

ASX Announcement



21 November 2023

Annual General Meeting – Chairman’s Address

In accordance with ASX Listing Rules, a copy of the Chairman’s Address to the Annual General Meeting is as follows.

Chairman’s address

Over the past 12 months, Cardno has continued the process of collecting the proceeds from the sale of its primary operating businesses and various legal settlements related to its Latam businesses and returning these proceeds to its shareholders. In FY23 Cardno distributed a total distribution of \$69.1m to shareholders representing a return of capital of \$9.4m (24.0 cents share) and dividends of \$59.7m (152.7 cents per share). In the current financial period, Cardno has distributed an additional \$6.9m (representing 17.7 cents per share) which was paid to shareholders on 31st August 2023. Cardno is still in the process of collecting funds from the sale of its International Development business, and there remains \$7.6m that it expects to collect. The Board of Cardno currently expects to receive \$2.9m by 31st December 2023 with the balance collected by 31st March 2024.

Cardno has continued to settle and collect proceeds from its former Insus (Latam) business. Since the 31st August 2023 Cardno has received another AUD\$4.8m (with additional A\$1.5m expected in December) in proceeds from the settlement of legal cases. It has also materially reduced the potential liabilities related to Insus, with the potential claims against Insus reducing from close to US\$170m down to around US\$37m as various cases have been settled or move beyond the statute of limitations. As noted previously, these potential claims are not expected to affect Cardno’s Australian operations.

Cardno’s remaining operating business, Entrix America (Latam) continues to generate in the region of AUD\$10m of revenue with a normalized EBITDA margin of around 10%. To date, it has not been feasible for Cardno to sell Entrix America due to the potential contingent liabilities associated with Cardno’s South American operations.

Given that Cardno’s focus is on the collection of cash from the proceeds from the sale of its operating business and the proceeds from legal settlements, there has also been a focus on reducing the operating costs of Cardno’s Australian operations. All remaining full time Australian employees exited the business in December 2022 and to minimize costs, Cardno’s finance, tax, compliance and listing requirements are now performed for the company through a team of external consultants that provide these services on an as required basis.

Cardno’s focus on cash collections and distributing its excess cash to shareholders has allowed Cardno to currently have a cash balance (as at 16th November) of \$7.1m. With the expected collection of \$7.6m by 31st March 2024 and potential additional proceeds from legal settlements, Cardno will look to make another distribution to shareholders prior to 30th June 2024. When the Board of Cardno believes that the costs of operating the business outweigh the benefits of future cash collections, the Board will make a

decision on the future of the listed business. The Board will continue to update shareholders as and when funds are received and when to expect distributions.

Authorised for release to the ASX by Michael Alscher, Chairman

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