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13th September 2021

Successful Listing of TMC on the NASDAQ

Estimated Net Tangible Assets Per Share as at 8.00am 13th Sept 2021	Amount ($)
Pre Tax NTA	$1.38
Post Tax NTA	$1.40
CDM Share Price as at 13th Sept 2021	$1.31

Successful Listing of TMC The Metals Company Inc. (DeepGreen and SOAC merger)

We are pleased to announce that on the 10th September 2021 TMC commenced trading on the NASDAQ (Ticker: TMC US). Under the DeepGreen and SOAC merger, CDM's investment in DeepGreen Metals was exchanged for TMC shares and warrants. The newly merged entity will be called TMC The Metals Company Inc.

Cadence Capital Limited's Chairman Karl Siegling commented: "We are very excited to have been an early-stage shareholder in this NASDAQ listed company. TMC The Metals Company Inc. is seeking to develop the world's largest high-grade source of electric vehicle (EV) battery metals. The recovered (mined) polymetallic nodules are aiming to be produced at a low cost relative to conventional mining and recovery methods and with significantly reduced social and environmental impact."

TMC closed at USD$ 9.41 per share on its first day of trading, giving it an indicative market capitalization of approximately USD$2.2bln (AUD$3bln).

Based on the closing price of TMC, CDM's estimated pre-tax NTA is $1.38 and its post-tax NTA is $1.40.

CDM Portfolio Update

TMC now represents 18% of the Net Asset Value of the Company. The Board is aware that the significant appreciation in the valuation of CDM's investment in DeepGreen (now TMC shares and warrants) has created a concentrated position within the portfolio. CDM's investment process is to let profits run in profitable investments. Reducing CDM's TMC position to simply reduce concentration risk would be contrary to the CDM investment process.

CDM's holding of TMC shares is subject to a 180-day lock-up (or an earlier date if TMC shares trade at or above USD$12.00 per share for 20 trading days within a 30 trading day period), which prevents CDM selling down this position during the lock-up. In light of this, the Board has considered different alternatives to resolve the issue of concentration risk in CDM while at the same time adhering to the established Cadence investment process.

Potential Demerger of TMC into a separately listed and managed vehicle

The Board and Management of CDM are considering a demerger of the TMC investment under which it would transfer the majority of the TMC investment into a separate company. If the demerger were to be implemented, it is contemplated that eligible shareholders of CDM would receive one share in the separate company for each share they hold in CDM, and that company would be listed on the ASX as a separate listed investment company.

Such a proposal would be subject to shareholder approval and the ASX agreeing to list the new company and would give CDM shareholders the flexibility to determine whether they want to maintain exposure to TMC, reduce exposure to TMC or increase exposure to TMC (by holding, buying or selling shares in the new ASX-listed company following the demerger).

The Board and Management are reviewing all possible options for the successful investment in TMC with a view to maximizing the value of shareholders investment in CDM.

CDM Profits Reserves and Franking Account

The record profits from the last financial year ended 30th June 2021, combined with the profits from our TMC investment, has resulted in significant profits reserves and the ability to pay fully franked dividends for several years to come. CDM has the ability to offset some of these taxable profits against its existing tax asset meaning a portion of these gains will also be tax effective.

We will outline the retained profits and estimated size of the potential franking account in more detail in our upcoming monthly newsletters.

Financial Year to Date Performance

As of the close of business on the 9th September 2021, CDM had returned a gross performance of approximately 10% since the 1st July 2021, outperforming the All-Ordinaries Accumulation Index by 8%. The IPO of TMC has added approximately 17% of outperformance in the month of September.

As of 8am on 13th September 2021, CDM's financial year to date gross performance is approximately 28%, outperforming the All Ordinaries Accumulation Index by 25%.

We will continue to produce a weekly NTA every Monday morning to keep our shareholders up to date on their investment in CDM.

Karl Siegling
Chairman

Cadence Capital Ltd Pty Ltd ACN 112 870 096
Level 11, 131 Macquarie Street, Sydney NSW 2000 Australia
Web: www.cadencecapital.com.au

For more information contact Cadence Capital Limited on 02 8298 2444 or email info@cadencecapital.com.au
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