

# Contango Asset Management Limited and Controlled Entities

ACN 080 277 998

## APPENDIX 4D HALF-YEAR REPORT

### HALF-YEAR ENDED 31 DECEMBER 2021

#### Results for announcement to the market

**Reporting period:** 1 July 2021 to 31 December 2021

**Previous corresponding period:** 1 July 2020 to 31 December 2020

Results		\$'000	%		31 Dec 21 \$'000	31 Dec 20 \$'000
Revenue from ordinary activities	Up	605	20.9	to	3,493	2,888
Loss from ordinary activities after tax attributable to members	Down	71	55.9	to	(56)	(127)
Net loss for the period attributable to members	Down	71	55.9	to	(56)	(127)

Dividends	Amount per security	Franked amount per security
Final dividend – no dividend is proposed	Nil	Nil
Interim dividend – no dividend is proposed	Nil	Nil

Record date for determining entitlements to the interim dividend	N/A
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NTA Backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary share	9.6 cents	10.6 cents

Gain of control of subsidiaries	N/A
Date of gain of control	N/A
Loss of control of subsidiaries	N/A

## **Contango Asset Management Limited and Controlled Entities**

### **Appendix 4D**

This information should be read in conjunction with the 2021 Annual Financial Report of Contango Asset Management Limited (ASX code: CGA) and its controlled entities and any public announcements made in the period by Contango Asset Management Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2021.

The Interim Financial Report has been subject to review by Ernst & Young and is not qualified.

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The 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 Contango Asset Management Limited (ASX Code: CGA) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

# Contango Asset Management Limited and Controlled Entities

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## CORPORATE INFORMATION

**Contango Asset Management Limited**  
**ABN 56 080 277 998**

### DIRECTORS

Nerida Campbell (Chair)  
Martin Switzer (Chief Executive Officer)  
Jason Billings  
Ken Poutakidis

### COMPANY SECRETARY

Mark Licciardo

### REGISTERED OFFICE

Level 6  
10 Spring Street  
Sydney NSW 2000

Telephone: +61 2 9048 7888

### PRINCIPAL PLACE OF BUSINESS

Level 6  
10 Spring Street  
Sydney NSW 2000

Telephone: +61 2 9048 7888

### AUDITORS

Ernst and Young  
8 Exhibition St  
Melbourne VIC 3000

### SHARE REGISTER

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000

Telephone: +61 2 8280 7111

### SECURITIES EXCHANGE LISTING

Australian Securities Exchange  
ASX Code – CGA

### WEBSITE

[www.contango.com.au](http://www.contango.com.au)

### CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement for CGA can be found at the Shareholder Centre at [www.contango.com.au](http://www.contango.com.au)

Dear Shareholder,

I am delighted to present this report for Contango Asset Management Limited and its Controlled Entities (the **Group** or **Contango**) for the half-year to 31 December 2021 (**H1 FY2022**).

## Overview of Contango

Contango is a financial services company with a marketing and distribution platform that partners with, and promotes, high-quality fund managers in the Australian managed investments industry.

Contango continued to progress towards its strategic objectives in H1 FY2022. The Group grew its funds under management (**FUM**) by 12% over the half-year reporting period (after the selective buy-back of \$67m in WCM Global Long Short Limited (**WLS**)), recording net inflows of funds in both Q1 and Q2 of FY2022, notwithstanding the WLS buy-back and the challenges presented by COVID-19. The Group is well on the path to being cash flow positive and profitable in the near term, while continuing to invest in the business, by growing our team and improving our processes and capabilities.

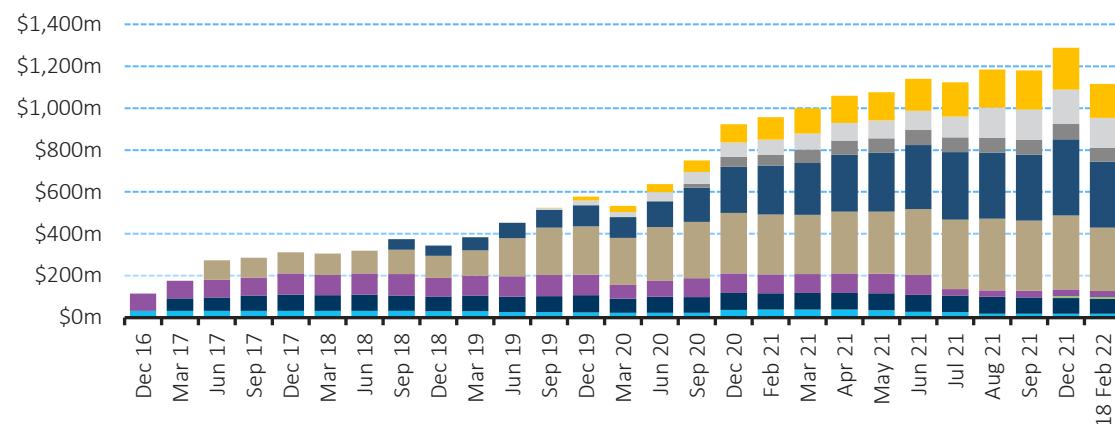
## Funds Under Management<sup>1</sup>

A combination of strong net inflows and positive investment performance led to an overall uplift in FUM of \$140 million over the half year (after the WLS selective buyback of \$67M).

The Group's FUM grew to \$1.28 billion at 31 December 2021 (30 June 2021: \$1.14 billion) with positive net fund inflows during the period of \$130 million.

The key driver of growth was inflows of funds into the suite of investment products managed by WCM Investment Management, LLC (**WCM**). Since 1 January 2017, the Group has seen new retail FUM growth of \$1.18 billion.

The chart below illustrates the strong growth in FUM from 31 December 2016 to 31 December 2021:

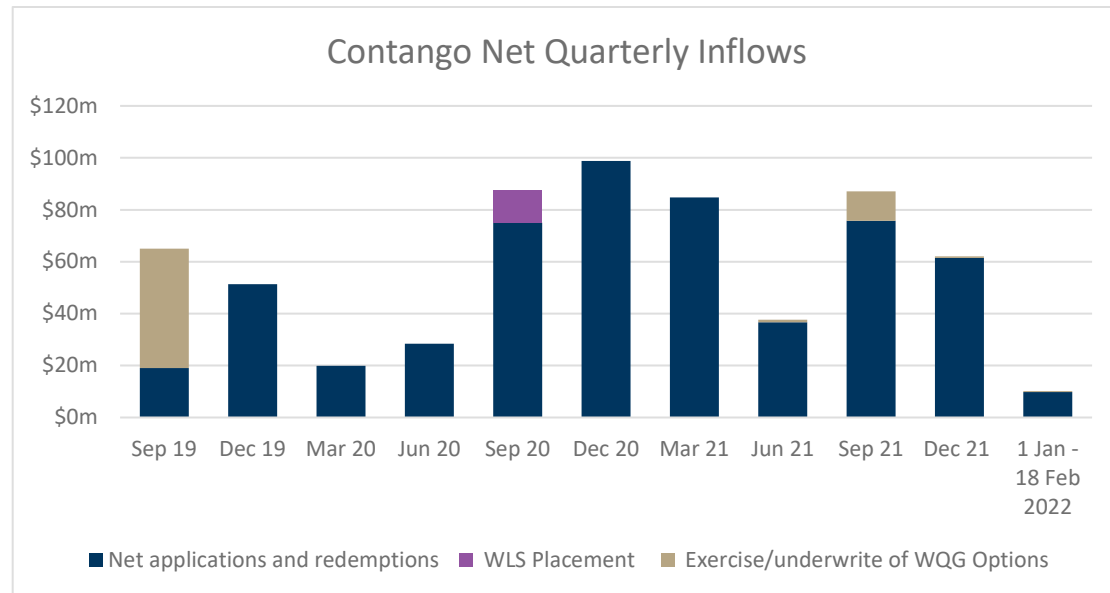


Funds	Global Equities	Alternatives
	<ul style="list-style-type: none"> <li>WCM International Small Cap Growth Fund</li> <li>WCM Quality Global Growth Fund Class A</li> <li>WCM Quality Global Growth Fund Class B</li> <li>WCM Quality Global Growth Fund (WCMQ)</li> </ul>	<ul style="list-style-type: none"> <li>Vantage Private Equity Growth 5</li> </ul>
Listed Investment Companies	Income	
	<ul style="list-style-type: none"> <li>Switzer Dividend Growth Fund</li> <li>Switzer Higher Yield Fund</li> </ul>	
	<ul style="list-style-type: none"> <li>WCM Global Growth Limited</li> <li>WCM Global Long Short Limited</li> </ul>	<p><i>NB: Excludes Contango Microcap management rights reassigned in October 2017. Excludes FUM associated with the Vantage distribution initiative.</i></p>

<sup>1</sup> All FUM and flow information is approximate, rounded, and has not been audited. FUM information is provided by CGA's appointed custodian, NAB Asset Servicing.

Since 31 December 2021, FUM has reduced to \$1.12 billion as at 18 February 2022. This is largely attributable to the sharp pullback in global equity markets in early 2022. Despite the challenging market environment, it has been very pleasing to see inflows continue, with net inflows of \$10.2 million between 31 December 2021 and 18 February 2022.

The chart below illustrates the continued strength of Contango's quarterly net FUM inflows.

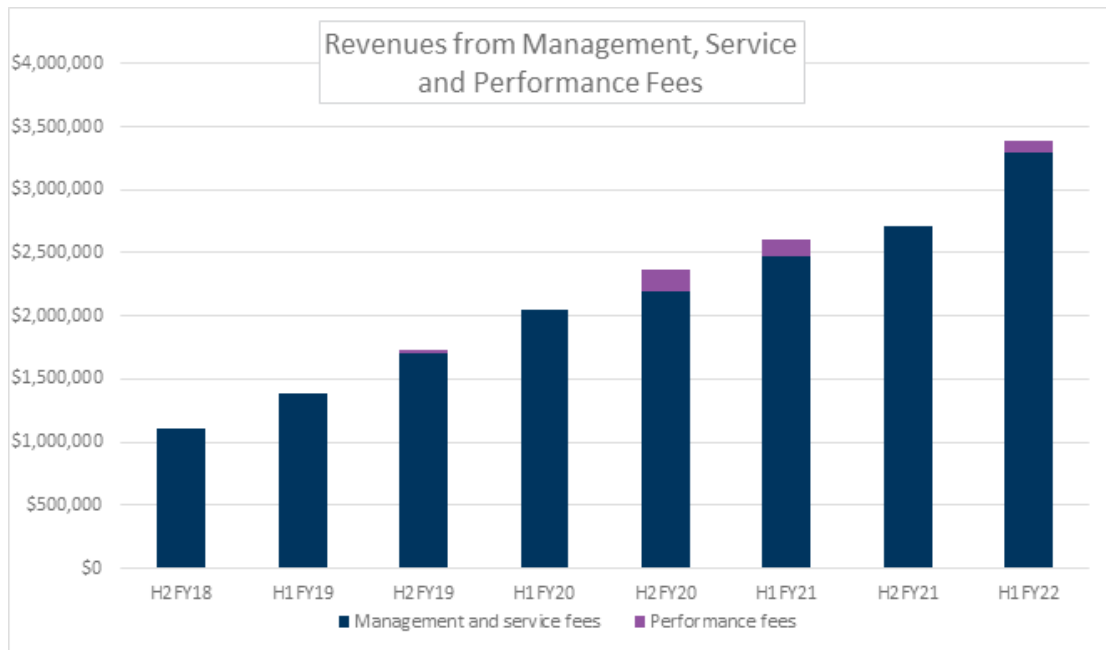


*NB: Excludes WCM Global Long Short Limited selective buy-back in July 2021. Excludes payments and reinvestment of dividends and distributions. Source: Link Market Services and Link Funds Solutions.*

### **Overview of Results and Operations**

The Group's total revenue for the half-year to 31 December 2021 was \$3,493,000 (31 December 2020: \$2,888,000). The Group's net loss after tax for the half-year to 31 December 2021 was \$56,000 (31 December 2020: net loss after tax of \$127,000).

Investment management, service and performance fees for the half-year period totalled \$3,387,000 (31 December 2020: \$2,598,000). This represented a 30.4% increase and was primarily due to growth in the Group's FUM as well as increased service fee revenue generated through the Company's direct wholesale investor platform. The Group also earned a performance fee of \$97,000 in the half-year period from the solid performance of the WCM International Small Cap Growth Fund (Managed Fund).



The Group remains well capitalised. As at 31 December 2021, Contango had cash of \$5.1 million, a receivable from NAOS Asset Management Limited (**NAOS**) of \$1.7 million and debt of \$1.25 million. The receivable from NAOS represents the final payment for the assignment of an investment mandate in October 2017 and is payable to Contango in June 2022.

#### **New Partnerships and Revenue Streams**

The Company's previously stated strategic priorities of partnering with best-of-breed investment managers and launching new products that capture investor interest were advanced during the half-year, with the announcements of two initiatives in the alternative asset and private equity asset classes. These initiatives build on Contango's success in distributing global equities products managed by WCM to retail and wholesale investors in Australia.

#### ***Successful Private Equity Campaign***

Contango recently engaged with Vantage Asset Management (**Vantage**) to promote the Vantage Private Equity Growth Fund 5 (**VPEG5**) for a limited period through the Company's direct wholesale investor platform.

Vantage is a leading provider of innovative and well-structured private equity investment opportunities for sophisticated investors. VPEG5 is a 'fund of funds' and was established to provide access to some of the top-performing later expansion and buyout private equity funds in Australia.

This distribution initiative resulted in additional revenues to the Company of approximately \$160,000 to be received in Q3, with further revenues expected in future periods.

#### ***Partnership with Alternative Asset Class Manager***

In December 2021, Contango advised that it had partnered with a new Australian domiciled boutique investment manager to be established in the alternative asset class.

The Board believes that the partnership will provide the Company with an opportunity to leverage its investor platform to grow FUM through accessing a private market strategy with significant investor appeal.

The partnership involves launching a wholesale managed fund and distributing the manager's alternative asset class strategies to wholesale and institutional clients. Further details of this new partnership are expected to be announced in early March 2022.

### Global Equity Update

WCM is a top quartile global and international equities specialist with total FUM of over A\$138 billion (as at 31 December 2021). Based in Laguna Beach, California, WCM's investment process is based on the belief that corporate culture is the biggest influence on a company's ability to grow its competitive advantage or 'moat'. This investment process has resulted in the WCM Quality Global Growth Equity Strategy Composite outperforming the MSCI World Index by 6.1% per annum since inception in 2008.

Contango has an exclusive retail distribution arrangement to distribute WCM's investment strategies into the Australian market. WCM's superior investment performance has contributed to the Group's growth in FUM and will continue to be a key factor in driving future inflows. Since partnering with Contango in June 2017, WCM now has over \$1.18 billion (31 December 2021) in FUM in Australia across its suite of retail and wholesale products.

Over the reporting period, WCM's investment strategies; the WCM Quality Global Growth Equity Strategy Composite, the WCM International Small Cap Growth Strategy Composite and the WCM Quality Global Growth Long Short Equity Strategy Composite, continued to outperform their respective benchmarks. These strategies returned between 22.7% and 24.0% in calendar year 2021.

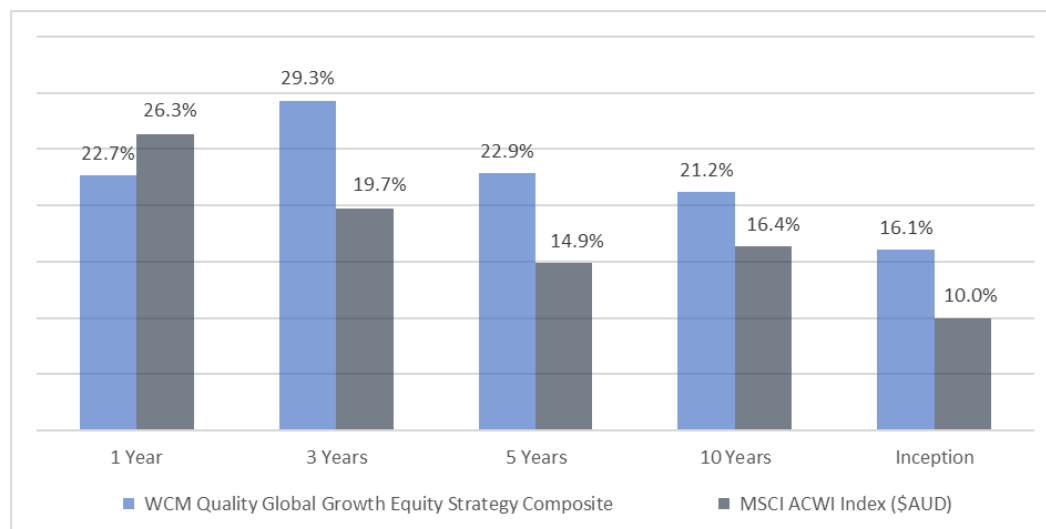
### **WCM Quality Global Growth Equity Strategy Composite<sup>2</sup>**

WCM Quality Global Growth Equity Strategy Composite is WCM's "large cap" strategy which delivered a return of 10.7% over the half-year period, outperforming its benchmark, the MSCI All Country World Index, by 1.5%.

The WCM Quality Global Growth Equity Strategy (ex-Australia) is accessible to Australian retail investors through the Group's three investment products, being: a listed investment company, an exchange-traded managed fund, and an unlisted managed fund which offers both hedged and unhedged units.

Each investment product provides exposure to the same underlying portfolio of quality global companies managed by WCM.

Annualised returns of the WCM Quality Global Growth Equity Strategy Composite versus its benchmark are shown below<sup>2</sup>:



<sup>2</sup> Source: WCM. Data as at 31 December 2021 in AUD. Performance presented is net of fees and includes the reinvestment of all dividends and income. Past performance is not indicative of future results. Returns for periods of more than one year are annualised. Inception date of the WCM Quality Global Growth Equity Strategy Composite is 31 March 2008. WCM applies the same investment principles, philosophy and execution approach of its WCM Quality Global Growth Equity Strategy Composite to WCM Global Growth Limited (WQG), the WCM Quality Global Growth Fund (Quoted Managed Fund) (WCMQ) and the WCM Quality Global Growth Fund (Managed Fund). It should be noted that due to certain factors, there may be variances between the investment returns demonstrated by each portfolio in the future. Past performance is not indicative of future performance. The benchmark for WCM Quality Global Growth Equity Strategy Composite is the MSCI All Country World Index (MSCI ACWI Index). For further information please refer to [contango.com.au](http://contango.com.au).



***WCM Global Growth Limited (WQG)***

WQG is an ASX listed investment company which, through continued investment outperformance, delivered an outstanding result in H1 FY2022, lifting pre-tax NTA per share from \$1.79 as at 30 June 2021 to \$1.92 at 31 December 2021. This increase in NTA per share was *after* the payment of a 2.50 cents per share, fully franked dividend paid on 30 September 2021.

Since listing in June 2017, Contango has worked in conjunction with the WQG Board to develop strategies to enhance shareholder value and grow the listed investment company. This includes the ongoing development of WQG's dividend policy and Dividend Reinvestment Plan (**DRP**).

WQG's dividend policy was further enhanced with the announcement on 23 February 2022 of an increased, fully franked, interim dividend of 2.75 cents per share (2021: 2.0 cents per share) for FY2022. The Board of WQG has also announced its intention to increase further the final FY2022 and interim FY2023 dividends to 3.00 and 3.25 cents per share respectively. It is expected that any FY2022 final and FY2023 interim dividends will also be fully franked.

The DRP participation rate with respect to the FY2021 final and FY2022 interim dividends remained at a pleasing 24.3%.

During the half-year, FUM was increased as a result of the exercise of \$12 million of WQG options. A total of 49.9m options remain on issue at 31 December 2021, exercisable at \$1.50 per option with an expiry date of 31 August 2022.

Contango is delighted with the progress made in relation to these capital management initiatives and the value they have delivered to shareholders.

***WCM Quality Global Growth Fund (Quoted Managed Fund) (WCMQ)***

WCMQ is an exchange-traded managed fund. It has been well supported in the direct and intermediary channels and is approved for use on several leading wealth platforms.

At 31 December 2021, WCMQ's FUM had reached over \$363.6 million, growing by a further 19% from June 2021.

***WCM Quality Global Growth Fund (Managed Fund)***

The WCM Quality Global Growth Fund (Managed Fund) is accessible to retail investors via several wrap platforms. Several leading research houses have initiated coverage on the fund with two providing 'Recommended' ratings. Throughout the reporting period the fund gained approval for use on several of the country's leading wealth platforms and was also included in a number of model portfolios with financial planning groups.

The fund also has Class B units which are hedged back into Australian dollars to reduce the risk associated with exposure to international currencies. The Class B units have been awarded a 'Recommended' rating by a leading research house.

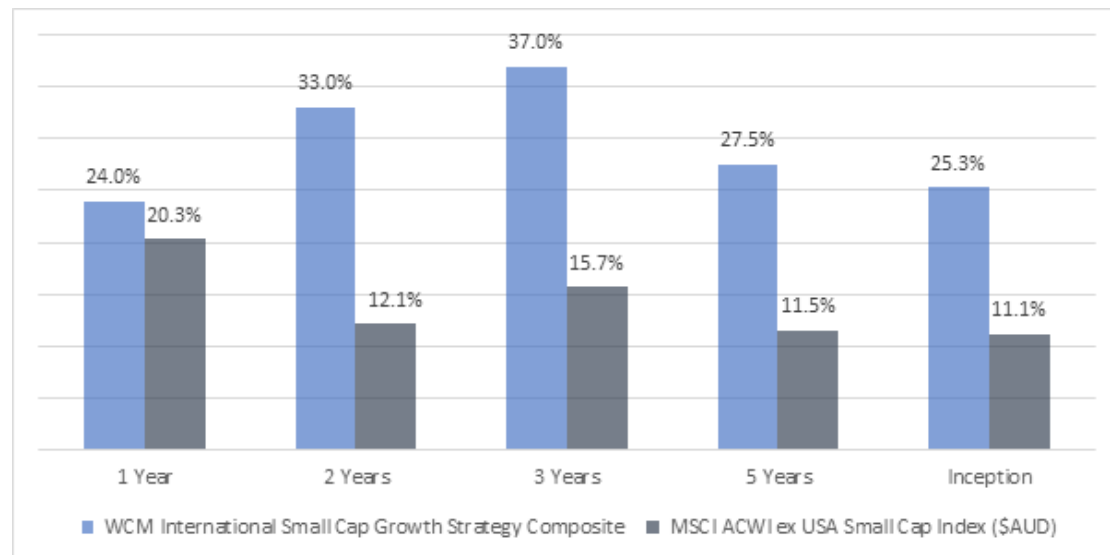
At 31 December 2021, the unhedged class of units had FUM of approximately \$162 million and the hedged class of units had FUM of approximately \$75 million, together growing the WCM Quality Global Growth Fund (Managed Fund) by a combined total of \$73.2 million, almost 45% up from June 2021.

### **WCM International Small Cap Growth Strategy Composite<sup>3</sup>**

The WCM International Small Cap Growth Strategy Composite delivered a return of 8.2% during the six-month period to 31 December 2021, outperforming its benchmark, the MSCI ACWI ex USA Small Cap Index, by 4.1%.

The WCM International Small Cap Growth Strategy is available to wholesale investors via an unlisted managed fund.

Annualised returns of the WCM International Small Cap Growth Strategy Composite versus its benchmark are shown below<sup>3</sup>:



### **WCM International Small Cap Growth Fund (Managed Fund)**

The WCM International Small Cap Growth Fund (Managed Fund) (**WCMS**) is a wholesale vehicle targeted at leading wealth managers and high net worth investors.

Investors have been rewarded with exceptional investment performance since inception of the fund.

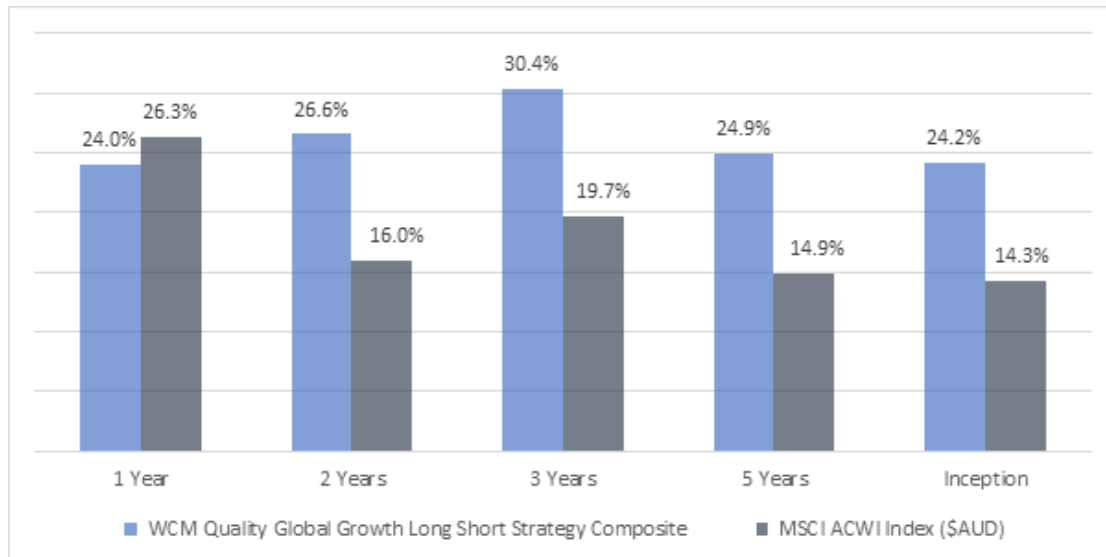
A particular area of focus for Contango during the period was to grow WCMS. WCMS experienced strong net inflows during the half and at 31 December 2021, had FUM of approximately \$199 million (31 December 2020: \$88 million), growing by almost 30% from June 2021.

<sup>3</sup> Source: WCM. Data as at 31 December 2021 in AUD. Performance presented is net of fees and includes the reinvestment of all dividends and income. Past performance is not indicative of future results. Returns for periods of more than one year are annualised. WCM applies the same investment principles, philosophy, and execution approach of its WCM International Small Cap Growth Strategy Composite, which was created 31 December 2014, to the WCM International Small Cap Growth Fund (Managed Fund). The benchmark for WCM International Small Cap Growth Strategy Composite is the MSCI ACWI ex USA Small Cap Index. For further information please refer to [contango.com.au](http://contango.com.au).

#### **WCM Quality Global Growth Long Short Equity Strategy Composite<sup>4</sup>**

The WCM Quality Global Growth Long Short Equity Strategy Composite delivered a return of 13.1% during the six-month period to 31 December 2021, outperforming its benchmark, the MSCI All Country World Index, by 3.9%. The strategy has, since inception on 30 June 2014, generated a return of 24.2% per annum, outperforming its benchmark by an annualised 9.9% per annum.

Annualised returns of the WCM Quality Global Growth Long Short Equity Strategy Composite versus its benchmark are shown below<sup>4</sup>:



#### **WCM Global Long Short Limited (ASX:WLS)**

The WCM Quality Global Growth Long Short Equity Strategy is available to investors via an ASX listed investment company.

Shareholders of WLS (previously Contango Income Generator Limited) approved a resolution to undertake a \$67 million selective buy-back of shares and approved a change of name to WCM Global Long Short Limited.

Cognisant of WLS's share price discount to net tangible assets (**NTA**), Contango is working with the Board of WLS to implement a proposed restructure of WLS that would enable investors to access the WCM Quality Global Growth Long Short Equity Strategy at values much closer to the underlying NTA of the portfolio. The proposed restructure was announced to the ASX on 24 January 2022. Contango believes that this initiative will enhance WLS shareholder value and provide the opportunity to grow WLS in the longer term.

<sup>4</sup> Source: WCM. Data as at 31 December 2021 in AUD. Performance presented is net of fees and includes the reinvestment of all dividends and income. Past performance is not indicative of future results. Returns for periods of more than one year are annualised. Inception date of the WCM Quality Global Long Short Equity Strategy Composite is 30 June 2014. The WCM Quality Global Long Short Equity Strategy is accessible to Australian investors through WCM Global Long Sort Limited (ASX:WLS) which is a listed investment company.

### Income Funds Update

The Group manages two income products that are targeted at the direct and intermediary markets – the Switzer Dividend Growth Fund (Quoted Managed Fund) (SWTZ) and the Switzer Higher Yield Fund (Managed Fund) (SHYF).

#### ***Switzer Dividend Growth Fund (Quoted Managed Fund) (SWTZ)***

SWTZ is an income-focused exchange-traded managed fund with a mix of yield and quality companies. SWTZ continues to be marketed and promoted to the Group's direct investor channel.

Since April 2021, SWTZ has been managed by Blackmore Capital Pty Limited and has returned 8.7% compared with the 8.8% return for the benchmark ASX 200 Accumulation Index.

On 24 January 2022, SWTZ announced that future distributions will be paid to investors monthly rather than quarterly. Contango believes that this change enhances the features of the fund and better suits the needs of its investors.

#### ***Switzer Higher Yield Fund (Managed Fund) (SHYF)***

SHYF is a floating-rate bond fund, managed by Coolabah Capital since December 2020, which seeks to provide investors with an attractive cash yield with low-capital volatility, by investing in a portfolio of high quality and liquid fixed income securities.

The fund's units are quoted on the Cboe Australia Exchange (formerly Chi-X). Investors can purchase and redeem units in SHYF via their broker or directly with Switzer Asset Management Limited, the responsible entity.

SHYF was the first fixed income product in Australia to launch as a quoted managed fund and just the third product to use this structure.

### Growth in Retail Investor Base

As at 18 February 2021, total investors across Contango's product suite had increased to over 14,915.

### ***The Year Ahead***

Contango's strategic priorities for the remainder of this financial year and into the next, include continued growth in our partnerships with best of breed investment managers and providing products that capture investor interest. In December 2021 we announced a new partnership in the alternative asset investment class which is expected to be finalised shortly. We also anticipate offering additional strategies to our investors with our Global Equities partner WCM, in the period ahead.

The Group's future results will be impacted by market movements and the Group's ability to grow and retain FUM across its increasing product range. This will be supported by the continued commitment to invest in the growth of the business, its people and capabilities, in a prudent manner while maintaining a focus on cost control and making effective savings where appropriate over the remainder of the 2022 financial year.

The Group now has an operating structure and business model positioned to grow FUM, build scale and lead to profitability in the near term. This, coupled with Contango's strong financial position, will enable the Company to take advantage of market opportunities and achieve its long-term growth objectives.

Yours Sincerely



**Marty Switzer**  
**Managing Director**

# Contango Asset Management Limited and Controlled Entities

## DIRECTORS' REPORT

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The Directors of Contango Asset Management Limited (**the Company**) present their report on the Company and its controlled entities (**the Consolidated Entity or the Group**) for the half-year to 31 December 2021.

### Directors

The following persons were Directors of the Company during the whole of the half-year to 31 December 2021 and up to the date of this report unless otherwise stated:

Roger Amos (Chairman)(resigned 31 January 2022)  
Martin Switzer (Managing Director and Chief Executive Officer)  
Nerida Campbell (Chair from 1 February 2022)  
Ken Poutakidis  
Jason Billings (Appointed 1 February 2022)

### Principal activities

The principal activity of the Group during the half-year was the provision of funds management services to retail and wholesale clients.

### Review of financial results and operations

The Group's total revenue for the half-year to 31 December 2021 was \$3,493,000 (31 December 2020: \$2,888,000). The Group's net loss after tax for the half-year to 31 December 2021 was \$56,000 (31 December 2020: net loss after tax \$127,000). Refer to the Managing Director's Report on page 5 for further information on the Group's operations, including details on the Group's results, strategy and future outlook.

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the half-year ended 31 December 2021 other than those matters stated in this report and the half-year financial report.

### Significant events after the balance date

The Directors are not aware of any matter or circumstance that has arisen since 31 December 2021 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

### Likely developments and expected results

Any further information on likely developments in the operations of the Group and the expected results of operations has not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

### Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the legislative instrument applies.

## Contango Asset Management Limited and Controlled Entities

### DIRECTORS' REPORT (continued)

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#### 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 15.

This report is made in accordance with a resolution of the Directors.



Nerida Campbell  
Chair

Sydney  
23 February 2022



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Contango Asset Management Limited**

As lead auditor for the review of the half-year financial report of Contango Asset Management Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b) no contraventions of any applicable code of professional conduct in relation to the review; and
- c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Contango Asset Management Limited and the entities it controlled during the financial period.

*Ernst & Young*  
Ernst & Young

*Luke Slater*

Luke Slater  
Partner  
23 February 2022

# Contango Asset Management Limited and Controlled Entities

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2021

	Notes	31 December 2021 \$'000	31 December 2020 \$'000
<b>Revenue</b>			
Investment management fees		2,932	2,258
Service fees		358	215
Performance Fees		97	125
Interest income		3	4
Effective interest income on receivable		103	103
Government grant income		-	183
<b>Total revenue</b>		<b>3,493</b>	<b>2,888</b>
<b>Expenses</b>			
Employee benefit expense		1,481	1,281
Professional services expense		264	185
Direct Fund expenses		688	501
Corporate & administration expenses	3	1,015	937
Depreciation and amortisation expense		56	56
Finance costs		45	55
<b>Total expenses</b>		<b>3,549</b>	<b>3,015</b>
<b>Net loss before income tax</b>		<b>(56)</b>	<b>(127)</b>
Income tax expense		-	-
<b>Net loss after income tax</b>		<b>(56)</b>	<b>(127)</b>
<b>Other comprehensive income/(loss), net of income tax</b>			
Other comprehensive income		-	-
<b>Total comprehensive loss attributable to members of the Company</b>		<b>(56)</b>	<b>(127)</b>

<b>Earnings per share attributable to the ordinary equity holders of the Company:</b>	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	(0.12)¢	(0.27)¢

*The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.*



# Contango Asset Management Limited and Controlled Entities

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2021

		31 December 2021 \$'000	30 June 2021 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,136	5,525
Trade and other receivables	4	3,457	2,878
Other assets	5	183	220
Total current assets		8,776	8,623
<b>Non-Current assets</b>			
Other financial assets		96	96
Property, plant and equipment		17	19
Right-of-use asset	6	260	312
Goodwill	7	4,806	4,806
Total non-current assets		5,179	5,233
<b>Total assets</b>		<b>13,955</b>	<b>13,856</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	2,685	2,644
Lease liabilities		111	98
Provisions		160	143
Total current liabilities		2,956	2,885
<b>Non-current liabilities</b>			
Lease liabilities		247	293
Provisions		57	52
Borrowings		1,252	1,252
Total non-current liabilities		1,556	1,597
<b>Total liabilities</b>		<b>4,512</b>	<b>4,482</b>
<b>Net assets</b>		<b>9,443</b>	<b>9,374</b>
<b>EQUITY</b>			
Issued capital	9	150,340	150,193
Reserves		56	78
Accumulated losses		(140,953)	(140,897)
<b>Total equity</b>		<b>9,443</b>	<b>9,374</b>

*The Condensed Consolidated Statement of Financial Position is to be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.*

## Contango Asset Management Limited and Controlled Entities

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the half-year ended 31 December 2021

	Note	Issued Capital	Share Option Reserves	Accumulated Losses	Total
		\$'000	\$'000	\$'000	\$'000
<b>Equity - Balance at 1 July 2020</b>		<b>149,839</b>	<b>43</b>	<b>(140,097)</b>	<b>9,785</b>
Loss for the period		-	-	(127)	(127)
<b>Total comprehensive loss</b>		-	-	(127)	(127)
Issue of share capital		154	-	-	154
Share based payment		-	44	-	44
<b>Balance at 31 December 2020</b>		<b>149,993</b>	<b>87</b>	<b>(140,224)</b>	<b>9,856</b>
<b>Equity - Balance at 1 July 2021</b>		<b>150,193</b>	<b>78</b>	<b>(140,897)</b>	<b>9,374</b>
Loss for the period		-	-	(56)	(56)
<b>Total comprehensive loss</b>		-	-	(56)	(56)
Issue of share capital	9	103	-	-	103
Transfer from share option reserve	9	44	(44)	-	-
Share based payment expense		-	22	-	22
<b>Balance at 31 December 2021</b>		<b>150,340</b>	<b>56</b>	<b>(140,953)</b>	<b>9,443</b>

*The Condensed Statement of Changes in Equity is to be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.*

# Contango Asset Management Limited and Controlled Entities

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the half-year ended 31 December 2021

	31 December 2021 \$'000	31 December 2020 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	4,151	2,608
Receipts from governments and others	-	283
Payments to suppliers and employees	(4,569)	(3,252)
Interest received	3	4
Finance costs paid	(41)	(100)
<b>Net cash outflow from operating activities</b>	<b>(456)</b>	<b>(457)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(2)
<b>Net cash outflow from investing activities</b>	<b>-</b>	<b>(2)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(36)	-
Net proceeds from issue of share capital	103	-
<b>Net cash inflow from financing activities</b>	<b>67</b>	<b>-</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(389)</b>	<b>(459)</b>
Cash and cash equivalents at the beginning of period	5,525	3,941
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>5,136</b>	<b>3,482</b>

*The Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying Notes to the Consolidated Financial Statements.*

# Contango Asset Management Limited and Controlled Entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by Contango Asset Management Limited (**the Company**) and the Company and its controlled entities (**the Consolidated Entity or the Group**) in the preparation and presentation of the interim financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### (a) Basis of preparation of the interim financial report

These general purpose interim financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on the same date as the Directors' Declaration.

#### (b) Comparatives

Where necessary comparatives have been reclassified for consistency with current year disclosures.

#### (c) Changes in significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2021. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2021 are the relevant policies for the purposes of comparatives.

### NOTE 2: DIVIDENDS

No interim dividend has been declared or paid in respect to the half-year ended 31 December 2021 (31 December 2020: nil).

# Contango Asset Management Limited and Controlled Entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2021

### NOTE 3: CORPORATE & ADMINISTRATION EXPENSES

	31 December 2021 \$'000	31 December 2020 \$'000
Marketing and distribution expense	179	134
Audit fees	76	89
Director fees	129	98
Rental expense	17	20
Legal expenses	18	88
Listing and registry expense	60	42
IT, office and communication expense	31	39
Share-based payment expense	152	198
Other expenses	353	229
<b>Total corporate &amp; administration expenses</b>	<b>1,015</b>	<b>937</b>

### NOTE 4: TRADE AND OTHER RECEIVABLES

	31 December 2021 \$'000	30 June 2021 \$'000
<b>Current</b>		
Trade receivables	1,544	1,320
NAML receivable <sup>1</sup>	1,655	1,552
Accrued income	258	-
Other receivable	-	6
<b>Total current trade and other receivables</b>	<b>3,457</b>	<b>2,878</b>

<sup>1</sup> The NAML receivable represents the final instalment (due in June 2022) of the deferred consideration payable by NAOS Asset Management Limited to Contango Funds Management Limited, a controlled entity of the Group, in accordance with the conditions of the arrangement. It has been measured at amortised cost using the effective interest method.

### NOTE 5: OTHER ASSETS

	31 December 2021 \$'000	30 June 2021 \$'000
<b>Current</b>		
Prepayments	183	220
<b>Total other assets</b>	<b>183</b>	<b>220</b>

# Contango Asset Management Limited and Controlled Entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2021

### NOTE 6: RIGHT-OF-USE ASSET

	31 December 2021 \$'000	30 June 2021 \$'000
<b>Leased office space</b>		
Right-of-use asset	416	416
Accumulated amortisation	(156)	(104)
<b>Total right-of-use asset</b>	<b>260</b>	<b>312</b>

#### (a) Movements in carrying amounts of right-of-use asset

	Leased office space \$'000	Total \$'000
<b>Opening balance at 1 July 2021</b>	312	<b>312</b>
Additions	-	-
Amortisation	(52)	(52)
<b>Closing balance at 31 December 2021</b>	<b>260</b>	<b>260</b>

The Group leases an office space in Sydney, which has a lease term of 4 years and expires on 30 June 2024.

The Group does not have any leases which contain variable lease payments.

#### (b) AASB 16 related amounts recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	31 December 2021 \$'000	31 December 2020 \$'000
Amortisation charge related to right-of-use asset	52	52
Interest expense on lease liabilities	4	5
	<b>56</b>	<b>57</b>

# Contango Asset Management Limited and Controlled Entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2021

### NOTE 7: GOODWILL

	31 December 2021 \$'000	30 June 2021 \$'000
<b>Goodwill</b>		
At cost	8,636	8,636
Accumulated impairment loss	(3,830)	(3,830)
	<b>4,806</b>	<b>4,806</b>
<b>Total Goodwill</b>	<b>4,806</b>	<b>4,806</b>

#### (a) Movements in carrying amounts of goodwill

	Goodwill \$'000
<b>Opening value at 1 July 2021</b>	<b>4,806</b>
Impairment loss	-
<b>Closing value at 31 December 2021</b>	<b>4,806</b>

#### Impairment testing

Goodwill acquired in a business combination is tested for impairment at least annually and when there is an indication that there may be impairment. The Group performed its annual impairment test in June 2021. For the purposes of impairment testing, goodwill arising from the acquisition of Switzer Asset Management Limited has been allocated to the Group's sole cash-generating unit, being its investment management business.

In assessing whether there may be an indication of impairment, the Directors have compared the Group's carrying value of the cash generating unit with the recoverable amount, being the cash generating unit's fair value less costs to sell. The Directors have not identified any indicators for impairment since 30 June 2021 to require impairment as at 31 December 2021.

### NOTE 8: TRADE AND OTHER PAYABLES

	31 December 2021 \$'000	30 June 2021 \$'000
<b>Current</b>		
Trade payables	403	112
GST payable	324	412
Accrued expenses	1,958	2,120
<b>Total current trade and other payables</b>	<b>2,685</b>	<b>2,644</b>

## Contango Asset Management Limited and Controlled Entities

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2021

#### NOTE 9: CONTRIBUTED EQUITY

Movements in ordinary share capital:

Details	Number of shares	\$'000
Opening Balance as at 1 July 2021	47,873,085	150,193
Options exercised	172,500	103
Ordinary shares issued to employees	60,303	44
<b>Balance as at 31 December 2021</b>	<b>48,105,888</b>	<b>150,340</b>

On 24 November 2021, the Group issued 60,303 ordinary shares in the Company to the Managing Director in lieu of remuneration, amounting to a value of \$43,750. Each share has the same right to receive dividends and the repayment of capital as all other ordinary shares in the Company and represents one vote at shareholders' meetings.

#### NOTE 10: RELATED PARTY TRANSACTIONS

The Group has an existing marketing and distribution agreement with Switzer Financial Group Pty Limited and paid \$100,000 for this service during the half-year to 31 December 2021 (31 December 2020: \$100,000). There are no amounts outstanding at 31 December 2021.

#### NOTE 11: SEGMENT INFORMATION

The Group operates solely in the business of providing investment management services. Revenue, profit, net assets and other financial information reported to and monitored by the Chief Operating Decision Maker (CODM) for the single identified operating segment are the amounts reflected in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows. The CODM has been identified as the Managing Director and Chief Executive Officer.

#### NOTE 12: CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 December 2021 (30 June 2021: none).

#### NOTE 13: EVENTS OCCURRING AFTER BALANCE DATE

The Directors are not aware of any matter or circumstance which are not otherwise dealt with in the financial statements that have significantly, or may significantly, affect the operations of the Group, the results of its operations or the state of the Group in subsequent years.



# Contango Asset Management Limited and Controlled Entities

## DIRECTORS' DECLARATION

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In the Directors' opinion:

- a) the financial statements and notes set out on pages 16 to 24 are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - ii. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) there are reasonable grounds to believe that the Consolidated Entity 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 Directors.



Nerida Campbell  
Chair

Sydney  
23 February 2022



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## **Independent Auditor's Review Report to the Members of Contango Asset Management Limited**

### **Conclusion**

We have reviewed the accompanying half-year financial report of Contango Asset Management Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising 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 half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group 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.

### **Directors' responsibilities for the Half-Year 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 responsibilities for the review of the Half-Year 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 Group'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*.



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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.

*Ernst & Young*  
Ernst & Young

*Luke Slater*  
Luke Slater  
Partner  
Melbourne

23 February 2022