

# SANDON CAPITAL

Sandon Capital Investments Limited

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## Update on Corporate Simplification

- **SNC has largely completed a Corporate Simplification**
- **Benefits include reduced ongoing costs and simpler financial reporting**

Sandon Capital Investments Limited (ASX:SNC) (**SNC** or the **Company**) is pleased to advise that it has undertaken and largely completed a Corporate Simplification process. This is reflected in the half year report for the period end 31 December 2023.

Since acquiring Mercantile Investment Company Ltd (MVT) in 2019, the Company has faced rising compliance costs, notably in audits. Financial reporting complexities arose due to MVT being treated as an investment rather than a consolidated subsidiary. However, restructuring the MVT Notes, transferred to SNC in August 2023 (now ASX Code SNCHA), facilitated a move to a simpler corporate structure, cutting organizational complexity and costs including custody, audits, and compliance.

A series of intercompany transactions took place including loan repayments, returns of capital and dividends. The table below illustrates and summarises these transactions and their net effects on SNC. Readers should refer to the half year financial report for full details.

|  | Investment in MVT<br>\$M | Intercompany Loan<br>\$M | P&L Impact on SNC<br>\$M |
|--|--------------------------|--------------------------|--------------------------|
| Carrying value prior to simplification | 58.4                     | (58.4)                   | -                        |
| Revaluations                           | (3.3)                    | -                        | (3.3)                    |
| Less: Return of Capital paid to SNC    | (28.8)                   | 28.8                     | -                        |
| Unfranked dividend from MVT to SNC     |                          | 29.6                     | 29.6                     |
| Realised loss on MVT Investment        | (26.3)                   | -                        | (26.3)                   |
| <b>Net Effects</b>                     | <b>-</b>                 | <b>-</b>                 | <b>-</b>                 |

Importantly, the steps taken to achieve this had an immaterial economic effect to SNC's Net Tangible Assets and the Statement of Profit or Loss nor was there any effect on SNC's investment performance. There were some minor one-off costs incurred obtaining professional advice.

All investments are now held at the SNC level and the financial statements now also report the liabilities associated with SNCHA on the balance sheet rather than in notes to the SNC accounts. Dormant subsidiaries are being deregistered.

*This announcement has been approved by the Board.*

Further information:

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