
Conduit Capital Limited
Incorporated in the Republic of South Africa
(Registration number 1998/017351/06)
Share code: CND ISIN: ZAE000073128
(“**Conduit Capital**” or “**the Company**” or “**the Group**”)

QUARTERLY PROGRESS REPORT AND UPDATE ON FINANCIAL RESULTS

Quarterly Progress Report

Shareholders are referred to the ‘Quarterly Progress Report And Update On Financial Results’ announcement released on SENS on 28 March 2024 (“**March Quarterly Progress Report**”) (and using the terms defined therein unless otherwise stated) are hereby, in accordance with paragraph 1(11)(c) of the JSE Listings Requirements and until the Suspension is lifted, provided with the quarterly update on the state of the affairs of the Company.

In terms of the granting of the provisional liquidation order by the High Court pursuant to the Prudential Authority’s application to place Constantia Insurance Company Limited (“**CICL**”) into liquidation (“**CICL liquidation**”), the appointed liquidators continue to manage the winding-up of CICL. Consequently, the status quo of the Suspension remains.

Shareholders were advised in an announcement released on SENS on 4 April 2024 that the liquidators of CICL filed applications with the Western Cape High Court (“**the Court**”) for orders to provisionally wind-up Conduit Capital and its wholly owned subsidiary, Conduit Ventures Proprietary Limited (“**the Applications**”), on 2 April 2024. Given that the Applications are opposed, the Court postponed the hearing thereof to 2 August 2024. Shareholders will be kept informed of any significant developments regarding the Applications by way of further SENS announcements.

Conduit Capital operations and strategy

As set out in previous Quarterly Progress Reports, Conduit Capital has successfully worked through most of the operational challenges posed by the provisional liquidation of CICL, has secured the services of key individuals to ensure the continued operations of the business and provided details of the changes to the Board post the Suspension.

Management continues to implement the business’ short-term strategy of realising assets and reducing operating expenses. Progress is regularly reviewed by the Board, and further SENS announcements regarding the progress will be published as and when required.

Arbitration Award – Trustco Property Holdings Proprietary Limited

Shareholders are referred to the ‘Arbitration Award’ announcement released on SENS on 18 June 2024 (and using the terms defined therein unless otherwise stated) wherein it was advised that certain disputes between Constantia Risk and Insurance Holdings Proprietary Limited (“**CRIH**”), a wholly owned subsidiary of the Company, and Trustco Property Holdings Proprietary Limited (“**Trustco Properties**”), arising from the Agreement relating to the acquisition of 100% of the issued ordinary shares and all loan accounts (if any) of Herboth’s Property Development Proprietary Limited from Trustco Properties for R1 billion, and the termination of negotiations, including the repayment of the deposit in the amount of R50 million, were referred to arbitration under the auspices of AFSA International (“**AFSA**”). On 14 June 2024, AFSA’s Tribunal ruled that Trustco Properties must pay CRIH an amount of R50 million plus interest thereon from 10 December 2020 to the date of payment, dismissed Trustco Properties’ counterclaim, and ordered Trustco Properties to cover arbitration and legal costs. CRIH is taking steps to enforce the Award.

Disposal of CRIH and CLL

Shareholders are referred to the announcement released on SENS 24 May 2023 (“**Terms Announcement**”) (and using the terms defined therein unless otherwise stated) wherein it was advised that Conduit Capital and its wholly owned subsidiary, Copper Sunset Trading 186 Proprietary Limited (“**Copper Sunset**”), entered into an Agreement

with TMM to dispose of the “Sale Interest” to TMM for an aggregate cash purchase price of R55 million (“**Purchase Price**”), and to the subsequent announcements released on SENS on:

- 30 June 2023, 28 July 2023, 28 August 2023, 27 September 2023, 24 October 2023, 23 November 2023, 25 January 2024, 21 February 2024 and 25 March 2024 wherein shareholders were advised that the parties to the Agreement (“**Parties**”) had entered into addenda thereto to extend the date of fulfilment of the suspensive conditions of the Disposal (“**Conditions**”);
- 24 April 2024 (and using the terms defined therein unless otherwise stated) wherein shareholders were advised that, following a request by the Prudential Authority to further extend the date of fulfilment of the Conditions to accommodate the internal approval committee’s meeting of the Prudential Authority (which was confirmed to take place in May 2024), the Parties had entered into Addendum #10 to further extend the date of fulfilment of the Conditions to 31 May 2024 and to delete, insert and vary certain clauses of the Agreement (“**Amendments**”). The Amendments include the incorporation of the Resolutive Condition, changes to the details set out in the ‘Purchase Price and Payment’ and ‘Excluded Claims’ paragraphs included in the Terms Announcement;
- 28 May 2024 wherein shareholders were advised, *inter alia*, that:
 - o given that the Prudential Authority’s internal approval committee meeting is yet to take place, in anticipation of receipt of the response from the Prudential Authority, the Parties have entered into a further addendum to the Agreement (“**Addendum #11**”) to extend the date of fulfilment of the Conditions to 30 June 2024; and
 - o as a result of the outstanding publication of its results for the years ended 30 June 2022 and 2023, the Company’s request to the JSE for a further extension of the distribution date of the circular containing full details of the Disposal including, *inter alia*, the *pro forma* financial effects thereof (“**Circular**”) cannot be granted and that the Circular is to be finalised and distributed as soon as possible. The Company is engaging with the JSE in this regard;
- 7 June 2024 wherein shareholders were advised that the Prudential Authority has declined TMM’s application as it relates to the Disposal and that, in terms of the Insurance Act and the Financial Sector Regulation Act, the Purchaser has the right to appeal the decision; and
- 25 June 2024 wherein shareholders were advised, *inter alia*, that:
 - o the Purchaser is currently engaging with the Prudential Authority to appeal its decision to decline TMM’s application as it relates to the Disposal; and
 - o the Parties have entered into a further addendum to the Agreement (“**Addendum #12**”) to, *inter alia*, extend the date of fulfilment of the Conditions to 31 January 2025 and to insert and vary certain clauses of the Agreement to provide for certain of CLL’s operating costs to be paid by the Purchaser with effect from 1 July 2024 and to confirm that the aggregate of such costs paid by the Purchaser will be deducted from the Purchase Price.

Publication of audited annual financial statements for the year ended 30 June 2022 (“2022 year-end”)

This matter remains a priority under the current circumstances. As a result of the events at CACL, the auditors have been unable to complete the audit of CACL due to a pervasive scope limitation. Historically, and as at the most recent reporting date, CACL was the Company’s main operating subsidiary as evidenced by the fact that CACL represented approximately 94.4% of the revenue of the consolidated Conduit Capital Group for the six months ended 31 December 2021.

Work on the Group’s audited consolidated results for the year ended 30 June 2022 (“**2022 AFS**”) has been finalised, however, the Applications detailed above (which were filed prior to signature of the financials) resulted in a further delay due to the Board having to obtain legal advice regarding the matter. It has recently been accepted by the Board and the auditors that the FY2022 consolidated AFS (and most likely the FY2023 consolidated AFS as well) will be issued on a disclaimed basis, due to the auditors not having been able to audit the largest contributor to the consolidated AFS. Furthermore, as Conduit Capital effectively lost control of CACL at the end of July 2022 when

CICL was placed under curatorship and the CICL board was suspended (and the company was placed in liquidation shortly thereafter), the Group's FY2023 consolidated income statement would only contain one month of CICL results, whereas the FY2023 consolidated balance sheet would not reflect CICL at all. The ongoing liquidation would therefore have no impact on the Group results after July 2022.

Subsequent to the legal advice regarding the Applications having been obtained, a final draft of the 2022 AFS was submitted to the auditors on 27 May 2024. The auditors are currently in the process of finalising their review, following which the 2022 AFS will be published. Work on the interim results for the six months ended 31 December 2022 and for the year ended 30 June 2023 has also commenced. Final timelines in respect of the publication thereof will, however, only be finalised on completion of the 2022 year-end results.

Cape Town
28 June 2024

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