

Copenhagen, 6 November 2019

**Information on activities in the continuing Santa Fe Group A/S (forthcoming EAC Invest A/S) and expected cash flow**

**Company announcement No 19/2019**

In connection with the divestment of the relocation business (Santa Fe Group Limited) and the transformation into a shareholder of certain minority holdings in the name of EAC Invest A/S, the company hereby further informs about the remaining significant assets and provides additional financial information.

**Significant assets and pending tax cases**

The company's assets will, subsequent to the current restructuring, constitute minority holdings in 3 Asian companies, all of which have a long history within the company. One of the minority holdings will subsequent to the restructuring be directly owned by EAC Invest A/S and the two remaining minority holdings will be owned via wholly-owned subsidiaries. The investments are not immediately liquid, but opportunities for divestment are being investigated. Furthermore, the company has a number of pending tax cases, as explained below.

**Thai Poly Acrylic Public Company Limited**

- Listed on the Thai stock exchange (BKK: TPA)
- Ownership of 17.4% indirectly through The East Asiatic 2010 (Thailand) Company Ltd (EAC Thailand) and Asiatic Acrylics Company Ltd. (total 34% in partnership with Lucite International)
- Book value of DKK 18.9m (as of 30 June 2019)

**East Lake Villas**

- Joint Venture with Shougang (China Steel) in a residential and office area in Beijing
- Ownership of 5% through The East Asiatic Company (China) Ltd. (EAC China)
- Book value of DKK 11.7m (as of 30 June 2019)

**Zhongbao Drinking Water**

- Joint Venture with Shougang in a company who drain and sell bottled water, based in Beijing
- Ownership of 35% is transferred directly to EAC Invest A/S
- Book value of DKK 2m (as of 30 June 2019)

**Tax**

- As previously stated in the annual report 2018, the company has three pending transfer pricing tax cases relating to the divested Plumrose business in Venezuela for the period 2008-14.
- The main case was won in the national tax court (Landsskatteretten) in June 2019, but the Tax Authorities (Skattestyrelsen) has appealed the decision and the case is awaiting further processing. The other two cases are being processed in the national tax court (Landsskatteretten) on November 22, 2019, and the company has favourable assessments in both cases from the Danish Tax Appeals Board (Skatteankestyrelsen).
- If all cases are won, this will have a positive cash impact of DKK 9m and the company will subsequently have total tax losses carried forward estimated at DKK 85m.
- If all the cases, contrary to expectations, are lost, it will eliminate the carried forward losses and result in a significant negative cash flow impact, which will cause significant uncertainty around the company's going concern.

**Earn-out**

- As previously announced (company announcement 16/2019) it has been agreed that Santa Fe Group A/S will receive 15% of the gain in the event of a future cash sale of the relocation business within 5 years from the agreement has been signed.

The company has no interest-bearing debt and expects a total cash balance as of December 31, 2019 of around DKK 5m. The expectation is subject to considerable uncertainty and depends to a substantial extent on the results of the pending tax cases.

**Cash-flow**

Going forward, the company's revenue consists solely of dividends from the above investments. The dividends are budgeted to be around DKK 1m annually. The amount will obviously depend on the result of the underlying activities of the companies concerned. The company estimates that the current administrative costs will be approximately DKK 2m annually, which mainly includes expenses for the continuing listing on Nasdaq Copenhagen, as well as administrative costs in the company, EAC Thailand and EAC China. Costs are continuously sought to be reduced. Based on this, the company expects to operate with a free cash flow of approximately DKK -1m annually, assuming a dividend flow continues at the same level and excluding the outcome of the tax cases.

**Strategy**

The Company is looking for opportunities to divest its minority assets as best as possible. The time horizon for divestments will depend on the outcome of the tax cases, which in the event of a positive outcome will provide the company with additional liquidity. Once the options are uncovered and there is more clarity on the outcome of the tax cases, the company will issue an announcement on the long-term strategy.

Yours sincerely,

Santa Fe Group A/S (EAC Invest A/S)

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