VGI Partners Limited
ABN 33 129 188 450
39 Phillip Street
Sydney NSW 2000 Australia
T. +61 2 9237 8900
www.vgipartners.com

AFSL No. 321789 | SEC Registered

VGI
PARTNERS

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24 August 2021

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

BY ELECTRONIC LODGEMENT

Half Year Report and Financial Statements for the half year ended 30 June 2021

VGI Partners Limited (ASX: VGI) hereby lodges:

- Appendix 4D for the half year ended 30 June 2021; and
- Financial Report for the half year ended 30 June 2021, incorporating the Directors' Report to Shareholders and Financial Statements.

Authorised for release by:

Ian Cameron, Company Secretary

Investor contact information:

Ingrid Groer, CFA
Head of Investor Relations
VGI Partners Limited
Phone: 1800 571 917 (inside Australia)
+61 2 9237 8923 (outside Australia)
Email: investor.relations@vgipartners.com

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Appendix 4D
Half Year Report

Company	VGI Partners Limited
ASX code	VGI
Half year ended	30 June 2021
Previous corresponding period half year ended	30 June 2020
ABN	33 129 188 450

Results for announcement to the market

Announcement to the market for VGI Partners Limited's consolidated group (**the Group**) should be read in conjunction with the attached 30 June 2021 Half Year Financial Report and the 2020 Annual Financial Report.

	Half year ended 30 June 2021 $'000	Up / down	% Movement
Income from ordinary activities	72,785	Up	435%
Profit from ordinary activities after tax	43,030	Up	1,093%
Total comprehensive income	43,007	Up	1,081%
Normalised net profit after tax	42,856	Up	335%

Commentary on results

For the half year ended 30 June 2021, the Group recorded total revenue from ordinary activities for the half year of $72,785,000 (2020: $13,594,000) and profit after tax for the half year of $43,030,000 (2020: $3,608,000).

The Group recorded normalised net profit after tax (**NPAT**) of $42,856,000 (2020: $9,851,000) for the half year ended 30 June 2021. Normalised NPAT excludes unrealised fair value gains of $3,522,000 (2020: losses of $5,671,000) and a non-cash amortisation expense of $2,522,000 (2020: $2,503,000) with the tax effect of the normalisation adjustments of $826,000 (2020: ($1,931,000)). For a reconciliation of normalised NPAT, please refer to the Director's Report in the Financial report for the half year ended 30 June 2021.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Financial Report for the half year ended 30 June 2021.

Dividends	**Amount per security**	**Franked amount per security**
2021 interim dividend cents per share	31	31
2020 final dividend cents per share	28	28

Interim dividend dates

Ex-date	30 August 2021
Record date	31 August 2021
Payment date	10 September 2021

There is no dividend reinvestment plan in operation in respect of this dividend.

Net tangible assets (NTA) *

	30 June 2021	31 December 2020	30 June 2020
Net tangible assets per fully paid ordinary share	$2.21	$1.85	$1.56

* NTA includes the total assets shown in the financial statements less deferred tax and right of use assets, and includes contract assets.

Details of entities over which control has been gained or lost during the half year

There were no entities over which control was gained or lost during the half year ended 30 June 2021.

Audit

This report is based on the Financial Report for the half year ended 30 June 2021, which has been reviewed by the Group's auditors, Deloitte Touche Tohmatsu. All the documents comprise the information required by Listing Rule 4.2A.

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VGI PARTNERS LIMITED

ABN 33 129 188 450

Consolidated Half Year Financial Report

30 June 2021

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Corporate Directory
For the half year ended 30 June 2021

Board of Directors

Robert M P Luciano – Executive Chairman
David F Jones AM
Douglas H Tynan
Jaye L Gardner
Benjamin A Pronk
Darren J Steinberg

Company Secretary

Ian J Cameron

Head of Investor Relations

Ingrid L Groer

T: 1800 571 917 (inside Australia)
T: +61 2 9237 8923 (outside Australia)
E: investor.relations@vgipartners.com

Registered Office

39 Phillip Street
Sydney NSW 2000
Australia

Website

www.vgipartners.com

Share Registrar

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

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

Auditor

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

ASX Code

VGI

Directors' Report

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The Directors of VGI Partners Limited (**the Company**) present their Directors' Report together with the Financial Report for the half year ended 30 June 2021 and independent auditors' review report thereon. The Half Year Financial Report represents the Company and its consolidated entities (**VGI Partners** or **the Group**).

Directors

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

Name	Position	Date appointed
Robert M P Luciano	Executive Chairman and Managing Director	15 January 2008
David F Jones AM	Executive Director	8 August 2018
Douglas H Tynan	Non-Executive Director	1 February 2011
Jaye L Gardner	Independent Non-Executive Director	12 May 2019
Benjamin A Pronk	Independent Non-Executive Director	12 May 2019
Darren J Steinberg	Independent Non-Executive Director	12 May 2019

Review of operations

The Group recorded total revenue from ordinary activities for the half year of $72,785,000 (2020: $13,594,000) and profit after tax for the half year of $43,030,000 (2020: $3,608,000). The Group's operating expenses totalled $10,632,000 (2020: $7,503,000).

The Group is in a strong financial position with a debt-free balance sheet, and at 30 June 2021 reported net tangible assets per share of $2.21 (31 December 2020: $1.85).[1]

The Group recorded normalised net profit after tax (**NPAT**) of $42,856,000 for the half year (2020: $9,851,000). Normalised NPAT excludes unrealised fair value gains of $3,522,000 (2020: losses of $5,671,000) and a non-cash amortisation expense of $2,522,000 (2020: $2,503,000) with the tax effect of the normalisation adjustments of $826,000 (2020: ($1,931,000)). Normalised NPAT and other measures of underlying performance have not been prepared in accordance with International Financial Reporting Standards and have not been audited.

	Half year ended 30 June 2021 $'000	Half year ended 30 June 2020 $'000
Profit after tax for the half-year	**43,030**	**3,608**
Management adjustments:		
Amortisation of contract assets (see note 3)	2,522	2,503
Unrealised fair value movement of investments	(3,522)	5,671
Tax effect on the above (at 30%) [2]	826	(1,931)
Normalised NPAT	**42,856**	**9,851**

[1] NTA includes the total assets shown in the financial statements less deferred tax and right of use assets, and includes contract assets.

[2] Accounted for at the full corporate tax rate of 30%. The amortisation expense of $1,755,000 on the contract asset relating to the VG8 IPO alignment shares is non-deductible.

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

As at 30 June 2021, FUM was A$3.2 billion (31 December 2020: A$3.1 billion). The Group delivered strong fund performance for the 6 months to June 2021 across both the global and Asian strategies. The increase in FUM from performance was partially offset by an on-market buy-back of shares in VGI Partners Global Investments Limited (**VG1**), leaving the Group's FUM broadly unchanged throughout the six months.

Changes to the investment portfolio in the second half of 2020 as a result of the rapidly changing macro economic environment benefited the performance of both the Company's global and Asian strategies. We are pleased with the performance and all VGI Funds were above their respective high water marks at 30 June 2021.

Management fees for the 6 months to 30 June 2021 totalled $18,654,000 (6 months to 30 June 2020: $18,881,000). Performance fees for the 6 months to 30 June 2021 were $50,368,000 compared to $103,000 earned in the corresponding period last year.

Over the past 6 months, the Group continued to make a number of strategic hires to enhance its investment and operational capabilities and further develop our ability to serve clients. In April 2021, Jonathan Howie joined the Group as Chief Executive Officer, with the key focus to further build out VGI's investor relations, operational and risk management capabilities. The appointment will also allow the Managing Director and the senior investment team to remain focused on the global and Asian portfolios.

Capital management

We have a robust balance sheet and liquidity position that allows us to implement our business strategy. As at 30 June 2021, we had Shareholders' funds of $156,339,000 (31 December 2020: $132,638,000) and cash balances of $34,630,000 (31 December 2020: $41,732,000).

A meaningful portion of the Group's capital continues to be invested in ordinary shares of VG1 and VGI Partners Asian Investments Limited (**VG8**). At 30 June 2021, the Group held investments measured at fair value in VG1 and VG8 of $47,160,000, compared with $34,451,000 at 31 December 2020. During the half year ended 30 June 2021, the Group recorded a gain of $3,376,000 on its VG1 and VG8 investments, driven by strong investment performance of the global and Asian strategies.

Charitable contributions made by the Group

Since its establishment in 2008, VGI Partners has actively supported charitable and community causes.

During the half year ended 30 June 2021, the Group made cash donations of $830,000 (2020: $263,000). Of this amount, $780,000 was donated to the VGI Partners Foundation that relates to 100% of the management and performance fees earned by the Group from the VGI Partners Master Fund Charitable Foundation Class. An amount of $50,000 was donated to other registered charities (2020: $50,000).

In addition, management and performance fees of $1,400,000 (2020: $340,000) have been foregone from managing pro bono funds in the half year ended 30 June 2021.

Since 2008, the Group has made charitable and in kind contributions in excess of $9.3 million.

The VGI Partners Foundation

The VGI Partners Foundation was formed in 2018 and operates as an independent public ancillary fund, with a vision to catalyse positive change in the society. One hundred percent of the management fees and performance fees earned by the Group from the VGI Partners Master Fund's Charitable Foundation Class is donated to The VGI Partners Foundation in perpetuity.

The following are some of the eligible organisations that have received support during 2020-2021, with an emphasis on homelessness, education, research and wellbeing to support people and communities in need.

- Alannah & Madeline Foundation
- Be Kind Sydney (Sydney Community Foundation and Sydney Women's Fund)
- Forge Through
- Mission Australia
- ReachOut Australia
- The Sydney Jewish Museum
- Taldumande Youth Services
- The Girls Refuge (Detour House Inc)
- Wandering Warriors
- Women's and Girls' Emergency Centre
- Women's Community Shelters

Our attitude towards tax planning

The founder, original Shareholders and Board understand the Group's tax-related duties and wider corporate responsibilities. The Group aims to keep tax affairs simple and to focus on business outcomes instead of allowing tax matters to drive business decisions. The Board has a very low appetite for tax planning opportunities that would minimise the Group's tax liability, and instead considers its tax contributions as one of its key responsibilities and achievements as a good Australian corporate citizen.

The Company's effective rate has been at least 30% or slightly above since inception.

Additionally, the Company did not access any government programs related to COVID-19 for the half year ended 30 June 2021 (2020: nil).

Significant changes in the state of affairs

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

Dividends

A dividend of $19,538,000 (28 cents per share) was paid on 11 March 2021. This dividend was franked at a 30% tax rate.

Subsequent events

On 23 August 2021, the Directors declared a franked dividend of 31 cents per share, which will be paid on 10 September 2021.

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

Rounding

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

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

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

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



Robert M P Luciano, CFA

Executive Chairman and Managing Director

Sydney

23 August 2021

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Deloitte.

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

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

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

The Board of Directors
VGI Partners Limited
39 Philip Street
Sydney NSW 2000

23 August 2021

Dear Directors,

Auditor's Independence Declaration to VGI Partners Limited

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

As lead audit partner for the review of the financial report of VGI Partners Limited for the half-year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountants
Sydney, 23 August 2021

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Directors' Declaration

In the Directors' opinion:

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

(ii) the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half year ended on that date; and

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

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

On behalf of the Directors



Robert M P Luciano, CFA

Executive Chairman and Managing Director

Sydney

23 August 2021

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Condensed Consolidated Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2021

	Note	Half year ended 30 June 2021 $'000	Half year ended 30 June 2020 $'000
Income			
Management fees	3	18,654	18,881
Performance fees	3	50,368	103
Net foreign exchange gain		137	119
Net gain / (loss) on financial assets measured at fair value through profit or loss		3,514	(5,671)
Other income *		112	162
Total net income		**72,785**	**13,594**
Expenses			
Personnel expenses		(6,112)	(3,819)
Research, IT and communications expenses		(906)	(1,220)
Finance and occupancy expenses **		(171)	(163)
Depreciation		(553)	(426)
Charitable Foundation contributions	4	(780)	(213)
Cash donations	4	(50)	(50)
Other expenses		(2,060)	(1,612)
Total expenses		**(10,632)**	**(7,503)**
Profit before tax		**62,153**	**6,091**
Income tax expense		(19,123)	(2,483)
Profit for the period		**43,030**	**3,608**
Other comprehensive income, net of income tax			
Foreign currency translation		(23)	34
Total comprehensive income for the period		**43,007**	**3,642**
Profit attributable to owners of the Company		**43,030**	**3,608**
Total comprehensive income attributable to owners of the Company		**43,007**	**3,642**
Earnings per share (EPS):			
Basic (cents per share)		61.66	5.17
Diluted (cents per share)		61.42	5.06

* Other income includes interest and dividend income

** 2020 interest expenses have been reclassified to finance and occupancy expenses as a result of the application of *AASB 16 Leases*, and to align with the 2020 Annual Financial Report

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

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Statement of Financial Position

As at 30 June 2021

	Note	30 June 2021 $'000	31 December 2020 $'000
Assets			
Cash and cash equivalents		34,630	41,732
Amounts due from brokers	1(f)	2,744	–
Trade and other receivables	7	58,990	26,925
Contract assets	5	5,043	5,043
Total current assets		**101,407**	**73,700**
Property, plant and equipment		800	897
Financial assets at fair value through profit or loss	6	48,836	34,451
Deferred tax asset		844	2,663
Right of use asset		1,087	1,176
Contract assets	5	36,466	38,988
Other assets		413	413
Total non-current assets		**88,446**	**78,588**
Total assets		**189,853**	**152,288**
Liabilities			
Amounts due to brokers	1(f)	534	–
Trade and other payables		6,673	3,625
Income tax payable		15,641	7,533
Employee entitlements		5,336	2,977
Lease liability		488	399
Total current liabilities		**28,672**	**14,534**
Employee entitlements		433	354
Deferred tax liability		3,707	3,892
Lease liability		702	870
Total non-current liabilities		**4,842**	**5,116**
Total liabilities		**33,514**	**19,650**
Net assets		**156,339**	**132,638**
Equity			
Share capital	8	108,156	107,903
Reserves		992	1,036
Retained earnings		47,191	23,699
Total shareholders' equity		**156,339**	**132,638**

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

Statement of Changes in Equity

For the half year ended 30 June 2021

	Note	Share Capital $'000	FCTR * $'000	Share Based Payment Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 January 2020		**107,314**	**16**	**727**	**7,756**	**115,813**
Profit for the period		–	–	–	3,608	**3,608**
Exchange rate translation impact of foreign subsidiaries		–	34	–	–	**34**
VG8 alignment shares		589	–	–	–	**589**
Share based payments		–	–	160	–	**160**
Dividends paid	9	–	–	–	(6,484)	**(6,484)**
Balance at 30 June 2020		**107,903**	**50**	**887**	**4,880**	**113,720**
Balance at 1 January 2021		**107,903**	**31**	**1,005**	**23,699**	**132,638**
Profit for the period		–	–	–	43,030	**43,030**
Exchange rate translation impact of foreign subsidiaries		–	23	–	–	**23**
Share based payments		–	–	186	–	**186**
Issue of shares on exercise of Share based payments	8 & 11	253	–	(253)	–	–
Dividends paid	9	–	–	–	(19,538)	**(19,538)**
Balance at 30 June 2021		**108,156**	**54**	**938**	**47,191**	**156,339**

* FCTR = foreign currency translation reserve.

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

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Statement of Cash Flows

For the half year ended 30 June 2021

	Note	Half year ended 30 June 2021 $'000	Half year ended 30 June 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		40,521	26,437
Income taxes (paid) / refunded		(9,381)	2,082
Payments to suppliers and employees (inclusive of GST)		(5,415)	(7,181)
Interest received		34	131
Net cash inflows from operating activities		**25,759**	**21,469**
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(208)	(45)
Purchase of financial assets		(10,309)	(3,061)
Broker advances		(2,744)	–
Proceeds from sale of financial assets		50	–
Purchase of other assets		–	(32)
Net cash outflows from investing activities		**(13,211)**	**(3,138)**
Cash flows from financing activities			
Dividends paid to shareholders	9	(19,538)	(6,484)
Principal repayment of lease liability *		(237)	(163)
Finance costs paid *		(35)	(45)
Net cash outflows from financing activities		**(19,810)**	**(6,692)**
Net (decrease) / increase in cash and cash equivalents		(7,262)	11,639
Cash and cash equivalents at the beginning of the period		41,732	29,340
Effects of exchange rate changes on the balance of cash held in foreign currencies		160	154
Cash and cash equivalents at the end of the period		**34,630**	**41,133**
Non-cash Activities **		**78**	**29**

* 2020 figures include immaterial reclassification of certain cash flow items as a result of the application of *AASB 16 Leases*, and to align with the 2020 Annual Report.
** Non-cash activities relate to dividend income from VG1 whereby VG1 shares were acquired in accordance with VG1's dividend reinvestment plan.

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

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Notes to the Condensed Consolidated Financial Statements

For the half year ended 30 June 2021

1 Summary of Significant Accounting Policies

The significant accounting policies adopted have been consistently applied to all the periods presented and are consistent with those adopted and disclosed in the Group's 2020 Annual Financial Report, unless otherwise stated.

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

(a) Basis of Preparation

The condensed Half Year Financial Report for the period ended 30 June 2021 has been prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*.

The Half Year Financial Report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements should be read in conjunction with the most recent Annual Financial Report as at 31 December 2020 and any public announcements made by the Company during the reporting period.

(b) Application of new and revised Accounting Standards

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

(c) Rounding

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

(d) Accounting standards issued but not yet effective

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

(e) Accounting estimates and judgements

Accounting estimates and judgements made in this condensed Half Year Financial Report are consistent with those disclosed in the previous annual financial report.

(f) Amounts due from/to brokers

Amounts due from/to brokers comprise of cash paid or received by prime brokers, on behalf of the Group under a prime brokerage agreement for the settlement of investment transactions.

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

2 Operating segments

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

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3 Revenue from contracts with customers

Revenue is measured at an amount that reflects the consideration the Group is expected to be entitled to in exchange for providing services to its customers, net of rebates to foundations for which the Group manage funds on a pro bono basis. The criteria for recognition are outlined below:

- Management fees: The revenue from contracts with customers, recognised over time as it is earned, based on the applicable investment management agreements. The fees are based on a percentage of the portfolio value of the fund or mandate and paid following the end of each month in arrears.
- Performance fees: The revenue from contracts with customers is recognised as income at the end of the relevant period to which the performance fee relates (being the period over which the entity has provided the relevant services). This is when the Group's measurement of the fees is no longer uncertain, and entitlement can be established. Accordingly, until this point performance fees are unable to be recognised as they cannot be measured reliably, and it is highly probable that there could be a significant reversal of revenue.

Disaggregation of revenue

	Half year ended 30 June 2021 $'000	Half year ended 30 June 2020 $'000
Services provided over time – management fees	22,218	22,193
Operating costs of VGI Partners Funds *	(1,042)	(809)
Amortisation of contract assets **	(2,522)	(2,503)
Total management fees	**18,654**	**18,881**
Total performance fees	**50,368**	**103**

* VGI Partners Funds includes two unlisted funds (AUD and USD denominated), Individually Managed Accounts and VG1 and VG8.

** As part of the VG1 and VG8 IPOs, the Group recognised the costs as contract assets. The appropriate accounting treatment has resulted in the asset being unwound and amortised as a reduction of revenue under the Investment Management Agreement, being 10 years. Refer to note 5 for additional information.

Performance fees may be earned from the VGI Partners Funds (as defined in the note above). The Group's entitlement to future performance fees from the VGI Partners Funds is dependent on the net asset value of the relevant portfolio exceeding the high-water mark. The high-water mark is the net asset value price at the end of the most recent calculation period for which the Group was entitled to a performance fee, adjusted for additions and redemptions. Each VGI Partners Fund has its performance fee calculated based on performance over a specific period of time determined in its Investment Management Agreement, constitution or trust deed.

As the majority of the VGI Partners Funds have performance fees calculated at 30 June, performance fees have historically been weighted towards the first half of the calendar year.

4 Charitable contributions

Since its establishment in 2008, the Group has actively supported charitable and community causes. The VGI Partners Foundation (an independent public ancillary fund) was formed in 2018 together with the establishment of a new Charitable Foundation Class of investment in the VGI Partners Master Fund, with 100% of management fees and performance fees earned by the Group on that class to be donated to The VGI Partners Foundation in perpetuity.

During the half year ended 30 June 2021, the Group made cash donations of $830,000 (2020: $263,000). Of these amounts, $780,000 (2020: $213,000) was donated to The VGI Partners Foundation from management and performance fees earned by the Group from the VGI Partners Master Fund Charitable Foundation Class and an amount of $50,000 was donated to other registered charities (2020: $50,000).

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5 Contract assets

	30 June 2021 $'000	31 December 2020 $'000
VG1 IPO – Offer costs (VG1 Fee Waiver) *	1,800	1,944
VG8 IPO – Offer costs *	10,406	11,029
VG8 IPO – alignment share costs *	29,303	31,058
Total	**41,509**	**44,031**
Current	5,043	5,043
Non-current	36,466	38,988
Total	**41,509**	**44,031**

* Net of amortisation expense.

VG8 was admitted to the Official List of the ASX in November 2019. To align initial investors for the long term, the Company issued ordinary shares in VGI Partners Limited (ASX: VGI) to all Applicants that received an allocation of shares under the VG8 Offer.

The Company issued 2,652,012 ordinary shares (VG8 alignment shares) in VGI Partners Limited, valued at $34,476,156 on 12 November 2019 using the closing price of $13.00, for zero cost to the recipients. These shares were issued on 12 November 2019 and began trading on the ASX on 13 November 2019.

Directors and their associates and related entities could only receive their VGI shares following the receipt of shareholder approval. Approval was sought and obtained at the VGI AGM on 21 April 2020. On 22 April 2020, the Company issued 60,438 ordinary shares (VG8 alignment shares) in VGI Partners Limited. For accounting purposes, this was valued at $589,271 using the closing price of $9.75 and on the same terms as shares that were issued to other investors in VG8.

These costs have been recognised as contract assets since the shares issued are part of the securing of the management agreement in relation to VG8. The costs are also recoverable through the ongoing receipt of management fees.

Allowance for expected credit losses

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

6 Financial assets at fair value through profit or loss

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

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

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

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

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6 Financial assets at fair value through profit or loss (continued)

30 June 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Listed investments held at FVTPL	48,836	–	–	48,836
Total financial assets	**48,836**	**–**	**–**	**48,836**

31 December 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Listed investments held at FVTPL	34,451	–	–	34,451
Total financial assets	**34,451**	**–**	**–**	**34,451**

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

The Group's policy is to recognise transfers between levels at the end of the financial reporting period. There were no transfers between levels for recurring fair value measurements during the period ended 30 June 2021. There were also no changes made to any of the valuation techniques applied as of 31 December 2020.

7 Trade and other receivables

	30 June 2021 $'000	31 December 2020 $'000
Trade receivables and accruals	58,550	26,734
Prepayments	440	191
Total	**58,990**	**26,925**

Trade receivables mainly consist of management and performance fees that are received between seven and 60 days after the balance date.

Allowance for expected credit losses

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

8 Issued capital

	30 June 2021 Number	31 December 2020 Number	30 June 2021 $'000	31 December 2020 $'000
Ordinary shares	69,806,169	69,780,160	108,156	107,903
Total issued and paid up capital	**69,806,169**	**69,780,160**	**108,156**	**107,903**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of shareholders.

In the event of the winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

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8 Issued capital (continued)

Refer to the movement during the period below:

Details	Date	Shares	$'000
Opening balance	**1 January 2021**	**69,780,160**	**107,903**
Issue of ordinary shares on exercise of Options *	21 June 2021	26,009	253
Closing balance	**30 June 2021**	**69,806,169**	**108,156**

* The Company issued 26,009 ordinary shares on exercise of Tranche 1 Options. See note 11 for further details.

9 Dividends

	Half year ended 30 June 2021 $'000	Half year ended 30 June 2020 $'000
Final fully franked dividends declared during the period:		
- 9.3 cents per share declared on 27 February 2020 and paid on 18 March 2020	–	6,484
- 28 cents per share declared on 23 February 2021 and paid on 11 March 2021	19,538	–
Total	**19,538**	**6,484**

In addition to the final dividends noted above, the Company declared and paid an interim dividend of 5 cents per share for the 6 months ended 30 June 2020 and 25.6 cents per share for the 6 months ended 30 June 2019.

Post the end of the half year, the Directors have declared a dividend of 31 cents per share franked at 30%, which will be paid on 10 September 2021.

10 Related party transactions

All transactions with related parties were made on normal commercial terms and conditions, and at market rates. There have been no significant changes to the related party transactions disclosed in the previous annual financial report.

A summary of the existing related party relationships is described below:

i. The Group provides investment management services to the following related parties for which it earns management fees and performance fees:

- the VGI Partners Master Fund, an Australian unit trust, of which the Company is the trustee;
- VG1 and VG8; and
- the VGI Partners Offshore Fund.

ii. VG1 and VG8 performance fee reinvestment mechanisms

Under the terms of separate reinvestment agreements, Mr Luciano, Mr Tynan and Mr Poiner and their related entities have agreed to invest, from the dividends they receive from the Group, their 'look through' after-tax share of performance fees received from managing VG1 and VG8 into fully paid ordinary shares in VG1 and VG8.

iii. Related parties' holdings of units in listed and unlisted vehicles

From time to time, the Group, the Group's key management personnel (KMP) and / or their related parties' holdings may invest or withdraw in unlisted and listed vehicles managed by the Group.

iv. Operating cost of funds

The Group pays the majority of operating costs of the VGI Partners Funds.

11 Share-based payments

Prior to the listing of the Company in 2019, a number of employees, Non-Executive Directors and members of the Advisory Council of the Company were provided with the opportunity to purchase Share Options, each carrying the right to acquire one share in the Company at a future date. Additional Options were also issued during December 2020. Details of the Employee Share Options are in the Group's most recent Annual Report.

Exercise during the half year

During the half year ended 30 June 2021 and in accordance with their terms, 730,954 Options under the Tranche 1 of the Employee Option Plan were exercisable over a period of one month commencing 20 May 2021 to 19 June 2021. On 19 June 2021, all Option holders elected to exercise their Tranche 1 Options that were issued and as a result, 704,945 of the 730,954 Tranche 1 Options were net settled and the remaining 26,009 Tranche 1 Options were exercised resulting in the issuance of 26,009 ordinary shares. This resulted in a lower dilution of the issued capital of the Group on conversion.

There were no other Options that were issued, exercised or forfeited during the half year ended 30 June 2021.

12 Subsequent events

On 21 July 2021, the Company reported to the ASX that its funds under management was $3.2 billion as at 30 June 2021.

On 23 August 2021, the Directors declared a franked dividend of 31 cents per share ($21,639,912), which will be paid on 10 September 2021.

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

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

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

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

Independent Auditor's Review Report to the Members of VGI Partners Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of VGI Partners Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year.

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

- Giving a true and fair view of the Groups' financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

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

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

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act*

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2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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



DELOITTE TOUCHE TOHMATSU



Jonathon Corbett
Partner
Chartered Accountants
Sydney, 23 August 2021

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