

ASX Announcement



1 July 2022

Cardno Limited (ASX: CDD) – Completion of the sale of Cardno International Development and distribution to Shareholders

Cardno Limited (ASX: CDD) (“**Cardno**”) advises of the completion of the sale of Cardno International Development¹ to DT Global Australia Pty Ltd (“**DT Global**”) on 30 June 2022, pursuant to the terms of the share purchase agreement between Cardno and DT Global (“**Share Purchase Agreement**”) announced to the ASX on 28 March 2022 and as amended by the terms of a deed of amendment announced to the ASX on 21 June 2022 (“**Transaction**”).

Further to Cardno’s announcement to the ASX on 21 June 2022, the remaining condition precedent to the Transaction that required Cardno to establish its information technology systems on a standalone basis to a level reasonably required by Cardno International Development was satisfied on 23 June 2022.

Cardno advises that it has received cash consideration of AUD\$39.3m from DT Global as at the time of this announcement. Remittance receipts have been received for the balance of the AUD\$45m consideration owed by DT Global to Cardno on the completion date. The receipt of the balance of funds due at completion is expected to be received by no later than 4 July 2022.

Distributions

Cardno has determined to distribute AUD\$75.8m (in aggregate) to Cardno Shareholders (AUD\$1.94 per share) as follows (and notes that the distribution is expected to be made in two tranches):

1. a capital return of AUD\$9.4m (AUD\$0.24 per share) and an unfranked dividend of AUD\$30.5m (AUD\$0.78 per share), to be paid on 14 July 2022 (the “**First Tranche**”); and
2. an unfranked dividend of AUD\$35.9m (AUD\$0.92 per share), which is expected to be paid in August 2022 (the “**Second Tranche**”),

(together, the “**Distribution**”).

The amount of the Second Tranche of the Distribution determined to be paid by Cardno (as set out above) includes the aggregate of the estimated net debt and working capital adjustment amounts required to be paid to Cardno by DT Global under the terms of the Share Purchase Agreement (“**Estimated Adjustment Amount**”) and, in determining to pay the Second Tranche of the Distribution, Cardno has assumed that the aggregate amount of the net debt and working capital adjustments finally determined to be payable to Cardno by DT Global under the Share Purchase Agreement (“**Actual Adjustment Amount**”) is no less than the Estimated Adjustment Amount (such that no part of the Estimated Adjustment Amount is required

¹ Comprising of the sale of 100% of the shares in Cardno Emerging Markets (Australia) Pty Ltd, Cardno UK Limited and Cardno Emerging Markets USA Ltd. (collectively, “**Cardno International Development**”).

to be refunded to DT Global by Cardno). If the Actual Adjustment Amount is less than the Estimated Adjustment Amount, the amount of the Second Tranche of the Distribution may need to be reduced.

Following completion of the Transaction and after paying all transaction costs in respect of the Transaction and the Distribution to Shareholders, Cardno expects to retain approximately \$5m of cash. The remaining cash will be retained to fund ongoing cash flow requirements.

The timetable for the Distribution is set out below: ²

Event	Date
Notification to ASX that completion of the Transaction has occurred and that the Cardno Board has determined to pay the Special Dividends and the Capital Return	Friday, 1 July 2022
Effective date of the Capital Return	Monday, 4 July 2022
Last day for trading in Shares on a 'cum Special Dividend and Capital Return' basis	Tuesday, 5 July 2022
Shares commence trading on an 'ex Special Dividend and Capital Return' basis	Wednesday, 6 July 2022
Record Date for determining entitlements to participate in the Capital Return and to be paid the Special Dividends	7:00pm (AEST) on Thursday, 7 July 2022
Payment date in respect of the First Tranche of the Distribution	Thursday, 14 July 2022
Payment date in respect of the Second Tranche of the Distribution	Currently expected to be August 2022

Cardno reserves the right to vary the times and dates set out above. Any changes to the above timetable will be announced on the ASX and notified on Cardno's website as appropriate.

ATO class ruling

Cardno has applied to the Australian Taxation Office ("**ATO**") for a class ruling to confirm the Australian tax consequences of the return of capital for Cardno Shareholders who hold their shares on capital account for Australian tax purposes.

This ruling is to confirm that:

- no part of the capital reduction should be treated as a dividend for income tax purposes;
- the cost base of each share will be reduced by the amount of the return of capital for the purpose of calculating any capital gain or loss on the ultimate disposal of the share; and
- an immediate capital gain will arise for shareholders to the extent that the cost base of the share is less than the amount of the return of capital.

Cardno anticipates the class ruling to be issued by the ATO after payment of the Second Tranche of the Distribution. Cardno will make the final class ruling available on its website as soon as it is issued.

² Capitalised terms used, but not defined in this table, have the meaning given to them in the notice of extraordinary general meeting ("**Notice of Meeting**") provided to Cardno Shareholders and lodged with the ASX on 20 April 2022.

This announcement has been authorised by Cardno's Board of Directors.

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