

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

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 | (5,677,906) | down | 592% |
| Profit from ordinary activities before tax attributable to members | (14,872,399) | down | 46% |
| Profit from ordinary activities after tax attributable to members | (7,762,365) | down | 74% |
| | | Franked amount per share | Tax rate for franking |
| Dividend Information | Amt per share | | |
| 2023 Final dividend per share (declared) | 3.0c | 3.0c | 30% |
| 2023 Interim dividend per share (paid) | 4.0c | 4.0c | 30% |
| 2022 Final dividend per share (paid) | 4.0c | 4.0c | 30% |
| 2022 Interim dividend per share (paid) | 4.0c | 4.0c | 30% |
| Final dividend dates | | | |
| The Board has declared a 3.0 cent per share fully franked final dividend payable on 31 October 2023. The Ex-Date for the dividend is 16 October 2023 and the Record Date is 17 October 2023. | | | |
| The Dividend Re-Investment Plan ("DRP") is in operation for the final dividend of 3.0c per share. 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 closing date / last date for DRP election is the 19 October 2023. | | | |
| | | 30 June 2023 | 30 June 2022 |
| Net tangible asset backing after tax | | \$1.01 | \$1.11 |
| <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> | | | |

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 2023

| | Note | 2023 \$ | 2022 \$ |
|-----------------------------------------------------------|------|---------------------|---------------------|
| INCOME | | | |
| Net realised and unrealised (loss)/ profit on investments | | (21,991,217) | (14,252,837) |
| Dividends received | | 12,340,903 | 13,371,487 |
| Interest received | | 3,910,405 | 61,212 |
| Other income | | 62,003 | - |
| Total Loss | | (5,677,906) | (820,138) |
| EXPENSES | | | |
| Finance costs | | (1,786,260) | (859,707) |
| Management fees | | (2,770,650) | (3,322,085) |
| Assignment fees | | (116,948) | (140,223) |
| Directors fees | | (75,000) | (75,000) |
| Dividends on short positions | | (1,711,268) | (673,302) |
| Stock loan fees | | (573,162) | (188,816) |
| Brokerage expenses on share purchases | | (1,575,479) | (3,358,024) |
| ASX fees | | (85,649) | (99,854) |
| Registry fees | | (95,934) | (108,727) |
| Legal fees | | - | (54,643) |
| Custody fees | | (115,379) | (170,897) |
| Audit and taxation fees | | (147,230) | (206,347) |
| Other expenses from ordinary activities | | (141,534) | (94,335) |
| Total Expenses | | (9,194,493) | (9,351,960) |
| Loss before income tax | | (14,872,399) | (10,172,098) |
| Income tax benefit | 2(a) | 7,110,034 | 5,706,486 |
| Loss attributable to members of the Company | | (7,762,365) | (4,465,612) |
| Other comprehensive income | | | |
| Other comprehensive income for the period, net of tax | | - | - |
| Total comprehensive loss for the year | | (7,762,365) | (4,465,612) |
| Basic loss per share | 11 | (2.6) cents | (1.5) cents |
| Diluted loss per share | 11 | (2.6) cents | (1.5) cents |

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

| | Note | 2023 \$ | 2022 \$ |
|------------------------------------------------------------|------|--------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | 4 | 164,512,700 | 179,744,292 |
| Trade and other receivables | 5 | 3,697,197 | 12,033,393 |
| Financial assets at fair value through profit or loss | 6 | 151,466,884 | 180,107,037 |
| Current Tax Asset | 2(c) | 1,566,793 | - |
| Deferred tax asset | 2(b) | 50,893,904 | 43,783,870 |
| TOTAL ASSETS | | 372,137,478 | 415,668,592 |
| LIABILITIES | | | |
| Cash overdrafts | 4 | 32,379,552 | 17,838,049 |
| Trade and other payables | 7 | 10,581,346 | 15,773,721 |
| Financial liabilities at fair value through profit or loss | 8 | 29,063,321 | 50,358,654 |
| TOTAL LIABILITIES | | 72,024,219 | 83,970,424 |
| NET ASSETS | | 300,113,259 | 331,698,168 |
| EQUITY | | | |
| Issued capital | 9 | 413,342,122 | 413,342,122 |
| Profits reserve | 10 | 64,753,818 | 88,576,362 |
| Accumulated losses | | (177,982,681) | (170,220,316) |
| TOTAL EQUITY | | 300,113,259 | 331,698,168 |

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

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 | | 411,950,669 | (129,288,711) | 72,774,128 | 355,436,086 |
| Loss for the year | | - | (4,465,612) | - | (4,465,612) |
| Transfer to profits reserve | 10 | - | (36,465,993) | 36,465,993 | - |
| Other comprehensive income for the year | | - | - | - | - |
| Transactions with owners: | | | | | |
| Shares issued via DRP | | 2,615,937 | - | - | 2,615,937 |
| On-market share buy-back | 9 | (1,224,484) | - | - | (1,224,484) |
| Dividends paid | 3(a) | - | - | (20,663,759) | (20,663,759) |
| Balance at 30 June 2022 | | 413,342,122 | (170,220,316) | 88,576,362 | 331,698,168 |
| Loss for the year | | - | (7,762,365) | - | (7,762,365) |
| Transfer to profits reserve | 10 | - | - | - | - |
| Other comprehensive income for the year | | - | - | - | - |
| Transactions with owners: | | | | | |
| Dividends paid | 3(a) | - | - | (23,822,544) | (23,822,544) |
| Balance at 30 June 2023 | | 413,342,122 | (177,982,681) | 64,753,818 | 300,113,259 |

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

| | Note | 2023 \$ | 2022 \$ |
|----------------------------------------------------------------------------|------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds from the sale of investments | | 889,535,927 | 2,246,235,288 |
| Payments for the purchase of investments | | (901,253,867) | (2,085,956,358) |
| Dividends received | | 12,357,379 | 13,442,919 |
| Interest received | | 3,910,405 | 61,212 |
| Other income received | | 62,003 | - |
| Management fees paid | | (2,807,392) | (3,231,742) |
| Performance fees paid | | - | (9,286,218) |
| Brokerage expenses on share purchases | | (1,575,479) | (3,358,024) |
| Interest paid | | (1,786,260) | (859,707) |
| Dividends paid on shorts | | (1,640,817) | (630,593) |
| Stock loan fees paid | | (573,162) | (188,816) |
| Payments for administration expenses | | (612,495) | (1,504,192) |
| Income tax paid | | (1,566,793) | (11,209,762) |
| NET CASH (USED BY)/ GENERATED BY OPERATING ACTIVITIES | | (5,950,551) | 143,514,007 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividends paid | | (23,822,544) | (18,047,823) |
| On-market share buy-back | | - | (1,224,484) |
| NET CASH USED IN FINANCING ACTIVITIES | | (23,822,544) | (19,272,307) |
| NET INCREASE IN CASH HELD | | (29,773,095) | 124,241,700 |
| CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR | 4 | 161,906,243 | 37,664,543 |
| CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR | 4 | 132,133,148 | 161,906,243 |
| NON-CASH TRANSACTIONS: | | | |
| Shares issued via dividend reinvestment plan | | - | 2,615,936 |

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cadence Capital 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 CAPITAL LIMITED

A.B.N. 17 112 870 096

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

2. TAXATION

(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:

| | 2023 \$ | 2022 \$ |
|-----------------------------------------------------------------------------------|--------------------|--------------------|
| Prima facie tax benefit on loss from ordinary activities before income tax at 30% | (4,461,720) | (3,051,629) |
| Imputation credit gross up | 1,074,063 | 1,163,255 |
| Franked dividends receivable – prior year | - | 26,372 |
| Franking credits on dividends received | (3,580,209) | (3,877,517) |
| Foreign tax gross up | 44,063 | - |
| Foreign tax credits on dividends received | (146,877) | - |
| Other | (39,354) | 33,033 |
| | (7,110,034) | (5,706,486) |
| Effective tax rate | (47.8%) | (56.1%) |

The effective tax rate for FY2023 is -47.8% reflecting the benefit to the Company of franking credits received on dividend income during the year.

Total income tax benefit results in a:

| | | |
|---------------------------------------|--------------------|--------------------|
| Movement in deferred tax assets - net | (8,676,827) | (16,916,349) |
| Current tax liability | 1,566,793 | 11,209,762 |
| Other | - | 100 |
| | (7,110,034) | (5,706,487) |

(b) Deferred Tax Assets

| | | |
|-------------------------------|-------------------|-------------------|
| Provisions | 27,700 | 14,872 |
| Capitalised share issue costs | 9,288 | 12,384 |
| Fair value adjustments | (2,805,271) | (930,312) |
| Tax losses | 53,662,191 | 44,686,920 |
| Other | (4) | 6 |
| | 50,893,904 | 43,783,870 |

Movement in deferred tax assets

| | | |
|----------------------------------------|-------------------|-------------------|
| Balance at the beginning of the period | 43,783,870 | 26,867,521 |
| Credited to the profit or loss | 7,110,034 | 16,916,349 |
| | 50,893,904 | 43,783,870 |

(c) Current Tax Assets

Movement in current tax assets

| | | |
|---------------------------------------------|------------------|--------------|
| Balance at the beginning of the period | - | - |
| Current year income tax on operating profit | - | (11,209,762) |
| Income tax paid | 1,566,793 | 11,209,762 |
| At reporting date | 1,566,793 | - |

CADENCE CAPITAL LIMITED

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

3. DIVIDENDS

(a) Dividends paid

| | 2023 | 2022 |
|-------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Dividends paid by the Company | <u>23,822,544</u> | <u>20,663,759</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 | 4.0 | 28 April 23 | 30% | 100% | 11,911,272 |
| Final 2022 Ordinary | 4.0 | 28 October 22 | 30% | 100% | 11,911,272 |
| Total Amount | | | | | <u>23,822,544</u> |

Subsequent to 30 June 2023, the Board have declared a 3.0 cent per share fully franked final dividend payable on 31 October 2023. The Ex-Date for the dividend is 16 October 2023.

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 | 4.0 | 14 April 22 | 30% | 100% | 11,807,691 |
| Final 2021 Ordinary | 3.0 | 29 October 21 | 30% | 100% | 8,856,068 |
| Total Amount | | | | | <u>20,663,759</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>2,161,229</u> | <u>7,223,889</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(c). 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 | 164,512,700 | 179,744,292 |
| Cash overdrafts | <u>(32,379,552)</u> | <u>(17,838,049)</u> |
| | <u>132,133,148</u> | <u>161,906,243</u> |

5. TRADE AND OTHER RECEIVABLES

| | | |
|-------------------|-------------------------|--------------------------|
| Trade debtors | 3,633,411 | 11,850,973 |
| Income receivable | - | 16,476 |
| Sundry debtors | <u>63,786</u> | <u>165,944</u> |
| | <u>3,697,197</u> | <u>12,033,393</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 2023

| | 2023 \$ | 2022 \$ |
|-----------------------------------------------------|--------------------|--------------------|
| 6. FINANCIAL ASSETS | | |
| Long positions - held for trading financial assets: | | |
| Listed investments at fair value | 151,466,884 | 178,519,456 |
| Swap positions at fair value | - | 1,587,581 |
| | 151,466,884 | 180,107,037 |

7. TRADE AND OTHER PAYABLES

| | | |
|------------------------------------|-------------------|-------------------|
| Trade creditors | 9,973,089 | 15,262,194 |
| Dividends payable on shorts | 113,160 | 42,709 |
| Sundry creditors - related parties | 111,909 | 123,672 |
| Sundry creditors - other | 383,188 | 345,146 |
| | 10,581,346 | 15,773,721 |

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 \$111,909 (inclusive of GST) (2022: \$123,672) to the manager, Cadence Asset Management Pty Limited.

8. FINANCIAL LIABILITIES

Short positions - held for trading financial liabilities:

| | | |
|----------------------------------|-------------------|-------------------|
| Listed investments at fair value | 29,063,321 | 50,358,654 |
|----------------------------------|-------------------|-------------------|

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 | 416,238,551 | 416,238,551 |
| Capitalised share issue costs | (4,137,756) | (4,137,756) |
| Deferred tax asset on capitalised share issue costs | 1,241,327 | 1,241,327 |
| | 413,342,122 | 413,342,122 |

2023

| Date | Details | Share Price \$ | No. of Shares | Value \$ |
|------------------------------|---------|-------------------|--------------------|--------------------|
| Balance at beginning of year | | | 297,781,801 | 416,238,551 |
| Balance at end of year | | | 297,781,801 | 416,238,551 |

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

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 | | | 296,281,088 | 414,847,098 |
| July 2021 | On-market share buy-back | \$1.09057 | (510,739) | (556,999) |
| August 2021 | On-market share buy-back | \$1.12022 | (130,000) | (145,629) |
| September 2021 | On-market share buy-back | \$1.22130 | (262,000) | (319,982) |
| October 2021 | On-market share buy-back | \$1.08820 | (176,079) | (191,609) |
| November 2021 | On-market share buy-back | \$1.02650 | (10,000) | (10,265) |
| April 2022 | Share issued via DRP | \$1.01020 | 2,589,531 | 2,615,937 |
| | | | 297,781,801 | 416,238,551 |

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 since the prior year. The Company is not subject to any externally imposed capital requirements.

On 24 May 2021 the Company announced the approval of an 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 finished on 8 June 2022.

10. PROFITS RESERVE

| | 2023 \$ | 2022 \$ |
|-------------------------------------|-------------------|-------------------|
| Profits Reserve | 64,753,818 | 88,576,362 |
| Movement in Profits Reserve: | | |
| Opening balance | 88,576,362 | 72,774,128 |
| Transfer from Accumulated Losses | - | 36,465,993 |
| Dividends paid (Note 3) | (23,822,544) | (20,663,759) |
| | 64,753,818 | 88,576,362 |

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

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

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

11. EARNINGS PER SHARE

| | 2023 Cents per share | 2022 Cents per share |
|------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| Basic loss per share | (2.6) | (1.5) |
| | 2023 \$ | 2022 \$ |
| Loss after income tax used in the calculation of earnings per share | <u>(7,762,365)</u> | <u>(4,465,612)</u> |
| | No. | No. |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share | <u>297,781,801</u> | <u>295,874,769</u> |
| Weighted average number of ordinary shares during the year used in calculation of diluted earnings per share | <u>297,781,801</u> | <u>295,874,769</u> |
| <u>Reconciliation of weighted average number of shares:</u> | | |
| Weighted average number of ordinary shares used in calculation of basic earnings per share | <u>297,781,801</u> | <u>295,874,769</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>297,781,801</u> | <u>295,874,769</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 3.0 cent 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

| | 2023 \$ | 2022 \$ |
|---------------------------------------------------------------------------------------------------------|----------------|------------|
| Capital commitments exist for placements entered into before 30 June 2023, which settle after year end. | <u>431,069</u> | <u>-</u> |

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

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

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.