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

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

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 2023

Appendix 4D

Half-Year Report for the six months to 31 December 2023

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 2023

Previous corresponding periods: Financial year ended 30 June 2023
Half-year ended 31 December 2022

2. Results for announcement to the market

| | | | | |
|--|----|----------------------------|----|------------------------------------|
| Revenues from ordinary activities (<i>item 2.1</i>) | up | 172.1% | to | 2,722,560 |
| Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>) | up | 77.9% | to | (216,629) |
| Net profit (loss) for the period attributable to members (<i>item 2.3</i>) | up | 77.9% | to | (216,629) |
| Dividends (<i>item 2.4</i>) | | Amount per security | | Franked amount per security |
| Half-year ended 31 December 2023 | | | | |
| Interim dividend – December 2023 | | 0.00¢ | | 0.00¢ (nil Conduit Foreign Income) |
| Final dividend – June 2023 | | 0.00¢ | | 0.00¢ (nil Conduit Foreign Income) |
| Previous corresponding periods | | | | |
| Interim dividend – December 2022 | | 0.00¢ | | 0.00¢ (nil Conduit Foreign Income) |
| Final dividend – June 2022 | | 0.00¢ | | 0.00¢ (nil Conduit Foreign Income) |
| Record date for determining entitlements to the December 2023 interim dividend (<i>item 2.5</i>) | | N/A | | |
| Refer to the Directors' report and financial report for the half-year ended 31 December 2023 for further commentary. | | | | |

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

Net tangible asset backing per ordinary security

| Current period | Previous corresponding period |
|----------------|-------------------------------|
| \$0.04 | \$0.04 |

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 2024 | N/A | N/A |
| Final dividend year ending 30 June 2023 | N/A | N/A |
| Interim dividend year ending 30 June 2023 | N/A | N/A |
| Final dividend year ending 30 June 2022 | 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 2024) | 0.00¢ | N/A | 0.00¢ |
| Previous year (to June 2023) | 0.00¢ | N/A | 0.00¢ |
| Previous year (to June 2022) | 0.00¢ | N/A | 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

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

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

This half-year financial report is to be read
in conjunction with the financial report for
the year ended 30 June 2023

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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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 2023 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 | Managing Director, Chief Executive Officer and Chairman |
| Hollie Wight | Managing Director and Head of RE & Trustee Services |
| George Boubouras | Managing Director and Head of Research, Investment & Advisory |
| Neil Sheather | 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

Revenue from Responsible Entity, Trustee & Administration Services, and Funds Management was \$2,054,378 (2022: \$463,242) and \$397,140 (2022: \$412,280) respectively. Total revenue amounted to \$2,722,560 (2022: \$1,000,623). Revenue increased from the prior comparative period due to an increase in Responsible Entity, Trustee & Administration Services fees paid or payable to K2 Asset Management Ltd in its capacity as responsible entity and administrator. Please refer to the Condensed Consolidated Statement of Comprehensive Income on page 6 for further details.

The loss of the Consolidated Entity for the half-year after providing for income tax was \$216,629 (2022: loss \$979,214).

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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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
Managing Director



Hollie Wight
Managing Director

Melbourne
27 February 2024

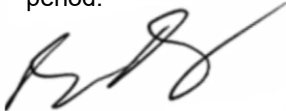
**K2 ASSET MANAGEMENT HOLDINGS LTD
ABN 59 124 636 782
AND CONTROLLED ENTITIES**

**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 2023, 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.



B POWERS
Partner

27 February 2024



PITCHER PARTNERS
Melbourne

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Notes | Half-year | |
|---|-------|------------------------|------------------------|
| | | 31 December 2023 \$ | 31 December 2022 \$ |
| Administration service fees | | 1,293,661 | - |
| Responsible entity fees | | 668,470 | 338,817 |
| Investment management fees | | 317,994 | 412,237 |
| Interest income | 3 | 169,992 | 95,747 |
| Other income | | 101,050 | 29,354 |
| Establishment income | | 92,247 | 124,425 |
| Performance fees | | 79,146 | 43 |
| | | <u>2,722,560</u> | <u>1,000,623</u> |
| Employee benefits expense | 4 | (2,069,803) | (1,451,797) |
| Depreciation and amortisation expenses | 4 | (104,819) | (108,347) |
| Marketing expenses | 4 | (211,779) | (168,950) |
| Occupancy expenses | | (43,122) | (41,428) |
| Professional expenses | | (190,188) | (102,655) |
| Technology expenses | | (80,529) | (29,946) |
| Fund operating expenses | | (189,207) | (9,701) |
| Finance costs | | (17,291) | (10,293) |
| Expected credit loss expenses | | (27,273) | (50,193) |
| Other expenses | | (5,178) | (6,527) |
| | | <u>(2,939,189)</u> | <u>(1,979,837)</u> |
| Loss before income tax | | <u>(216,629)</u> | <u>(979,214)</u> |
| Income tax benefit | 5 | - | - |
| Total comprehensive loss for the half-year | | <u>(216,629)</u> | <u>(979,214)</u> |
| Basic earnings per share (cents per share) | | (0.09) | (0.41) |
| Diluted earnings per share (cents per share) | | (0.09) | (0.41) |

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 2023

| | 31 December 2023 \$ | 30 June 2023 \$ |
|--------------------------------------|------------------------|--------------------|
| Current Assets | | |
| Cash and cash equivalents | 8,520,074 | 9,048,018 |
| Receivables | 782,901 | 358,871 |
| Other current assets | 318,030 | 218,475 |
| Total Current Assets | <u>9,621,005</u> | <u>9,625,364</u> |
| Non-current Assets | | |
| Plant and equipment | 163,409 | 33,240 |
| Lease assets | 819,474 | 63,471 |
| Intangible assets | 6,608 | 5,477 |
| Other non-current assets | 579,037 | 579,037 |
| Total Non-current Assets | <u>1,568,528</u> | <u>681,225</u> |
| Total Assets | <u>11,189,533</u> | <u>10,306,589</u> |
| Current Liabilities | | |
| Trade and other payables | 259,184 | 336,312 |
| Contract liabilities | 44,343 | 61,590 |
| Provisions | 1,164,179 | 981,221 |
| Lease liabilities | 126,875 | 1,150 |
| Other current liabilities | - | 195,996 |
| Total Current Liabilities | <u>1,594,581</u> | <u>1,576,269</u> |
| Non-current Liabilities | | |
| Provisions | 7,427 | 3,077 |
| Lease liabilities | 1,076,911 | - |
| Total Non-current Liabilities | <u>1,084,338</u> | <u>3,077</u> |
| Total Liabilities | <u>2,678,919</u> | <u>1,579,346</u> |
| Net Assets | <u>8,510,614</u> | <u>8,727,243</u> |
| Equity | | |
| Share capital | 4,601,987 | 4,601,987 |
| Reserves | 10,352,457 | 10,310,181 |
| Accumulated losses | (6,443,830) | (6,184,925) |
| Total Equity | <u>8,510,614</u> | <u>8,727,243</u> |

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| 2023 | Contributed equity \$ | Reserves \$ | Accumulated losses \$ | Total Equity \$ |
|---|--------------------------------------|------------------------|--------------------------------------|----------------------------|
| Balance as at 1 July 2023 | 4,601,987 | 10,310,181 | (6,184,925) | 8,727,243 |
| Loss for the period | - | - | (216,629) | (216,629) |
| Total comprehensive loss for the half-year | - | - | (216,629) | (216,629) |
| Transactions with owners in their capacity as owners | | | | |
| Transfer to profit reserve | - | 42,276 | (42,276) | - |
| Share based payments | - | - | - | - |
| Total transactions with owners in their capacity as owners | - | 42,276 | (42,276) | - |
| Balance as at 31 December 2023 | 4,601,987 | 10,352,457 | (6,443,830) | 8,510,614 |

| 2022 | Contributed equity \$ | Reserves \$ | Accumulated losses \$ | Total Equity \$ |
|---|--------------------------------------|------------------------|--------------------------------------|----------------------------|
| Balance as at 1 July 2022 | 4,601,987 | 10,570,346 | (4,511,792) | 10,660,541 |
| Loss for the period | - | - | (979,214) | (979,214) |
| Total comprehensive loss for the half-year | - | - | (979,214) | (979,214) |
| Transactions with owners in their capacity as owners | | | | |
| Transfer to profit reserve | - | - | - | - |
| Share based payments | - | - | - | - |
| Total transactions with owners in their capacity as owners | - | - | - | - |
| Balance as at 31 December 2022 | 4,601,987 | 10,570,346 | (5,491,006) | 9,681,327 |

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Half-year | |
|--|------------------------|------------------------|
| | 31 December 2023 \$ | 31 December 2022 \$ |
| Cash flow from operating activities | | |
| Receipts from customers | 2,306,046 | 907,503 |
| Payments to suppliers and employees | (3,040,363) | (1,882,347) |
| Interest received | 207,973 | 39,721 |
| Finance costs | - | (10,293) |
| Net cash used in used in operating activities | (526,344) | (945,416) |
| Cash flow from investing activities | | |
| Payment for plant and equipment | - | (1,829) |
| Payment for trademarks and licenses | (1,600) | - |
| Principal portion of lease receipts | - | 35,314 |
| Net cash provided by/(used in) investing activities | (1,600) | 33,485 |
| Cash flow from financing activities | | |
| Proceeds of borrowings | - | (276) |
| Principal portion of lease payments | - | (61,228) |
| Net cash used in financing activities | - | (61,504) |
| Net decrease in cash and cash equivalents held | (527,944) | (973,435) |
| Cash and cash equivalents at beginning of the half-year | 9,048,018 | 10,755,666 |
| Cash and cash equivalents at end of the half-year | 8,520,074 | 9,782,231 |

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 2023 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 company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purpose of preparing the half-year financial report.

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.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

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 2023.

(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 2023, all of which have not had a material impact on the Financial Statements.

(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 carrying amounts of financial assets and financial liabilities recognised in the Condensed Consolidated Statement of Financial Position and Notes to the Financial Statements approximate their fair value as at the reporting date.

(e) Comparatives

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

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 2: SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 31 December 2023 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2023, of the Consolidated Entity
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2023, of the Consolidated Entity.

NOTE 3: INTEREST INCOME

| | Half-year | |
|------------------------|------------------|------------------|
| | 31 December 2023 | 31 December 2022 |
| | \$ | \$ |
| Interest income | | |
| Other | 169,992 | 95,587 |
| Lease activities | - | 160 |
| | 169,992 | 95,747 |

NOTE 4: SIGNIFICANT EXPENSE ITEMS

| | Half-year | |
|---|------------------|------------------|
| | 31 December 2023 | 31 December 2022 |
| | \$ | \$ |
| Employee Benefits | | |
| Short-term benefits | 1,921,582 | 1,356,397 |
| Long-term benefits | 4,350 | (3,295) |
| Superannuation contributions | 143,871 | 98,695 |
| | 2,069,803 | 1,451,797 |
| Depreciation and amortisation expense | | |
| Depreciation of computer and office equipment | 14,012 | 11,310 |
| Depreciation of leasehold improvements | - | 12,475 |
| | 14,012 | 23,785 |
| Amortisation of trademarks and licences | 468 | 439 |
| Amortisation of lease assets | 90,339 | 84,123 |
| | 104,819 | 108,347 |

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 4: SIGNIFICANT EXPENSE ITEMS (CONT'D)

| | Half-year | |
|---------------------------|------------------|------------------|
| | 31 December 2023 | 31 December 2022 |
| | \$ | \$ |
| Marketing expenses | | |
| Advertising | 135,466 | 133,213 |
| Travel expenses | 68,302 | 31,192 |
| Printing and stationery | 8,011 | 4,545 |
| | <u>211,779</u> | <u>168,950</u> |

NOTE 5: INCOME TAX

The prima facie tax, using tax rates applicable in the country of operation, on profit/(loss) before income tax is reconciled to the income tax expense as follows:

| | Half-year | |
|--|------------------|------------------|
| | 31 December 2023 | 31 December 2022 |
| | \$ | \$ |
| Prima facie income tax payable on profit/(loss) before income tax at 25% (2022: 25%) | (54,157) | (244,803) |
| <i>Add tax effect of:</i> | | |
| Non-deductible entertainment | 655 | 723 |
| Non-deductible fines | - | 86 |
| Non-deductible share based payments | - | - |
| | <u>(53,502)</u> | <u>(243,994)</u> |
| <i>Less tax effect of:</i> | | |
| (Over) provision in prior year | - | - |
| Tax losses not brought to account | 53,502 | 243,994 |
| Income tax expense/(benefit) attributable to profit | <u>-</u> | <u>-</u> |

NOTE 6: ISSUANCES OF EQUITY

There were no issuances of equity during the half-year periods ended 31 December 2023 and 31 December 2022.

During the half-year period ended 31 December 2023, nil (2022: nil) options over unissued shares in K2 Asset Management Holdings Ltd were issued to employees of the Consolidated Entity. Remuneration expense of nil (2022: nil) was included in the condensed consolidated statement of comprehensive income in relation to the issue of options.

NOTE 7: SEGMENT INFORMATION

The Consolidated Entity operates solely within Australia within the financial services segment.

NOTE 8: DIVIDENDS ON ORDINARY SHARES

There have been no dividends paid or declared during the half-year periods ended 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 9: RELATED PARTIES

The condensed consolidated half-year financial statements include the financial statements of K2 Asset Management Holdings Ltd and its 100% (2022:100%) 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, the Select International Alpha Fund (formerly K2 Select International Absolute Return Fund), the K2 Asian Absolute Return Fund, the K2 Global High Alpha Fund and the K2 Australian Small Cap Fund (Funds). 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 from investment management services of \$397,279 (2022: \$428,087) has been recognised in the Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2023. Of this revenue, \$292,591 (2022: \$412,237) related to management fees, \$79,146 (2022: \$43) to performance fees and \$25,542 (2022: \$15,807) to responsible entity fees.

As at 31 December 2023, K2 Asset Management has a current receivable of \$146,203 (2022: \$75,037) for investment management services provided to the Funds.

K2 Asset Management Ltd is also the responsible entity of unit trusts that are managed by external investment managers – the Apostle Carbon Credit Fund, the Apostle Dundas Global Equity Fund, the Apostle Ethical Global Credit Fund, the Apostle People and Planet Diversified Fund, the CD Private Equity Fund I, the CD Private Equity Fund II, the CD Private Equity Fund III, the CD Private Equity Fund IV, the CDIII Australian Wholesale Fund, the Venture Capital Opportunities Fund, the CCM Systematic Macro Plus Fund, the Hamilton12 Australian Shares Income Fund, the Pie Rewards Fund, the Storehouse Residential Trust and the Airwallex Yield Liquidity Fund. K2 Asset Management Ltd is entitled to receive payments from the funds where it provides responsible entity services including responsible entity and/or fund administration fees. Total related party revenue from responsible entity services of \$1,895,339 (2022: \$323,010) has been recognised in the Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2023. Of this revenue, \$601,678 (2022: \$323,010) related to responsible entity fees and \$1,293,661 (2022: nil) to fund administration fee.

As at 31 December 2023, K2 Asset Management has a current receivable of \$312,629 (2022: \$64,805) for responsible entity 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 2023 or 31 December 2022.

As at 31 December 2023, K2 Asset Management Ltd has a current liability of \$364,058 (2022: \$361,007) payable to the parent entity for operational expenditure paid by the parent entity on behalf of its subsidiary and a non-current asset of \$948,171 (2022: \$948,171) receivable from the parent entity for tax related balances.

As at 31 December 2023, the Consolidated Entity has a current receivable of \$64,477 (2022: \$40,424) and a non-current receivable of \$552,037 (2022: \$576,090) 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 \$189,207 (2022: \$9,701) includes fee totalling \$122,192 that is incurred from a short-term transitional services arrangement for new funds which K2 Asset Management Ltd became the RE and trustee for during the period. Other expenses such as audit fees, custodian fees, administration fees, unit registry fees and other fees relating to the administration of the Funds and K2's role as responsible entity make up for the remaining fund operating expenses that were paid on behalf of the Funds.

NOTE 10: CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 11: ECONOMIC ENTITY DETAILS

The registered office of the company is:

K2 Asset Management Holdings Ltd
Level 44, 101 Collins Street
Melbourne VIC 3000

Phone: 03 9691 6111

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DIRECTORS' DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 6 to 14 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 2023 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
Managing Director



Hollie Wight
Managing Director

Melbourne
27 February 2024

**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 2023, 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 material 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 2023 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.

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 2023 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*.

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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.



B POWERS
Partner



PITCHER PARTNERS
Melbourne

27 February 2024

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