

ASX Announcement



4 August 2022

Cardno Limited (ASX: CDD) – update on the Second Tranche of the Distribution relating to the sale of Cardno International Development

Cardno Limited (ASX: CDD) (“**Cardno**”) refers to its announcement to the ASX on 1 July 2022 advising of the completion of the sale of Cardno International Development to DT Global Australia Pty Ltd (“**DT Global**”) on 30 June 2022 (the “**Completion Announcement**”). Capitalised terms used, but not defined in this announcement, have the meaning given to them in the Completion Announcement.

Update on the Distribution

Cardno confirms that the First Tranche of the Distribution (comprising of 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)) was paid on 14 July 2022 to Cardno Shareholders as at the record date (being 7:00pm (AEST) on Thursday, 7 July 2022) (the “**Record Date**”).

Cardno advises that the Second Tranche of the Distribution (comprising of an unfranked dividend of AUD\$35.9m (AUD\$0.92 per share), which has been determined to be paid by the Cardno Board) is expected to be paid to Cardno Shareholders as follows:

1. part payment of the Second Tranche of the Distribution of approximately AUD\$17m (AUD\$0.44 per share) will be paid to Cardno Shareholders on 22 August 2022 (the “**First Part Payment**”); and
2. the balance of the Second Tranche of the Distribution of approximately AUD\$18.9m (AUD\$0.48 per share) is expected to be paid to Cardno Shareholders in September 2022 (the “**Second Part Payment**”).

The previous advised timing of the Second Tranche of the Distribution was August 2022. The Record Date for the Second Tranche of the Distribution is unchanged – that is, Cardno Shareholders on the register as at the Record Date will be entitled to the First Part Payment and the Second Part Payment on a per share basis.

The Cardno Board has determined to pay the Second Tranche of the Distribution in two part payments on the basis that the finalisation of the net debt and working capital adjustment process (as described in the Completion Announcement) and other post-completion items remain ongoing between Cardno and DT Global. Upon these matters being finalised between the parties, the Cardno Board expects to have certainty on the details of the Second Part Payment determined to be paid by Cardno (as set out above), including the amount of the Second Part Payment.

As referred to in the Completion Announcement, the amount of the Second Tranche of the Distribution determined to be paid by Cardno includes the Estimated Adjustment Amount required to be paid to Cardno by DT Global and, in determining to pay the Second Tranche of the Distribution, Cardno has assumed that

the Actual Adjustment Amount is no less than the Estimated Adjustment Amount (such that no part of the Estimated Adjustment Amount is required 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.

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

Intentions for Cardno going forward

The Cardno Board continues to consider what the next steps for Cardno will be following the finalisation of the remaining Distribution payments from the sale of Cardno International Development. After these payments have occurred, Cardno will have:

- one operating business, Entrix. This Ecuadorian based business generates gross revenue of approximately US\$5m per annum and generates a profit before tax margin of approximately 10%;
- a business in wind down, which is operated through Cardno's wholly-owned subsidiary, Ingenieria Sustentable (INSUS) S.A. (formerly Caminosca). This business is involved in a number of court actions that may lead to between US\$0 and US\$15m of recoveries and has between US\$0 and US\$200m of contingent liabilities depending on the outcome of various legal actions. The Cardno Board has received advice that it is unlikely that these contingent liabilities will affect the listed Cardno holding company, but that they may affect the potential for future recoveries from this wind down business. There remain costs associated with these legal actions; and
- an Australian listed business with a Board and associated operating costs. This listed business will have approximately AUD\$5m of cash after paying all transaction costs in respect of the Transaction and the remaining portion of the Distribution to Cardno Shareholders. The remaining cash will be retained to fund ongoing cash flow requirements.

The Cardno Board will continue to update Shareholders as it refines its plans and is currently focused on ensuring that the remaining proceeds of the sale of Cardno International Development are distributed to Shareholders in a timely manner.

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

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