



## GLENNON SMALL COMPANIES

Tuesday, 16 February 2021

Company Announcements  
Australian Securities Exchange  
Level 4, 20 Bridge Street  
Sydney NSW 2000

### **Financial Results – Half Year Ended 31 December 2020**

In accordance with the Listing Rules, Glennon Small Companies Limited (ASX: GC1) encloses the following information authorised for release by GC1's Board of Directors:

1. Appendix 4D
2. Interim Report for the Half-Year Ended 31 December 2020

For more information, please contact:

Vivien Gacho  
Joint Company Secretary  
Glennon Small Companies Limited

Email: [info@glennon.com.au](mailto:info@glennon.com.au)  
Phone: (02) 8027 1000  
Website: [www.glennon.com.au](http://www.glennon.com.au)

**Glennon Small Companies Limited**

ABN 52 605 542 229

**Appendix 4D**

**Half-year report**

**for the half-year ended 31 December 2020**

## Half-year report

This half-year ended report is for the reporting half-year from 1 July 2020 to 31 December 2020. The previous corresponding period was 1 July 2019 to 31 December 2019.

### Results for announcement to the market

				\$'000
Revenue from ordinary activities	Up	2,006%	to	8,656
Profit before tax for the period	Up	6,352%	to	8,002
Profit from ordinary activities after tax attributable to members	Up	25,736%	to	5,640

### Explanation of revenue and net profit

During the half-year, revenue from ordinary activities increased to \$8.656m (31 December 2019: \$0.411m) and net profit from ordinary activities increased to \$8.002m (31 December 2019: net loss of \$0.022m). This increase was mainly due to higher realised and unrealised gains on the portfolio recognised during the half-year, a combined amount of \$8.466m (31 December 2019: \$0.077m).

### Dividends

Interim dividends paid are fully franked at 30% and final dividends are unfranked (2019: interim and final dividends paid are fully franked at 27.5% and 30%, respectively).

	Dividend Rate \$	Total Amount \$'000	Date of Payment	Percentage Franked
<b>2020</b>				
Ordinary shares - final 2020	0.02	881	16/10/2020	0%
Ordinary shares - interim 2020	0.01	440	12/03/2020	100%
<b>2019</b>				
Ordinary shares - final 2019	0.02	936	03/09/2019	100%
Ordinary shares - interim 2019	0.01	480	09/04/2019	100%

In addition to the above dividends, the Directors have announced:

- An interim ordinary dividend of 1 cent per fully paid share, fully franked at 30%, to be paid on 31 March 2021 out of profits reserve at 31 December 2020.
- An unfranked dividend on Resettable Redeemable Convertible Preference Shares ("RRCPS") of 18.41 cents per RRCPS to be paid on 31 March 2021.

Dividends on RRCPS are recorded as finance costs (rather than "dividends") for accounting purposes.

In relation to the ordinary dividends, shareholders may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares will be issued at a 3% discount to the issue price for the 10 trading days to the record date, being the trading days from 25 February 2021 to 10 March 2021 (inclusive).

### Dividend dates

Ex-dividend date	09/03/2021
Record date	10/03/2021
Last election date for the DRP (for ordinary shares only)	11/03/2021
Payment date	31/03/2021

### Net tangible assets (NTA)

	31 December 2020 \$	31 December 2019 \$
Net tangible asset backing (per share) after tax**	\$0.9248	0.9610
Net tangible asset backing (per share) before tax*	\$0.9549	0.9649

\*As required by the ASX listing rules, this is the theoretical NTA before providing for the estimated tax on unrealised income and gains, and includes (\$0.05) per share deferred tax asset (comprised of prior years' tax losses and current year tax losses/profits).

\*\*Includes all tax balances and selling costs

### Dividend Reinvestment Plan (DRP)

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a discount to the market price as specified by the Company from time to time in accordance with the *Corporations Act 2001* and the Listing Rules.

The final date for receipt of an election notice for participation in the Dividend Reinvestment Plan is 11 March 2021. Shares issued under the DRP will rank equally with existing ordinary shares. The Company reserves the right to issue DRP shortfall shares at Directors' discretion.

### Further information

This report is based on the Interim Report which has been subject to independent review by the auditors, Pitcher Partners Sydney. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2020 Annual Financial Report.

Sydney  
16 February 2021

# **Glennon Small Companies Limited**

ABN 52 605 542 229

## **Interim Report for the half-year ended 31 December 2020**

**Glennon Small Companies Limited** ABN 52 605 542 229  
**Interim Report - for the half-year ended 31 December 2020**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Glennon Small Companies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## Corporate Directory

### Directors

Michael Glennon  
*Executive Chairman*

John Larsen  
*Independent Non-Executive Director*

Suliman Ravell  
*Independent Non-Executive Director*

### Secretary

Michael Glennon  
Anushuka Ray  
Vivien Gacho (appointed 31 December 2020)

### Investment Manager

Glennon Capital Pty Ltd  
Level 17, 25 Bligh Street  
Sydney NSW 2000  
Phone: (02) 8027 1000

### Registered office

c/o Glennon Capital Pty Ltd  
Level 17, 25 Bligh Street  
Sydney NSW 2000  
Telephone: (02) 8027 1000  
Email: [info@glennon.com.au](mailto:info@glennon.com.au)

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange) refer to [www.asx.com.au](http://www.asx.com.au) or call (02) 8027 1000.

### Custodian and Administrator

Link Fund Solutions Pty Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
Telephone: (02) 8280 7100

### Share registrar

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
Telephone: (02) 9290 9600  
Fax: (02) 9279 0664  
Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.

### Auditors

Pitcher Partners Sydney  
Level 16, Tower 2, Darling Park  
201 Sussex Street  
Sydney NSW 2000

### Securities exchange

Australian Securities Exchange (ASX)  
The home exchange is Sydney.  
ASX code: GC1 Ordinary Shares  
ASX Code: GC1PA Resettable Redeemable Convertible Preference Shares

### Website

[www.glennonsmallcompanies.com.au](http://www.glennonsmallcompanies.com.au)

## **Directors' Report**

The Directors present their report together with the condensed financial report of Glennon Small Companies Limited (the "Company") for the half-year ended 31 December 2020.

### **Directors**

The following persons held office as Directors during or since the end of the half-year and up to the date of this report:

Michael Glennon (Executive Chairman)  
John Larsen (Independent Non-Executive Director)  
Suliman Ravell (Independent Non-Executive Director)

### **Principal activities**

The principal activity of the Company is making investments in listed companies outside the S&P/ASX 100.

There was no significant change in the nature of the activity of the Company during the half-year.

### **Review of operations**

The operating profit before tax including realised and unrealised investment movements was \$8,002,000 to 31 December 2020 (31 December 2019: loss before tax of \$128,000). The net result after tax was a profit of \$5,640,000 (31 December 2019: loss after tax of \$22,000).

The net tangible asset backing before all deferred tax balances as at 31 December 2020 was \$0.9549 per share (31 December 2019: \$0.9649).

### **Significant changes in the state of affairs**

On 27 April 2020, the Company issued a prospectus and announced the terms for a bonus issue of options for nil consideration, and a potential additional loyalty issue of options for nil consideration.

The 1 for 5 bonus issue of options, totalling 8,765,489 bonus options, to acquire ordinary shares in the Company at an exercise price of \$0.75 have an expiry date of 29 October 2021. During the half-year, 124,018 bonus options were exercised and there are 8,628,689 outstanding bonus options as at period end.

The 1 for 1 loyalty issue of options to acquire ordinary shares in the Company at an exercise price of \$0.95 have an expiry date of 28 April 2023. There are 8,765,489 loyalty options outstanding as at period end. No loyalty options have been exercised during the half-year.

On 7 October 2020, the Company announced a proposed dividend reinvestment plan ("DRP") placement shortfall of 1,046,168 shares at \$0.702.

On 16 October 2020, the Company issued 208,107 fully paid ordinary shares to shareholders participating under the DRP and 1,032,144 fully paid ordinary shares pursuant to the DRP underwriting arrangement on 7 October 2020.

On 28 October 2020, the Company lodged a Prospectus with Australian Securities and Investments Commission for an offer to issue a total aggregate amount of \$5.7 million of resettable, redeemable, convertible preference shares ("RRCPS"). On 27 November 2020, this offer closed oversubscribed. The RRCPS were issued on 2 December 2020 and commenced trading on the Australian Securities Exchange on 7 December 2020. First dividend payment is scheduled on 31 March 2021, first reset date will be on 30 September 2024 and maturity date is 30 September 2030.

There were no other significant changes in the state of affairs of the Company during the half-year ended 31 December 2020.



**Matters subsequent to the end of the financial period**

Other than the dividends declared after half-year end, no other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial periods.

**Rounding of amounts to the nearest thousand dollars**

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' report and in the financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the Board of Directors.



Michael Glennon  
Executive Chairman

Sydney  
16 February 2021

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Sydney NSW 2000

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**Auditor's Independence Declaration  
To the Directors of Glennon Small Companies Limited  
ABN 52 605 542 229**

In relation to the independent auditor's review for the half year ended 31 December 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



C I Chandran  
Partner

Pitcher Partners Sydney  
Sydney

16 February 2021

**Glennon Small Companies Limited**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2020**

	<b>Half-year ended</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Investment income from ordinary activities</b>		
Net realised gains/(losses) on investments	3,138	(350)
Net unrealised gains on investments	5,328	427
Dividends	189	268
Trust distributions	-	21
Interest income from financial assets at amortised cost	-	45
Other income	1	-
	<b>8,656</b>	<b>411</b>
<b>Expenses</b>		
Management fees	(195)	(227)
Brokerage expense	(194)	(101)
Accounting fees	(41)	(36)
Share registry fees	(26)	(25)
Custody fees	(14)	(14)
Tax fees	(5)	(8)
Directors' fees	(25)	(25)
ASX fees	(23)	(26)
Audit fees	(33)	(36)
Other expenses	(71)	(41)
Finance costs	(27)	-
	<b>(654)</b>	<b>(539)</b>
<b>Profit/(loss) before income tax</b>	<b>8,002</b>	<b>(128)</b>
Income tax (expense)/benefit	(2,362)	106
<b>Profit/(loss) for the half-year</b>	<b>5,640</b>	<b>(22)</b>
<b>Other comprehensive income for the half-year, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the half-year</b>	<b>5,640</b>	<b>(22)</b>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings/(loss) per share for profit attributable to the ordinary equity holders of the Company:</b>		
Basic earnings/(loss) per share	12.67	(0.05)
Diluted earnings/(loss) per share	12.67	(0.05)

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Glennon Small Companies Limited**  
**Statement of Financial Position**  
**As at 31 December 2020**

		At	
		31 December	30 June
		2020	2020
	Notes	\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,094	10,480
Trade and other receivables		34	1,725
Financial assets at fair value through profit or loss	3	42,141	21,120
Current tax assets		242	242
Other current assets		30	47
<b>Total current assets</b>		<b>46,541</b>	<b>33,614</b>
<b>Non-current assets</b>			
Deferred tax asset		1,071	3,346
<b>Total non-current assets</b>		<b>1,071</b>	<b>3,346</b>
<b>Total assets</b>		<b>47,612</b>	<b>36,960</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		102	695
Other financial liabilities	5	26	-
<b>Total current liabilities</b>		<b>128</b>	<b>695</b>
<b>Non-current liabilities</b>			
Other financial liabilities	5	5,526	-
<b>Total non-current liabilities</b>		<b>5,526</b>	<b>-</b>
<b>Total liabilities</b>		<b>5,654</b>	<b>695</b>
<b>Net assets</b>		<b>41,958</b>	<b>36,265</b>
<b>EQUITY</b>			
Issued capital	7	44,296	43,362
Profits reserve		13,691	8,932
Accumulated losses		(16,029)	(16,029)
<b>Total equity</b>		<b>41,958</b>	<b>36,265</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Glennon Small Companies Limited**  
**Statement of Changes in Equity**  
**For the half-year ended 31 December 2020**

	Notes	Issued capital \$'000	Profits reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance at 1 July 2019</b>		46,396	9,456	(9,539)	46,313
Net loss for the period		-	-	(22)	(22)
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity	7	170	-	-	170
On-market buy back		(2,756)	-	-	(2,756)
Costs of issued capital		(2)	-	-	(2)
Dividends provided for or paid	8	-	(936)	-	(936)
Transfer to profits reserve (net of tax)		-	709	(709)	-
		(2,588)	(227)	(709)	(3,524)
<b>Balance at 31 December 2019</b>		<b>43,808</b>	<b>9,229</b>	<b>(10,270)</b>	<b>42,767</b>
		<b>Issued capital \$'000</b>	<b>Profits reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2020</b>		43,362	8,932	(16,029)	36,265
Net profit for the period		-	-	5,640	5,640
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued under dividend reinvestment plan	7	146	-	-	146
Shares issued under DRP placement shortfall arrangement	7	724	-	-	724
Shares issued on options exercised	7	93	-	-	93
Costs of issued capital	7	(29)	-	-	(29)
Dividends provided for or paid	8	-	(881)	-	(881)
Transfer to profits reserve (net of tax)		-	5,640	(5,640)	-
		934	4,759	(5,640)	53
<b>Balance at 31 December 2020</b>		<b>44,296</b>	<b>13,691</b>	<b>(16,029)</b>	<b>41,958</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Glennon Small Companies Limited**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2020**

	<b>Half-year ended</b>	
	<b>31 December 2020 \$'000</b>	<b>31 December 2019 \$'000</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial assets at fair value through profit or loss	57,178	35,713
Payments for purchase of financial assets at fair value through profit or loss	(68,596)	(37,566)
Interest received	-	62
Dividends and distributions received	160	250
Income taxes paid	-	(43)
Management fees paid	(190)	(228)
Brokerage expenses paid	(196)	(98)
Payments for other expenses	(229)	(207)
<b>Net cash outflow from operating activities</b>	<b>(11,873)</b>	<b>(2,117)</b>
<b>Cash flows from financing activities</b>		
Payments for shares bought back	-	(2,756)
Proceeds from resettable redeemable convertible preference shares	5,700	-
Transaction costs on issue of resettable redeemable convertible preference shares	(251)	-
Shares issued on options exercised	93	-
Transaction costs on issue of shares	(45)	(6)
Shares issued under DRP placement shortfall arrangement	724	-
Dividends paid to Company's shareholders	(724)	(766)
Withholding tax paid on dividends	(10)	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>5,487</b>	<b>(3,528)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,386)</b>	<b>(5,645)</b>
Cash and cash equivalents at the beginning of the half-year	10,480	11,885
<b>Cash and cash equivalents at the end of half-year</b>	<b>4,094</b>	<b>6,240</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## **1 General information**

Glennon Small Companies Limited (the "Company") is a listed public company domiciled in Australia. The address of Glennon Small Companies Limited's registered office is Level 17, 25 Bligh Street, Sydney, NSW, 2000. The Company is primarily involved in making investments, and deriving revenue and investment income from listed securities in Australia.

This half-year ended report is for the reporting half-year from 1 July 2020 to 31 December 2020. The previous corresponding half-year was 1 July 2019 to 31 December 2019.

## **2 Basis of preparation**

These interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in an annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Glennon Small Companies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the half-year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect current or future periods.

### **(a) Significant accounting policies**

The accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements for the year ended 30 June 2020 except as indicated below in (b) and (c).

### **(b) Other financial liabilities**

Resettable Redeemable Convertible Preference Shares ("RRCPS") are classified as a financial liability for accounting purposes under Australian Accounting Standard AASB132 *Financial Instruments: Presentation*. They are initially recognised at fair value less transaction costs. After initial recognition, the liabilities are carried at amortised cost using the effective interest method.

In accordance with this Standard, a financial expense on the liability is brought to account which includes the amortisation, using the effective interest rate method, of any difference between the original proceeds net of transaction costs and the settlement value of the obligation over the term of the RRCPS.

### **(c) Finance costs**

Finance costs are recognised as expense in the period in which they are incurred using the effective interest rate method.

Dividends on RRCPS are recognised within finance costs in the Statement of Comprehensive Income.

### **(d) Rounding of amounts**

In accordance with ASIC *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' report and in the financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

### 3 Fair value measurement

The Company measures and recognises the following assets at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

#### (a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

#### (i) Recognised fair value measurements

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2020 and 30 June 2020 on a recurring basis.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 31 December 2020</b>				
<b>Financial assets</b>				
Listed equity securities	41,611	-	-	41,611
Unlisted convertible notes	-	-	250	250
Unlisted equity securities	-	280	-	280
<b>Total financial assets</b>	<b>41,611</b>	<b>280</b>	<b>250</b>	<b>42,141</b>
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 30 June 2020</b>				
<b>Financial assets</b>				
Listed equity securities	20,590	-	-	20,590
Unlisted convertible notes	-	-	250	250
Unlisted equity securities	-	280	-	280
<b>Total financial assets</b>	<b>20,590</b>	<b>280</b>	<b>250</b>	<b>21,120</b>

The unlisted convertible notes included in Level 3 of the hierarchy are investments in convertible notes which are not listed on the Australian Securities Exchange. These have been valued at cost which the Board of Directors consider to represent fair value.

The unlisted equity securities included in Level 2 of the hierarchy are investments in equity securities which are unlisted and therefore represent investments in an inactive market without observable inputs for valuation. The unlisted equity securities were purchased as part of a Pre-Initial Public Offering and have been valued at the latest equity raising price which the Board of Directors consider to represent fair value in absence of any market price available.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.



### 3 Fair value measurement (continued)

#### (a) Fair value hierarchy (continued)

##### (ii) Disclosed fair values

The Company also has Resettable Redeemable Convertible Preference Shares (RRCPS) which are not measured at fair value within the Statement of Financial Position. Details of the carrying amount and fair value are shown below.

	31 December 2020 \$'000	31 December 2019 \$'000
Carrying amount	5,552	-
Fair value	5,928	-

The fair value of the RRCPS as at 31 December 2020 amounting to \$5,928,000 was determined by reference to published price quotation of \$10.40 on each RRCPS ticker ASX:GC1PA as at 31 December 2020.

The carrying amounts of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature. For all other financial instruments, the carrying amounts approximate their fair values due to their short-term nature.

### 4 Segment information

The Company has only one reportable segment. The Company is engaged solely in investment activities conducted in Australia, deriving revenue from dividend income, distribution income, interest income and from the sale of its investments.

### 5 Other financial liabilities

	At 31 December 2020 \$'000	30 June 2020 \$'000
Dividends on Resettable Redeemable Convertible Preference Shares - current	26	-
Resettable Redeemable Convertible Preference Shares - non-current	5,526	-
	<u>5,552</u>	<u>-</u>

Resettable Redeemable Convertible Preference Shares ("RRCPS") are resettable, redeemable and convertible preference shares in the capital of the Company. The key terms of the RRCPS are:

*RRCPS Face Value:* \$10 per RRCPS

*Offer Structure:* The Offer comprises Priority Offer and Broker Firm Offer. The Priority Offer was made to all Company shareholders (on record date of 6 November 2020) and all Benjamin Hornigold Ltd ("BHD") shareholders (on record date of 23 October 2020) who have a registered address in Australia and New Zealand, and closed on 20 November 2020. The Broker Firm Offer was made to clients of participating brokers and closed on 26 November 2020. The Company and BHD share common directors, Michael Glennon and Sulieman Ravell.

*Issue Date:* 2 December 2020

*Maturity Date:* 30 September 2030 (unless exchanged earlier)

*Reset Date:* The first reset date will be 30 September 2024. On any Reset date, the Company may change any or all of the next Reset Date, Dividend Rate, and the Conversion Price.

## **5 Other financial liabilities (continued)**

***Dividend Rate:*** The RRCPS are entitled to a preferred, cumulative, unfranked dividend payable semi-annually in arrears at 5.60% per annum until the first Reset Date, unless a Trigger Event subsists in which case the Dividend Entitlement will be increased by 2.00% per annum until such time as the Trigger Event ceases to subsist. The Dividend Rate may be increased or decreased on Reset Dates.

***Dividend Payment:*** The dividend is payable semi-annually in arrears on 31 March and 30 September each year up to and including the earlier of the date of the RRCPS are Exchanged or the Maturity Date, with the first Dividend payable on 31 March 2021.

***Conversion:*** Upon conversion, each RRCPS will convert into a number of Ordinary Shares determined by dividing the Conversion Amount, which is equal to the Face Value of the RRCPS being converted plus the balance of any dividend that is due but remains unpaid, by the Conversion Price of \$0.86, subject to adjustment for certain dilutionary and other capital transactions by the Company.

***Redemption:*** A holder may request Conversion of the holder's RRCPS into the Conversion Shares at least 10 business days prior to any Dividend payment date, unless the Dividend payment date is a Reset Date or the Maturity Date by giving appropriate notice. Holders may require the Company to convert or repurchase the holder's RRCPS by giving notice within 10 business days or on a Reset Date after appropriate notice is issued. RRCPS will be repurchased on the Maturity Date at Face Value, if not converted or repurchased prior to that date.

***Issuer exit rights:*** Subject to a holder's right to convert, the Company as the issuer may elect to repurchase all of the RRCPS on a Reset Date upon a Tax Event or Clean-Up Event at Face Value, or a Change of Control Event at 104% of Face Value.

***Voting rights:*** Holders have no right to vote at meetings except in certain circumstances.

***Return of capital:*** On a winding up, RRCPS rank for repayment of capital behind all creditors of the Company but ahead of Ordinary Shares and any other preference shares stated to rank behind RRCPS.

***Loan-to-value (LTV) ratio:*** This is calculated as follows:

$$\text{LTV Ratio} = \frac{\text{Total Debt - (Cash and Cash Equivalents)}}{\text{Market Value of all Marketable Securities held by or on behalf of the Company as at such time}}$$

As at 31 December 2020, using the face value of \$10 per RRCPS as Total Debt, the LTV ratio was 3.81% determined as follows:

$$\text{LTV Ratio} = \frac{\$5,700,000 - \$4,094,000}{\$42,141,000}$$

The Company undertakes that for the period that the RRCPS remain on issue, the LTV ratio will not exceed 50%.

There were no Trigger Events that occurred during the period.

## **6 Contingencies and commitments**

The Company had no contingencies or commitments as at 31 December 2020 (30 June 2020: nil).

## 7 Issued capital

### (a) Share capital

	<b>31 December 2020 Shares</b>	31 December 2019 Shares	<b>31 December 2020 \$'000</b>	31 December 2019 \$'000
Ordinary shares	<b>45,274,562</b>	44,427,724	<b>44,296</b>	43,808

### (b) Movements in ordinary share capital

	<b>31 December 2020 Shares</b>	<b>31 December 2020 \$'000</b>
Opening balance 30 June 2020	43,910,293	43,362
Options exercised for \$0.75 per share	124,018	93
Dividends reinvestment plan issue	208,107	146
Shares issued under DRP placement shortfall arrangement	1,032,144	724
Cost of issued capital, net of tax	-	(29)
<b>Balance 31 December 2020</b>	<b>45,274,562</b>	<b>44,296</b>
	<b>31 December 2019 Shares</b>	<b>31 December 2019 \$'000</b>
Opening balance 30 June 2019	47,460,551	46,396
On-market buy back	(3,252,638)	(2,756)
Dividends reinvestment plan issue	219,811	170
Cost of issued capital, net of tax	-	(2)
<b>Balance 31 December 2019</b>	<b>44,427,724</b>	<b>43,808</b>

### (c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### (d) Options

On 27 April 2020, the Company issued a prospectus and announced the terms for a bonus issue of options for nil consideration, and a potential additional loyalty issue of options for nil consideration.

The 1 for 5 bonus issue of options, totalling 8,765,489 bonus options, to acquire ordinary shares in the Company at an exercise price of \$0.75 have an expiry date of 29 October 2021. During the half-year, 124,018 bonus options were exercised and there are 8,628,689 outstanding bonus options as at period end.

The 1 for 1 loyalty issue of options to acquire ordinary shares in the Company at an exercise price of \$0.95 have an expiry date of 28 April 2023. There are 8,765,489 loyalty options outstanding as at period end. No loyalty options have been exercised during the half-year.

## 7 Issued capital (continued)

### (e) Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan (DRP) under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a discount to the market price as specified by the Company from time to time in accordance with the *Corporations Act 2001* and the Listing Rules.

#### DRP Shortfall

On 7 October 2020, the Company announced a proposed dividend reinvestment plan placement shortfall of 1,046,168 shares at \$0.702.

On 16 October 2020, the Company issued 208,107 fully paid ordinary shares to shareholders participating under the DRP and 1,032,144 fully paid ordinary shares pursuant to the DRP underwriting shortfall arrangement on 7 October 2020.

## 8 Dividends

### (a) Ordinary shares

Interim dividends paid are fully franked at 30% and final dividends are unfranked (2019: interim and final dividends paid fully franked at 27.5% and 30%, respectively).

	Dividend Rate \$	Total Amount \$'000	Date of Payment	Percentage Franked
<b>2020</b>				
Ordinary shares - final 2020	0.02	881	16/10/2020	0%
Ordinary shares - interim 2020	0.01	440	12/03/2020	100%
<b>2019</b>				
Ordinary shares - final 2019	0.02	936	03/09/2019	100%
Ordinary shares - interim 2019	0.01	480	09/04/2019	100%

### (b) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since period end the Directors have declared an interim ordinary dividend of 1 cent per fully paid ordinary share, fully franked at 30%. The amount of the proposed dividend expected to be paid on 31 March 2021 out of the profits reserve at 31 December 2020, but not recognised as a liability at period end, is \$452,758.

### (c) Resettable redeemable convertible preference shares

Dividends on RRCPS are recorded as finance costs (rather than "dividends") for accounting purposes.

## 9 Events occurring after the reporting period

Other than the dividends declared after half-year end as disclosed above, no other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial periods.

**Glennon Small Companies Limited**  
**Directors' Declaration**  
**For the half-year ended 31 December 2020**

In the Directors' opinion:

- (a) The interim financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Michael Glennon  
Executive Chairman

Sydney  
16 February 2021

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**Independent Auditor's Review Report  
To the Members of Glennon Small Companies Limited  
ABN 52 605 542 229**

**Report on the Half-Year Financial Report**

**Conclusion**

We have reviewed the half-year financial report of Glennon Small Companies Limited ("the Company") which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Glennon Small Companies Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

**Responsibility of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



C I Chandran  
Partner



Pitcher Partners  
Sydney

16 February 2021