

ASX Announcement 24 January 2025  
 Income Asset Management (ASX:IAM) (IAM or Group)  
 Q2 FY2025 Quarterly Activities Report

**IAM announces revenue of \$4.0m for Q2 FY2025**, almost identical to Q1 which is a pleasing result given the quarter includes the seasonally slower month of December. IAM, as previously announced, raised \$18m before fees during the period and retired the \$10m debt facility, saving \$1.2m in interest cost per year going forward.

**Bond and loan FuA is at \$2.2bn (+31% Q2 FY2024 to Q2 FY2025 ), and client account numbers have grown to 2,405 (+38% for the same YOY period).**

**IAM Group closed Q2 FY2025 with cash holdings of \$6.5m. The Group also holds bond positions of \$1.4m**, had they been converted to cash, our **cash holding would have been \$7.9m**. These bond holdings are for trade facilitation and some investment of IAM Group capital in major-bank issued bonds. With a stronger balance sheet IAM is well placed to hold such positions and generate further revenue opportunities.

**Net cash used in operating activities was \$3.3m, IAM notes the following:**

- This cash spend is before the cost reduction exercise that is underway.
- The operating outflows include purchases of \$1.4m of bond assets onto the balance sheet.
- IAM booked \$800k placement fee revenue in December, for transactions that settle and will realise cash in Q3 FY2025.

We believe that net of these points above, we would be close to break even for cash flow and profitability.

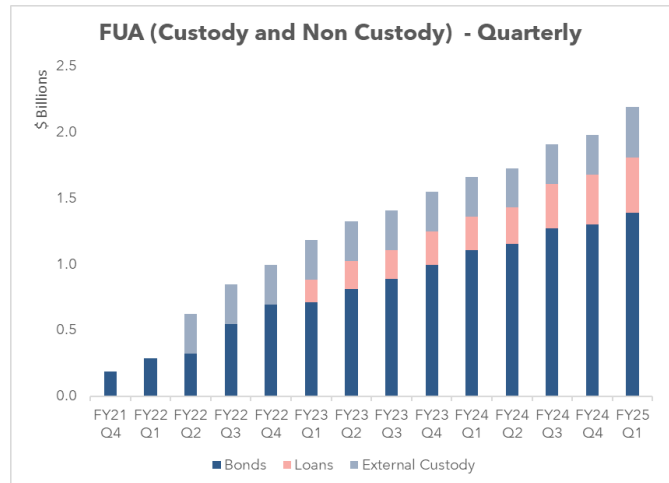
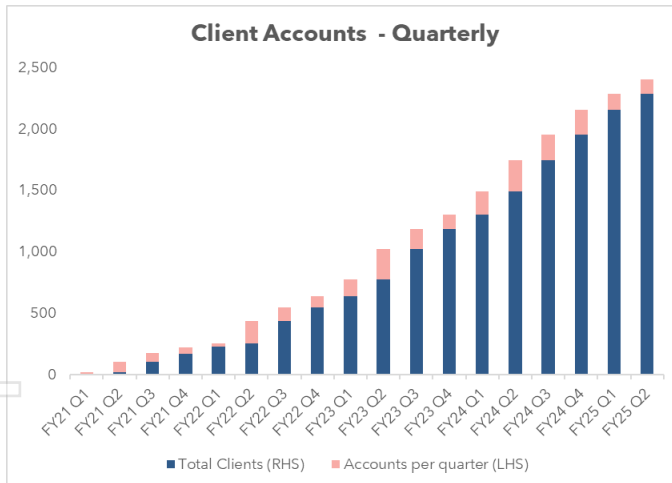
Fees typical of a capital raise totalling almost \$1m were also incurred during the period. These fees include broker fees paid to Blue Ocean Equities and Morgans Financial, and professional, registry and listing services relating to the capital raise.

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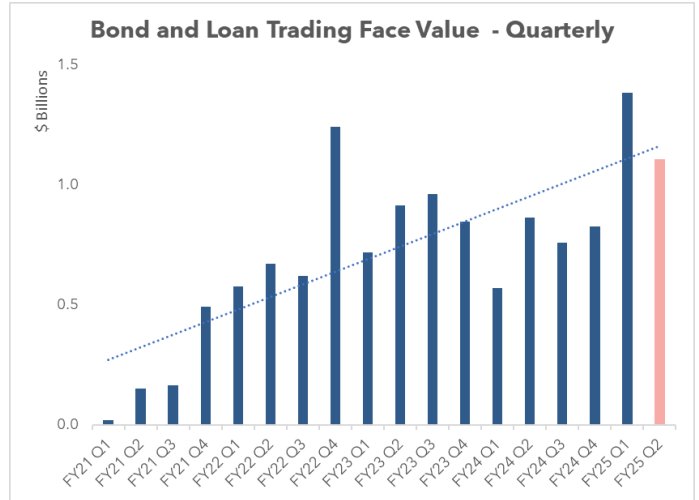
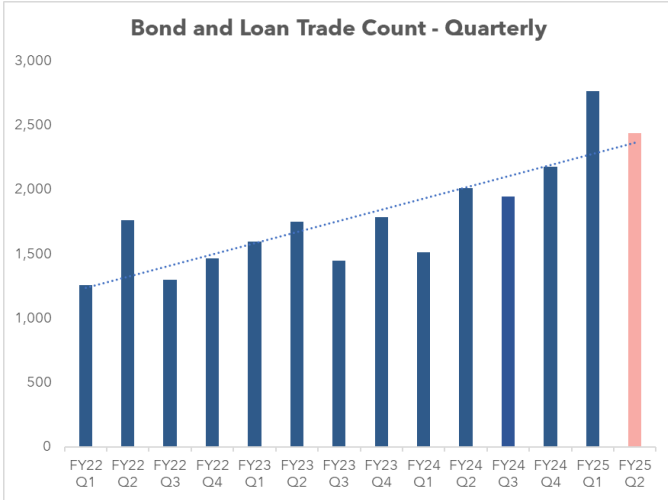
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**Key highlights:**

- **Operating revenue for Q2 FY2025 was \$4.0m.**
- **IAM Group will post a \$581k EBITDA loss in Q2 FY2025.** This would be profitable at the forecast cost base, once the Perpetual (PCT) transition is complete, all else being equal.
- **Total AuA at the end of Q2 FY2025 is \$3.9bn.** This consists of:
  - **Bond/loan FuA of \$2.2bn**
  - **Cash AuA of \$1.7bn**
  - **As part of the bond/loan FuA, IAM has total custodial holdings of \$1.8bn.** We anticipate by Q4 FY2025 this will start earning IAM a recurring revenue circa \$1m per annum, subject to FuA retention and our business activity levels.
- **Capital Markets bond/loan FuA grew 31% YOY to \$2.2bn** (Q2 FY2025 vs Q2 FY2024).
  - For the past four quarters, the average YOY percentage growth each quarter versus PCP, has been 30%. If this growth continues, our projected bond/loan FuA could move to almost \$3bn by end of calendar 2025. This is purely a run-rate observation and not a forecast.
- **Client numbers grew 38% YOY to 2,405 accounts** (Q2 FY2025 vs Q2 FY2024). Should this growth continue, it suggests we could move to 3,300 bond and loan clients by the end of calendar 2025. This is purely a run-rate observation and not a forecast.



- New client account numbers continued to increase, albeit at a lower rate. This included some significant client onboarding through Netwealth, where IAM books trading revenue and accumulates FuA but not individual clients nor custody.
- New FuA for the quarter was \$130m, of which \$40m was new loans. The quarterly number annualises to over \$500m growth per annum.
- The number of bond and loan trades (LHS below) and total face value turnover (RHS below) both continue to trend higher, reflecting growth in client numbers and FuA.



- **Q2 FY2025 transaction highlights included:**
  - A\$341m placed in public new issues
  - A\$20m private placement in subordinated debt
  - A\$37m various private credit loans
  - A\$20m gaming industry loan
  - \$10m Finexia (ASX:FNX) top-up placement.
- In January Q3 FY2025 we placed more than \$50m in public new issues.

**The Debt Capital Markets pipeline for Q3 FY2025 has significant mandated and pre-mandate transactions.** Market conditions allowing, this sets IAM up well for H2 FY2025.

- **The transition to PCT as custodian and administration provider is progressing well.** The transition of all loan assets occurred smoothly in December. Given a busy year end and the extended break, we mutually agreed to hold off the bond transition until late January when deal flow will be seasonally slower and the teams from both companies will be back from leave. By end of Q3 FY2025 we expect to have all assets transferred and PCT will be providing client reporting and payments. **Once the full transition is complete, we are targeting to achieve an average margin of 5-7bps on all custodial holdings.**

### Key cash flow highlights:

- **IAM's total cash** at the end of Q2 FY2025 was **\$6.5m. Additionally \$1.4m held in bonds.**
- With a closing cash balance of \$6.5m and **total funding available of \$11.5m**, we have an estimated **3.5 quarters of funding available** in accordance with Section 8 of the attached Appendix 4C. As noted above, the Q2 FY2025 net cash position was impacted by the deliberate purchasing of \$1.4m in bonds and from \$800k revenue booked in December, which will be realised as cash in Q3 FY2025. Had IAM sold the bonds to cash and received the revenue in Q2 FY2025, the estimated quarters of funding would have otherwise been **12 quarters.**
- **Total cash receipts from customers and interest earned was \$3.9m** in Q2 FY2025. This was impacted by delays in settlement for \$800k in placement fee revenue noted above.
- **Total cash operating outflows and finance costs were \$7.2m** in Q2 FY2025. As noted above, the cash outflows include \$1.4m in bond purchases and in addition there was \$333k in interest paid on (now repaid) IAM notes. The quarter was impacted by payments made in early October related to September expenses. Going forward, IAM remains on track to achieve its expected cost run rate per quarter, once the PCT is fully implemented, thereby achieving the cost synergies from the agreement.

### 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 \$105,632, salaries (including superannuation) of \$82,480, and interest on issued notes of \$18,293.

#### Items to note:

All FY2025 numbers are unaudited.

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

#### For more information, please contact:

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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 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1.1 Receipts from customers – brokerage and fees	1,892	3,610
1.1.2 Receipts from customers – securities trading	1,942	4,079
1.1.3 Net in/(out)flows for settlement of financial instruments held on balance sheet	(1,437)	(1,190)
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,077)	(2,179)
(c) advertising and marketing	(58)	(118)
(d) leased assets	(23)	(47)
(e) staff costs	(2,840)	(5,649)
(f) administration and corporate costs	(1,381)	(3,060)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	69	90
1.5 Interest and other costs of finance paid	(390)	(749)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,303)</b>	<b>(5,213)</b>
<b>2. Cash flows from investing activities</b>		
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	(16)	(54)
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-
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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(16)</b>	<b>(54)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	18,000	18,000
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	(923)	(923)
3.5 Proceeds from borrowings	-	206
3.6 Repayment of borrowings	(80)	(712)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Repayment of convertible debt securities	(10,000)	(10,000)
3.9 Other – proceeds from derivative financial assets	-	560
3.9 Other – repayments of lease principal	(168)	(331)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>6,829</b>	<b>6,800</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	2,855	4,723
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,303)	(5,213)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(58)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,829	6,800
4.5	Effect of movement in exchange rates on cash held	149	258
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,514</b>	<b>6,514</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	6,514	2,855
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>6,514</b>	<b>2,855</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	(206)
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. <b>Financing facilities</b> <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>	<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 – bond trading settlement (DVP) facility	5,000	-
7.3.2 Other – Insurance funding	19	19
7.3.3 Other – Supplier funding	137	137
7.4 <b>Total financing facilities</b>	5,156	156
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 Bond trading settlement (DVP) facility – Secured over the traded securities. Interest rate of 5%, settled up to T+5.		
7.3.2 Hunter Premium Funding – Unsecured facility. Interest rate of 4.96% and repayment date of February 2025.		
7.3.3 BidFin Capital – Unsecured facility. Interest rate of 6.03% and repayment date of August 2025.		

8. <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)	(3,303)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,514
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)	11,514
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.49
<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: 24 January 2025

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.