



Tuesday, 15 February 2022

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

**Financial Results – Half Year Ended 31 December 2021**

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 2021

For more information, please contact:

Vivien Gacho  
Joint Company Secretary  
Glennon Small Companies Limited

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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 2021**

## Half-year report

This half-year ended report is for the reporting half-year from 1 July 2021 to 31 December 2021. The previous corresponding period was 1 July 2020 to 31 December 2020.

### Results for announcement to the market

				\$'000
Revenue from ordinary activities	Down	5.40%	to	8,189
Profit before tax for the period	Down	13.32%	to	6,936
Profit from ordinary activities after tax attributable to members	Down	13.07%	to	4,903

### Explanation of revenue and net profit

During the half-year, revenue from ordinary activities decreased to \$8.189m (31 December 2020: \$8.656m) and net profit from ordinary activities decreased to \$6.936m (31 December 2020: net profit of \$8.002m). This decrease was mainly due to a lower combined realised and unrealised gains on the portfolio recognised during the half-year, amounting to \$7.994m (31 December 2020: \$8.466m).

### Dividends

Interim and final dividends on ordinary shares paid were fully franked at 30% and dividends on Resettable Redeemable Convertible Preference Shares ("RRCPS") were unfranked (2020: interim dividends on ordinary shares paid were fully franked at 30% and final dividends on ordinary shares paid were unfranked).

	Dividend Rate \$	Total Amount \$'000	Date of Payment	Percentage Franked
<b>2021</b>				
RRCPS - final 2021	0.28	160	30/09/2021	0%
Ordinary shares - final 2021	0.022	1,081	30/09/2021	100%
RRCPS - interim 2021	0.1841	105	31/03/2021	0%
Ordinary shares - interim 2021	0.01	460	31/03/2021	100%
<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%

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 2022 out of profits reserve at 31 December 2021.
- An unfranked dividend on Resettable Redeemable Convertible Preference Shares ("RRCPS") of 28 cents per RRCPS to be paid on 31 March 2022.

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 3 March 2022 to 16 March 2022 (inclusive).

## Dividend dates

Ex-dividend date	15/03/2022
Record date	16/03/2022
Last election date for the DRP (for ordinary shares only)	17/03/2022
Payment date	31/03/2022

## Net tangible assets (NTA)

	31 December 2021 \$	31 December 2020 \$
Net tangible asset backing (per share) after tax**	1.0307	0.9248
Net tangible asset backing (per share) before tax*	1.1161	0.9549

\*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 (2020: \$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 17 March 2022. 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 2021 Annual Financial Report.

Sydney  
 15 February 2022

# **Glennon Small Companies Limited**

ABN 52 605 542 229

## **Interim Report for the half-year ended 31 December 2021**

# **Glennon Small Companies Limited** ABN 52 605 542 229

## **Interim Report - for the half-year ended 31 December 2021**

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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 2021 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 (resigned 6 August 2021)  
Vivien Gacho

### **Investment Manager**

Glennon Capital Pty Ltd  
Level 26, 44 Market Street  
Sydney NSW 2000  
Phone: (02) 8027 1000

### **Registered office**

c/o Glennon Capital Pty Ltd  
Level 26, 44 Market 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 2021.

### **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 \$6,936,000 to 31 December 2021 (31 December 2020: profit before tax of \$8,002,000). The net result after tax was a profit of \$4,903,000 (31 December 2020: profit after tax of \$5,640,000).

The net tangible asset backing before all deferred tax balances as at 31 December 2021 was \$1.1161 per share (31 December 2020: \$0.9549).

### **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 had an expiry date of 29 October 2021. At the end of the term, 5,673,821 bonus options were exercised. 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 on issue as at period end, of which 3,798,138 are eligible under the loyalty bonus conditions. Since the end of the period, nil loyalty options have been exercised.

There were no other significant changes in the state of affairs of the Company during the half-year ended 31 December 2021.

### **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  
15 February 2022

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201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

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**e.** [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**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 of Glennon Small Companies Limited for the half year ended 31 December 2021, 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



S M Whiddett  
Partner

Pitcher Partners Sydney  
Sydney

15 February 2022

**Glennon Small Companies Limited**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2021**

	<b>Half-year ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Investment income from ordinary activities</b>		
Net realised gains/(losses) on investments	660	3,138
Net unrealised gains on investments	7,334	5,328
Dividends	189	189
Other income	6	1
	<u>8,189</u>	<u>8,656</u>
<b>Expenses</b>		
Management fees	(260)	(195)
Performance fees	(559)	-
Brokerage expense	(35)	(194)
Accounting fees	(39)	(41)
Share registry fees	(39)	(26)
Custody fees	(12)	(14)
Tax fees	(5)	(5)
Directors' fees	(25)	(25)
ASX fees	(28)	(23)
Audit fees	(35)	(33)
Other expenses	(45)	(71)
Finance costs	(171)	(27)
	<u>(1,253)</u>	<u>(654)</u>
<b>Profit before income tax</b>	<b>6,936</b>	<b>8,002</b>
Income tax expense	(2,033)	(2,362)
<b>Profit for the half-year</b>	<b>4,903</b>	<b>5,640</b>
<b>Other comprehensive income for the half-year, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the half-year</b>	<b>4,903</b>	<b>5,640</b>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>		
Basic earnings per share	10.00	12.67
Diluted earnings per share	10.00	12.67

*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 2021**

		<b>At</b>	
	<b>31 December</b>		<b>30 June</b>
	<b>2021</b>		<b>2021</b>
Notes	<b>\$'000</b>		<b>\$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	598		11,109
Trade and other receivables	60		43
Financial assets at fair value through profit or loss	60,182	3	42,471
Other current assets	49		57
<b>Total current assets</b>	<b>60,889</b>		<b>53,680</b>
<b>Non-current assets</b>			
Deferred tax asset	-		382
<b>Total non-current assets</b>	<b>-</b>		<b>382</b>
<b>Total assets</b>	<b>60,889</b>		<b>54,062</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	775		3,237
Other financial liabilities	161	5	80
<b>Total current liabilities</b>	<b>936</b>		<b>3,317</b>
<b>Non-current liabilities</b>			
Other financial liabilities	5,449	5	5,518
Deferred tax liabilities	1,637		-
<b>Total non-current liabilities</b>	<b>7,086</b>		<b>5,518</b>
<b>Total liabilities</b>	<b>8,022</b>		<b>8,835</b>
<b>Net assets</b>	<b>52,867</b>		<b>45,227</b>
<b>EQUITY</b>			
Issued capital	48,692	7	44,874
Profits reserve	20,993		17,171
Accumulated losses	(16,818)		(16,818)
<b>Total equity</b>	<b>52,867</b>		<b>45,227</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 2021**

	Notes	Issued capital \$'000	Profits reserve \$'000	Accumulated losses \$'000	Total \$'000
<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>
		Issued capital \$'000	Profits reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance at 1 July 2021</b>		44,874	17,171	(16,818)	45,227
Net profit for the period		-	-	4,903	4,903
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued under dividend reinvestment plan	7	197	-	-	197
Shares issued on options exercised	7	3,651	-	-	3,651
Costs of issued capital	7	(30)	-	-	(30)
Dividends provided for or paid	8	-	(1,081)	-	(1,081)
Transfer to profits reserve (net of tax)		-	4,903	(4,903)	-
		3,818	3,822	(4,903)	2,737
<b>Balance at 31 December 2021</b>		<b>48,692</b>	<b>20,993</b>	<b>(16,818)</b>	<b>52,867</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 2021**

	<b>Half-year ended</b>	
	<b>31 December 2021</b>	31 December 2020
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial assets at fair value through profit or loss	11,823	57,178
Payments for purchase of financial assets at fair value through profit or loss	(24,475)	(68,596)
Dividends and distributions received	60	160
Other income received	6	-
Management fees paid	(253)	(190)
Brokerage expenses paid	(30)	(196)
Payments for other expenses	(216)	(229)
<b>Net cash outflow from operating activities</b>	<b>(13,085)</b>	<b>(11,873)</b>
<b>Cash flows from financing activities</b>		
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	3,651	93
Transaction costs on issue of shares	(34)	(45)
Shares issued under DRP placement shortfall arrangement	-	724
Dividends paid to Company's shareholders	(884)	(724)
Withholding tax paid on dividends	(4)	(10)
Dividends paid on resettable redeemable convertible preference shares	(155)	-
<b>Net cash inflow from financing activities</b>	<b>2,574</b>	<b>5,487</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,511)</b>	<b>(6,386)</b>
Cash and cash equivalents at the beginning of the half-year	11,109	10,480
<b>Cash and cash equivalents at the end of half-year</b>	<b>598</b>	<b>4,094</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 26, 44 Market 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 2021 to 31 December 2021. The previous corresponding half-year was 1 July 2020 to 31 December 2020.

## **2 Basis of preparation**

These interim financial statements for the half-year reporting period ended 31 December 2021 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 2021 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 2021 that have a material impact on the amounts recognised in the prior periods or will affect current or future periods. There are no standards issued but not yet effective that would have a material impact on the amounts recognised in the financial statements in the future.

### **(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 2021.

### **(b) 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).

### 3 Fair value measurement (continued)

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

##### (i) Recognised fair value measurements

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2021 and 30 June 2021 on a recurring basis.

At 31 December 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Listed equity securities	59,902	-	-	59,902
Unlisted equity securities	-	280	-	280
<b>Total financial assets</b>	<b>59,902</b>	<b>280</b>	<b>-</b>	<b>60,182</b>

  

At 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Listed equity securities	41,764	427	-	42,191
Unlisted equity securities	-	280	-	280
<b>Total financial assets</b>	<b>41,764</b>	<b>707</b>	<b>-</b>	<b>42,471</b>

The investments included in Level 2 of the hierarchy are unlisted equity securities (30 June 2021: unlisted equity securities and placement) 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 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.

The level 2 placement as at 30 June 2021 was transferred to level 1 when equity shares were received for this investment in July 2021. There were no other transfers between levels in the fair value hierarchy at the end of the reporting period.

##### (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 2021 \$'000	30 June 2021 \$'000
Carrying amount	5,610	5,598
Fair value	6,128	5,996

The fair value of the RRCPS as at 31 December 2021 amounting to \$6,128,000 was determined by reference to published price quotation of \$10.75 on each RRCPS ticker ASX:GC1PA as at 31 December 2021.

The carrying amounts of trade and other receivables and payables are assumed to 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

	<b>At</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2021</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Dividends on Resettable Redeemable Convertible Preference Shares - current	<b>161</b>	80
Resettable Redeemable Convertible Preference Shares - non-current	<b>5,449</b>	5,518
	<b>5,610</b>	5,598

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

*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 2021, using the face value of \$10 per RRCPS as Total Debt, the LTV ratio was 8.48% determined as follows:

$$\text{LTV Ratio} = \frac{\$5,700,000 - \$598,000}{\$60,182,000}$$

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 2021 (30 June 2021: nil).

#### 7 Issued capital

##### (a) Share capital

	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares	<b>51,169,560</b>	45,274,562	<b>48,692</b>	44,296

## **7 Issued capital (continued)**

### **(b) Movements in ordinary share capital**

	<b>31 December 2021 Shares</b>	<b>31 December 2021 \$'000</b>
Opening balance 30 June 2021	46,069,108	44,874
Options exercised for \$0.75 per share	4,868,352	3,651
Dividends reinvestment plan issue	232,100	197
Cost of issued capital, net of tax	-	(30)
<b>Balance 31 December 2021</b>	<b>51,169,560</b>	<b>48,692</b>

  

	<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>

### **(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.

Every holder of ordinary shares is entitled to one vote when a poll or meeting is called. All substantive resolutions at a meeting of shareholders are decided by a poll rather than by a show of hands.

### **(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 had an expiry date of 29 October 2021. At the end of the term, 5,673,821 bonus options were exercised.

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 on issue as at period end, of which 3,798,138 are eligible under the loyalty bonus conditions. No loyalty options have been exercised during the half-year.

### **(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.

## **8 Dividends**

### **(a) Ordinary shares**

Interim and final dividends on ordinary shares paid were fully franked at 30% (2020: Interim dividends paid were fully franked at 30% and final dividends were unfranked).

	<b>Dividend Rate \$</b>	<b>Total Amount \$'000</b>	<b>Date of Payment</b>	<b>Percentage Franked</b>
<b>2021</b>				
Ordinary shares - final 2021	0.022	1,081	30/09/2021	100%
Ordinary shares - interim 2021	0.01	460	31/03/2021	100%
<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) 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 2022 out of the profits reserve at 31 December 2021, but not recognised as a liability at period end, is \$511,696.

### **(c) Resettable redeemable convertible preference shares**

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

Interim and final dividends on Resettable Redeemable Convertible Preference Shares ("RRCPS") were unfranked.

	<b>Dividend Rate \$</b>	<b>Total Amount \$'000</b>	<b>Date of Payment</b>	<b>Percentage Franked</b>
<b>2021</b>				
RRCPS - final 2021	0.28	160	30/09/2021	0%
RRCPS - interim 2021	0.1841	105	31/03/2021	0%

Post half-year end, the Directors have declared an unfranked dividend of 28 cents per RRCPS to be paid on 31 March 2022.

## **9 Related party transactions**

All transactions with related entities were made on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Michael Glennon is a Director and beneficial owner of Glennon Capital Pty Ltd, the Company appointed to manage the investment portfolio of Glennon Small Companies Limited. In its capacity as Manager, Glennon Capital Pty Ltd was paid a management fee of 1% p.a. (plus GST) of the net asset value of the portfolio amounting to \$260,470 net of reduced input tax credits (2020: \$195,198). As at 31 December 2021, the balance payable to the Manager was \$50,965 (30 June 2021: \$40,578).

## **9 Related party transactions (continued)**

In addition, the Manager is to be paid, quarterly in arrears, a performance fee of 20% (plus GST) of the portfolio's outperformance over the S&P/ASX Small Ordinaries Accumulation Index. For the half-year ended 31 December 2021 in its capacity as manager, Glennon Capital Pty Ltd earned performance fee net of reduced input tax credit amounting to \$558,730 (2020: \$nil). As at 31 December 2021, the balance payable to the Manager was \$599,613 (30 June 2021: \$nil).

For the half-year ended 31 December 2021, in their capacity as Company Secretary, Glennon Capital Pty Ltd was paid company secretarial fees of \$16,400 (2020: \$16,400). As at 31 December 2021, the balance payable in respect of company secretarial fees was nil (30 June 2020: nil).

## **10 Events occurring after the reporting period**

Other than the dividends declared after half-year end as disclosed in Note 8, 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 2021**

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 2021 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  
15 February 2022

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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 2021, 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 2021 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 2021 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.



S M Whiddett  
Partner



Pitcher Partners  
Sydney

15 February 2022