

Joint Report by Chairman and CEO

We are pleased to present our joint report in respect of Trencor's 2023 financial year.

SIMPLIFICATION OF INTERESTS

As a result of the simplification process undertaken by Trencor in prior years, 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. The details of the indemnity were provided in previous integrated annual reports.

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 any change in the terms of the indemnity.

Whether or not we will be able 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 to wind the company up. We have commenced and continue to engage 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 R/US\$ exchange rate and the interest rate earned on deposits at the beginning of a forecast period are kept constant throughout the period.

	2023 Estimate	2022 Estimate
Estimate of US\$ balances at 31 December 2024 to be converted to SA Rand early in January 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	12	10
Total US\$	74	72

Estimate of cash resources at 31 March 2025

Year-end R/US\$ exchange rate	R18,50	R16,93
	Rm	Rm
Total US\$ balance above converted to Rand	1 372	1 214
Rand buffer against unforeseeable future expenses and events	98	128
Total cash resources	1 470	1 342

Increased interest earned due to higher US\$ deposit yields is responsible for the increase in the estimated US\$ deposits at 31 December 2024.

The weakening of the Rand against the US\$ has resulted in large taxable unrealised exchange gains being reported in Trencor. This liability to SARS has been settled out of the Rand deposits.

We are committed to containing our overheads and exploring all cost cutting measures with the goal of maximising 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 2023.

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

25 March 2024



Ric Sieni
Chief Executive Officer