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## CONDUIT CAPITAL LIMITED

Incorporated in the Republic of South Africa  
(Registration number 1998/017351/06)  
Share code: CND      ISIN: ZAE000073128  
("Conduit" or "the Company")

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### GENERAL MARKET UPDATE AND FURTHER TRADING STATEMENT

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#### General Market Update

Conduit Capital is an investment holding company primarily focused on the insurance industry.

The turnaround in the performance of Conduit is pleasing and has continued into the new financial year.

Conduit's insurance business, the Constantia Insurance Group ("CIG"), achieved a combined ratio of 99.8% for the six months to 31 December 2020 ("current period") compared to 111.3% in the prior comparable period.

In February 2020, a new leadership team was introduced to CIG. Since then, CIG has produced ten consecutive months of underwriting profits<sup>1</sup> and a combined ratio below 100%. For the current period, CIG delivered an insurance operating profit compared to a R126.3 million operating loss in the prior period. This is a remarkable and sustainable turnaround of the business of which we are very proud.

Underwriting profitability increased by an estimated R85.9 million for the current period compared to the prior period. Net cash generated from operations during the current period, before once off costs and losses from discontinued business lines, was R34.8 million. Since the leadership change in February 2020, cumulative underwriting profits have amounted to R188.2 million.

The insurance operating result includes R25.7 million in once-off, non-repeating losses from discontinued business, and R8.8 million in once-off transaction costs, as well as various Covid-19 related provisions. Without these costs, the insurance operating result would be substantially positive, and the combined ratio closer to our long-term target of 95%. The momentum in the business has continued through January 2021.

The Group's listed investments remain under price pressure, however business intrinsic value has held firm or improved, and the gap between reasonable fair value and market price is extremely wide.

Century 21 increased sales by 45% off a relatively fixed cost base, as low interest rates increased home sales. ASOC Fund 1 is expected to realise some of their investments at a profit during the course of the calendar year.

#### Presentation and Q&A

A presentation and shareholder Q&A regarding the financial results (to be published on Monday 22 February 2021) containing additional information about the performance of the business in the current period will be available at <https://www.conduitcapital.co.za/presentations.php>. If you would like to attend the presentation and Q&A please e-mail [results@conduitcapital.co.za](mailto:results@conduitcapital.co.za).

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<sup>1</sup> Underwriting profits is calculated before operating expenses.

## **Further Trading Statement**

In terms of the Listings Requirements of JSE Limited, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported on will differ by more than 20% from that of the previous corresponding period.

Shareholders are reminded that mark-to-market investment gains and losses are included in the loss per share and the headline loss per share. Management believes the underwriting and operating results from insurance operations are more relevant performance metrics.

Further to the trading statement released on SENS on 18 January 2021, a review by management of the financial results for the six months ended 31 December 2020 has indicated that:

- a. the loss per share is expected to be between 6.8 cents and 8.2 cents, compared to the loss per share of 43.8 cents for the six months ended 31 December 2019, an improvement of between 81.3% and 84.5%; and
- b. the headline loss per share is expected to be between 7.6 cents and 9.2 cents, compared to the headline loss per share of 42.4 cents for the six months ended 31 December 2019, an improvement of between 78.3% and 82.1%.
- c. There is expected to be an operating profit from insurance operations at CIG compared to a R126 million operating loss in the prior period.

The financial information on which this trading statement is based has not been reviewed or reported on by Conduit's auditors. Conduit's financial results are expected to be released on SENS on or about 22 February 2021.

Johannesburg  
18 February 2021

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