,669,685
		21,527,566	22,542,213

The weighted average share price during the financial year was $0.97 (2023: $1.51) per ordinary share.

The weighted average remaining contractual life of shares granted under the LSP outstanding at the end of the financial year was 1.11 years (2023: 1.39 years).

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Note 38. Share-based payments (continued)

For the shares granted under the LSP during the current financial year, the Black-Scholes valuation model inputs used to determine the fair value at the grant date were as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Estimated volatility*	Dividend yield	Risk-free interest rate	Fair value at grant date
07/09/2023	05/09/2030	$1.11	$0.90	43.36%	8.68%	3.88%	$0.239

* The expected price volatility is based on the Company's shares.

Service rights
Effective 1 July 2022, to facilitate the retention of key employees, the company has adopted a plan called the Pengana Capital Group Limited Rights Plan (Rights Plan) whereby, subject to board approval, rights are granted to key employees. Each right has a 15 year term, a service vesting condition of between two to four years and an exercise price of $nil. Dividend equivalents are payable in respect of vested rights for so long as the participant remains an employee. Issued rights may be settled in the form of cash or shares at the Boards sole discretion. During the year ended 30 June 2024, no service rights were granted (2023: 864,198 rights were granted) of which Nil (2023: Nil) service rights were vested and exercisable. Share-based payment expense recognised for service rights for the year ended 30 June 2024 amounted to $393,000 (2023: $392,000).

Note 39. Earnings per share

	Consolidated 2024 $'000	Consolidated 2023 $'000
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax	(4,347)	250
Non-controlling interest	-	-
Profit/(loss) after income tax attributable to the owners of Pengana Capital Group Limited	(4,347)	250
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	83,280,863	83,469,163
Adjustments for calculation of diluted earnings per share:		
Dilutive impact of treasury shares accounted for as options	-	2,303,711
Dilutive impact of service rights	-	260,527
Weighted average number of ordinary shares used in calculating diluted earnings per share	83,280,863	86,033,401
	Cents	**Cents**
Basic earnings per share	(5.22)	0.30
Diluted earnings per share	(5.22)	0.29

	Consolidated 2024 $'000	Consolidated 2023 $'000
Earnings per share for loss from discontinued operations		
Loss after income tax	-	(852)
Non-controlling interest	-	113
Loss after income tax attributable to the owners of Pengana Capital Group Limited	-	(739)

Note 39. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	83,280,863	83,469,163
Weighted average number of ordinary shares used in calculating diluted earnings per share	83,280,863	83,469,163

	Cents	Cents
Basic earnings per share	-	(0.89)
Diluted earnings per share	-	(0.89)

	Consolidated 2024 $'000	2023 $'000
Earnings per share for loss		
Loss after income tax	(4,347)	(602)
Non-controlling interest	-	113
Loss after income tax attributable to the owners of Pengana Capital Group Limited	(4,347)	(489)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	83,280,863	83,469,163
Weighted average number of ordinary shares used in calculating diluted earnings per share	83,280,863	83,469,163

	Cents	Cents
Basic earnings per share	(5.22)	(0.59)
Diluted earnings per share	(5.22)	(0.59)

The weighted average number of ordinary shares to calculate basic earnings per share excludes 26,377,669 (30 June 2023: 26,695,314) treasury shares.

Note 40. Material accounting policy information

The accounting policies that are material to the group are set out below. The accounting policies adopted are consistent with those of the previous financial year, 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.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments.

Note 40. Material accounting policy information (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of 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 41.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pengana Capital Group Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Pengana Capital Group Limited and its subsidiaries together are referred to in these financial statements as the 'group'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Pengana Capital Group Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 40. Material accounting policy information (continued)

Revenue recognition
The group recognises revenue as follows:

Revenue from contracts with customers
Revenues are derived from the provision of investment management services to customers and are measured based on the amounts to which the group expects to be entitled based on the services delivered. This revenue is variable in nature and is measured by reference to management fees and performance fees. Revenue is recognised over-time, by reference to the ongoing delivery of investment management services. The delivery of performance obligations (investment management services) is best represented by the passage of time as an ongoing service.

Management fees
Management fees are based on a percentage of the portfolio value of the fund and are calculated in accordance with the Investment Management Agreement or Constitution. Management fees are invoiced monthly in arrears and received within the following month.

Performance fees
Performance fees may be earned from funds. The group's entitlement to a performance fee for any given performance period is dependent on outperforming certain benchmarks.

Performance fee arrangements give risk to the element of variable consideration for the investment management services. Revenue from performance fees is not recognised while constrained. An estimate of the variable consideration is recorded when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved (that is, the constraint is removed). The performance fee revenue is recognised to the extent the revenue is no longer constrained. Performance fees are invoiced in arrears at the end of a performance period and received within the following month.

Dividends and distributions
Dividends and distributions are recognised when received or when the right to receive payment is established.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other fee revenue is recognised over time.

Fund manager profit share expense
Fund manager profit share expense represents a 'shadow equity' program for fund managers under which the fund managers receive an agreed percentage of the profits of their respective fund and/or strategy ensuring alignment of interests between shareholders, fund managers and fund investors.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 40. Material accounting policy information (continued)

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxable authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis or to realise the asset and settle the liabilities simultaneously in future periods.

Tax consolidated group
Pengana Capital Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime.

The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. These receivables represent management fees that are accrued daily and paid monthly by the funds. They are usually recoverable within 20 business days.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets
Contract assets are recognised when the group has transferred goods or services to the customer but where the group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Note 40. Material accounting policy information (continued)

Investment in associates
Associates are entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investment in joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income ('FVTOCI') are equity investments including equity investments which the group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. Fair value movements are recognised in other comprehensive income. On disposal of these equity investments, any related balance within the FVTOCI reserve is reclassified to retained earnings.

Note 40. Material accounting policy information (continued)

Impairment of financial assets at amortised cost
The group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income, other than equity investments measured at fair value through other comprehensive income. The measurement of the loss allowance depends upon the group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income (other than equity investments), the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	over lease term
Furniture and fittings	5-10 years
Plant and equipment	2-4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of

Note 40. Material accounting policy information (continued)

the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Acquired relationships
Relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of between 2 and 20 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets
Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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 to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions
Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 40. Material accounting policy information (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave, long service leave and other long term employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. The group operates a loan share plan that is accounted for as equity-settled share-based payments similar to options.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option/share under the loan share plan, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option/share under the loan share plan, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification had not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 40. Material accounting policy information (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Contributed equity
Ordinary shares are classified as equity.

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

Dividends
Dividends are recognised when declared during the financial year.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Pengana Capital Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

All other receivables and payables are stated exclusive of GST recoverable or payable.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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.

Note 40. Material accounting policy information (continued)

Comparatives
Comparatives have been reclassified where necessary, to align with the current year presentation. There has been no effect on the operating results or net equity for the comparative year.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2024. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The standard replaces AASB 101 'Presentation of Financial Statements', although many of the requirements have been carried forward unchanged and is accompanied by limited amendments to the requirements in AASB 107 'Statement of Cash Flows'. The standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss.

Note 41. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy
The group is required to classify all assets and liabilities, measured 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: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. Refer to note 26 for details of key assumptions and sensitivity information.

Goodwill
The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 40. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 41. Critical accounting judgements, estimates and assumptions (continued)

Control of entities where less than half of voting rights held
Management has determined that the group controls the subsidiary TermPlus, even though it holds 6% of the voting rights of this entity. The group's subsidiary Pengana Capital Limited is the responsible entity of TermPlus. The group's interest in TermPlus exposes the group to variable returns which are of such significance that it indicates that they are a principal, which combined with the group's ability to direct the activities of TermPlus as the responsible entity satisfies the criteria outlined in AASB 10 'Consolidated Financial Statements' to support the consolidation of TermPlus as a subsidiary.

Note 42. Events after the reporting period

Apart from the dividend declared as disclosed in note 24, no other matter or circumstance has arisen since 30 June 2024 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 43. 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 August 2024. The directors have the power to amend and reissue the financial statements.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Pengana Capital Group Limited	Body Corporate	Australia (parent entity)		Australia
Pengana Holdings Pty Ltd	Body Corporate	Australia	100%	Australia
Pengana Capital Ltd	Body Corporate	Australia	100%	Australia
Pengana Investment Management Ltd	Body Corporate	Australia	100%	Australia
Pengana USA Holdings Inc.	Body Corporate	United States of America	100%	Dual (Australia and USA)
Pengana Capital Markets Pty Ltd	Body Corporate	Australia	100%	Australia
TermPlus Pty Ltd	Body Corporate	Australia	100%	Australia
Pengana Credit Pty Ltd	Body Corporate	Australia	100%	Australia
TermPlus	Unit Trust	Australia	6%	Australia

This Consolidated Entity Disclosure Statement has been prepared in accordance with the Corporations Act 2001. It includes information for each entity that was part of the group at the end of the financial year.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 40 to the financial statements;

- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Groves
Non-Executive Chairman

Russel Pillemer
Chief Executive Officer

29 August 2024
Sydney

Grant Thornton

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Independent Auditor's Report

To the Members of Pengana Capital Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Pengana Capital Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of 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.

Key audit matter	How our audit addressed the key audit matter
Acquisition of Pengana Credit Pty Ltd - Note 33	
Pengana Credit Pty Ltd was previously a joint venture that the Group acquired in full on 7 March 2024. As a result of this acquisition, the Group gained control of TermPlus, an investment vehicle of which Pengana Credit Pty Ltd is the investment manager. The acquisition of the additional interest in Pengana Credit Pty Ltd has been accounted for as a business combination achieved in stages ('step acquisition') in accordance with AASB 3 *Business Combinations* (AASB 3) which requires the identifiable assets and liabilities acquired in a business combination to be measured at fair value. Management has determined that this acquisition resulted in a gain on bargain purchase of $1.5m. The identification and valuation of the acquired net assets has had a material impact on the financial report. Further, the significant judgement involved in calculating the fair value of assets and liabilities at date of acquisition and this being a non-routine transaction with complex accounting treatment, we consider this to be a Key Audit Matter.	Our procedures included, amongst others: • Evaluating the appropriateness of the accounting of the step acquisition against the requirements of the Australian Accounting Standards and key transaction agreements; • Assessing the adequacy of the fair value of assets and liabilities at date of acquisition; • Agreeing the purchase price paid to underlying contractual terms; and • Assessing the adequacy of disclosures in the financial statements in accordance with Australian Accounting Standards.
Consolidation of entities in which the Group holds less than a majority voting right (de facto control) - Note 33 and Note 41	
The Group has assessed the entities in which it has an interest to determine whether control exists and is therefore consolidated into the Group. These entities are listed in Note 33. For those entities consolidated with an interest less than 51%, the Group uses judgement to determine that it has power to direct the relevant activities of the investee under contractual arrangements and sufficient exposure to variable returns. In reviewing whether the Group has power and sufficient exposure to variable returns, the Group considers whether it is acting as a principal or as agent of the investee. Due to the significant judgement involved in the determination of control we consider this to be a Key Audit Matter.	Our procedures included, amongst others: • Evaluating the Group's assessment of control over investees and the accounting treatment and presentation thereon; • Reviewing key agreements in place between the investee and the Group; • Testing the appropriateness of the consolidation accounting for the Group's investment with an interest less than 51%; and • Assessing the adequacy of disclosures in the financial statements in accordance with Australian Accounting Standards.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, 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:

> a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and
>
> b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

> i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
>
> ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 11 to 16 of the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Pengana Capital Group Limited, for the year ended 30 June 2024 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

N M Gonzalez
Partner – Audit & Assurance

Sydney, 29 August 2024

Pengana Capital Group Limited
Shareholder information
30 June 2024

The shareholder information set out below was applicable as at 9 August 2024.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	1,289	0.46
1,001 to 5,000	633	1.41
5,001 to 10,000	223	1.54
10,001 to 100,000	264	7.09
100,001 and over	66	89.50
	2,475	100.00
Holding less than a marketable parcel	1,010	

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	40,249,904	36.64
RC PILLEMER PTY LTD (RC PILLEMER FAMILY A/C)	16,843,528	15.33
RC PILLEMER PTY LTD (RC PILLEMER FAMILY A/C)	6,665,049	6.07
PRETAGE PTY LTD	2,130,051	1.94
RC PILLEMER PTY LTD (RC PILLEMER FAMILY A/C)	2,007,827	1.83
RADD HOLDINGS PTY LIMITED (MYERS FAMILY A/C)	1,985,654	1.81
NATIONAL NOMINEES LIMITED	1,941,673	1.77
ROXTRUS PTY LIMITED (ROXANNE DUNKEL NO. 2 A/C)	1,803,150	1.64
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,789,441	1.63
DJG SERVICES PTY LIMITED (DKI ACCOUNT)	1,657,095	1.51
FARNWORTH HOUSE PTY LTD	1,228,256	1.12
TARK FAMILY HOLDINGS PTY LTD (TARK FAMILY A/C)	1,100,162	1.00
ED PRENDERGAST	973,701	0.89
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	950,033	0.86
RUSSEL CRAIG PILLEMER	925,701	0.84
DBR CORPORATION PTY LTD	685,906	0.62
STEVE BLACK (BLACK FAMILY A/C)	672,335	0.61
MEG O'HANLON (O'HANLON FAMILY A/C)	672,335	0.61
FISHER PLACE PTY LTD (FISHER PLACE A/C)	657,106	0.60
DJG SERVICES PTY LIMITED (DKI ACCOUNT)	574,002	0.52
	85,512,909	77.84

Unquoted equity securities

	Number on issue	Number of holders
Service rights	864,198	8

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares Number held	Ordinary shares % of total shares issued
Washington H Soul Pattinson and Company, WHSP Hunter Hall Pty Ltd and WHSP	40,249,904	36.64
Russel Craig Pillemer *	31,046,256	28.26

* The substantial notice lodged for Russel Pillemer discloses that he has a relevant interest in 31,046,256 ordinary shares in the company. These relevant interests are as follows:

- 1,285,642 shares held by Russel Pillemer
- 25,516,404 shares held by RC Pillemer Pty Ltd (which Russel Pillemer controls)
- 165,000 shares held by MRJ Capital Pty Limited (which Russel Pillemer controls)

31,046,256 shares are held by Pengana staff or their related parties (including the 26,967,046 shares referred to above held by Russel Pillemer, RC Pillemer Pty Ltd and MRJ Capital Pty Limited). As Russel Pillemer has voting power in the company above 20% pursuant to section 608(3)(a) of the Corporations Act 2001 he is deemed to have a relevant interest in these shares as the company has the power to prevent the disposal of each of these shares pursuant to a voluntary escrow agreement between the company and the relevant holder.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
Each ordinary share has one vote.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary Shares	14 September 2024	346,368
Ordinary Shares	20 December 2024	262,676
Ordinary Shares	30 June 2025	217,334
Ordinary Shares	08 September 2025	563,666
Ordinary Shares	14 September 2025	346,368
Ordinary Shares	30 June 2026	217,330
Ordinary Shares	07 September 2026	226,667
Ordinary Shares	08 September 2026	563,666
Ordinary Shares	14 September 2026	346,369
Ordinary Shares	07 September 2027	226,667
Ordinary Shares	08 September 2027	563,668
Ordinary Shares	07 September 2028	226,666
Ordinary Shares	22 June 2035	75,479
Ordinary Shares	01 December 2035	204,519
Ordinary Shares	09 November 2036	132,168
Ordinary Shares	31 October 2037	154,533
Ordinary Shares	09 November 2038	376,066
		5,050,210

PENGANA

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