

28 February 2025

Company Announcements
Australian Securities Exchange

Clime Investment Management Limited (ASX: CIW)

Half-year ended 31 December 2024

Highlights

- **Company Returns to Operating Profit**
- **Operating profit \$406k**
- **Proposed Interim Dividend 0.2 cents per share**
- **Two strategic partnerships negotiated**

Dear Shareholders,

The Board of Clime is pleased to report an **operating profit of \$406k** for the half-year ended 31 December 2024. This represents a \$1.503 million (137%) improvement over the prior corresponding period reflecting the benefits of structural changes made in second half 2024.

In our quarterly update, we outlined an expected return to profit and a proposed dividend. We are pleased to confirm the return to trading profits, and the board is proposing a dividend to shareholders of 0.2 cents per share, pending further tax advice regarding franking.

The reported statutory loss was \$257k (post-tax), comprising the following components:

- Operating profit of \$406k (before non-cash amortisation and depreciation and including one-off/transition expenses of \$326k).
- Non-cash amortisation and depreciation charges of \$603k.
- Income tax expenses of \$60k.

Our focus on reducing executive costs and reinvesting in frontline staff resulted in a 20.6% reduction in operating expenses (excluding one-off expenses) in the six months ended 31 December 2024. These changes were disruptive but necessary, and the business was able to continue to grow operating revenue by 2.4% compared with the previous half-year. Management and staff are energised and excited by future prospects. We are pleased that we have been able to attract high-calibre professionals as we grow our capabilities.

This transformation was achieved in six months, and we are not slowing down. A pipeline of opportunities are either in negotiation or being explored, as we streamline our product offerings, reconfigure our operations, and explore new investment opportunities to present to our valued clients.

Reviewing FUM, FUA and balance sheet

As reported in the December 2024 quarterly update, Funds Under Management and Advice (FUM&A) as at 31 December 2024 is in excess of \$1.6 billion.

The core business streams can be summarised as:

- Funds under direct management through SMAs, discrete portfolio services (IMAs), managed funds and a listed investment company (\$1.6 billion). Our focus is on refining these offers and ensuring our valued clients are in the right solution for their specific objectives. We note that there are opportunities to both improve revenue and reduce the end cost to our clients by better utilising our current products and solutions.
- CPW funds under direction and advice with CPW/MTIS continue to progress towards full integration with CPW QLD being fully consolidated, circa \$0.95 billion.
- Balance sheet investments (\$3.3 million) – Clime Capital Limited and Infocus Wealth Management (convertible notes). Net cash approximately \$0.7 million.

Proposed dividend payment

The Board has determined to pay an **interim dividend of 0.2 cents per share** subject to further tax advice regarding franking by June 30, 2025.

Managing Director Review

Outlook and positioning for FY25

In our previous quarterly update, I wrote:

“Our aim is clear. Return the company to both profitable growth and to the payment of dividends.”

It is a pleasure to deliver on this statement quickly; however, maintaining our positive trajectory will require careful management.

We have significantly improved our operations, research, and sales capabilities which gives us confidence in the ability to execute on the attractive range of opportunities ahead. Through strengthening the core operations of the business, I believe we are better placed to manage any future volatility in the financial markets in which we operate.

Clime offers a diversified suite of portfolios through its SMA and IMA offerings. The broadening suite of products provides diversification to both clients and shareholders. We will continue to innovate and promote these and similar offerings while investing in the creation and distribution of wholesale solutions with less volatile earnings.

I am currently focused on enhancing our competitive advantages. Our streamlined management structure, dedicated teams, and lower operating costs set us apart from many of our competitors. These strengths, coupled with our extensive range of products and services, enable us to capture and manage a larger share of our clients' capital with improved margins. This combination allows us to deliver exceptional value in ways that are difficult for others to replicate.

Our distribution capabilities are improving, which has resulted in two new strategic partnerships expected to deliver approximately **\$130 million of Funds Under Management and add approximately \$750k to annual revenue over the next twelve months.**

I believe our complexity as a business, with private client advice and sector-specific and multi-asset product offerings, is a strength we can leverage to the benefit of both our shareholders and our highly valued clients.

While it is reasonable to argue that the company should retain cash to invest in our growth strategy, my view is that Clime should be both a great investment manager and a great investment. Great investments are valuable companies with strong moats, the ability to compound income growth over time, and clear competitive advantages.

In the Australian market context, investors typically favour dividends, and to attract investment, it is prudent to be conscious of our shareholders' objectives as well as our own.

This announcement is approved by the Board of Directors of Clime Investment Management Limited for release to the ASX.

For enquiries, please contact Michael Baragwanath (MD) on 1300 788 568 or via email at info@clime.com.au.



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