



K2 Asset Management Holdings Ltd Media Release 27 February 2024 December 2023 half-year results and update

STRATEGY ON TRACK

AUM	REVENUE	PROFITABILITY	STRATEGY
 Up 104%	 Up 172%	A decrease in the net loss position of 78%	Annual revenue targets ahead of schedule

K2 Asset Management Holdings Ltd (**K2**) have released December half year results highlighting a strong trajectory in revenue and future return to profitability. The revenue lines attributable to the successful transition of 6 investment products to the K2 Responsible Entity platform can be seen with Administration adding an additional \$1.3 million in the ½ year revenue.

Total revenue for the half year amounted to \$2.7 million, surpassing the full 2023 financial year revenue by 38% and exceeding the comparative period by 172%. The after-tax loss for the half-year ended December 2023 was \$216,629 in respect of KAM and its controlled entities. A strong trajectory from the previous 12-month.

Asset Under Management (**AUM**) continued to grow during the half year as the Board pursues business growth across the three core pillars of its diversified financial services offering –

1. Responsible Entity (**RE**), Trustee & Administration Services;
2. Funds Management; and
3. Exchange Traded (**ETF**) & Listed Fund Services.

AUM has doubled over the 12 months to December 2023. The table below provides total AUM as of 31 December 2023 and the relevant comparative periods.

	Asset Under Management (AUM) AUD \$millions		
	31 December 2021	31 December 2022	31 December 2023
Funds Management*	94.5	73.3	71.9
Responsible Entity (RE), Trustee & Administration Services	1,550.0	1,991.5	4,092.7
Exchange Traded (ETF) & Listed Fund Services	-	-	273.6
Total AUM	1,576.2	2,014.9	4,117.6

The above information is unaudited. Please refer to Total AUM for aggregate non-duplicated AUM. *Funds Management consists of the K2 Australian Absolute Return Fund, Select International Alpha Fund, K2 Asian Absolute Return Fund, K2 Global High Alpha Fund and K2 Australian Small Cap Fund (ASX: KSM), SMAs and private mandates. The underlying service fee charged for the above listed 3 core pillars of service offerings are at different rates.

Growth in the RE and Trustee pillar of the business remains strong with multiple funds in the onboarding pipeline over the upcoming 6-month period. There has also been solid organic growth from existing partnerships. The RE pillar is structured for growth and the Board is working to capitalise on this momentum to increase profitability.

The fund of fund model within the Funds Management pillar of the business compliments the internal K2 investment team and is looking to be expanded. K2 continues to work closely with asset consultants and distribution partners, Institutional Distribution Partners Pty Ltd, to broaden the distribution channels available for the K2 funds.

The ETF and Listed Fund Services pillar has made strong revenue contributions. This offering provides profitability on a standalone basis and additional expansion opportunities in the market. Strong relationships with managers looking to launch ETFs have been welcomed in the past 6-month period and K2 are working towards additional listings in the near future.

K2 has maintained a strong balance sheet with net assets amounting to \$8,510,614 which includes \$8,520,074 of cash on deposit.

The trajectory is focused on a return to profitability with a 3 pillar model seeking sustainable revenue. As profitability approaches across K2, our attention turns to making the \$5.6 million in franking credits available for distribution to shareholders.

As always, K2 is committed to delivering results for all stakeholders, shareholders, unitholders and clients. Returning to sustainable profitability is our primary objective which is on track to be achieved in the coming year.

If you have any questions, please contact:

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