

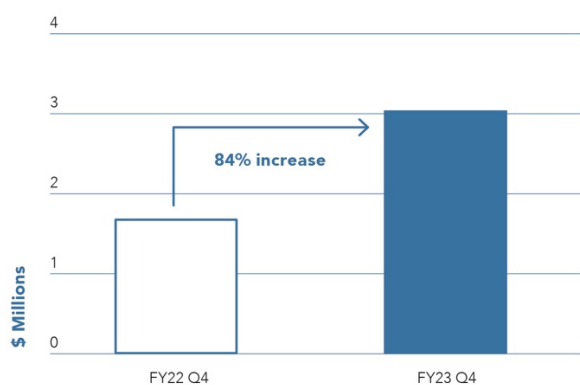
ASX Announcement 27 July 2023

Income Asset Management (IAM) Q4 FY2023 Quarterly Activity Report

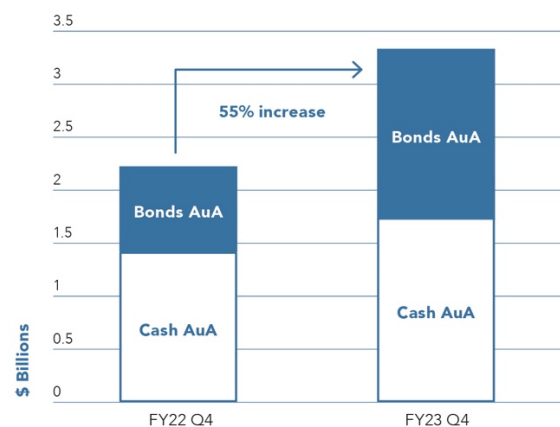
## IAM Group delivers third consecutive quarter of positive operating cashflow, significantly strengthens the balance sheet with \$9.3m in cash, grows revenue by 84% compared to Q4 FY22 and holds \$3.1bn in AuA.

**Income Asset Management Group Ltd (ASX:IAM) (IAM or Group)** recorded a third consecutive quarter of positive net operating cashflow for the 3 months to 30 June 2023 (Q4 FY23). The Group now holds \$3.1bn in total assets under administration (AuA), a 55% YoY increase in AuA, with a 10% increase QoQ in client numbers to 1,304. Total operating revenue recorded an 84% increase compared to Q4 FY22.

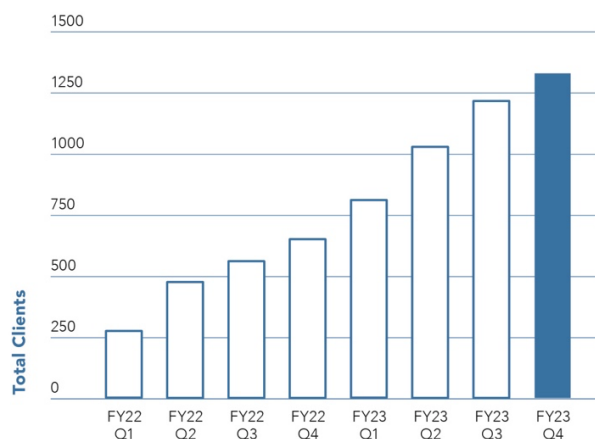
### Total Operating Revenue



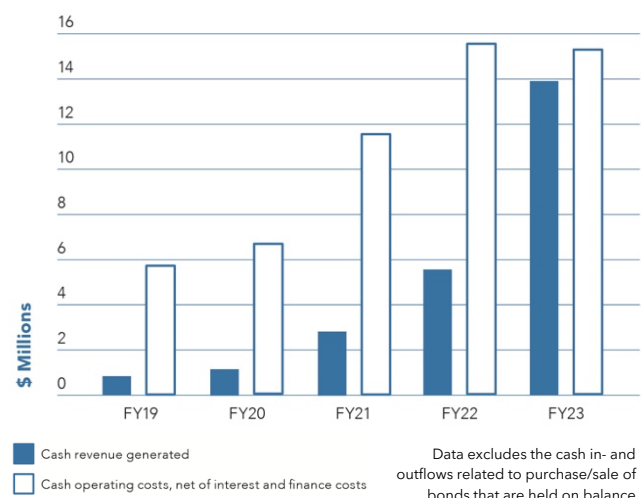
### Assets under Administration (Cash and Bonds)



### New Clients



### Operating Cash Flows





## Key performance highlights

- IAM achieved an increase in **total cash at the end of the quarter by \$3.2m to \$9.3m**, an increase of 53% on Q3 FY23 and a 225% increase on Q4 FY22, from \$2.8m to \$9.3m.
- **The total operating revenue is up 84%** compared to the corresponding period, Q4 FY22.
- **Positive operating cash flows in Q4 were \$253k**, making it the third successive quarter of net positive operating cash inflows.
- **Total cash receipts from customers in Q4 were \$3.1m**. While this result is slightly lower than Q3 FY23 (\$3.6m) it is up 70% compared to Q4 FY22. The Group executed significant Debt Capital Market (DCM) pipeline in July.
- The Group generated an additional **\$3.5m of cash from the sale of its 25% investment in Fortlake Asset Management**. This represented the repayment of a working capital loan of \$1m, and a cash gain of \$2.5m.
- **IAM Cash AuA increased by 10%** on Q3 FY23, and now sits at \$1.696bn in AuA. Meanwhile, **IAM Capital Markets AuA increased 7%** compared to Q3 FY23 to reach \$1.408bn.
- **Client numbers increased 10% to 1,304 QoQ**. As a result, the Group donated a further **\$17,700 to the Smith Family**, fulfilling a pledge to donate \$150 for each new client signed up.
- **The Group invested \$350,000 to acquire the Global Credit Opportunity Fund**. The fund has more than two years of proven performance, and targets 8% to 10% yield.

## CEO STATEMENT

**"A significant number of capital markets deals have slipped into the new financial year, setting up IAM very well for FY24."**

We are particularly pleased with the results for this past quarter. The Group has added a significant amount to our cash reserves. We divested of a 25% investment in an external fund manager and used only 10% of the cash proceeds from this transaction to buy 100% of another fund.

Once more, we generated operating cash while investing in our operations infrastructure. At the same time, we invested time and money into developing an exciting innovation for the Australian debt markets.

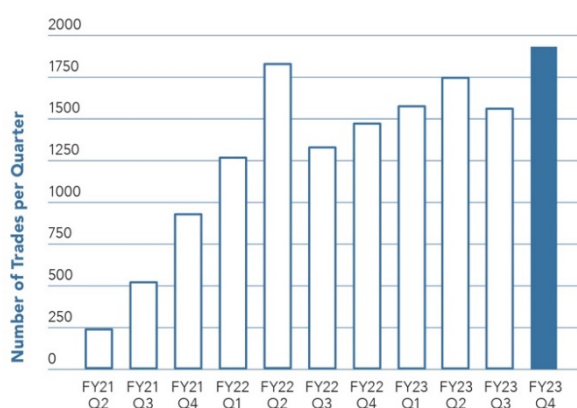
## Business updates

### IAM CAPITAL MARKETS

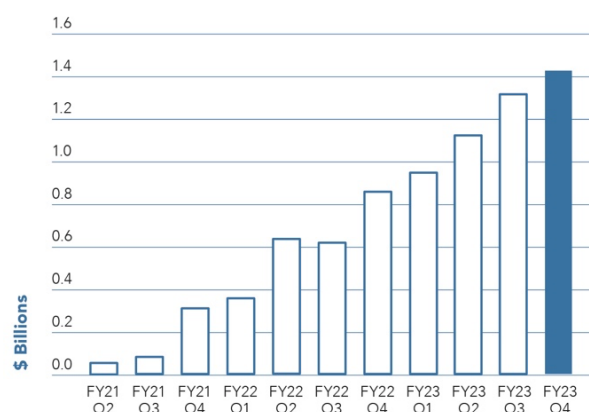
In addition to a strong capital markets pipeline, the business continues to grow with:

- Record quarter for trade numbers, despite reduced trading days due to Easter and Anzac Day holidays
- Our Assets Under Management (AUM) surpassed A\$1.4bn
- Client growth continuing increasing by 10% compared to the previous quarter.

**Quarterly Bond Trading Volumes**



**Assets under Administration — Bonds**



The Capital Markets team originated and placed our first DCM loan transaction for Minumbra Pty Ltd. The A\$27m first of two tranches was a landmark transaction for the Group in the loan format. The support of our business and our clients for the issuance format provides issuers with added flexibility for borrowing structures and broadens their avenue to market.

Through the quarter, IAM implemented a new operational system and client platform. The new infrastructure has delivered scalability to the business. This means we can continue significant growth in client numbers and AUM without a commensurate increase in operational costs.

Key improvements include:

- operational efficiency and more timely trade settlement, and coupon/maturity payments
- an increase in our breadth of tradeable instruments
- improvement of our client portal and continual addition of capability that will allow clients to “self-serve” their reporting requirements
- efficiently “link” our service to external platforms to allow intermediaries to trade with IAM, and manage their reporting through an existing multi-asset platform provider.

## IAM FUNDS MANAGEMENT

IAM Funds Management closed the previously announced transaction to acquire a high yield and syndicated loan-focused credit fund and the responsible Credit Investment Team. The ~\$70m Fund has been renamed the IAM Global Credit Opportunities Fund (GCOF) and the distribution team has begun marketing this fund.

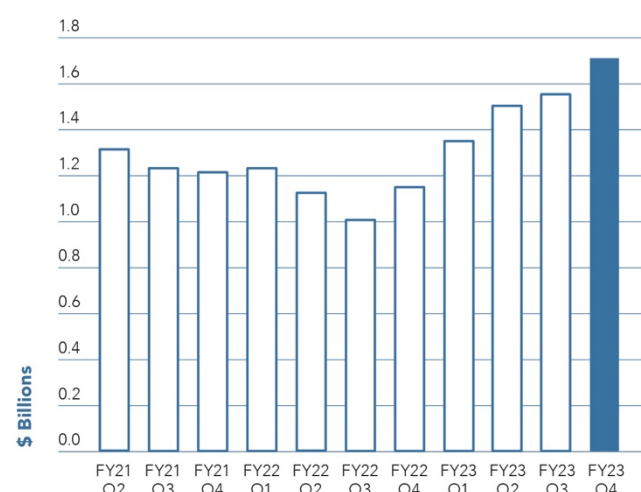
IAM's Model Bond Portfolios continue to gain traction, with a strong pipeline for the first half of the financial year.

## IAM CASH MARKETS

We are delighted with the growth in the Cash book in Q4, with total deposit products growing from \$1.5bn in Q3 to \$1.7bn at end of 30 June 2023. This is a 10% increase on our prior quarter and a 46% increase on Q4 FY22.

The Cash business is building on the average margin as this book grows. This is because clients are happy to pay for advice on their deposit business in this rising interest environment. The average revenue per quarter in FY23 is \$315,000, up 39% compared to \$226,000 in FY22 and an increase of 48% on the average revenue of \$213,000 per quarter in FY21.

Assets under Administration — Cash



## TRUSTEES AUSTRALIA LIMITED

The IAM Group's trustee business has experienced growth thanks to:

- the recent acquisition of the IAM Global Credit Opportunities Fund from River Capital
- the origination of debt transactions and
- the offering of secondary private placement loan opportunities.

Trustees Australia Limited recently added to its responsible entity and trustee obligations by accepting appointment as trustee of the wholesale IAM Global Credit Opportunities Fund. This is in addition to its existing appointments as responsible entity and trustee of the Fortlake funds. This appointment further proves our ability to support funds at all stages.

The current value of funds for which TAL acts as trustee or responsible entity is \$618m.

Trustees Australia Limited has been party to 15 DCM transactions during FY23. This has generated revenue of \$1.3m for:

- acting as joint lead manager with IAM Capital Markets Ltd

- distribution fees, and
- secondary trading margins.

Regarding the primary and secondary private placement loan transactions, IAM notes expansion of its loan book held through Trustees Australia Limited as bare trustee for IAM clients, and growth of our client base itself. The total loan book amounts to over \$265m at 30 June 2023. This will increase with the addition of the mandated transactions.

Trustees Australia Limited and IAM Capital Markets continue to provide custodial services for the IAM Group. While no custody fees have been charged in FY23, this will form a new revenue stream in FY24 once our new operating platform is fully functional.

## **EXCHANGE TRADED BONDS**

The Group are pleased to announce that we will soon launch our new business venture, Exchange Traded Bonds (ETBs). This new offering will provide investors with on-market exposure to high quality bonds, in small, accessible parcels. For the initial launch, two high quality bonds will be made available through the ETB structure. This will give investors the opportunity to balance their investments and earn predictable income.

Investors will be able to purchase ETBs when they are available on the Cboe Australia securities exchange through their stockbroker, platform or investment app using their existing HIN and the relevant ETB stock code. On-market access to bond exposures through ETBs will help retail investors avoid the existing hurdles to direct bond investment. It also ensures investors can purchase exposures to bonds without needing to involve an additional broker.

Head of ETBs, Celeste Norman, says: "ETBs provide investors with much needed exposure to corporate bond investments, bridging the gap between traditional investments like term deposits and shares, or even listed hybrids. Exposure to bonds is important for balanced investing for all Australians and we believe that ETBs will provide investors with ease of access to those exposures."

## **QUARTERLY CASH FLOW**

IAM delivered a third consecutive quarter of positive operating cash flow in Q4 FY23. The combined cashflow generated over the past three quarters is \$585k. This indicates the scale that is building within the business and the ongoing growth of our client base and AuA.

Cashflows generated from trading activities and fees in Q4 totalled \$3.1m, used to fund operating cash outflows to suppliers, staff and lenders of \$2.9m. Staff costs were lower in the quarter, partly due to restructuring in Q3 which lowered the overall wages bill. Somewhat offsetting this were increased legal fees incurred on business restructuring and development of new businesses (ETB's) and increased custodian costs as the size of the custody book increases.

The Group invested cash of \$350k to acquire the IAM Global Credit Opportunities Fund in May, acquiring the Fund and related credit mandate, and taking on the Trustee responsibilities for the fund.

Also in May, the Group generated \$3.5m in cash upon the sale of the Group's 25% holding in Fortlake Asset Management - representing the repayment of a working capital loan to Fortlake of \$1m and sale proceeds of \$2.5m.

**Items to note:**

All FY2023 numbers are unaudited.

The Group reported positive net operating cashflows for the third consecutive quarter in Q4 FY23. As a result, the “reported estimated quarters of funding available” in section 8.5 of Appendix 4C is not applicable.

**RELATED-PARTY TRANSACTIONS**

With reference to payments to related parties (Section 6 of the attached Appendix 4C), item 1 comprises payments to related parties and their associates, including directors and key management personnel, and includes directors’ fees of \$85,242, salaries (including superannuation) of \$69,144, and interest on issued notes of \$18,699.

*This announcement was approved for release by the IAM Board of Directors.*

**For more information, please contact:****Jon Lechte, CEO**

E: [shareholders@incomeam.com](mailto:shareholders@incomeam.com)

W: [incomeam.com](http://incomeam.com)

Income Asset Management Group Limited ACN 010 653 862;

IAM Capital Markets Limited ACN 111 273 048 | AFSL 283119;

IAM Cash Markets Pty Ltd ACN 164 806 357 corporate authorised representative (no. 001295506) of AFSL 283119;

Trustees Australia Limited ACN 010 579 058 | AFSL 260038; and,

IAM Funds Pty Ltd ACN 643 600 088 corporate authorised representative of (no. 001296921) of AFSL 260038

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Income Asset Management Group Limited

**ABN**

42 010 653 862

**Quarter ended ("current quarter")**

30 June 2023

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1.1	Receipts from customers – brokerage and fees	1,280	4,065
1.1.2	Receipts from customers – securities trading	1,829	9,903
1.1.3	Net in/(out)flows for settlement of financial instruments held on balance sheet	29	85
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(564)	(3,281)
	(c) advertising and marketing	(90)	(305)
	(d) leased assets	(12)	(63)
	(e) staff costs	(1,697)	(8,405)
	(f) administration and corporate costs	(204)	(2,256)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	41	43
1.5	Interest and other costs of finance paid	(359)	(939)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>253</b>	<b>(1,153)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(g) entities	-	-
	(h) businesses	(350)	(350)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(i) property, plant and equipment	(8)	(71)
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	(6)	(6)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	2,500	2,500
	(e) intellectual property	-	-
	(f) other non-current assets	(31)	9
2.3	Cash flows from loans to related party	1,042	917
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>3,147</b>	<b>2,999</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	5,101
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	140
3.6	Repayment of borrowings	(35)	(158)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – repayments of lease principal	(148)	(562)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(183)</b>	<b>4,521</b>



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	6,063	2,849
4.2	Net cash from / (used in) operating activities (item 1.9 above)	253	(1,153)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3,147	2,999
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(183)	4,521
4.5	Effect of movement in exchange rates on cash held	(5)	59
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,275</b>	<b>9,275</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	9,275	9,275
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,275</b>	<b>9,275</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(173)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facility	-	-
7.2	Credit standby arrangements	-	-
7.3.1	Other – Issued notes	10,000	10,000
7.3.2	Other – bond trading settlement (DVP) facility	5,000	-
7.3.3	Other – Insurance funding	-	-
7.3.4	Other – Supplier funding	12	12
7.4	<b>Total financing facilities</b>	15,012	10,012
7.5	<b>Unused financing facilities available at quarter end</b>		5,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	7.3.1 Issued notes – Unsecured facility. Interest rate of 12% and repayment date of 4 November 2025. 7.3.2 Bond trading settlement (DVP) facility – Secured over the traded securities. Interest rate of 5%, settled up to T+5. 7.3.4 BidFin Capital – Unsecured facility. Interest rate of 4.6% and repayment date of July 2023.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	253
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,275
8.3	Unused finance facilities available at quarter end (item 7.5)	5,000
8.4	Total available funding (item 8.2 + item 8.3)	14,275
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	N/A
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 July 2023

Authorised by: The Board of Directors

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.