



ASX ANNOUNCEMENT

23 August 2024

PACIFIC CURRENT GROUP FULL YEAR RESULTS

For the year ended 30 June 2024

SYDNEY (23 August 2024) - Pacific Current Group (ASX:PAC, "Pacific Current") is pleased to report the Company's full year results for the period ended 30 June 2024:

- Funds under management (FUM) reached A\$42.5b, an 18% increase (excluding boutiques sold during the year)
- Boutique Contributions, ex mark-to-market adjustments, grew 16% driven by a 23% growth in management fee-related revenues
- Underlying NPAT grew 24% due to solid revenue growth and modest expense increases
- Significant cost savings (over 40%) to materialize from FY25 onwards as the full impact of externalization takes place
- Underlying earnings per share (EPS) of A\$0.62 Vs. A\$0.51 in FY23
- FY24 unfranked dividends of A\$0.38 per share (A\$0.38 partially franked for FY23)
- Completed asset sales with exits from GQG, Proterra, Cordillera, Avante and Pennybacker (partial sale), providing significant potential for capital return, dividend payment, debt paydown and future growth initiatives
- PAC's internal fair value estimate of NAV A\$13.47 per share exceeds statutory NAV by A\$1.99 per share
- Post fiscal year-end, announced sale of Carlisle and partial sale of stake in Victory Park Capital, with both transactions subject to various approvals

OPERATIONAL PERFORMANCE

PAC's underlying Boutique Contributions, ex mark-to-market adjustments, grew 16% largely due to strong growth in management fees at the portfolio level, while the corporate overheads increased 6%. Underlying NPAT grew 24%, due to strong revenue growth and modest expense increases. Underlying EPS was A\$0.62. Changes in currency exchange rates benefitted reported results when expressed in AUD. PAC is declaring a final dividend of A\$0.23 per share. The dividend will be unfranked.

Revenues were driven by greater contributions from Pennybacker due to strong fundraising in Fund VI and Banner Oak saw fee crystallization. Roc realized strong performance fees in FY24.

PAC recognised a statutory profit for the year of A\$109.3m reflecting the realised gain in PAC's GQG shares sold during the year as well as other asset sales (Avante, Cordillera, Proterra and Pennybacker). This was offset by impairment (A\$42.2m) of the Aether, IFP and Banner Oak investments.

Aggregate funds under management (FUM) grew from A\$35.9b to A\$42.5b, excluding boutiques sold during the year.

BUSINESS OVERVIEW

FY24 was a transformational year for Pacific Current Group. After multiple parties sought to purchase PAC, a viable transaction ultimately emerged that PAC believed would be both feasible and beneficial to shareholders. The intent of this strategy was to unlock value by reducing corporate expenses, while retaining access to key investment capabilities. It involved simultaneously selling three of PAC's assets to GQG, while externalising the investment management of PAC's portfolio by appointing an affiliate of GQG to provide investment management services to PAC.

The transaction results in a significantly lower cost structure for PAC while ensuring continuity of portfolio management of PAC's portfolio. The agreement externalising investment management will last a minimum of two years but can be extended at PAC's discretion.

PORTFOLIO MANAGEMENT

In March 2024, PAC announced the sale of its 119,121,254 shares in GQG Partners, representing approximately 4% of GQG's market capitalization at the time, and nearly 20% of GQG's free float. The net sale price of A\$2.16 per GQG share generated cash proceeds of A\$257.3m. GQG distributions and sale proceeds generated more than 99x PAC's initial investment.

In March 2024, PAC announced a strategic Initiative to 'right size' its cost base through externalising investment management and certain operations. An affiliate of GQG Partners was appointed under an investment management agreement to provide fund management services. As a component of the initiative, three Boutiques (Avante, Cordillera, Proterra) were also sold to GQG for US\$71.25m.

In May 2024, PAC announced a sale of 55% of its 16.5% equity stake in Pennybacker and all its 2.5% carried interest entitlement for Pennybacker funds launched after PAC's initial investment for US\$35.2m (US\$4.8m at closing, followed by equal payments of roughly US\$15.2m on both the first and second anniversary of the transaction).

In July 2024, PAC announced the sale of 100% of its interest in Carlisle to Abacus Life (NASDAQ:ABL). PAC will receive 1.99m newly issued Abacus bonds with a coupon of 9.875% and an aggregate par value of US\$49.7m. In addition, PAC will receive 1.37m shares of Abacus common stock. As at the announcement date of July 18, the aggregate net proceeds to PAC were estimated to be US\$61.2m.

In August 2024, PAC announced a sale of 55% of its equity stake in VPC's management company and 22% of PAC's 24.9% future carried interest entitlements in VPC's funds yet to be launched. PAC will receive upfront consideration of US\$33.9m (before transaction costs), payable 75% in cash and 25% in Janus Henderson stock. PAC could also receive up to an additional US\$28.7m earnout payment based on certain VPC gross revenue milestones measured in calendar years 2025 and 2026. Finally, the agreement also includes provisions for the potential sale of PAC's

remaining 45% equity stake in VPC's management company and an incremental portion of carried interest in the future.

Both the Carlisle and VPC transactions are subject to various approvals.

FAIR VALUE ADJUSTED NAV

As at 30 June 2024, PAC's statutory results reflect a NAV of A\$11.48 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. Since the previous reporting period, PAC has started to disclose its internal fair value estimates for the PAC boutiques. As at 30 June 2024, the fair value NAV is estimated at A\$13.47 per share. These internal fair value estimates of NAV exceed reported statutory NAV by A\$1.99 per share.

OUTLOOK

PAC management expects to continue the strong momentum built in FY24 into FY25. The focus in FY25 is to:

- Return capital – A plan is in progress to complete a substantial off-market, equal access, share buy-back, either late in calendar 2024 or early the following year
- Enhance Capital flexibility – Continue to take advantage of asset disposals, when available on attractive terms to enhance capital flexibility. FY25 is off to a good start following the announcement of transactions for Carlisle and Victory Park Capital with both expected to settle in the next 3-6 months
- Deliver Growth initiatives – Look for opportunities to increase investment in current boutique partners where the potential exists to accelerate growth and new investment opportunities
- Optimize organizational effectiveness – Continue to bed down significant changes to organization structure and decision-making processes implemented in FY24, these changes impact all aspects of PAC's operations
- Reduce debt – continue to pursue negotiations to pay down outstanding debt

Pacific Current's Chairman, Tony Robinson noted, "FY24 has been an extraordinary year where PAC realised a number of investments at a great return and the business has consolidated operations to increase operational leverage."

Pacific Current's Executive Director & Acting CEO, Michael Clarke noted, "After a busy and exciting FY24, PAC management is focused on a clear and disciplined plan to continue the strong momentum in FY25."

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 realize 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 the Group 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 and operational expertise, to help our partners excel. As of 23 August 2024, Pacific Current Group has investments in 11 boutique firms globally.

CONFERENCE CALL

Pacific Current Group would like to invite you to join our conference call to be held at **10:00am (AEST) on Monday, 26 August 2024**.

The presenters will be Michael Clarke, Executive Director & Acting CEO 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://s1.c-conf.com/diamondpass/10040620-kj87y6.html>

Webcast (listen mode only):

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

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

AUTHORISED FOR LODGEMENT BY:

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Executive Director & Acting Chief Executive Officer

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CONTACT

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