

K2 ASSET MANAGEMENT HOLDINGS LTD

AND CONTROLLED ENTITIES

ABN: 59 124 636 782

HALF-YEAR INFORMATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

This half-year financial report is to be read
in conjunction with the financial report for
the year ended 30 June 2020

Appendix 4D

Half-Year Report for the six months to 31 December 2020

Name of entity: K2 Asset Management Holdings Ltd

ABN or equivalent company reference: 59 124 636 782

1. Reporting period

Report for the half-year ended: 31 December 2020

Previous corresponding periods: Financial year ended 30 June 2020
Half-year ended 31 December 2019

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	down	4.3%	to	1,848,551
Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up	106.9%	to	21,149
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up	106.9%	to	21,149
Dividends (<i>item 2.4</i>)	Amount per security		Franked amount per security	
Half-year ended 31 December 2020				
Interim dividend – December 2020	0.00¢	0.00¢ (nil Conduit Foreign Income)		
Final dividend – June 2020	0.00¢	0.00¢ (nil Conduit Foreign Income)		
Previous corresponding periods				
Interim dividend – December 2019	0.00¢	0.00¢ (nil Conduit Foreign Income)		
Final dividend – June 2019	0.00¢	0.00¢ (nil Conduit Foreign Income)		
Record date for determining entitlements to the December 2020 interim dividend (<i>item 2.5</i>)	N/A			
Refer to the Directors' report and financial report for the half-year ended 31 December 2020 for further commentary.				

3. Net tangible assets per security (*item 3*)

Net tangible asset backing per ordinary security

Current period	Previous corresponding period
\$0.05	\$0.05

4. Details of entities over which control has been gained or lost during the period: (*item 4*)

N/A

5. Dividends (item 5)

	Date of payment	Total amount of dividend
Interim dividend year ending 30 June 2021	N/A	N/A
Final dividend year ending 30 June 2020	N/A	N/A
Interim dividend year ending 30 June 2020	N/A	N/A
Final dividend year ending 30 June 2019	N/A	N/A

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year (to June 2021)	0.00¢	100%	0.00¢
Previous year (to June 2020)	0.00¢	100%	0.00¢
Previous year (to June 2019)	0.00¢	100%	0.00¢

Total dividend on all securities

	Current period \$A	Previous corresponding period - \$A
Ordinary securities (each class separately)	0.00	0.00
Preference securities (each class separately)	0.00	0.00
Other equity instruments (each class separately)	0.00	0.00
Total	0.00	0.00

6. Details of dividend or distribution reinvestment plans in operation are described below (item 6):

N/A

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

7. Details of associates and joint venture entities (item 7)

N/A

8. The financial information provided in the Appendix 4D is based on the half-year condensed financial report.

Attached

9. Independent review of the financial report (item 9)

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

10. Matters relating to a qualified independent review statement (item 9)

N/A

K2 ASSET MANAGEMENT HOLDINGS LTD

AND CONTROLLED ENTITIES

ABN 59 124 636 782

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

This half-year financial report is to be read
in conjunction with the financial report for
the year ended 30 June 2020

K2 Asset Management Holdings Ltd and Controlled Entities
ABN: 59 124 636 782

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity consisting of K2 Asset Management Holdings Ltd and the entities it controlled, K2 Asset Management Ltd, K2 Corporate Services Pty Ltd, KII Pty Ltd and Trusuper Pty Ltd (Consolidated Entity), for the half-year ended 31 December 2020 and auditor's review report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

DIRECTORS

The names of the directors in office at any time during or since the end of the half-year are:

Campbell Neal	Chief Executive Officer and Managing Director
Hollie Wight	Chief Financial Officer and Executive Director
Mark Newman	Non-Executive Director

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

Since COVID-19 was declared a pandemic by the World Health Organisation in March 2020 there has been significant disruption to businesses and economies globally. With jurisdictions impacted on various scales the situation continues to evolve amidst varying government responses.

Since June 2020, a number of events have arisen such as reimposed lockdown domestically and ongoing outbreaks. There is significant uncertainty on the duration and ultimate impact that COVID-19 will have on world economics and as such the directors and management continue to assess the impact on the consolidated entity.

The profit of the Consolidated Entity for the half-year after providing for income tax was \$21,149 (2019: loss \$307,453).

Revenue from management and performance fees was \$716,784 (2019: \$1,206,154) and \$775,634 (2019: \$601,602) respectively. Total revenue amounted to \$1,848,551 (2019: \$1,932,033). Revenue decreased from the prior comparative period due to a decrease in management fees paid or payable by the K2 Funds to K2 Asset Management Ltd in its capacity as investment manager. The decrease in management fees was partially offset by an increase in performance fees earned during the period. Please refer to the Condensed Consolidated Statement of Comprehensive Income on page 6 for further details.

The table below lists the Funds for which K2 Asset Management Ltd acts as investment manager along with their respective financial year to date performance and Funds Under Management (FUM) as at 31 December 2020:

K2 Fund	Financial year to date fund performance*	Financial year to date index performance #	FUM \$million
K2 Australian Absolute Return Fund	+22.9%	+15.7%	21.3 AUD
K2 Select International Absolute Return Fund	+20.3%	+11.3%	15.8 AUD
K2 Asian Absolute Return Fund	+21.7%	+16.7%	10.4 AUD
K2 Global High Alpha Fund	+22.6%	+11.3%	39.6 AUD
K2 Australian Small Cap Fund	+39.0%	+20.3%	10.4 AUD
Total			97.5 AUD

The above information is unaudited. * Year to date figures are based on the 6 months ended 31 December 2020 and are net of all fees. # The K2 Australian Absolute Return Fund is compared to the ASX All Ordinaries Accumulation Index, the K2 Asian Absolute Return Fund is compared to the Morningstar Asia ex-Japan NR Index (AUD), the K2 Select International Absolute Return Fund and the K2 Global High Alpha Fund are compared to the Morningstar Global Markets NR Index (AUD) and the K2 Australian Small Cap Fund is compared to the S&P/ASX Small Ordinaries Accumulation Index.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period, K2 Asset Management Ltd commenced providing responsible entity services to Apostle Dundas Global Equity Fund from 24 December 2020. As of 31 December 2020, the Apostle Dundas Global Equity Fund has AUD\$1,084.8 million FUM.

Other than noted, there have been no other significant changes in the Consolidated Entity's state of affairs during the financial period.

DIRECTORS' REPORT (CONT'D)

ROUNDING OF AMOUNTS

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and the financial report have been rounded to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review of the half-year is provided with this report.

Signed in accordance with a resolution of the directors.



Campbell Neal
Director



Hollie Wight
Director

Melbourne
19 February 2021

**K2 ASSET MANAGEMENT HOLDINGS LTD
ABN 59 124 636 782
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF K2 ASSET MANAGEMENT HOLDINGS LTD**

In relation to the independent auditor's review for the half-year ended 31 December 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of K2 Asset Management Holdings Ltd and the entities it controlled during the period.



K L BYRNE
Partner

19 February 2021



PITCHER PARTNERS
Melbourne

K2 Asset Management Holdings Ltd and Controlled Entities
ABN: 59 124 636 782

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Half-year	
	Notes	31 December 2020 \$	31 December 2019 \$
Revenue and other income	3	1,848,551	1,932,033
Employee benefits expense	4	(1,301,972)	(1,563,363)
Depreciation and amortisation expenses	4	(118,105)	(182,816)
Marketing expenses	4	(108,970)	(159,146)
Occupancy expenses		1,272	(67,238)
Professional expenses		(194,805)	(146,624)
Fund operating expenses		(23,717)	(52,926)
Technology expenses		(40,714)	(47,876)
Finance costs		(14,444)	(20,609)
Other expenses		(13,016)	(6,647)
		(1,814,471)	(2,247,245)
Profit/(loss) before income tax		34,080	(315,212)
Income tax (expense)/benefit		(12,931)	7,759
Total comprehensive profit/(loss) for the half-year		21,149	(307,453)
Basic earnings per share (cents per share)		0.01	(0.13)
Diluted earnings per share (cents per share)		0.01	(0.13)

The above statement should be read in conjunction with the accompanying notes.

K2 Asset Management Holdings Ltd and Controlled Entities
ABN: 59 124 636 782

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	31 December 2020 \$	30 June 2020 \$
Current Assets		
Cash and cash equivalents	10,796,246	11,928,994
Receivables	1,144,654	455,659
Lease receivable	197,002	189,509
Other current assets	170,339	98,984
Total Current Assets	<u>12,308,241</u>	<u>12,673,146</u>
Non-current Assets		
Plant and equipment	104,236	127,757
Intangible assets	5,770	5,359
Lease assets	329,853	424,097
Lease receivables	139,980	240,053
Deferred tax assets	910,818	923,749
Other non-current assets	688,098	212,556
Total Non-current Assets	<u>2,178,755</u>	<u>1,933,571</u>
Total Assets	<u>14,486,996</u>	<u>14,606,717</u>
Current Liabilities		
Trade and other payables	247,023	272,540
Provisions	679,274	617,173
Lease liabilities	399,855	384,594
Total Current Liabilities	<u>1,326,152</u>	<u>1,274,307</u>
Non-current Liabilities		
Provisions	12,527	8,647
Lease liabilities	282,217	486,699
Total Non-current Liabilities	<u>294,744</u>	<u>495,346</u>
Total Liabilities	<u>1,620,896</u>	<u>1,769,653</u>
Net Assets	<u>12,866,100</u>	<u>12,837,064</u>
Equity		
Share capital	4,601,987	4,601,987
Reserves	10,361,320	10,331,978
Retained earnings	(2,097,207)	(2,096,901)
Total Equity	<u>12,866,100</u>	<u>12,837,064</u>

The above statement should be read in conjunction with the accompanying notes.

K2 Asset Management Holdings Ltd and Controlled Entities
ABN: 59 124 636 782

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

2020	Contributed equity \$	Reserves \$	Retained earnings \$	Total Equity \$
Balance as at 1 July 2020	4,601,987	10,331,978	(2,096,901)	12,837,064
Profit for the period	-	-	21,149	21,149
Total comprehensive income for the half-year	-	-	21,149	21,149
Transactions with owners in their capacity as owners				
Transfer to profit reserve	-	21,455	(21,455)	-
Share based payments	-	7,887	-	7,887
Total transactions with owners in their capacity as owners	-	29,342	(21,455)	7,887
Balance as at 31 December 2020	4,601,987	10,361,320	(2,097,207)	12,866,100

2019	Contributed equity \$	Reserves \$	Retained earnings \$	Total Equity \$
Balance as at 1 July 2019	4,601,987	10,063,858	(1,353,413)	13,312,432
Loss for the period	-	-	(307,453)	(307,453)
Total comprehensive income for the half-year	-	-	(307,453)	(307,453)
Transactions with owners in their capacity as owners				
Transfer to profit reserve	-	2,816	(2,816)	-
Share based payments	-	258,245	-	258,245
Total transactions with owners in their capacity as owners	-	261,061	(2,816)	258,245
Balance as at 31 December 2019	4,601,987	10,324,919	(1,663,682)	13,263,224

The above statement should be read in conjunction with the accompanying notes.

K2 Asset Management Holdings Ltd and Controlled Entities
ABN: 59 124 636 782

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Half-year	
	31 December 2020	31 December 2019
	\$	\$
Cash flow from operating activities		
Receipts from customers	925,551	1,535,925
Operating grant receipts	322,026	-
Payments to suppliers and employees	(2,371,158)	(2,247,610)
Interest received	61,639	97,912
Finance costs	(11,534)	(20,609)
Net cash used in operating activities	(1,073,476)	(634,382)
Cash flow from investing activities		
Payment for plant and equipment	-	(10,787)
Payment for trademarks and licenses	(750)	-
Principal portion of lease receipts	92,580	-
Net cash provided by/(used in) investing activities	91,830	(10,787)
Cash flow from financing activities		
Principal portion of lease payments	(151,102)	(173,972)
Net cash used in financing activities	(151,102)	(173,972)
Net decrease in cash and cash equivalents held	(1,132,748)	(819,141)
Cash and cash equivalents at beginning of the half-year	11,928,994	12,617,915
Cash and cash equivalents at end of the half-year	10,796,246	11,798,774

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by K2 Asset Management Holdings Ltd during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

K2 Asset Management Holdings Ltd is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

(a) Basis of preparation of the financial report

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for for-profit entities, and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Coronavirus (COVID-19)

Since the declaration by the World Health Organisation on 11 March 2020, of the Coronavirus as a pandemic, there has been a significant impact on local and world economics. This pandemic may have an impact on the financial position, and may affect financial performance of the Consolidated Entity in the future. The directors and management continue to assess the impact of COVID-19 on the Consolidated Entity.

Except as disclosed in Note 1(b), the accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2020.

(b) Summary of significant accounting policies

The Consolidated Entity has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2020, including:

AASB 2020-4 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions

AASB 2020-4 amends AASB 16: *Leases* to provide an optional practical expedient to lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

In accordance with AASB 2020-4, the Consolidated Entity has elected to apply the practical expedient not to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications, and to account for any changes in lease payments resulting from the rent concessions as if the changes were not lease modifications. Any gains arising from COVID-19 related rent concessions are recognised in the Condensed Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Principles of consolidation

The condensed consolidated financial statements are those of the Consolidated Entity, comprising the financial statements of the parent entity and the entities which K2 Asset Management Holdings Ltd controlled, K2 Asset Management Ltd, K2 Corporate Services Pty Ltd, KII Pty Ltd and Trusuper Pty Ltd, during the half-year and at balance date.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(d) Fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the Condensed Consolidated Statement of Financial Position and the Notes to the Condensed Consolidated Financial Statements.

(e) Comparatives

Where required, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 31 December 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2020, of the Consolidated Entity
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2020, of the Consolidated Entity.

NOTE 3: REVENUE

	Half-year	
	31 December 2020	31 December 2019
	\$	\$
Revenues and other income from continuing operations		
Management fees	716,784	1,206,154
Performance fees	775,634	601,602
Interest	52,794	83,196
Government grants	246,484	-
Other	56,855	41,081
	<u>1,848,551</u>	<u>1,932,033</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 4: SIGNIFICANT ITEMS

	Half-year	
	31 December 2020	31 December 2019
	\$	\$
Employee Benefits		
Short-term benefits	1,203,912	1,161,713
Long-term benefits	11,767	290,164
Superannuation contributions	86,293	111,486
	<u>1,301,972</u>	<u>1,563,363</u>
Depreciation and amortisation expense		
Depreciation of computer and office equipment	10,851	12,702
Depreciation of leasehold improvements	12,670	325
	<u>23,521</u>	<u>13,027</u>
Amortisation of trademarks and licences	<u>340</u>	<u>224</u>
Amortisation of lease assets	<u>94,244</u>	<u>169,565</u>
	<u>118,105</u>	<u>182,816</u>
Marketing expenses		
Advertising	88,100	115,412
Travel expenses	14,662	32,079
Printing and stationery	6,208	11,655
	<u>108,970</u>	<u>159,146</u>

NOTE 5: ISSUANCES OF EQUITY

There were no issuances of equity during the half-year periods ended 31 December 2020 and 31 December 2019.

During the half-year period ended 31 December 2020, nil (2019: 33,600,000) options over unissued shares in K2 Asset Management Holdings Ltd were issued to employees of the Consolidated Entity. Remuneration expense of \$7,887 (2019: \$258,245) was included in the condensed consolidated statement of comprehensive income in relation to the issue of options.

NOTE 6: SEGMENT INFORMATION

The Consolidated Entity operates solely within Australia within the funds management segment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 7: DIVIDENDS ON ORDINARY SHARES

There have been no dividends paid or declared during the half-year periods ended 31 December 2020 and 31 December 2019.

NOTE 8: RELATED PARTIES

The condensed consolidated half-year financial statements include the financial statements of K2 Asset Management Holdings Ltd and its 100% (2019:100%) owned subsidiaries K2 Asset Management Ltd, K2 Corporate Services Pty Ltd, KII Pty Ltd and Trusuper Pty Ltd. K2 Corporate Services Pty Ltd was registered on 25 May 2020, KII Pty Ltd was registered on 12 August 2015 and Trusuper Pty Ltd was registered on 19 August 2016. As of the date of this report, these entities have had no operations.

K2 Asset Management Ltd provides investment management services to related party unit trusts, the K2 Australian Absolute Return Fund, K2 Select International Absolute Return Fund, K2 Asian Absolute Return Fund, K2 Global High Alpha Fund and K2 Australian Small Cap Fund (Funds). During the period, K2 Asset Management Ltd also provided investment management services to Annapurna Microcap Fund which was established on 1 September 2020. K2 Asset Management Ltd is entitled to receive payments from the Funds where it provides investment management services, including management fees, administration or responsible entity fees and in some instances a performance fee based upon the relevant fund's investment return over and above a specified benchmark. Total related party revenue of \$1,513,401 (2019: \$1,848,837) has been recognised in the Condensed Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2020.

As at 31 December 2020, K2 Asset Management has a current receivable of \$991,441 (2019: \$842,237) for investment management services provided to the Funds.

There have been no dividends declared or paid by K2 Asset Management Ltd to K2 Asset Management Holdings Ltd for the half-year periods ended 31 December 2020 or 31 December 2019.

As at 31 December 2020, K2 Asset Management Ltd has a current liability of \$287,334 (2019: \$272,388) payable to the parent entity for operational expenditure paid by the parent entity on behalf of its subsidiary and a non-current liability of \$697,634 (2019: \$593,109) payable to the parent entity for tax related balances.

As at 31 December 2020, the Consolidated Entity has a current receivable of \$42,202 (2019: nil) and a non-current receivable of \$661,098 (2019: \$269,283) for loans made to employees to purchase shares in K2 Asset Management Holdings Ltd. The loans have been made to employees under a formal loan agreement and are expected to be repaid over a period of time using the proceeds of performance bonuses, dividend payments and share sales relating to the shares purchased. Any outstanding balance must be repaid to the Consolidated Entity upon an employee ceasing to be employed by the Consolidated Entity. The loans are interest free and are unsecured.

Fund operating expenses of \$23,717 (2019: \$52,926) were paid on behalf of the Funds to cover ASX fees, custodian fees, administration fees, unit registry fees and other fees and expenses relating to the administration of the Funds and K2's role as responsible entity.

NOTE 9: CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2020.

NOTE 10: ECONOMIC ENTITY DETAILS

The registered office of the company is:
K2 Asset Management Holdings Ltd
Level 32, 101 Collins Street
Melbourne VIC 3000

Phone: 03 9691 6111

DIRECTORS' DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that K2 Asset Management Holdings Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Campbell Neal
Director



Hollie Wight
Director

Melbourne
19 February 2021

**K2 ASSET MANAGEMENT HOLDINGS LTD
ABN 59 124 636 782
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
K2 ASSET MANAGEMENT HOLDINGS LTD**

Conclusion

We have reviewed the half-year financial report of K2 Asset Management Holdings Ltd, the 'Company' and its controlled entities "the Consolidated Entity", which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of K2 Asset Management Holdings Ltd and controlled entities does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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.

Responsibility of the Directors for the Financial Report

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

**K2 ASSET MANAGEMENT HOLDINGS LTD
ABN 59 124 636 782
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
K2 ASSET MANAGEMENT HOLDINGS LTD**

Auditor's Responsibility for the Review of the 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 Consolidated Entity's financial position as at 31 December 2020 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.



K L BYRNE
Partner



PITCHER PARTNERS
Melbourne

19 February 2021