Perpetual Limited
ABN 86 000 431 827

Angel Place,
Level 18, 123 Pitt Street
Sydney NSW 2000
Australia

Phone +61 9229 9000
www.perpetual.com.au

24 February 2022

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

Via electronic lodgement

Perpetual Half Year Financial Results

Please find attached the following announcements for release to the market:

- Appendix 4D
- 1H22 ASX Announcement
- 1H22 Results Briefing
- ✓ **Half Yearly Report and Accounts**
- Operating and Financial Review – 31 December 2021

This release has been authorised by the Board of Directors of Perpetual Limited.

Yours faithfully

Sylvie Dimarco

Sylvie Dimarco
Company Secretary

Financial Statements

For the half-year ended 31 December 2021

Perpetual Limited
ABN 86 000 431 827
And its controlled entities

Trust is earned.

Perpetual

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES

Table of Contents

PERPETUAL LIMITED
ABN 86 000 431 827
AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their report together with the condensed consolidated financial statements of Perpetual Limited, ("Perpetual" or the "Company") and its controlled entities (the "consolidated entity"), for the half-year ended 31 December 2021 and the independent auditor's review report thereon.

Directors

The Directors of the Company at any time during or since the end of the half-year are:

Tony D'Aloisio AM, Chairman and Independent Director
BA LLB (Hons) (Age 72)

Mr D'Aloisio has served in both executive and non-executive roles in commercial and government enterprises. He has held roles of Chief Executive, Chairman and Board member in local and international organisations involved in financial markets and professional services. Mr D'Aloisio became Chairman of Perpetual Limited in May 2017, following his appointment as Independent Non-Executive Director in December 2016.

Mr D'Aloisio was appointed a Commissioner for the Australian Securities and Investments Commission (ASIC) in 2006 and Chairman in 2007 for a four-year term. He was Chairman of the (International) Joint Forum of the Basel Committee on banking supervision from 2009-2011. Prior to joining ASIC he was CEO and MD at the Australian Securities Exchange from 2004-2006. Mr D'Aloisio was Chief Executive Partner at Mallesons Stephen Jaques between 1992-2004 having first joined the firm in 1977.

Mr D'Aloisio has held a number of other non-executive directorships (most recently as Chairman of IRESS Ltd) and not for profit directorships.

Currently he is also a director of the Aikenhead Centre for Medical Discovery Pty Ltd and President of the European Capital Markets Cooperative Research Centre.

Mr D'Aloisio also Chairs Perpetual's Nominations Committee.

Listed company directorships held during the past three financial years:
- IRESS Limited (from June 2012 to May 2021)

Mona Aboelnaga Kanaan, Independent Director
BSc (Econ) MBA (Age 54)

Based in New York, USA, Ms Aboelnaga Kanaan is a seasoned director, entrepreneur and asset management executive having held leadership positions over a distinguished career spanning more than thirty years. She is currently the Managing Partner of K6 Investments LLC, an independent private equity firm which she founded in 2011.

Previously, Ms Aboelnaga Kanaan served as President and CEO of Proctor Investment Managers, a firm she co-founded in 2002 to acquire and scale traditional and alternative asset managers. Ms. Aboelnaga Kanaan sold the firm to National Bank of Canada in 2006, acquired affiliates managing nearly $14 billion in assets under management and continued as Proctor's President and CEO until 2013.

With expertise in public as well as private financial services firms, Ms Aboelnaga Kanaan is currently a Director of Webster Financial Corporation (WBS), FinTech Acquisition Corp VI (Nasdaq: FTVI) and has served as a Board Member of a number of traditional and alternative asset managers in the United States including, Siguler Guff's BDC and Peridiem Global Investors. With a commitment to education and economic empowerment, she also has extensive non-profit board experience in those fields including as an investment committee member of sizeable educational endowments.

Ms Aboelnaga Kanaan holds a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania and an MBA from Columbia University's Graduate School of Business.

Directors (continued)

Mona Aboelnaga Kanaan, Independent Director (continued)

Ms Aboelnaga Kanaan is a member of Perpetual's Investment Committee and People and Remuneration Committee.

Listed company directorships held during the past three financial years:
- Webster Financial Corporation (from February 2022 following merger with Sterling Bancorp)
- Fintech Acquisition Corp. VI (from February 2021 to present)

Gregory Cooper, Independent Director
FIA, FIAA, BEc (Actuarial Studies) (Age 51)

Appointed Director in September 2019. Mr Cooper has more than 26 years of global investment industry experience in the UK, Asia and Australia with a deep understanding of international funds management.

Mr Cooper brings strong financial services and strategy expertise to the Perpetual board predominantly gained from his executive career at Schroders Australia where he was the Chief Executive Officer from 2006 to 2018 with responsibility for Schroders' institutional business across Asia Pacific and then globally.

Mr Cooper currently serves as a Non-executive Director of NSW Treasury Corporation, where he also chairs the Investment Committee. He is currently the Chairman of Colonial First State Investments Limited and Avanteos Investments Limited (collectively known as CFS Group). Mr Cooper is a Non-executive Director of Australian Payments Plus Limited and its subsidiaries/ related entities; Catholic Church Insurance, OpenInvest Holdings, the Australian Indigenous Education Foundation and EdStart. Previously Mr Cooper acted as a Non-executive Director to the Financial Services Council and held the position of Chairman from 2014 to 2016.

Mr Cooper is a member of Perpetual's Audit, Risk and Compliance Committee, Investment Committee and People and Remuneration Committee.

Nancy Fox AM, Independent Director
BA JD (Law) FAICD (Age 65)

Appointed Director in September 2015. Ms Fox has more than 30 years' experience in financial services, securitisation and risk management gained in Australia, the US and across Asia. A lawyer by training, she was Deputy Chairman of the Board of Taronga Conservation Society Australian until 2021, Managing Director for Ambac Assurance Corporation from 2001 to 2011 and previously Managing Director of ABN Amro Australia from 1997 to 2001.

Ms Fox brings to the Board a deep knowledge of developing and leading successful financial services businesses and extensive experience with securitisation, regulatory frameworks, risk management and governance.

She is currently Chairman of Perpetual Equity Investment Company Limited, a Non-executive Director of ING Bank Australia, Lawcover Pty Ltd, Mission Australia, O'Connell Street Associates and Aspect Studios Pty Ltd.

Ms Fox is the Chair of Perpetual's People and Remuneration Committee and a member of the Audit, Risk and Compliance Committee and Nominations Committee.

Listed company directorships held during the past three financial years:
- Perpetual Equity Investment Company Limited (from July 2017 to present)

Directors (continued)

Ian Hammond, Independent Director
BA (Hons) FCA FCPA FAICD (Age 63)

Appointed Director in March 2015. Mr Hammond was a partner at PricewaterhouseCoopers for 26 years and during that time held a range of senior management positions including lead partner for several major financial institutions. He has previously been a member of the Australian Accounting Standards Board and represented Australia on the International Accounting Standards Board.

Mr Hammond has a deep knowledge of the financial services industry and brings to the Board expertise in financial reporting and risk management.

Mr Hammond is a Non-executive Director of Suncorp Group Limited, and Venues NSW, and a Board Member of not-for-profit organisations including Mission Australia and Chris O'Brien Lifehouse.

Mr Hammond is Chairman of Perpetual's Audit, Risk and Compliance Committee and a member of Perpetual's Investment Committee and Nominations Committee.

Listed company directorships held during the past three financial years:
- Suncorp Group Limited (from October 2018 to present)

Fiona Trafford-Walker, Independent Director
BEc, M. Fin (Age 54)

Appointed Director in December 2019. Ms Trafford-Walker has over 30 years of senior executive and business management experience within the investment industry, bringing extensive knowledge of investment management and a strong institutional and international perspective to the Perpetual board.

Ms Trafford-Walker began her career in institutional investment consulting in 1992, and until December 2019 was an Investment Director at Frontier Advisors (Frontier). At various times during her tenure, she was responsible for the original development and on-going management of Frontier's business, as well as providing investment and governance advice to a number of the firm's clients.

Currently Ms Trafford-Walker is a Non-executive Director of Victorian Funds Management Corporation, Prospa Group Ltd, Link Administration Holdings, Eclipx Group, an Investment Committee Member of the Walter and Eliza Hall Institute and a Strategic Advisor to the QE Advisory Board.

Ms Trafford-Walker is a member of Perpetual's Investment Committee and People and Remuneration Committee.

Listed company directorships held during the past three financial years:
- Prospa Group Limited (from March 2018 to present)
- Link Administration Holdings (from October 2015 to present)
- Eclipx Limited (from July 2021 to present)

Directors (continued)

P Craig Ueland, Independent Director
BA (Hons and Distinction) MBA (Hons) CFA (Age 63)

Appointed Director in September 2012. Mr Ueland was formerly President and Chief Executive Officer of Russell Investments, a global leader in multi-manager investing. He previously served as Russell's Chief Operating Officer, Chief Financial Officer, and Managing Director of International Operations, which he led from both London and the firm's headquarters in the US. Earlier in his career he opened and headed Russell's first office in Australia.

Mr Ueland brings to the Board detailed knowledge of global financial markets and the investment management industry, gleaned from more than 20 years as a senior executive of a major investment firm, along with a strong commitment to leadership development and corporate strategy development and execution.

Mr Ueland is a committee member of the Endowment Investment Committee for The Benevolent Society, is a Board Member of the Stanford Australia Foundation and the Supervisory Board of OneVentures Innovation and Growth Fund II.

Mr Ueland is Chairman of Perpetual's Investment Committee and a member of Perpetual's Audit, Risk and Compliance Committee and Nominations Committee.

Rob Adams
Chief Executive Officer and Managing Director
BBus (Accounting) (Age 56)

Mr Adams joined Perpetual as Chief Executive Officer and Managing Director in September 2018.

Mr Adams is a proven financial services business leader with over 30 years' experience locally and globally across funds management, financial advice and fiduciary services.

Before Perpetual, Mr Adams was Head of Pan-Asia and a member of the Global Executive Committee of Janus Henderson where he had been for six years. Prior to that, he was Chief Executive of Challenger Funds Management, and was previously CEO of First State Investments UK.

Mr Adams holds a Bachelor of Business degree (Accounting). He is Chairman of the Abbotsleigh Foundation.

COMPANY SECRETARY

Sylvie Dimarco
LLB, GradDipAppCorpGov, FGIA, GAICD

Appointed Company Secretary in April 2020. Ms Dimarco joined Perpetual in 2014 and is currently Head of Company Secretariat & Governance at Perpetual. She is also Company Secretary of Perpetual Equity Investment Company Limited (ASX: PIC) and all of Perpetual's subsidiary boards. She is a member of the Perpetual Limited Continuous Disclosure Committee

Ms Dimarco has over 14 years' experience in company secretariat practice and administration for listed and unlisted companies. Before Perpetual, she practiced as a commercial lawyer in Sydney and Canberra for 11 years, working in predominantly mid-sized law firms.

Ms Dimarco holds a Bachelor of Laws degree from the University of Sydney and has completed the Governance Institute of Australia's Graduate Diploma of Applied Corporate Governance. Ms Dimarco is a Graduate of the Australian Institute of Company Directors course.

Review of operations

A review of operations is included in the Operating and Financial Review (OFR).

For the half-year ended 31 December 2021, Perpetual reported a net profit after tax attributable to equity holders of Perpetual Limited of $59.3 million compared to the net profit after tax attributable to equity holders of Perpetual Limited for the half-year ended 31 December 2020 of $27.9 million.

For the half-year ended 31 December 2021, Perpetual reported an underlying profit after tax attributable to equity holders of Perpetual Limited of $79.1 million compared to the underlying profit after tax attributable to equity holders of Perpetual Limited for the half-year ended 31 December 2020 of $51.3 million.

Underlying profit after tax attributable to equity holders of Perpetual Limited excludes certain items, that are either significant by virtue of their size and impact on net profit after tax attributable to equity holders of Perpetual Limited or are determined by the board and management to be outside normal operating activities. Underlying profit after tax attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.

The reconciliation of net profit after tax attributable to equity holders of Perpetual Limited to underlying profit after tax (UPAT) attributable to equity holders of Perpetual Limited for the half-year ended 31 December 2021 is shown below, which has been represented using the Company’s new definition of UPAT.

	6 months ended	
	31 Dec 2021 $M	**31 Dec 2020 $M**
Net profit after tax attributable to equity holders of Perpetual Limited	**59.3**	**27.9**
Significant items after tax:		
Transaction and integration costs[1]	16.6	20.9
Non-cash amortisation of acquired intangible assets[2]	9.5	4.5
Unrealised losses / (gains) on financial assets[3]	0.7	(3.5)
Accrued incentive compensation liability[4]	(7.0)	1.5
Underlying profit after tax attributable to equity holders of Perpetual Limited	**79.1**	**51.3**

[1] Relates to costs associated with the acquisition / establishment of Trillium, Barrow Hanley and other entities. Costs include professional fees, administrative and general expenses and staff costs related to specific retention and performance grants.

[2] Relates to the amortisation expense on intangible assets acquired through business combinations.

[3] Relates to unrealised mark to market gains and losses on EMCF, seed fund investments and financial assets held for regulatory purposes.

[4] This liability reflects the value of employee owned units in Barrow Hanley.

Underlying profit after tax (UPAT) attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the consolidated entity as determined by the Board and management. UPAT has been calculated in accordance with ASIC's *Regulatory Guide 230 - Disclosing non-IFRS financial information*. UPAT attributable to equity holders of Perpetual Limited has not been reviewed by our external auditors; however, the adjustments to net profit after tax attributable to equity holders of Perpetual Limited have been extracted from the books and records that have been reviewed for the half-year.

COVID-19

COVID-19 continues to have an impact on global economies and financial markets, resulting in significant economic uncertainty and market volatility. It has also led to material structural shifts in the behaviour of the economy and unprecedented actions by financial markets, governments and regulators. The consolidated entity continues to monitor the impact of COVID-19 on its operations, control environment and financial reporting as developments arise.

Consistent with the approach applied in the preparation of the annual financial statements at 30 June 2021, management has evaluated whether there were any additional areas of significant judgment or estimation uncertainty, assessed the impact of market inputs and variables potentially impacted by COVID-19 on the carrying values of its assets and liabilities, and considered the impact of COVID-19 on the consolidated entity's financial statement disclosures. As disclosed in the annual report, the consolidated entity's revenues have a high degree of exposure to market volatility which has the potential to lead to a material financial impact. The US operations are similarly exposed to market movements due to the nature of the business. Whilst this has been factored into the preparation of the financial report, the accounting policies and methodologies have been applied on a consistent basis to the 30 June annual report. The Directors and management continue to closely monitor developments with a focus on potential financial and operational impacts and note the situation is continuing to evolve.

Dividends

On 24 February 2022, the Directors resolved to pay a fully franked interim dividend of $1.12 per share (2021: $0.84 per share).

State of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

Events subsequent to reporting date

At the date of approving these financial statements, the Directors are of the view the effects of COVID-19 do not change the significant estimates, judgements and assumptions in the preparation of the financial statements (refer to Section 5-1), however COVID-19 and its associated economic impacts remain uncertain. The Directors and management continue to closely monitor developments with a focus on potential financial and operational impacts and note that the situation is continuing to evolve.

Other than the matters noted above, the Directors are not aware of any other event or circumstance since the end of the financial year not otherwise dealt with in this report that has affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

PERPETUAL LIMITED
ABN 86 000 431 827
AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (continued)

Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

The Lead Auditor's Independence Declaration is set out on page 10 and forms part of the Directors' report for the half-year ended 31 December 2021.

Rounding off

The Company is of a kind referred to in *ASIC Corporations Instruments 2016/191* dated 1 April 2016 and in accordance with that Class Order, amounts in the condensed consolidated half-year financial statements and Directors' report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Signed on behalf and in accordance with a resolution of the Directors:

Tony D'Aloisio
Chairman

Rob Adams
Managing Director

Dated at Sydney this 24th day of February 2022.

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

To the Directors of Perpetual Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Perpetual Limited for the half-year ended 31 December 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Brendan Twining

Partner

Sydney

24 February 2022

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2021

	Section	31 Dec 2021	31 Dec 2020[1]
		$M	$M
Revenue	1-2	383.6	285.8
Expenses	1-3	(293.2)	(236.7)
Financing costs		(5.2)	(4.6)
Net profit before tax		85.2	44.5
Income tax expense	1-4	(25.9)	(16.6)
Net profit after tax		**59.3**	**27.9**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		13.0	(26.3)
Other comprehensive income, net of income tax		**13.0**	**(26.3)**
Total comprehensive income		**72.3**	**1.6**
Total comprehensive income attributable to:			
Equity holders of Perpetual Limited		72.3	1.6
Earnings per share			
Basic earnings per share – cents per share	1-5	105.3	51.1
Diluted earnings per share – cents per share	1-5	103.6	50.6

[1]Prior period comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 5-2(a) for further details.

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the 'Notes to and forming part of the Condensed Consolidated Financial Statements' set out on pages 15 to 35.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Financial Position
as at 31 December 2021

	Section	31 Dec 2021 $M	30 Jun 2021[1] $M
Assets			
Cash and cash equivalents	3-1	130.9	147.1
Receivables		144.5	132.7
Current tax assets	1-4	10.1	-
Structured products - EMCF assets	4-1	189.2	163.9
Other assets		14.6	13.7
Total current assets		**489.3**	**457.4**
Other financial assets		154.8	150.4
Property, plant and equipment		84.8	91.1
Intangibles	2-2	929.2	862.9
Deferred tax assets		38.8	47.2
Other assets		8.6	7.9
Total non-current assets		**1,216.2**	**1,159.5**
Total assets		**1,705.5**	**1,616.9**
Liabilities			
Payables		51.6	73.0
Structured products - EMCF liabilities	4-1	189.2	163.3
Current tax liabilities	1-4	-	7.6
Employee benefits		62.6	91.2
Lease liabilities		14.5	13.1
Provisions	2-3	5.0	1.6
Other liabilities		15.6	11.4
Total current liabilities		**338.5**	**361.2**
Payables		38.4	17.7
Borrowings	3-2	248.1	166.0
Deferred tax liabilities		19.2	15.6
Employee benefits		27.6	26.4
Accrued incentive compensation	2-4	45.6	48.0
Lease liabilities		63.8	70.1
Provisions	2-3	5.0	4.8
Total non-current liabilities		**447.7**	**348.6**
Total liabilities		**786.2**	**709.8**
Net assets		**919.3**	**907.1**
Equity			
Contributed equity	3-3	815.6	815.3
Reserves		8.8	2.5
Retained earnings		94.9	89.3
Total equity attributable to holders of Perpetual Limited		**919.3**	**907.1**

[1]Prior period comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 5-2(a) for further details.

The Condensed Consolidated Statement of Financial Position is to be read in conjunction with the 'Notes to and forming part of the Condensed Consolidated Financial Statements' set out on pages 15 to 35.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2021

$M	Gross contributed equity	Treasury share reserve	Equity compensation reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to shareholders of Perpetual Limited
Balance at 1 July 2021	854.6	(39.3)	21.3	(18.8)	89.3 [1]	907.1
Total comprehensive income	**-**	**-**	**-**	**13.0**	**59.3**	**72.3**
Share Issue	2.5	-	-	-	-	2.5
Movement on treasury shares	(1.0)	13.6	(13.2)	-	0.6	-
Repurchase of shares on market	-	(14.8)	-	-	-	(14.8)
Equity remuneration expense	-	-	6.5	-	-	6.5
Dividends paid to shareholders	-	-	-	-	(54.3)	(54.3)
Balance at 31 December 2021	**856.1**	**(40.5)**	**14.6**	**(5.8)**	**94.9**	**919.3**

$M	Gross contributed equity	Treasury share reserve	Equity compensation reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to shareholders of Perpetual Limited
Balance at 1 July 2020	582.1	(42.3)	19.1	0.3	95.2 [1]	654.3
Impact of change in accounting policy[1]	-	-	-	-	(3.5)	(3.5)
Total comprehensive income	**-**	**-**	**-**	**(26.3)**	**27.9** [1]	**1.6**
Share issue	271.3	-	-	-	-	271.3
Movement on treasury shares	(0.8)	10.5	(9.9)	-	0.1	-
Equity remuneration expense	-	-	5.9	-	-	5.9
Dividends paid to shareholders	-	-	-	-	(28.2)	(28.2)
Balance at 31 December 2020	**852.6**	**(31.8)**	**15.1**	**(26.0)**	**91.5**	**901.4**

[1]Opening retained earnings has been adjusted for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 5-2(a) for further details.

The Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the 'Notes to and forming part of the Condensed Consolidated Financial Statements' set out on pages 15 to 35.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2021

	31 Dec 2021 $M	31 Dec 2020 [1] $M
Cash flows from operating activities		
Cash receipts in the course of operations	395.5	309.6
Cash payments in the course of operations	(318.5)	(260.7)
Dividends received	0.2	-
Interest received	0.2	0.6
Interest paid	(4.6)	(2.3)
Income taxes paid	(37.4)	(26.6)
Net cash from operating activities	**35.4**	**20.6**
Cash flows from investing activities		
Payments for property, plant, equipment and software	(7.0)	(6.2)
Payments for investments	(28.5)	(73.7)
Payments for acquisition of business	(49.8)	(431.0)
Cash acquired as part of acquisition of business	3.5	2.0
Proceeds from the sale of investments	33.3	39.3
Net cash used in investing activities	**(48.5)**	**(469.6)**
Cash flows from financing activities		
Proceeds from issue of shares	-	275.1
Transaction costs related to issue of shares	-	(5.0)
Repurchase of shares on market	(14.8)	-
Receipt from borrowings	75.0	234.0
Transaction costs related to borrowings	-	(5.0)
Dividends paid	(51.7)	(27.0)
Lease financing costs	(6.4)	(8.8)
Net cash from financing activities	**2.1**	**463.3**
Net increase / (decrease) in cash and cash equivalents	(11.0)	14.3
Cash and cash equivalents at 1 July	147.1	164.1
Effect of movements in exchange rates on cash held	(5.2)	(6.3)
Cash and cash equivalents at 31 December	**130.9**	**172.1**

[1] Prior period comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 5-2(a) for further details.

The Condensed Consolidated Statement of Cash Flows is to be read in conjunction with 'Notes to and forming part of the Condensed Consolidated Financial Statements' set out on pages 15 to 35.

Section 1 Group performance

This section focuses on the results and performance of Perpetual as a consolidated entity. On the following pages you will find disclosures explaining Perpetual's results for the period, segmental information, taxation, earnings per share and dividend information.

1-1 Operating segments

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components and for which discrete financial information is available. All operating segments' operating results are regularly reviewed by the consolidated entity's CEO to make decisions about resources to be allocated to the segment and assess their performance.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, income tax expenses, assets and liabilities.

The following summary describes the operations in each of the reportable segments:

i. Services provided

Perpetual is a global financial services firm operating in Australia, United States, United Kingdom, the Netherlands and Singapore, as well as a presence in Hong Kong. Perpetual provides a diverse range of financial products and services including asset management, financial advisory and trustee services via its four business segments, supported by Group Support Services.

Perpetual Asset Management International	Provides investment products and services to global retail and institutional clients, including a distribution presence in the United States, United Kingdom, the Netherlands and Hong Kong. Investment management firm, Barrow Hanley, and boutique ESG investment management firm, Trillium, form part of this operating segment to offer a breadth of high-quality global investment capabilities to our clients.
Perpetual Asset Management Australia	Provides investment products and services to domestic retail, corporate, superannuation and institutional clients, with investment capabilities spanning Australian equities, credit and fixed Income, multi-asset and global equities.
Perpetual Private	Is an advisory services business focused on the comprehensive needs of families, businesses and communities. Support for clients spreads across financial advice, portfolio management, risk, estate administration, trustee services and tax and accounting. The business is focused on client service excellence and attracting and retaining exceptional talent to meet those standards in our chosen segments.

1-1 Operating segments (continued)

i. Services provided (continued)

Perpetual Corporate Trust	Provides a broad range of fiduciary, agency and digital products to the debt capital markets and managed funds industries both domestically and internationally. Debt Market Services includes trustee, document custodian, agency, trust management, accounting, standby servicing and reporting solutions. It also includes Data & Analytics Solutions, which provides data services, industry roundtables, and our new Perpetual Intelligence platform-as-a-service products supporting the banking and financial services industry. Managed Funds Services includes responsible entity, wholesale trustee, custodian, investment management and accounting. Singapore products include trustee, agency and escrow services.
Group Support Services	The business units are supported by Group Support Services comprising Group Investments, CEO, Finance, Corporate Affairs, Marketing, Legal, Audit, Risk, Compliance, Company Secretary, Technology, Project & Change Management, Operations, Product and People & Culture.

ii. Geographical information

The consolidated entity operates in Australia, United States, United Kingdom, the Netherlands and Singapore, with a presence in Hong Kong. The majority of the consolidated entity's revenue and assets relate to operations in Australia and United States. The United States operations are represented by Perpetual Asset Management, International. The operations in the United Kingdom, the Netherlands, Singapore and Hong Kong do not meet the definition of an operating segment as at balance date as they represent less than 10 percent of revenue, profit and assets of the group.

iii. Major customer

The consolidated entity does not rely on any major customer.

1-1 Operating segments (continued)

	Perpetual Asset Management International $M	Perpetual Asset Management Australia[1] $M	Perpetual Private $M	Perpetual Corporate Trust $M	Total $M
31 December 2021					
Major service lines					
Equities	98.7	66.8	-	-	165.5
Cash and fixed income	11.1	15.5	-	-	26.6
Other AUM related	-	1.3	-	-	1.3
Market related	-	-	77.9	-	77.9
Non-market related	-	-	29.1	-	29.1
Income from structured products	-	0.6	-	-	0.6
Debt Market Services	-	-	-	33.1	33.1
Managed Funds Services	-	-	-	33.5	33.5
Perpetual Digital	-	-	-	9.9	9.9
Total revenue by Major service line	109.8	84.2	107.0	76.5	377.5
Interest revenue	-	-	-	-	-
Total revenue for reportable segment	109.8	84.2	107.0	76.5	377.5
Depreciation and amortisation	(11.2)	(2.7)	(6.0)	(5.7)	(25.6)
Financing costs	(2.1)	-	(1.0)	(0.4)	(3.5)
Reportable segment net profit before tax	12.1	25.6	21.9	35.3	94.9
Reportable segment assets	634.3	234.7	270.8	241.7	1,381.5
Reportable segment liabilities	(122.9)	(205.6)	(44.7)	(23.1)	(396.3)
31 December 2020					
Major service lines					
Equities	32.7	61.8	-	-	94.5
Cash and fixed income	5.5	14.6	-	-	20.1
Other AUM related	-	2.2	-	-	2.2
Market related	-	-	61.1	-	61.1
Non-market related	-	-	28.1	-	28.1
Income from structured products	-	1.5	-	-	1.5
Debt Market Services	-	-	-	30.7	30.7
Managed Funds Services	-	-	-	28.4	28.4
Perpetual Digital	-	-	-	6.2	6.2
Total revenue by Major service line	38.2	80.1	89.2	65.3	272.8
Interest revenue	0.1	0.0	0.0	0.3	0.4
Total revenue for reportable segment	38.3	80.1	89.2	65.6	273.2
Depreciation and amortisation	(4.1)	(2.6)	(6.5)	(6.1)	(19.3)
Financing costs	(0.1)	(0.1)	(0.5)	(0.2)	(0.9)
Reportable segment net profit before tax	(16.7)	18.8	14.3	29.5	45.9
Reportable segment assets	794.3	256.4	220.8	207.1	1,478.6
Reportable segment liabilities	(133.1)	(230.1)	(17.9)	(11.5)	(392.6)
30 June 2021					
Reportable segment assets	627.5	208.0	234.7	205.1	1,275.3
Reportable segment liabilities	(144.9)	(190.6)	(19.1)	(11.1)	(365.7)

[1]Segment information for Perpetual Asset Management, Australia includes the Exact Market Cash Funds, refer to section 4-1(i).

1-1 Operating segments (continued)

	31 Dec 2021 $M	31 Dec 2020 [1] $M
Reconciliations of reportable segment revenues, net profit before tax, total assets and liabilities		
Revenues		
Total revenue for reportable segments	377.5	273.2
Add: Group and Support Services revenue	5.8	7.3
Net realised gains on sale of investments	3.7	-
Unrealised (losses) / gains on financial assets	(3.4)	5.3
Total revenue from continuing operations	383.6	285.8
Net profit before tax		
Total net profit before tax for reportable segments	94.9	45.9
Financing costs	(1.7)	(3.7)
Net realised gains on sale of investments	3.7	-
Group and Support Services (loss) / profit	(11.7)	2.3
Net profit before tax	85.2	44.5
Total assets		
Total assets for reportable segments	1,381.5	1,478.6
Group and Support Services assets	324.0	138.3
Total assets	1,705.5	1,616.9
Total liabilities		
Total liabilities for reportable segments	396.3	392.6
Group and Support Services liabilities	389.9	317.2
Total liabilities	786.2	709.8

[1]Prior period comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 5-2(a) for further details.

	31 Dec 2021 $M	31 Dec 2020 $M
1-2 Revenue		
Revenue from contracts with customers	376.4	271.2
Income from structured products	0.6	1.5
Dividends	0.2	-
Interest and unit trust distributions	6.6	7.8
Net realised gains on sale of investments	3.7	-
Unrealised (losses) / gains on financial assets	(3.9)	5.3
	383.6	285.8

	31 Dec 2021 $M	31 Dec 2020 [1] $M
1-3 Expenses		
Staff related expenses excluding equity remuneration expense	181.0	133.6
Occupancy expenses	3.0	3.7
Administrative and general expenses	76.3	74.1
Distributions and expenses relating to structured products	-	0.7
Equity remuneration expense	6.2	5.9
Depreciation and amortisation expense	26.7	18.7
	293.2	236.7

[1] Prior period comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 5-2(a) for further details.

1-4 Income taxes

	31 Dec 2021 $M	31 Dec 2020 [1] $M
Current period tax expense		
Current period tax expense	19.6	11.1
Adjustment to prior periods	-	(2.9)
Total current tax expense impacting income taxes payable	19.6	8.2
Deferred tax expense		
Adjustment to prior periods	2.5	2.6
Temporary differences	3.8	5.8
Total deferred tax expense	6.3	8.4
Total income tax expenses	25.9	16.6
Profit before tax for the period	85.2	44.5
Prima facie income tax expense calculated at 30% (2020: 30%) on profit for the period	25.6	13.3
– Recognition of previously unrecognised capital and revenue losses	(1.8)	(0.6)
– Prior period adjustments	2.5	(0.3)
– Effect of tax rates in foreign jurisdictions	(1.9)	-
– Other non-taxable income and tax credits	-	(0.3)
– Other non-deductible expenses	1.5	4.5
Total	25.9	16.6
Effective tax rate (ETR)	30.4%	37.4%

	31 Dec 2021 $M	30 Jun 2021 $M
Income taxes payable at the beginning of the period	7.6	13.3
Income taxes payable for the financial period	19.6	37.0
Less: tax paid during the period	(37.4)	(42.6)
Other	0.1	(0.1)
Income taxes (receivable)/payable at the end of the period	(10.1)	7.6

[1]Prior period comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 5-2(a) for further details.

1-4 Income taxes (continued)

Basis of calculation of ETR

The ETR is calculated as total income tax expense divided by net profit before tax for the period.

The consolidated entity currently has tax obligations in Australia, United States, Singapore, the Netherlands and the United Kingdom (UK). Operations in Singapore, the Netherlands and the UK do not materially impact the calculation of the ETR.

United States operations include Trillium and Barrow Hanley.

Explanation of variance to the legislated 30% tax rate
The consolidated entity's effective tax rate for the half-year was 30.4% (2021: 37.4%). The increase of 0.4% in the effective tax rate compared to the legislated 30% is mainly attributed to prior period adjustments and other non-deductible expenses offset by the recognition of capital losses and the effect of tax rates in foreign jurisdictions.

Capital tax (gains)/losses calculated at 30% tax in Australia
The total tax benefits of realised capital losses are $22,850,057 (30 June 2021: $24,030,718), comprising $3,000,000 (30 June 2021: $3,000,000) recognised in deferred tax assets and $19,850,057 (30 June 2021: $21,030,718) not recognised in deferred tax assets. These are net of realised tax capital gains and losses incurred in the current and/or prior year and are available to be utilised by the Australian income tax consolidated group in future years.

	31 Dec 2021	**31 Dec 2020** [1]
	Cents per share	
1-5 Earnings per share		
Basic earnings per share	105.3	51.1
Diluted earnings per share	103.6	50.6
	$M	**$M**
Net profit after tax attributable to equity holders of Perpetual Limited	59.3	27.9

[1] Prior period comparatives have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 5-2(a) for further details.

	31 Dec 2021	**31 Dec 2020**
	Number of shares	
Weighted average number of ordinary shares (basic)	56,342,096	54,476,959
Effect of dilutive potential ordinary shares (including those subject to performance rights)	917,686	539,490
Weighted average number of ordinary shares (diluted)	57,259,782	55,016,449

1-6 Dividends

	Cents per share	Total amount $M	Franked / Unfranked	Date of payment
31 December 2021				
Final 2021 ordinary	96	54.3	Franked	24 Sept 2021
Total amount	96	54.3		
31 December 2020				
Final 2020 ordinary	50	28.2	Franked	25 Sept 2020
Total amount	50	28.2		

All franked dividends declared or paid during the period were franked at a tax rate of 30 per cent and paid out of retained earnings.

The Company's Dividend Reinvestment Plan (DRP) is optional and offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares, without transaction costs. Shareholders can elect to participate in or terminate their involvement in the DRP at any time.

Since the end of the financial period, the Directors declared the following dividend.

	Cents per share	Total amount[1] $M	Franked / Unfranked	Date of payment
Interim 2022 ordinary	112	63.4	Franked	01 Apr 2022

[1]Calculation based on the ordinary shares on issue as at 31 December 2021.

The financial effect of this dividend has not been brought to account in the financial statements for the half-year ended 31 December 2021 and will be recognised in subsequent financial reports. There are no tax consequences.

Dividend franking account	31 Dec 2021 $M	31 Dec 2020 $M
Amount of franking credits available to shareholders for subsequent financial periods	30.0	33.2

The above available amounts are based on the balance of the dividend franking account at 31 December 2021 adjusted for the refund of current tax assets and franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the half-year end.

Section 2 Operating assets and liabilities

This section shows the assets used to generate Perpetual's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 3.

2-1 Business Combinations

The purchase consideration (at present value) for the two acquisitions below totalled approximately $52 million.

Laminar Capital Pty Ltd

On 1 October 2021, Perpetual acquired Laminar Capital Pty Ltd (Laminar), a fixed income specialist providing capital markets, advisory and investment management services to institutional, middle market and high net worth clients. This strategic acquisition accelerates Perpetual Corporate Trust's position as a specialist fiduciary and digital solutions provider to the banking and financial services industry.

Whilst this was a strategic acquisition, it was not material to the Group's assets or results.

Jacaranda Financial Planning Pty Ltd

On 12 August 2021, Perpetual acquired Jacaranda Financial Planning Pty Ltd (Jacaranda), a leading Sydney and Melbourne based boutique wealth advisory firm focused on the high net worth market segment. This strategic acquisition accelerates Perpetual Private's adviser growth strategy and complements its existing private client and family office offering.

Whilst this was a strategic acquisition, it was not material to the Group's assets or results.

Fair values measured on a provisional basis

As at 31 December 2021 the acquisition accounting balances were provisional and have been accounted for in these half-year financial statements on that basis. These balances may be revised up to 12 months from the acquisition date in accordance with Australian Accounting Standards Board AASB 3 – *Business Combinations*.

2-2 Intangibles

	Goodwill	Intangible assets				
$M		**Customer contracts**	**Capitalised software[1]**	**Project work in progress[1]**	**Other**	**Total**
Balance as at 31 December 2021						
At cost	598.8	313.1	93.9	16.5	54.5	1,076.8
Accumulated foreign exchange movement	1.0	1.3	0.2	-	(0.3)	2.2
Accumulated amortisation	-	(72.6)	(68.7)	-	(8.5)	(149.8)
Carrying amount	599.8	241.8	25.4	16.5	45.7	929.2
Balance at 1 July 2021	554.5	224.3	19.2	17.3	47.6	862.9
Additions	-	-	-	9.1	-	9.1
Additions through business combinations	36.5	19.7	0.8	-	-	57.0
Foreign exchange movement	8.8	8.4	0.1	-	1.3	18.6
Transfers	-	-	9.9	(9.9)	-	-
Amortisation expense	-	(10.6)	(4.6)	-	(3.2)	(18.4)
Balance as at 31 December 2021	599.8	241.8	25.4	16.5	45.7	929.2
Balance as at 30 June 2021						
At cost	562.3	293.4	83.3	17.3	54.5	1,010.8
Accumulated foreign exchange movement	(7.8)	(7.1)	(0.0)	-	(1.6)	(16.5)
Accumulated amortisation	-	(62.0)	(64.1)	-	(5.3)	(131.4)
Carrying amount	554.5	224.3	19.2	17.3	47.6	862.9
Balance at 1 July 2020	361.3	40.9	21.8	12.1	8.3	444.5
Impact of change in accounting policy	-	-	(5.3)	(2.5)	-	(7.8)
Additions	-	-	0.4	20.0	-	20.4
Additions through business combinations	201.0	205.5	0.2	-	44.5	451.2
Foreign exchange movement	(7.8)	(7.1)	(0.0)	-	(1.6)	(16.5)
Transfers	-	-	12.3	(12.3)	-	-
Amortisation expense	-	(15.0)	(10.2)	-	(3.6)	(28.8)
Balance as at 30 June 2021	554.5	224.3	19.2	17.3	47.6	862.9

[1]Prior period balances have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements. Refer to 5-1(a) for further details.

	31 Dec 2021 $M	30 Jun 2021 $M
2-3 Provisions		
Current		
Insurance and legal provision	1.0	0.3
Operational process review provision	4.0	0.2
Make good and other occupancy related provisions	-	1.1
	5.0	1.6
Non-current		
Make good and other occupancy related provisions	5.0	4.8
	5.0	4.8

2-4 Accrued Incentive Compensation

	31 Dec 2021 $M	30 Jun 2021 $M
Non-current		
Accrued incentive compensation	45.6	48.0
	45.6	48.0

Barrow, Hanley, Mewhinney & Strauss, LLC (Barrow Hanley), a Group Subsidiary, has a profit-sharing plan (the Plan). Under the Plan, Barrow Hanley may award annual bonuses to key employees, a portion of which may be paid to the eligible employees through the issuance of unit interests. The awards of unit interests have a three-year vesting period from the grant date, and the value is determined at grant date based on a predetermined formula. Under the provisions of the Plan, these awards contain a feature whereby shares may be put back to the Parent of Barrow Hanley (Perpetual US Holding Company, Inc) in the future.

Movement in the fair value of the liability is taken to staff related expenses. The liability is re-measured each period until settlement.

Unit interests are also entitled to distributions, which are accrued at each reporting date. An increase to staff related expenses is recorded with the corresponding increase to the liability included in employee benefits.

Section 3 Capital management and financing

This section outlines how Perpetual manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets. Perpetual's objectives when managing capital are to safeguard its ability to continue as a going concern, to continue to provide returns to shareholders and benefits to other stakeholders, and to reduce the cost of capital.

	31 Dec 2021 $M	30 Jun 2021 $M

3-1 Cash and cash equivalents

	31 Dec 2021 $M	30 Jun 2021 $M
Bank balances	115.4	139.6
Short-term deposits	15.5	7.5
	130.9	147.1

Short-term deposits represent rolling 90 day term deposits.

3-2 Borrowings

The consolidated entity has access to the following credit facilities:

	31 Dec 2021 $M	30 Jun 2021 $M
Total facility used	248.1	166.0
Facility unused	117.3	189.1

The existing syndicated facility consists of a multi-currency term loan with a maximum commitment of $117 million USD or equivalent (Facility A1), a multi-currency revolving loan facility with a maximum commitment of $78 million USD (Facility A2), a multi-currency revolving loan facility with a maximum commitment of $100 million AUD or equivalent (Facility B) and a bank guarantee facility with a maximum commitment of $135 million AUD. Facilities A1 and A2 attract an interest rate equal to LIBOR plus a margin, Facility B has an interest rate of BBSY plus a margin and Facility C is at a flat rate. All the facilities have a term of three years. The syndicated facility is unsecured and had a weighted average floating interest rate of 1.27 per cent at 31 December 2021, inclusive of the undrawn line fee (30 June 2021: 1.22 per cent).

The consolidated entity utilised Facilities A1 and A2 to fund the purchase of Barrow Hanley in the prior year and the amount borrowed remains outstanding as at 31 December 2021. The loans are held in USD. The consolidated entity drew down on Facility B during the period, primarily to fund the acquisitions of Jacaranda Financial Planning Pty Ltd and Laminar Capital Pty Ltd. The loan is held in AUD. The consolidated entity relies on bank guarantees issued under Facility C to meet its regulatory capital requirements (refer to Section 3-4).

When the syndicated facility was established, the consolidated entity incurred costs of $5.4 million (including underwriting fees). These costs have been capitalised and will be released to profit and loss over the term of the facility. There currently remains $3.3m of capitalised borrowing costs that have yet to be released to the profit and loss account.

3-2 Borrowings (continued)

The consolidated entity has agreed to various debt covenants including shareholders' funds as a specified percentage of total assets, a maximum ratio of gross debt to EBITDA and a minimum interest cover. The consolidated entity is in compliance with the covenants at 31 December 2021. Should the consolidated entity not satisfy any of these covenants, the outstanding balance of the loans may become due and payable.

The consolidated entity's bank facility is subject to annual review and management intends to refinance the existing facility for a further period prior to the due date.

	31 Dec 2021 $M	30 Jun 2021 $M
3-3 Contributed equity		
Fully paid ordinary shares 56,635,450 (30 June 2021: 56,573,279)	856.1	854.6
Treasury shares 634,359 (30 June 2021: 615,080)	(40.5)	(39.3)
	815.6	815.3

	31 Dec 2021 Number of shares	31 Dec 2021 $M	30 Jun 2021 Number of shares	30 Jun 2021 $M
Movements in share capital				
Balance at beginning of period/year	55,958,199	815.3	46,714,750	539.8
Shares issued:				
- Issue of ordinary shares[1]	62,171	2.5	9,184,671	273.4
- Movement on treasury shares	(19,279)	(2.2)	58,778	2.1
Balance at end of period/year	56,001,091	815.6	55,958,199	815.3

[1] In September 2021, the consolidated entity issued 62,171 ($2.5 million) shares to satisfy Dividend Re-investment Plan requirements.

The Company does not have authorised capital or par value in respect of its issued shares.

Terms and conditions

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

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

	31 Dec 2021 $M	30 Jun 2021 $M
3-4 Contingencies		
Contingent liabilities		
Bank guarantee in favour of the ASX Settlement and Transfer Corporation Pty Limited with respect to trading activities	1.0	1.0
Bank guarantee in favour of the Australian Securities and Investment Commission in relation to the provision of responsible entity services and custodial or depository services	127.8	127.8
Bank guarantee issued in respect of the lease of premises of Perpetual Limited	0.6	0.6
	129.4	129.4

In the ordinary course of business, contingent liabilities exist in respect of claims and potential claims against entities in the consolidated entity. The consolidated entity does not consider that the outcomes of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position.

Section 4 Other disclosures

This section contains other miscellaneous disclosures that are required by accounting standards.

	31 Dec 2021 $M	30 Jun 2021 $M

4-1 Structured products assets and liabilities

i. Exact Market Cash Funds

Current assets		
Perpetual Exact Market Cash Fund	189.2	163.9
Current liabilities		
Perpetual Exact Market Cash Fund	189.2	163.3

The Exact Market Cash Fund’s current asset balance reflects the fair value of the net assets held by the Funds. The current liability balance represents the consolidated entity's obligation to the Fund’s investors. The difference between the current asset and current liability balance has been recorded in profit and loss.

The Perpetual Exact Market Cash Fund (EMCF 1) was established with the purpose of providing an exact return that matched the Bloomberg AusBond Bank Bill Index (the benchmark index), or a variant thereon, to investors. The Fund's ability to pay the benchmark return to the investors is guaranteed by the consolidated entity. The National Australia Bank has provided the EMCF 1 product with a guarantee to the value of $3 million (30 June 2021: $3 million) to be called upon in the event that the consolidated entity is unable to meet its obligations. Due to the guaranteed benchmark return to investors, the consolidated entity is exposed to the risk that the return of the EMCF 1 differs from that of the benchmark. The return of the EMCF 1 is affected by risks to the underlying investments in the EMCF 1 portfolio, which are market, liquidity and credit risks.

The underlying investments of the Fund are valued on a hold to maturity basis for unit pricing purposes, which is consistent with the way in which Perpetual manages the portfolio.

EMCF 1 use professional investment managers to manage the impact of the above risks by using prudent investment guidelines and investment processes. The investment managers explicitly target low volatility and aim to achieve this through a quality screening process that is designed to assess the likelihood of default and difficult trading patterns during periods of rapid systematic risk reduction.

4-2 Financial instruments

Fair value

The following tables present the consolidated entity's assets and liabilities measured and recognised at fair value, by valuation method, at 31 December 2021. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities;
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: Inputs for the asset or liability that are not based on observable market data.

Consolidated

	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
At 31 December 2021				
Financial assets				
Listed equity securities	30.2	-	-	30.2
Unlisted unit trusts	-	120.6	-	120.6
Structured products - EMCF assets	11.2	178.0	-	189.2
Debt securities	4.0	-	-	4.0
	45.4	298.6	-	344.0
At 30 June 2021				
Financial assets				
Listed equity securities	26.2	-	-	26.2
Unlisted unit trusts	-	120.2	-	120.2
Structured products - EMCF assets	18.2	145.6	-	163.9
Debt securities	4.0	-	-	4.0
	48.4	265.8	-	314.3

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the last traded price. Marketable shares included in other financial assets are traded in an organised financial market and their fair value is the current quoted last traded price for an asset. The carrying amounts of bank term deposits and receivables approximate fair value. The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The estimates of fair value where valuation techniques are applied are subjective and involve the exercise of judgement. Changing one or more of the assumptions applied in valuation techniques to reasonably possible alternative assumptions may impact on the amounts disclosed.

4-2 Financial instruments (continued)

The carrying amount of financial assets and financial liabilities, less any impairment, approximates their fair value, except for those outlined in the table below, which are stated at amortised cost.

	31 Dec 2021		30 Jun 2021	
	Carrying amount $M	Fair Value $M	Carrying amount $M	Fair Value $M
Current				
Structured products – EMCF liabilities	189.2	189.2	163.3	163.9

4-3 Events subsequent to balance date

At the date of approving these financial statements, the Directors are of the view the effects of COVID-19 do not change the significant estimates, judgements and assumptions in the preparation of the financial statements (refer to Section 5-1), however COVID-19 and its associated economic impacts remain uncertain. The Directors and management continue to closely monitor developments with a focus on potential financial and operational impacts and note that the situation is continuing to evolve.

Other than the matters noted above, the Directors are not aware of any other event or circumstance since the end of the financial year not otherwise dealt with in this report that has affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Section 5 Basis of preparation

5-1 Reporting entity

Perpetual Limited ("the Company") is domiciled in Australia. The condensed consolidated half-year financial statements of the Company as at and for the half-year ended 31 December 2021 comprise the Company and its controlled entities (together referred to as the "consolidated entity") and the consolidated entity's interests in associates.

The Company is a for-profit entity and primarily involved in portfolio management, financial planning, trustee, responsible entity and compliance services, executor services, investment administration and custody services.

The condensed consolidated half-year financial statements were authorised for issue by the Board of Directors on 24 February 2022.

The Company is a public company listed on the Australian Securities Exchange (code: PPT), incorporated in Australia and operating in Australia, United States, United Kingdom, the Netherlands and Singapore, as well as a presence in Hong Kong.

The consolidated annual financial statements for the consolidated entity as at and for the year ended 30 June 2021 are available at www.perpetual.com.au.

a. Statement of compliance

The condensed consolidated half-year financial statements are a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

The condensed consolidated half-year financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements of the consolidated entity for the year ended 30 June 2021.

The Company is of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and in accordance with the Class Order, amounts in the consolidated financial statements have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

b. Use of judgements and estimates

The preparation of the half-year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

COVID-19 continues to have an impact on global economies and financial markets, resulting in significant economic uncertainty and market volatility. It has also led to material structural shifts in the behaviour of the economy and unprecedented actions by financial markets, governments and regulators. The consolidated entity continues to monitor the impact of COVID-19 on its operations, control environment and financial reporting as developments arise.

The consolidated entity has also evaluated the impact of COVID-19 on its US operations. Whilst the consolidated entity's business remains fully operational, there have been impacts on the working environment in the US, similar to that in Australia, with the majority of staff working remotely for the reporting period. All of the consolidated entity's businesses continue to operate in line with government regulations and guidance.

5-1 Reporting entity (continued)

b. Use of judgements and estimates (continued)

Consistent with the approach applied in the preparation of the annual financial statements at 30 June 2021, management has evaluated whether there were any additional areas of significant judgment or estimation uncertainty, assessed the impact of market inputs and variables potentially impacted by COVID-19 on the carrying values of its assets and liabilities, and considered the impact of COVID-19 on the consolidated entity's financial statement disclosures. As disclosed in the annual report, the consolidated entity's revenues have a high degree of exposure to market volatility which has the potential to lead to a material financial impact. The US operations are similarly exposed to market movements due to the nature of the business. Whilst this has been factored into the preparation of the financial report, the accounting policies and methodologies have been applied on a consistent basis to the 30 June 2021 annual report. The Directors and management continue to closely monitor developments with a focus on potential financial and operational impacts and note the situation is continuing to evolve.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies were the same as those that applied to and are described in the consolidated financial statements as at and for the year ended 30 June 2021, except as described in Note 5-2a.

5-2 Changes in accounting policy

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the consolidated entity's financial statements as at and for the year ended 30 June 2021.

The changes in accounting policies are also expected to be reflected in the consolidated entity's consolidated financial statements as at and for the year ending 30 June 2022.

a. Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued an agenda decision on configuration or customisation costs in a cloud computing arrangement (April 2021). This decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the above agenda decisions has resulted in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. The Group does not have control over the software nor can it restrict others' access to the benefits of the software.

5-2 Changes in accounting policy (continued)

a. Software-as-a-Service (SaaS) arrangements (continued)

Key judgements in applying the accounting policy

In applying the entity's accounting policy, the directors made the following key judgements that may have the most significant effect on the amounts recognised in the financial statements

Determination whether configuration and customisation services are distinct from the SaaS access

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred. Non-distinct configuration and customisation costs are capitalised as a prepayment and expensed over the term of the SaaS contract.

The Group recognised $1.8m (2021: $0.2m) as prepayments in implementing SaaS arrangements.

Impact of change in accounting policy

As a result of adopting the new SaaS policy, associated costs previously capitalised and amortised as software assets but now considered to be SaaS arrangements have been identified.

The change has been applied retrospectively and impacted the financial statements of the consolidated entity as follows:

Consolidated statement of financial position

Year ended 30 June 2021	**As previously reported $M**	**Adjustments $M**	**As restated $M**
Intangible assets	870.6	(7.7)	862.9
Other assets	7.9	-	7.9
Total non-current assets	**1,167.2**	**(7.7)**	**1,159.5**
Total assets	**1,624.6**	**(7.7)**	**1,616.9**
Deferred tax liability	17.9	(2.3)	15.6
Total non-current liabilities	**350.9**	**(2.3)**	**348.6**
Total liabilities	**712.1**	**(2.3)**	**709.8**
Net assets	**912.5**	**(5.4)**	**907.1**
Retained earnings	94.7	(5.4)	89.3
Total equity	**912.5**	**(5.4)**	**907.1**

Consolidated statement of financial position

As at 1 July 2020	**As previously reported $M**	**Adjustments $M**	**As restated $M**
Intangible assets	444.5	(4.9)	439.6
Total non-current assets	663.5	(4.9)	658.6
Total assets	**1,169.1**	(4.9)	**1,164.2**
Deferred tax liability	**17.4**	(1.4)	16.0
Total non-current liabilities	**124.0**	(1.4)	122.6
Total liabilities	**514.8**	(1.4)	513.4
Net assets	**654.3**	**(3.5)**	**650.8**
Retained earnings	95.2	(3.5)	91.7
Total equity	**654.3**	(3.5)	**650.8**

5-2 Changes in accounting policy (continued)

a. Software-as-a-Service (SaaS) arrangements (continued)

Impact of change in accounting policy (continued)

Consolidated Statement of Profit and Loss and Other comprehensive income

Half year ended 31 December 2020	As previously reported $M	Adjustments $M	As restated $M
Administration and general expenses	71.0	3.1	74.1
Depreciation and amortisation	19.9	(1.2)	18.7
Net Profit before tax	**46.4**	**(1.9)**	**44.5**
Income tax expense	(17.2)	0.6	(16.6)
Net profit after tax	**29.2**	**(1.3)**	**27.9**
Total comprehensive income	**2.9**	**(1.3)**	**1.6**
Earnings per share			
Basic EPS -cents per share	53.6	(2.5)	51.1
Diluted - cents per share	53.0	(2.4)	50.6

Consolidated statement of cash flows

Half year ended 31 December 2020	As previously reported $M	Adjustments $M	As restated $M
Cash payments in the course of operations	(257.6)	(3.1)	(260.7)
Net cash from operation activities	**23.7**	**(3.1)**	**20.6**
Payments for property plant, plant equipment and software	(9.3)	3.1	(6.2)
Net cash used in investing activities	**(472.7)**	**3.1**	**(469.6)**

5-3 New Standards and interpretations not yet adopted

There are no other new standards, amendments to standards, and interpretations effective for the first time in the current financial period that would have a material impact to the consolidated entity.

Directors' Declaration

In the opinion of the Directors of Perpetual Limited ("the Company"):

1. the condensed consolidated financial statements and notes set out on pages 11 to 35 are in accordance with the *Corporations Act 2001*, including:

   (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and

2. there are reasonable grounds to believe that Perpetual Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Tony D'Aloisio
Chairman

Rob Adams
Managing Director

Dated at Sydney this 24th day of February 2022.

Independent Auditor's Review Report

To the shareholders of Perpetual Limited

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Perpetual Limited.

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 Perpetual Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Consolidated Entity's*** financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Condensed Consolidated Statement of Financial Position as at 31 December 2021;
- Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the Half-year ended on that date;
- Notes (Sections 1 – 5) comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Consolidated Entity*** comprises Perpetual Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001; and*
- 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 does not comply with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity’s financial position as at 31 December 2021 and its performance for the Half-Year ended on that date, and complying with *Australian 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.

KPMG

Brendan Twining
Partner

Sydney

24 February 2022

Directory

NEW SOUTH WALES
Angel Place
Level 18, 123 Pitt Street
Sydney NSW 2000

QUEENSLAND
Central Plaza 1
Level 15, 345 Queen Street
Brisbane QLD 4000

AUSTRALIAN CAPITAL TERRITORY
Level 9, Nishi Building
2 Phillip Law Street
Canberra ACT 2601

VICTORIA
Level 28 and 29 Rialto South Tower
525 Collins Street
Melbourne VIC 3000

SOUTH AUSTRALIA
Level 11, 101 Grenfell Street
Adelaide SA 5000

WESTERN AUSTRALIA
Exchange Tower
Level 29, 2 The Esplanade
Perth WA 6000

SINGAPORE
16 Collyer Quay #07-01
Singapore 049318

CHICAGO
155 N Wacker Drive
Suite 4250
Chicago, IL 60606
USA

AMSTERDAM
Apollolaan 151,
1077AR Amsterdam
Netherlands

TRILLIUM ASSET MANAGEMENT:

Boston
Two Financial Center
60 South Street, Suite 1100
Boston, MA 02111
USA

San Francisco
160 Spear Street, Suite 250
San Francisco, CA 94105
USA

Portland
721 NW Ninth Avenue, Suite 250
Portland, OR 97209
USA

London
20 North Audley Street
London W1K 6LX
United Kingdom

Edinburgh
15 Queen Street
Edinburgh EH2 1JE
United Kingdom

BARROW HANLEY GLOBAL INVESTORS:

Dallas
2200 Ross Avenue, 31st Floor
Dallas, TX 75201
USA

Hong Kong
Unit 22, Level 10 BOC Group Life
Assurance Tower
139 Des Voeux Road Central
Central Hong Kong