

CADENCE OPPORTUNITIES FUND LIMITED
A.B.N. 37 627 359 166

APPENDIX 4E
PRELIMINARY FINAL REPORT
for the year ended 30 June 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the year ended 30 June 2022

	\$	up/down	% mvmt
Revenue from ordinary activities	(650,258)	Up	36%
Loss from ordinary activities before tax attributable to members	(2,305,260)	Up	11%
Loss from ordinary activities after tax attributable to members	(1,342,875)	Up	12%
Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2023 Final dividend per share	6.5c	6.5c	30%
2023 Interim dividend per share	7.5c	7.5c	30%
2022 Final dividend per share	7.5c	7.5c	30%
2022 Interim dividend per share	7.5c	7.5c	30%
Final dividend dates			
Ex dividend date			16 October 2023
Record date			17 October 2023
Payment date			31 October 2023
<p>The Dividend Re-Investment Plan (“DRP”) is in operation for the final dividend of 6.5c per share. The relevant issue price will be calculated as the weighted average market price of shares sold on the ASX over the 4 trading days commencing on the ex-dividend date. The last date for DRP election is the 19 October 2023.</p>			
		30 June 2023	30 June 2022
Net tangible asset backing after tax		\$2.06	\$2.30
<p><i>This report is based on the 2023 Financial Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.</i></p>			

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
INCOME			
Net realised and unrealised loss on investments		(2,415,947)	(2,364,981)
Dividends received		1,318,141	1,342,435
Interest received		433,222	11,226
Other income		14,326	-
Total Loss		<u>(650,258)</u>	<u>(1,011,320)</u>
EXPENSES			
Finance costs		(269,720)	(91,527)
Brokerage expenses on share purchases		(273,912)	(594,816)
Directors fees		(75,000)	(61,875)
Dividends on short positions		(235,956)	(58,035)
Stock loan fees		(107,671)	(38,755)
Custody fees		(29,871)	(46,800)
Audit and taxation fees		(95,900)	(60,917)
Management fees		(436,036)	(454,870)
ASX Fees		(48,632)	(100,153)
Registry fees		(17,103)	(29,393)
Other expenses from ordinary activities		(65,201)	(36,288)
Total Expenses		<u>(1,655,002)</u>	<u>(1,573,429)</u>
Loss before income tax		(2,305,260)	(2,584,749)
Income tax benefit	2(a)	<u>962,385</u>	<u>1,064,547</u>
Loss attributable to members of the Company		<u>(1,342,875)</u>	<u>(1,520,202)</u>
Other comprehensive income			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(1,342,875)</u>	<u>(1,520,202)</u>
Basic loss per share	11	<u>(8.7) cents</u>	<u>(11.6) cents</u>
Diluted loss per share	11	<u>(8.7) cents</u>	<u>(11.6) cents</u>

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
ASSETS			
Cash and cash equivalents	4	21,196,633	24,024,178
Trade and other receivables	5	519,980	2,857,497
Financial assets at fair value through profit or loss	6	18,085,246	20,843,032
Current tax asset	2(d)	207,104	56,203
Deferred tax asset	2(b)	1,296,957	332,239
TOTAL ASSETS		41,305,920	48,113,149
LIABILITIES			
Cash overdrafts	4	3,956,359	2,502,848
Trade and other payables	7	1,451,512	2,837,412
Financial liabilities at fair value through profit or loss	8	3,717,097	7,764,124
TOTAL LIABILITIES		9,124,968	13,104,384
NET ASSETS		32,180,952	35,008,765
EQUITY			
Issued capital	9	32,734,202	31,920,498
Profits reserve	10	5,551,467	7,850,109
Accumulated losses		(6,104,717)	(4,761,842)
TOTAL EQUITY		32,180,952	35,008,765

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2021		14,848,568	-	7,117,368	21,965,936
Loss for the year		-	(1,520,202)	-	(1,520,202)
Transfer to profits reserve	10	-	(3,241,640)	3,241,640	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued (net of costs)	9	15,908,480	-	-	15,908,480
Shares issued via DRP	9	1,163,450	-	-	1,163,450
Dividends paid	3(a)	-	-	(2,508,899)	(2,508,899)
Balance at 30 June 2022		31,920,498	(4,761,842)	7,850,109	35,008,765
Loss for the year		-	(1,342,875)	-	(1,342,875)
Transfer to profits reserve	10	-	-	-	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via DRP	9	813,704	-	-	813,704
Dividends paid	3(a)	-	-	(2,298,642)	(2,298,642)
Balance at 30 June 2023		32,734,202	(6,104,717)	5,551,467	32,180,952

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from the sale of investments	153,277,915	347,319,175
Payments for the purchase of investments	(156,027,512)	(341,439,805)
Dividends received	1,322,452	1,343,547
Interest received	388,994	11,226
Other income received	14,326	-
Management fees paid	(440,509)	(444,140)
Performance fees paid	-	(1,603,871)
Brokerage expenses on share purchases	(273,912)	(594,816)
Dividends on shorts	(230,028)	(51,928)
Finance costs	(269,720)	(91,527)
Income tax paid	(153,231)	(666,275)
Payments for administration expenses	(404,893)	(355,222)
NET CASH (USED)/ GENERATED BY OPERATING ACTIVITIES	(2,796,118)	3,426,364
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from shares issued	-	15,527,884
Dividends paid	(1,484,938)	(1,345,449)
NET CASH (USED IN)/ PROVIDED BY FINANCING ACTIVITIES	(1,484,938)	14,182,435
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS HELD	(4,281,056)	17,608,799
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	21,521,330	3,912,531
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	17,240,274	21,521,330
NON-CASH TRANSACTIONS:		
Shares issued via dividend reinvestment plan	813,704	1,163,450

The accompanying notes form part of these financial statements.

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

Balances included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Company's presentation currency.

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise indicated.

The accounting policies are consistent with those applied in the 30 June 2022 Annual Report.

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.

This preliminary report was authorised by the Directors on 30 August 2023.

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. TAXATION	2023	2022
(a) Current Income Tax Benefit	\$	\$
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax benefit as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(691,578)	(775,425)
Imputation credit gross up	120,575	129,590
Franked dividends receivable – current year	(401,917)	(431,967)
Foreign tax gross up	5,890	-
Other	4,645	13,255
	<u>(962,385)</u>	<u>(1,064,547)</u>
Effective tax rate	(41.7%)	(41.2%)
The effective tax rate for FY2023 is -41.7% reflecting the benefit to the Company of franking credits received on dividend income during the year.		
Total income tax benefit results in a:		
Current tax asset	-	(56,203)
Movement in deferred tax assets/liabilities	(962,385)	(1,079,383)
Other	-	71,039
	<u>(962,385)</u>	<u>(1,064,547)</u>
(b) Deferred Tax Asset		
Provisions	13,859	11,683
Capitalised share issue costs	51,897	55,244
Fair value adjustment	(335,552)	83,690
Tax losses	1,566,753	181,622
	<u>1,296,957</u>	<u>332,239</u>
Movement in deferred tax asset		
Balance at the beginning of the year	332,239	14,572
Credited to the profit or loss	962,385	317,667
Movement relating to under adjustment	2,333	-
	<u>1,296,957</u>	<u>332,239</u>
(c) Deferred Tax Liability		
Provisions	-	-
Fair value adjustments	-	-
	<u>-</u>	<u>-</u>
Movement in deferred tax liability		
Balance at the beginning of the year	-	826,189
Credited to the profit or loss	-	(826,189)
	<u>-</u>	<u>-</u>
(d) Current Tax Asset		
Balance at the beginning of the year	56,203	(611,359)
Income tax paid	209,434	666,275
Income tax received	(56,203)	-
Prior year under/(over)	(2,330)	1,287
	<u>207,104</u>	<u>56,203</u>

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3. DIVIDENDS

(a) Dividends paid during the period

	2023	2022
	\$	\$
Dividends paid by the Company	<u>2,298,642</u>	<u>2,508,899</u>

2023

Dividends paid by the Company for the year ended 30 June 2023	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Interim 2023 Ordinary	7.5	28 April 23	30%	100%	1,156,095
Final 2022 Ordinary	7.5	28 October 22	30%	100%	1,142,547
Total Amount					<u>2,298,642</u>

2022

Dividends paid by the Company for the year ended 30 June 2022	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Interim 2022 Ordinary	7.5	14 April 22	30%	100%	1,129,373
Final 2021 Ordinary	12.0	29 October 21	30%	100%	1,103,621
Final 2021 Special	3.0	29 October 21	30%	100%	275,905
Total Amount					<u>2,508,899</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>1,200,786</u>	<u>1,630,770</u>
------------------	------------------

Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in (a) and the current tax asset disclosed in Note 2(d). 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.

(b) Dividends not recognised during the period

Since the end of the year the Directors have declared a fully franked final dividend of 6.5 cents per share payable on 31 October 2023. The Ex-Date for the dividend is 16 October 2023.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	21,196,633	24,024,178
Cash overdrafts	<u>(3,956,359)</u>	<u>(2,502,848)</u>
	<u>17,240,274</u>	<u>21,521,330</u>

5. TRADE AND OTHER RECEIVABLES

Trade debtors	462,448	2,824,251
Income receivable	44,228	4,311
GST receivable	13,304	28,935
	<u>519,980</u>	<u>2,857,497</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 interest income, it is non-interest bearing and is unsecured.

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Long positions - held for trading financial assets:		
Listed Investments at fair value	18,085,246	20,655,288
Swap positions at fair value	-	187,744
	<u>18,085,246</u>	<u>20,843,032</u>

7. TRADE AND OTHER PAYABLES

Trade creditors	1,335,558	2,741,771
Dividends payable on shorts	12,035	6,107
Sundry creditors - related parties	41,868	46,341
Sundry creditors - other	62,051	43,193
	<u>1,451,512</u>	<u>2,837,412</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 - related parties, includes fees payable of \$41,868 (inclusive of GST) (2022: \$46,341) to the manager, Cadence Asset Management Pty Limited.

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

8. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Short positions - held for trading financial liabilities:

Listed investments at fair value	<u>3,717,097</u>	<u>7,764,124</u>
----------------------------------	------------------	------------------

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	32,942,904	32,129,200
Share issue transaction costs	(298,146)	(298,146)
Deferred tax asset on share issue transaction costs	89,444	89,444
	<u>32,734,202</u>	<u>31,920,498</u>

2023 Date	Details	Share Price \$	No. of Shares	Value \$
	Balance at beginning of the year		15,233,945	32,129,200
28 October 2022	DRP	\$2.2367	180,640	404,015
28 April 2023	DRP	\$2.0918	195,185	409,689
			<u>15,609,770</u>	<u>32,942,904</u>

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

2022 Date	Details	Share Price \$	No. of Shares	Value \$
Balance at beginning of the year			8,984,340	14,869,214
1 July 2021	Placement	\$2.5983	115,459	300,000
1 August 2021	Placement	\$2.5763	97,038	250,000
29 October 2021	DRP	\$2.8210	252,232	711,547
19 November 2021	IPO	\$2.7716	5,609,228	15,546,536
14 April 2022	DRP	\$2.5729	175,648	451,903
			15,233,945	32,129,200

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. 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. The Company is not subject to any externally imposed capital requirements.

On 19 November 2021, the Company completed a successful capital raise of \$15.5 million and listed on the ASX under the ticker CDO.

10. PROFITS RESERVE

	2023 \$	2022 \$
Profits Reserve	5,551,467	7,850,109
Movement in Profits Reserve:		
Opening balance	7,850,109	7,117,368
Transfer from Accumulated Losses	-	3,241,640
Dividends paid (Note 3)	(2,298,642)	(2,508,899)
	5,551,467	7,850,109

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

11. EARNINGS PER SHARE

	2023 Cents per share	2022 Cents per share
Basic loss per share	(8.7)	(11.6)

CADENCE OPPORTUNITIES FUND LIMITED

A.B.N. 37 627 359 166

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
11. EARNINGS PER SHARE (Continued)		
Loss after income tax used in the calculation of earnings per share	<u>(1,342,875)</u>	<u>(1,520,202)</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	<u>15,388,886</u>	<u>13,097,310</u>
Weighted average number of ordinary shares during the year used in calculation of diluted earnings per share	<u>15,388,886</u>	<u>13,097,310</u>
<u>Reconciliation of weighted average number of shares:</u>		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	<u>15,388,886</u>	<u>13,097,310</u>
Add:		
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	<u>-</u>	<u>-</u>
Weighted average number of shares used in the calculation of diluted earnings per share	<u>15,388,886</u>	<u>13,097,310</u>

As at the end of the year, there are no outstanding securities that are potentially dilutive in nature for the Company.

12. EVENTS AFTER THE REPORTING PERIOD

The Board have declared a 6.5 cents per share fully franked final dividend payable on 31 October 2023. The Ex-Date for the dividend is 16 October 2023.

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.

13. CONTINGENT LIABILITIES

There were no contingencies as at 30 June 2023 (2022: nil).

14. CAPITAL COMMITMENTS

Capital commitments exist for placements entered into before 30 June 2023, which settle after year end.

	2023 \$	2022 \$
	<u>47,897</u>	<u>-</u>

15. 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.