

CADENCE CAPITAL LIMITED
A.B.N. 17 112 870 096

APPENDIX 4E
PRELIMINARY FINAL REPORT
for the year ended 30 June 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the year ended 30 June 2020

	\$	up/down	% mvmt
Revenue from ordinary activities	122,556,166	up	1257 %
Profit from ordinary activities before tax attributable to members	106,059,254	up	728%
Profit from ordinary activities after tax attributable to members	75,013,446	up	790%
		Franked amount per share	Tax rate for franking
Dividend Information	Amt per share		
2021 Final dividend per share (declared)	3.0c	3.0c	30%
2021 Interim dividend per share (paid)	2.0c	2.0c	30%
2020 Final dividend per share (declared)	2.0c	2.0c	30%
2020 Interim dividend per share (paid)	2.0c	2.0c	30%
Final dividend dates			
The Board has declared a 3.0 cent per share fully franked final dividend payable on 29 October 2021. The Ex-Date for the dividend is 18 October 2021 and the Record Date is 19 October 2021.			
The Dividend Re-Investment Plan ("DRP") is in operation for the final dividend of 3.0c per share. There will be no DRP discount applied to the final dividend. The relevant issue price will be calculated as the weighted average market price of shares sold on the ASX on the books closing date and the 3 trading days preceding that date. The last date for DRP election is the 21 October 2021.			
		30 June 2021	30 June 2020
Net tangible asset backing after tax		\$1.20	\$0.98
<i>This report is based on the 2021 Financial Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.</i>			

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
INCOME			
Net realised and unrealised profit/ (loss) on investments		119,632,539	(15,731,004)
Dividends received		2,892,424	4,685,227
Interest received		16,703	437,734
Other income		14,500	18,594
Total Income/ (Loss)		122,556,166	(10,589,449)
EXPENSES			
Finance costs		(992,671)	(1,198,880)
Management fees		(3,011,384)	(2,626,434)
Performance fees		(9,286,218)	-
Assignment fees		(519,075)	(110,860)
Directors fees		(75,000)	(75,000)
Dividends on short positions		(24,119)	(209,704)
Stock loan fees		(120,324)	(55,147)
Brokerage expenses on share purchases		(1,811,683)	(1,482,155)
ASX fees		(72,642)	(73,845)
Registry fees		(108,911)	(114,221)
Legal fees		(77,991)	(5,902)
Custody fees		(212,320)	(187,347)
Audit and taxation fees		(118,514)	(76,825)
Other expenses from ordinary activities		(66,060)	(76,980)
Total Expenses		(16,496,912)	(6,293,300)
Profit/ (Loss) before income tax		106,059,254	(16,882,749)
Income tax (expense)/ benefit	2(a)	(31,045,808)	6,004,481
Profit/ (Loss) attributable to members of the Company	11	75,013,446	(10,878,268)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive profit/ (loss) for the period		75,013,446	(10,878,268)
Basic profit/ (loss) per share	12	25.0 cents	(3.4) cents
Diluted profit/ (loss) per share	12	25.0 cents	(3.4) cents

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
ASSETS			
Cash and cash equivalents	4	139,836,141	19,458,443
Trade and other receivables	5	27,350,831	17,386,421
Financial assets	6	313,067,950	277,442,708
Deferred tax asset	2(b)	26,867,521	58,062,357
TOTAL ASSETS		507,122,443	372,349,929
LIABILITIES			
Cash overdrafts	4	102,171,598	55,185,767
Trade and other payables	7	25,790,594	5,229,083
Financial liabilities	8	23,724,165	7,553,990
Current tax liability	2(c)	-	4,026,570
TOTAL LIABILITIES		151,686,357	71,995,410
NET ASSETS		355,436,086	300,354,519
EQUITY			
Issued capital	9	411,950,669	419,919,254
Profits reserve	10	72,774,128	9,723,976
Accumulated losses	11	(129,288,711)	(129,288,711)
TOTAL EQUITY		355,436,086	300,354,519

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2019		429,797,443	(113,144,037)	16,938,027	333,591,433
Loss for the year	11	-	(10,878,268)	-	(10,878,268)
Transfer to profits reserve	10	-	(5,266,406)	5,266,406	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
On-market share buy-back	9	(9,878,189)			(9,878,189)
Dividends paid	3(a)	-	-	(12,480,457)	(12,480,457)
Balance at 30 June 2020		419,919,254	(129,288,711)	9,723,976	300,354,519
Profit for the year	11	-	75,013,446	-	75,013,446
Transfer to profits reserve	10	-	(75,013,446)	75,013,446	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
On-market share buy-back	9	(7,968,585)			(7,968,585)
Dividends paid	3(a)	-	-	(11,963,294)	(11,963,294)
Balance at 30 June 2021		411,950,669	(129,288,711)	72,774,128	355,436,086

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from the sale of investments		978,751,536	646,388,667
Payments for the purchase of investments		(877,954,777)	(682,903,190)
Dividends received		3,094,367	4,947,339
Interest received		16,703	437,734
Other income received		14,500	18,594
Management fees paid		(2,965,897)	(2,614,376)
Brokerage expenses on share purchases		(1,811,683)	(1,482,154)
Interest paid		(992,671)	(1,198,880)
Dividends paid on shorts		(24,119)	(209,704)
Payments for administration expenses		(926,683)	(905,181)
Income tax paid		(3,877,530)	(468,535)
NET CASH GENERATED BY/ (USED IN) OPERATING ACTIVITIES		93,323,746	(37,989,686)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(11,963,294)	(12,480,457)
On-market share buy-back		(7,968,585)	(9,878,190)
NET CASH USED IN FINANCING ACTIVITIES		(19,931,879)	(22,358,647)
NET INCREASE/ (DECREASE) IN CASH HELD		73,391,867	(60,348,333)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	4	(35,727,324)	24,621,009
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	4	37,664,543	(35,727,324)
NON-CASH TRANSACTIONS:			
Shares issued via dividend reinvestment plan		-	-

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cadence Capital Limited ("the Company") is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements have been consistently applied unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for, where applicable, cash flow information, "held-for-trading" financial assets and certain other financial assets and liabilities, which have been measured at fair value.

The accounting policies are consistent with those applied in the 30 June 2020 Annual Report.

This preliminary report was authorised by the Directors on 10 August 2021.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. TAXATION

(a) Current Income Tax Expense/ (Benefit)

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense/ (benefit) as follows:

	2021 \$	2020 \$
Prima facie tax expense/(benefit) on profit/ loss from ordinary activities before income tax at 30%	31,817,776	(5,064,825)
Imputation credit gross up	281,182	452,802
Franked dividends receivable – prior year	34,106	92,588
Franking credits on dividends received	(937,273)	(1,509,338)
Prior years under/(over)	(150,090)	24,287
Other	107	5
	31,045,808	(6,004,481)
Effective tax rate	29.3%	(35.6%)

The effective tax rate for FY2021 is 29.3% reflecting the benefit to the Company of franking credits received on dividend income during the year.

Total income tax expense/ (benefit) results in a:

Current tax liability	-	4,519,398
Movement in deferred tax assets - net	31,045,808	(10,523,879)
	31,045,808	(6,004,481)

(b) Deferred Tax Assets

Provisions	20,728	10,140
Capitalised share issue costs	40,906	81,811
Fair value adjustments	(21,983,737)	14,151,456
Tax losses	48,789,624	36,749,539
Trading stock election	-	7,069,411
	26,867,521	58,062,357

Movement in deferred tax assets

Balance at the beginning of the period	58,062,357	47,562,766
(Debited)/ Credited to the profit or loss	(31,045,796)	10,523,878
Movement relating to over adjustment	(149,040)	(24,287)
	26,867,521	58,062,357

(c) Current Tax Liabilities

Movement in current tax liabilities

Balance at the beginning of the period	4,026,570	-
Current year income tax on operating profit	-	6,004,443
Income tax paid	(3,877,530)	(468,535)
Franking credits	-	(1,509,338)
Prior year over	(149,040)	-
At reporting date	-	4,026,570

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. DIVIDENDS

(a) Dividends paid

	2021 \$	2020 \$
Dividends paid by the Company	<u>11,963,294</u>	<u>12,480,457</u>

2021

Dividends paid by the Company for the year ended 30 June 2021	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Interim 2021 Ordinary	2.0	13 May 21	30%	100%	5,938,517
Final 2020 Ordinary	2.0	30 October 20	30%	100%	6,024,777
Total Amount					<u>11,963,294</u>

Subsequent to 30 June 2021, the Board have declared a 3.0 cent per share fully franked final dividend payable on 29 October 2021. The Ex-Date for the dividend is 18 October 2021.

2020

Dividends paid by the Company for the year ended 30 June 2020	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Interim 2020 Ordinary	2.0	13 May 20	30%	100%	6,166,630
Final 2019 Ordinary	2.0	30 October 19	30%	100%	6,313,827
Total Amount					<u>12,480,457</u>

(b) Dividend franking account

The balance of the franking account at year end is adjusted for franking credits and debits arising from receipts or payments of income tax and franking credits arising from dividends receivable.

	<u>992,507</u>	<u>5,290,059</u>
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Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in (a). The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the Company paying tax.

4. CASH AND CASH EQUIVALENTS

Cash at bank	139,836,141	19,458,443
Cash overdrafts	<u>(102,171,598)</u>	<u>(55,185,767)</u>
	<u>37,664,543</u>	<u>(35,727,324)</u>

5. TRADE AND OTHER RECEIVABLES

Trade debtors	26,405,147	16,934,910
Income receivable	87,907	289,850
Sundry debtors	<u>857,777</u>	<u>161,661</u>
	<u>27,350,831</u>	<u>17,386,421</u>

Trade debtors relate to outstanding settlements, are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 2 days of the purchase being executed. Income receivable relates to accrued income, it is non-interest bearing and is unsecured.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
6. FINANCIAL ASSETS		
Investments at fair value	<u>313,067,950</u>	<u>277,442,708</u>
7. TRADE AND OTHER PAYABLES		
Trade creditors	14,880,003	4,790,477
Sundry creditors - related parties	10,139,610	128,426
Sundry creditors - other	<u>770,981</u>	<u>310,180</u>
	<u>25,790,594</u>	<u>5,229,083</u>

Trade creditors relate to outstanding settlements. They are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 2 days of the purchase being executed.

Sundry creditors - other, are settled within the terms of payment offered, which is usually within 30 days.

Sundry creditors - related parties, includes fees payable of \$10,139,610 (inclusive of GST) (2020: \$128,426) to the manager, Cadence Asset Management Pty Limited.

8. FINANCIAL LIABILITIES

Short positions - held for trading financial liabilities:

Listed investments at fair value	<u>23,724,165</u>	<u>7,553,990</u>
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The Company's Financial Assets and Cash are used as collateral for its Financial Liabilities.

9. ISSUED CAPITAL

(a) Paid-up Capital

Ordinary shares fully paid	414,847,098	422,815,683
Capitalised share issue costs	(4,137,756)	(4,137,756)
Deferred tax asset on capitalised share issue costs	<u>1,241,327</u>	<u>1,241,327</u>
	<u>411,950,669</u>	<u>419,919,254</u>

2021

Date	Details	Share Price \$	No. of Shares	Value \$
Balance at the beginning of the year			306,259,780	422,815,683
July 2020	On-market share buy-back	\$0.64958	(1,427,519)	(927,288)
August 2020	On-market share buy-back	\$0.67419	(1,591,841)	(1,073,196)
September 2020	On-market share buy-back	\$0.72367	(1,402,198)	(1,014,722)
October 2020	On-market share buy-back	\$0.77629	(1,205,114)	(935,514)
November 2020	On-market share buy-back	\$0.82786	(847,915)	(701,957)
December 2020	On-market share buy-back	\$0.86947	(531,283)	(461,935)
January 2021	On-market share buy-back	\$0.87130	(641,272)	(558,740)
February 2021	On-market share buy-back	\$0.88240	(1,070,394)	(944,516)
March 2021	On-market share buy-back	\$1.05681	(504,879)	(533,562)
April 2021	On-market share buy-back	\$1.09789	(147,538)	(161,981)
May 2021	On-market share buy-back	\$1.11322	(155,102)	(172,663)
June 2021	On-market share buy-back	\$1.06365	<u>(453,637)</u>	<u>(482,511)</u>
			<u>296,281,088</u>	<u>414,847,098</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

9. ISSUED CAPITAL (Continued) (a) Paid-up Capital (Continued)

2020 Date	Details	Share Price \$	No. of Shares	Value \$
Balance at the beginning of the year			320,027,168	432,693,872
July 2019	On-market share buy-back	\$0.77244	(1,123,851)	(868,109)
August 2019	On-market share buy-back	\$0.75667	(1,465,019)	(1,108,536)
September 2019	On-market share buy-back	\$0.79378	(1,400,443)	(1,111,643)
October 2019	On-market share buy-back	\$0.77872	(912,681)	(710,726)
November 2019	On-market share buy-back	\$0.75355	(1,365,053)	(1,028,639)
December 2019	On-market share buy-back	\$0.74711	(1,036,309)	(774,238)
January 2020	On-market share buy-back	\$0.75902	(1,314,272)	(997,561)
February 2020	On-market share buy-back	\$0.71184	(2,258,209)	(1,607,493)
March 2020	On-market share buy-back	\$0.53746	(819,850)	(440,640)
May 2020	On-market share buy-back	\$0.56011	(1,033,978)	(579,145)
June 2020	On-market share buy-back	\$0.62778	(1,037,723)	(651,459)
			306,259,780	422,815,683

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

(b) Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There has been no change in the strategy adopted by the Board to control the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

On 15 May 2019 the Company approved an on-market share buy-back of up to 31.79 million of its ordinary shares. On 20 May 2020 the Company announced the approval of a further on-market share buy-back of up to 30.7 million of its ordinary shares. The share buy-back commenced on 5 June 2020 and finished on 4 June 2021. On 24 May 2021 the Company announced the approval of a further on-market share buy-back of up to 29.7 million of its ordinary shares. The share buy-back period commenced on 9 June 2021 and will finish no later than 8 June 2022.

10. PROFITS RESERVE

	2021 \$	2020 \$
Profits Reserve	72,774,128	9,723,976
Movement in Profits Reserve:		
Opening balance	9,723,976	16,938,027
Transfer from Accumulated Losses	75,013,446	5,266,406
Dividends paid (Note 3)	(11,963,294)	(12,480,457)
	72,774,128	9,723,976

The Profit Reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
11. ACCUMULATED LOSSES		
Opening balance	(129,288,711)	(113,144,037)
Profit/ (Loss) attributable to members of the Company	75,013,446	(10,878,268)
Transfer to Profits Reserve	(75,013,446)	(5,266,406)
	(129,288,711)	(129,288,711)

12. EARNINGS PER SHARE

Profit / (Loss) after income tax used in the calculation of earnings per share

75,013,446	(10,778,268)
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No.

No.

Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share

299,865,408	312,694,333
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Weighted average number of ordinary shares and options outstanding during the year used in calculation of diluted earnings per share

299,865,408	312,694,333
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Reconciliation of weighted average number of shares:

Weighted average number of ordinary shares used in calculation of basic earnings per share

299,865,408	312,694,333
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Add:

Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share

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Weighted average number of shares used in the calculation of diluted earnings per share

299,865,408	312,694,333
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As at the end of the year, there are no outstanding securities that are potentially dilutive in nature for the Company.

13. EVENTS AFTER THE REPORTING PERIOD

The Board have declared a 3.0 cent per share fully franked final dividend payable on 29 October 2021. The Ex-Date for the dividend is 18 October 2021.

Other than the above there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of material and unusual nature likely, in the opinion of the Company, to significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

14. CONTINGENT LIABILITIES

There were no contingencies as at 30 June 2021 (2020: nil).

15. CAPITAL COMMITMENTS

Capital commitments exist for placements entered into before 30 June 2021, which settle after year end.

2021 \$	2020 \$
-	628,000

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

16. SEGMENT REPORTING

The Company has only one segment. The Company operates predominately in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its financial assets at fair value through profit or loss, however the Company has foreign exposures as it invests in companies which operate internationally.