



ASX Announcement 29 January 2024
Income Asset Management (ASX:IAM) (IAM or Group)
Q2 FY2024 Quarterly Activities Report

IAM announces 87% Revenue increase to \$3.73m for Q2 2024 from Q1, AuA now at \$3.48B and client numbers at 1,743. The increase in revenue, clients and cash vastly improves on the Q1 result where activity was largely paused.

- **IAM Group closes the quarter with cash holdings of \$7.4m following a \$4m capital raise in Q2.**
- **Revenue increased to \$3.73m (vs \$1.99m in Q1), an 87% increase.**
- **Assets under Administration (AuA) continue to grow, and the rollout of fixed income to Netwealth advisers and direct investors has shown a promising start in the quarter. Client numbers grow at record pace, adding 252 new clients for the quarter.**
- **The DCM pipeline remains buoyant; secondary trading has been stronger into quarter-end and pleasingly solid even during the January holiday period.**
- **Further commentary on business conditions and new partnerships, will follow in the half-year report due in February.**

Executive Summary

Primary Capital Markets

Our new issue pipeline remains buoyant but as always, subject to the vagaries of capital markets. In Q2 our team settled 21 new issue transactions totalling almost A\$240m, generating \$1.8m for the quarter. A pleasing result in tough market conditions.

Secondary Bond Trading

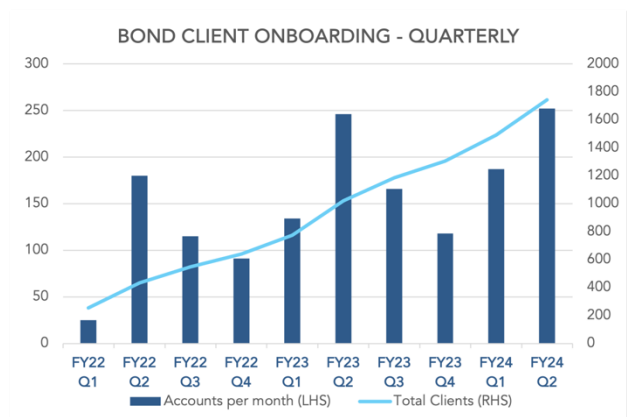
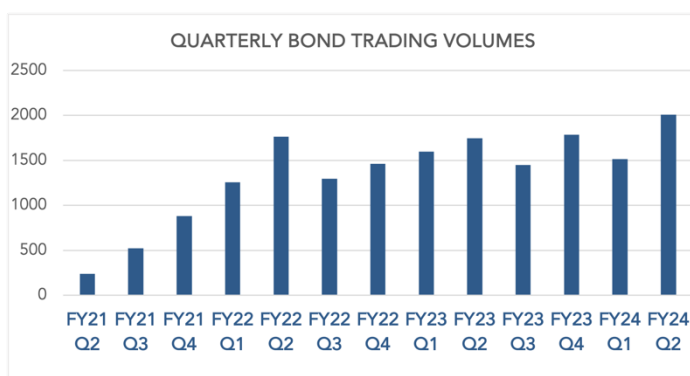
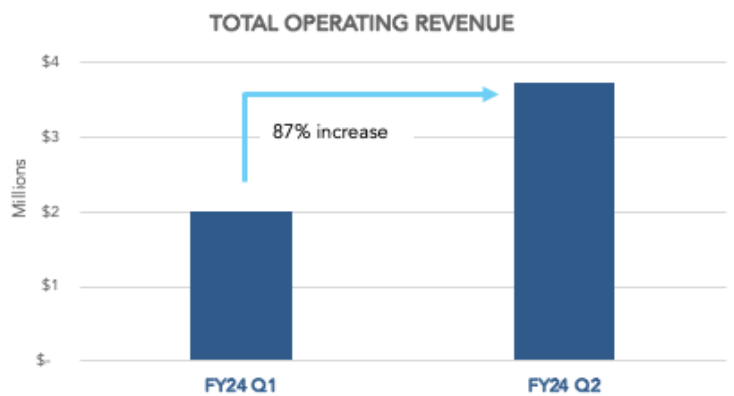
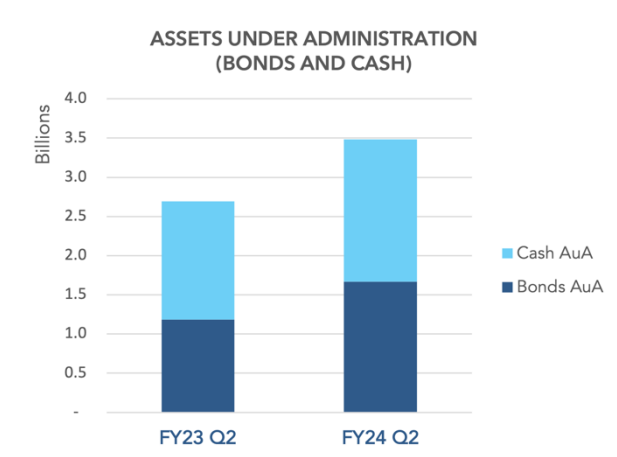
We are already starting to see our partnership with **Netwealth** (ASX:NWL) help build strong enquiry about our fixed income offering. We will continue to invest in this partnership with major client roadshows to come this quarter.

Seven experienced sales executives from a competitor will be starting with us soon, highlighting our current initiative to pivot costs towards revenue generation. These new hires are needed, to match the demand from the Netwealth opportunity.

As previously noted, our ETB innovation is awaiting regulatory approval following our investment in the design and processes and we expect to launch this financial year.

Funds Management

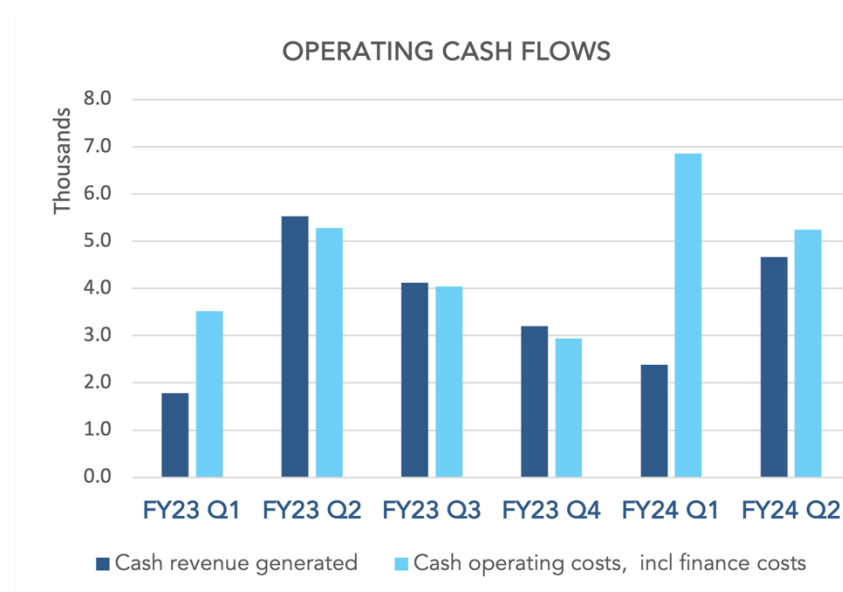
Cost restructuring measures have resulted in winding down our Funds Distribution capability – we will look to outsource distribution for our internal funds business, Global Credit Opportunities Fund (GCOF). GCOF is now available on the Netwealth platform and has shown great returns for investors (the GCOF strategy shows a 5 year return to 31 December 2023 of 13.6%).



Note seasonal trading trends in bond trading volumes. Moving towards annuity-like trading revenues.

KEY FINANCIAL INFORMATION AND QUARTERLY CASH FLOW

- **IAM Cash AuA** increased by 4% on Q1 FY24 (20% YOY Q2 comparison) and is **now \$1.814bn** in AuA.
- **IAM Capital Markets AuA** increased 8% compared to Q1 FY24 to reach **\$1.669bn** (41% YOY Q2 comparison).



- **Client numbers are now 1743, a 71% increase since this time last year.**
- **Netwealth sales process is in place** and has seen strong interest from advisers.
- **IAM's total cash at the end of the quarter of \$7.39m is a 56% increase on Q1 FY24's cash balance of \$4.74m** following a successful capital raise during difficult market conditions in November/December.
- **The total operating revenue is up 87%** compared to Q1 FY24.
- **Total cash receipts from customers and interest earned in Q2 were \$4.51m.**
- **Total cash operating outflows for expenses and finance costs** were impacted by increased staffing costs – salaries were adjusted to align to market in September, impacting all three months in Q2. In addition, bonuses were paid to key employees in the Capital Markets business. Costs are a key focus in Q3.
- With closing cash balances of \$7.4m and **total financing facilities available of \$13.4m, we have an estimated 22.9 quarters of funding** in accordance with the calculation within the attached Appendix 4C return.



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 \$148,051, salaries (including superannuation) of \$81,850, and interest on issued notes of \$16,500.

Items to note:

All FY2024 numbers are unaudited.

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

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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;

ETB Pty Ltd ACN 670 409 462 corporate authorised representative (no. 001305688) 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")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1.1	Receipts from customers – brokerage and fees	2,825	3,988
1.1.2	Receipts from customers – securities trading	1,653	2,610
1.1.3	Net in/(out)flows for settlement of financial instruments held on balance sheet	(365)	(183)
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(1,313)	(2,159)
	(c) advertising and marketing	(92)	(173)
	(d) leased assets	(19)	(32)
	(e) staff costs	(2,812)	(5,095)
	(f) administration and corporate costs	(146)	(3,412)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	35	116
1.5	Interest and other costs of finance paid	(349)	(714)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(583)	(5,054)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(g) entities	-	-
	(h) businesses	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(i) property, plant and equipment	(25)	(37)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	(73)	(97)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to related party	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(98)	(134)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	4,000	4,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(243)	(243)
3.5 Proceeds from borrowings	(246)	(113)
3.6 Repayment of borrowings	(48)	(92)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – repayments of lease principal	(150)	(300)
3.10 Net cash from / (used in) financing activities	3,313	3,252

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,743	9,279
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(583)	(5,054)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(98)	(134)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,313	3,252
4.5	Effect of movement in exchange rates on cash held	16	48
4.6	Cash and cash equivalents at end of period	7,391	7,391

5.	Reconciliation of cash and cash equivalents 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	7,391	4,743
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,391	4,743

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(246)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facility	1,000	-
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	112	112
7.4 Total financing facilities	16,112	10,112
7.5 Unused financing facilities available at quarter end		6,000
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.		
<p>7.1 Third Return Investments Pty Ltd – Unsecured facility to be used to purchase inventory or facilitate settlements for the Capital Markets business. Interest rate of 6% and repayment on 30 June 2024.</p> <p>7.3.1 Issued notes – Unsecured facility. Interest rate of 12% and repayment date of 4 November 2025.</p> <p>7.3.2 Bond trading settlement (DVP) facility – Secured over the traded securities. Interest rate of 5%, settled up to T+5.</p> <p>7.3.4 BidFin Capital – Unsecured facility. Interest rate of 6.7% and repayment date of July 2024</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(583)
8.2 Cash and cash equivalents at quarter end (item 4.6)	7,391
8.3 Unused finance facilities available at quarter end (item 7.5)	6,000
8.4 Total available funding (item 8.2 + item 8.3)	13,391
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	22.97
<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>	
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: 29 January 2024

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.