

ASX ANNOUNCEMENT

23 February 2024

PACIFIC CURRENT GROUP HALF YEAR RESULTS

Six months ended 31 December 2023

SYDNEY (23 February 2024) - Pacific Current Group (ASX:PAC, "Pacific Current" or "PAC") is pleased to report the Company's interim results for the six months ended 31 December 2023:

- Funds under management (FUM) reached A\$227.3b, a 14% increase (11% AUD)
- Ownership Adjusted FUM grew from US\$14.1b to US\$15.3b
- Boutique Contributions, ex mark-to-market adjustments grew 20% (23% AUD) driven by 30% (34% AUD) growth in management fee-related revenues
- Underlying EBITDA rose 26% (29% AUD) and Underlying NPAT grew 15% (18% AUD) as a result of the solid revenue growth and modest expense increases
- Underlying earnings per share (EPS) of A\$0.32 Vs. A\$0.28 in 1H23
- Interim unfranked dividend of A\$0.15 per share (A\$0.15 fully franked for 1H23)
- Acquisition of 24.9% equity interest in Avante Capital Partners

OPERATIONAL PERFORMANCE

PAC's underlying Boutique Contributions, ex mark-to-market adjustments, grew 20% (23% AUD). Strong growth in management fees at the portfolio level was partially offset by a decline in performance fees, while the corporate overheads only increased 3% (6% AUD). Underlying NPAT grew 15% (18% AUD), as a result of the solid revenue growth and modest increases in expenses. Underlying EPS was A\$0.32. Changes in currency exchange rates benefited reported results when expressed in AUD. PAC is declaring an interim unfranked dividend of A\$0.15 per share.

Revenues were driven by greater contributions from Pennybacker due to strong fundraising over the last year and Banner Oak, which had a one-time fee crystallisation, monetising future management fees on a subset of assets. Performance fees in the period were primarily driven by Roc Partners.

PAC recognised a statutory profit for the period of A\$11.7m. The statutory profit includes A\$41.9m of unrealised gains from changes in fair value. This is mostly related to Pacific Current's GQG position (Share price A\$1.71 per share at 31 December 2023). The gain was mostly offset by A\$41.0m of impairments of the Aether and Banner Oak investments.

Aggregate funds under management (FUM) grew from A\$204.3b to A\$227.3b. Ownership Adjusted FUM increased from US\$14.1b to US\$15.3b. PAC's boutiques made strong progress toward PAC's projection of A\$2b – A\$5b (excluding GQG) of gross new commitments in FY24, with A\$2.6b of commitments already secured in first half of FY24. This momentum is expected to continue into FY25 as PAC has a number of boutiques that are in the fundraising stage for their next flagship fund or are launching a new strategy to expand their existing product offerings.

PORTFOLIO MANAGEMENT

The biggest portfolio development was the investment in Avante Capital Partners in September 2023. Avante has a stellar track record and differentiated investment process. It has an exceptional leadership team and corporate culture that drives a competitively differentiated investment sourcing engine.

Other noteworthy portfolio company developments include the increase in GQG stock price (from A\$1.39 at 30 June to A\$1.71 at 31 December), the new FUM commitments at Pennybacker and Roc, and impairments of the Aether and Banner Oak investments.

FAIR VALUE ADJUSTED NAV

As at 31 December 2023, PAC's statutory results reflect statutory NAV of A\$9.67 per share. As previously noted, IFRS accounting standards require PAC to use a variety of accounting treatments for PAC's boutiques. The result is that some assets are reported at fair value in PAC's statutory accounts, while others are initially reported at investment cost and can only be written down, but not up. Beginning at 30 June 2023, PAC has begun disclosing its internal fair value estimates for the PAC boutiques and PAC's resulting estimated fair value NAV. As at 31 December 2023 this figure was A\$11.69 per share (exceeding reported statutory NAV by A\$2.02 per share) compared to A\$11.92 per share at 30 June 2023. Changes in currencies detracted A\$0.23 per share from fair value NAV.

UNLOCKING SHAREHOLDER VALUE

As previously announced, the PAC Board, through an Independent Board Committee (IBC), conducted a strategic process to sell PAC's entire business. While the strategic transaction process did not result in a binding offer for PAC that could be recommended to PAC's shareholders, Pacific Current notes that the strategic transaction process highlighted the underlying value inherent in its portfolio of assets. The PAC Board remains committed to maximising value, including the consideration of accretive proposals that unlock value for PAC's shareholders.

OUTLOOK

PAC management expects revenues and profits in FY24 to increase notably from FY23. During 2H24 PAC expects the following:

- Lower management fee contributions than in 1H24 due to Pennybacker and Banner Oak's contributions being skewed toward 1H24
- Increased performance fees, driven by Victory Park
- Continued solid growth in new FUM commitments among non GQG investments, particularly Victory Park, Roc, Cordillera, and Pennybacker
- Meaningful likelihood of one or more asset sales during the period

Pacific Current's Chairman, Tony Robinson noted, "This period was noteworthy due to the public recognition of the value inherent in PAC's business. While this has been helpful to our share price, PAC's Board and management remain committed to exploring all avenues to unlock additional value for our shareholders."

Pacific Current's Managing Director & CEO and CIO, Paul Greenwood noted, "This was a strong half for PAC. It would have been even stronger if our fastest growing boutiques had not reinvested so much in their own businesses. Nevertheless, we are always supportive of portfolio companies committing additional resources to enhance their long-term prospects." Mr. Greenwood added, "We continue to be optimistic about our prospects for the next several years, as we expect contributions from key boutiques to continue accelerating."

OTHER CONSIDERATIONS

FUM

The relationship between the boutiques' FUM and the economic benefits received by PAC can vary dramatically based on factors such as:

- the fees charged by each boutique on the assets it manages, including one-time, up-front fees;
- the varying size of PAC's ownership interest in each boutique; and
- the unique economic terms negotiated between PAC and each boutique including the manner in which PAC expects to realise value from its investment.

Accordingly, PAC cautions against simple extrapolation of PAC's projected results based on FUM trends.

FAIR VALUE NAV

Fair value is the price that would be expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The valuation techniques used in determining these fair values are based on forecast information that has been prepared using a set of assumptions about future events and management actions that are not certain to occur. Furthermore, other events and management actions which have not been forecast to occur may nevertheless occur. If events do not occur as assumed, the actual results achieved may vary significantly from the forecast outcome, significantly impacting the resulting value.

In addition, given the nature of these investments it may be difficult to deal with a specific investment in a specific market at a specific time. Alternatively, the most appropriate acquirer of an investment, may be a special purchaser that can enjoy benefits of owning that asset that are not available to other potential owners.

As such, PAC does not warrant or guarantee that these fair values are the amounts that any specific investment would be realised at.

ABOUT PACIFIC CURRENT GROUP

Pacific Current Group Limited is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors, and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. As at 23 February 2024, Pacific Current Group has investments in 16 boutique investment firms globally.

For personal use only

CONFERENCE CALL

Pacific Current Group would like to invite you to join our conference call to be held at **10:00am (AEDT) on Friday, 23 February 2024**.

The presenters will be Paul Greenwood, MD & CEO and CIO and Ashley Killick, CFO.

INVESTOR CONFERENCE CALL DETAILS

The call will be held via webcast or conference call dial-in. Please use the links below to register ahead of the event.

Pre-registration link (required to join teleconference for Q&A participation):

<https://registrations.events/direct/OCP4239547>

Webcast (listen mode only):

<https://webcast.openbriefing.com/pac-hyr-2024/>

(An online archive of the webcast event will be available approximately four hours after the webcast)

-ENDS-

Authorised for lodgement by the Board of Pacific Current Group Limited.

CONTACT

For Investor enquiries:

Paul Greenwood - Managing Director & CEO and CIO

E: pgreenwood@paccurrent.com

T: +1 253 617 7815