

Joint Report by Chairman and CEO

We are pleased to present our joint report in respect of Trencor's 2022 financial year.

SIMPLIFICATION OF INTERESTS

As a result of the simplification process undertaken by Trencor, details of which were provided in previous integrated annual reports, the group is now invested solely in cash and other liquid assets.

COMMERCIAL AVAILABILITY OF CASH RESOURCES

Our business strategy remains to distribute the group's remaining cash resources to shareholders as and when these become commercially available. The commercial availability of the remaining cash resources has been restricted by certain matters and obligations, including, inter alia, the provision of an indemnity pursuant to the simplification of Trencor's interests; providing for estimated future operating expenses until the group can be dissolved; and the need to retain a cash buffer against unforeseeable future expenses and events.

The remaining indemnity restricting the commercial availability of these cash resources is that provided by Trencor to the Halco Trust indemnitees in a negotiated amount of US\$62 million. Trencor is contractually required in terms of these arrangements to retain sufficient cash and other liquid assets equal to the full face value of the maximum potential exposure under the indemnity until the indemnity terminates on 31 December 2024. We comply with this obligation by retaining US\$ denominated cash and liquid assets to the full value of any possible exposure under the indemnity to avoid any possible currency exchange risk. From the termination date the indemnity will only extend to any indemnified liabilities and associated costs in respect of matters that arose on or before the termination date.

Engagement with the indemnitees continues on a regular basis with the objective of negotiating the provisions of the indemnity agreement to effect a reduction in the quantum and/or duration of the indemnity period. To date, the indemnitees have declined to agree to a reduction in either the quantum or the duration of the indemnity.

Whether or not we will be in a position to commence a winding up of the company following 31 December 2024, as currently intended, will depend on the satisfactory conclusion of all outstanding regulatory and other matters required in order to wind the company up. We have commenced engaging with all interested parties, seeking to ensure that the winding up process commences as soon as possible after 31 December 2024.

We continue to explore opportunities to increase the yield on our cash and other liquid assets with due conservatism to avoid any risk of losses.

ESTIMATED CASH RESOURCES AND BUFFER AGAINST UNFORESEEABLE FUTURE EXPENSES AND EVENTS

Based on updated cash flow projections, the table below reflects an estimate of the cash resources available to meet any possible claim under the indemnity referred to above as well as provide a prudent cash buffer against unforeseeable future expenses and events. The 2022 estimate uses the R/US\$ exchange rate and the interest rate earned on deposits at 31 December 2022 as constants throughout the forecast period ending 31 March 2025.

	2022 Estimate	2021 Estimate
Year end R/US\$ exchange rate	R16,93	R15,87
Estimate of cash balances at 31 March 2025 (assuming no call under the indemnity)	US\$m	US\$m
Retained to meet full exposure of the indemnity	62	62
Buffer against unforeseeable future expenses and events	10	4
Total US\$ available	72	66
	2022 Estimate	2021 Estimate
	Rm	Rm
US\$ retained to meet full exposure of the indemnity converted to Rand	1 050	984
Cash buffer against unforeseeable future expenses and events	292	189
US\$ buffer against unforeseeable future expenses and events converted to Rand	164	63
Rand buffer	128	126
Total cash resources available	1 342	1 173

We are committed to containing our overheads and exploring all cost cutting measures with the goal of increasing the cash available to finally distribute to shareholders.

DIVIDEND CONSIDERATION

In view of the considerations outlined above, no cash dividends were declared in respect of 2022.

APPRECIATION

We thank the Trencor team and our board colleagues in pursuing Trencor's objectives, in a unique corporate environment. We again express our appreciation for the support of our shareholders throughout the simplification of Trencor's interests.



David Nurek
Chairman



Ric Sieni
Chief Executive Officer

24 March 2023