



Share Trading Policy

1. Objectives and Purposes

1.1. Objectives

K2 Asset Management Holdings Ltd ("the Company") is listed on the Australian Securities Exchange ("ASX"). Directors and employees of the Company and its controlled entities are encouraged to be shareholders of the Company.

Trading of the Company's securities is governed by, amongst other things, the *Corporations Act 2001* ("Corporations Act") and the ASX Listing Rules.

The provisions regulating the trading of securities on the ASX are intended to ensure that the stock market is kept fully informed of relevant information for all listed companies in order that all investors are able to make informed investment decisions when acquiring or disposing of securities.

The provisions also provide that people in possession of "inside information" about their own company or about another company must not use the information to trade in the relevant securities or to communicate that information to others.

It is therefore important that employees exercise due care in the timing of any dealings in securities and ensure that at all times they comply with the law in connection with trading in securities on behalf of themselves or the investment funds which K2 Asset Management Ltd manages (the "K2 Funds").

1.2. Purpose

This document sets out the Company policy on dealings in securities by directors and employees. The purpose of this policy is:

- a) to assist directors and employees avoid conduct known as "insider trading";
- b) to protect the Company against potentially damaging adverse inferences being drawn that its directors or employees may have engaged in unlawful activity, or acted for their personal benefit or for the benefit of the K2 Funds, using information not available to the public;
- c) to enable the Company to comply with its obligations under securities legislation and the ASX Listing Rules.

2. Insider Trading

2.1. What is "Insider Trading"?

The Corporations Act contains three distinct, but related, offences of insider trading. The offences prevent a **person in possession of "inside information"** from:

- a) trading in the relevant securities;
- b) procuring another person to trade in the relevant securities; or
- c) communicating the inside information to another person who is likely to trade in the securities or procure someone else to trade.

2.2. What is "Inside Information"?

Inside information is regarded as being information:

- a) that a person possesses which is not generally available and which the person knows or reasonably ought to know is not generally available; and
- b) a reasonable person would expect that if generally available, the information might have a material effect on the price or value of the securities.

Inside information could relate to:

- a) actions of the Company or external parties;
- b) proposed mergers, acquisitions, sales or reconstructions;
- c) significant disputes or litigation;
- d) liquidity and cash flow information;
- e) potential changes in asset values or valuations;
- f) profit and yield forecasts;
- g) proposed buy back of a company's securities;
- h) proposed capital raisings/share issues;
- i) proposed dividend announcements;
- j) recruitment or resignation of key personnel;
- k) significant agreements with other companies;
- l) proposed substantial acquisitions or disposals of a company's securities;
- m) changes to the competitive environment in which a company operates;
- n) takeovers;
- o) increase or decrease in funds under management in the K2 Funds;

- p) increase or decrease in performance of the K2 Funds.

You do not need to work in a company to possess inside information. If a person learns inside information about another company it is equally prohibited to trade, procure or communicate on the basis of that information.

The prohibitions apply to securities, derivatives, interests in managed investment schemes, debentures, stocks or bonds issues, or proposed to be issued by a government, relevant superannuation products, and any other financial products able to be traded on a financial market. Therefore, they do not simply relate to shares, but to all other forms of securities, including but not limited to, financial products issued or created over or in respect of the Company's securities.

2.3. Penalties

Insider trading attracts both civil and criminal penalties. Criminal penalties for breaches of the prohibitions on insider trading are severe and include substantial fines or imprisonment for up to five years. Civil liability is also attached to breaches of the relevant provisions.

3. Designated Persons

The persons in paragraphs (a) to (d) below are referred to in this policy as "Designated Persons" and include:

- a) directors and the company secretary of the Company or its controlled entities;
- b) all employees of the Company and its controlled entities;
- c) any other person who is notified that they are considered a "Designated Person" by the chief executive officer or the company secretary; and
- d) in relation to any person above, any of the following "Connected Persons":
 - i. their spouse or partner;
 - ii. any of their children (including step-children);
 - iii. their nominee, including an investment manager managing funds on their behalf (subject to paragraph 3.4 below);
 - iv. a trust of which they, any member of their family, or any family controlled company, are the trustee or beneficiary;
 - v. a person in partnership with them or any of their Connected Persons mentioned above (acting in his or her capacity as such); and
 - vi. a company which they or their family control.

4. General Restrictions

Designated Persons must not:

- a) deal in the securities of the Company when they are in possession of price sensitive information relating to the Company which has not been made public;
- b) Arrange or encourage another person to deal in the securities of the Company (including on their behalf) when they are in possession of price sensitive information relating to the Company with has not been made public; or
- c) engage in "Tipping" (see clause 3.10) others with respect to the Company's securities at any time.

Designated Persons will not be given approval to deal in securities of the Company under this policy where price sensitive, nonpublic information exists in relation to a matter, even though they may not be aware of it.

The Company may also, at its discretion, adopt a separate policy in relation to Designated Persons trading in the K2 Funds.

Any Designated Persons who have been confidentially told that they cannot deal must not communicate this fact to others.

5. Trading in Company Securities

5.1. Blackout Periods

Designated Persons are prohibited from trading in the Company's shares:

- a) if they are in possession of inside information;
- b) During Blackout Periods; and
- c) Any other period as the Directors of the Company may decide.

Blackout periods operate during:

- d) from 1 December until one hour after the half-yearly financial reports are released to the market; and
- e) from 1 June until one hour after the annual financial reports are released to the market.

5.2. Trading Approvals

Outside of the Blackout Periods, if Designated Persons wish to trade, they must first obtain the written approval of a director of the Company in the prescribed form below.

During the Blackout Periods, Designated Persons may wish to obtain an exemption to trade in Company shares. Designated Persons may make a request for approval in the form prescribed below and are prohibited from trading in Company shares (including shares issued as a consequence of the exercise of options) unless and until written approval has been given by a Company director.

5.3. Request for approval

A request for approval must:

- a) be in writing; and
- b) include a statement that the Designated Person is not in possession of any material non-public information.

5.4. Obligations upon Approval

A director of the Company has absolute discretion to approve or deny a request for approval. If approval is given, the Designated Person must action the trade within 5 business days from the date of written approval. Any unactioned trade after the expiration of the 5 business days will result in the Designated Persons having to submit a new request for approval.

Designated Persons will be notified if the approval position changes within this time.

5.5. Trading which is not subject to the policy

This policy does not apply in the following circumstances:

- a) dealing in a managed securities portfolio or other arrangement, where the Designated Person is not in a
- b) position to influence a choice of the portfolio;
- c) dealing under a dividend reinvestment plan where the Designated Person has given a standing instruction to reinvest dividends;
- d) exercise of options granted under the K2 Employee Share Option Plan or K2 Employee Incentive Plan, or other K2 employee share plans;
- e) dealing under an offer to all or most of the Company's shareholders;
- f) where the trade results in no change in the beneficial interest in the securities, for example a change in the trustee of a trust.

5.6. Severe Financial Hardship and other Exceptional Circumstances

A Designated Person who is not in possession of inside information about the Company may be given prior written approval to deal in the Company's securities during the Blackout Periods where, in the opinion of the chief executive officer (or in the case of the chief executive officer, another director) they are in severe financial hardship or there are other exceptional circumstances such that the proposed dealing is the only reasonable course of action available.

These circumstances may include:

- a) a tax liability where the person has no other means of satisfying the liability;
- b) a court order or court enforceable undertakings (for example a bona fide family law settlement) to transfer the securities;
- c) some other overriding legal or regulatory requirement; or
- d) other exceptional circumstances as determined by the chief executive officer from time to time.

The discretion of the chief executive officer (or in the case of the chief executive officer, another director) should be exercised with caution. If granted, the Designated Person must obtain written approval from the chief executive officer (or in the case of the chief executive officer, another director) in accordance with clause 5.3.

6. Tipping

Designated Persons with inside information must not at any time, directly or indirectly, communicate any inside information or cause the information to be communicated if the director or employee knows or ought reasonably to know that the other person would be likely to apply for, acquire or dispose or enter into an agreement to acquire or dispose of the relevant securities or procure another person to do so ("Tipping"). Both the person providing the tip and the person trading on the basis of the tip can be held liable for insider trading. This includes company executives, employees, consultants, or anyone in possession of material non-public information.

7. Prohibition against Hedging

Designated Persons are prohibited from entering into transactions in associated products which operate to limit the economic risk of holding unvested entitlements in Company shares.

8. Confidentiality Agreements with External Advisers

It is possible that, as a result of acting for or advising the Company, external advisers to the Company may have access to price-sensitive information affecting the securities of the Company.

It is the Company's policy to require such external advisers to enter into confidentiality agreements covering such price sensitive information.

9. Notification of Dealings

Each of the directors and any person who is a party to the K2 shareholders' agreement is required to notify the company secretary (or in their absence, the chief executive officer) within two business days after any change in their interests in securities of the Company, or the interests of any of their Connected Persons.

This enables the Company to notify the ASX of the change in the shareholder's interests, which in some cases must occur by the end of the business day following the receipt of the notification.

All other Designated Persons are required to notify the company secretary (or in their absence, the chief executive officer) of any dealing in securities of the Company within five business days of effecting such a dealing.

10. Breach of this Policy

Designated Persons are expected to be fully aware of their obligations under this policy. Breach of the law or this policy is considered serious misconduct and grounds for termination of employment. Designated Persons should seek guidance if uncertain about any of their obligations or whether certain conduct would be considered insider trading. In addition to sanctions, breach of this policy may result in referral to civil or criminal authorities where appropriate.

11. Access to the Policy

This policy will be available for viewing by any person on the Company's website or a copy will be sent upon request.

In accordance with ASX Listing Rule 12.10, where the Company makes a material change to this policy it must give a copy to ASX within five business days of the change taking effect.

12. Review of Policy

This policy is reviewed annually, or earlier if warranted by legal or regulatory changes, evolving industry standards, or issues identified through its practical application.

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