



Hosken Consolidated Investments Limited

HEAD OFFICE
Suite 801, The Point, 76 Regent Road, Sea Point, Cape Town, 8005
PO Box 5251, Cape Town 8000

Tel: +27 (21) 481 7560

Reply to Aktiv Management Substack 15th December 2025

As a CEO of HCI, I try my best to rise above the endless poison being dripped into the market by Aktiv Management about me and about others in HCI but it seems unavoidable to clarify a few simple points arising from its current substack. Fortunately the HCI circular on the “Sactwu deal” has now been posted and the issue which seems to have caused Aktiv Management so much anxiety will be determined on the 29th January 2026.

1. We do our best to manage the assets in our company in good faith. Over the last few years, we have had many successes in this regard, including both HCI and its underlying businesses surviving two exceptionally difficult years through Covid without diluting existing shareholder interests through equity raises. We merged a hotel REIT into our hotel business; Southern Suns has emerged as a most promising company earning over R1 billion PAT a year and still growing; IOG made an exceptionally valuable oil discovery in Namibia after we clung to and funded the opportunity for nine years; we took control of an important national asset abandoned by oil majors offshore Mossel Bay where a multi-trillion cubic feet of gas and condensate discovery was made; Frontier Transport transformed the future of the Golden Arrow bus company by reorientating its fleet replacement to electric buses; eMedia more than doubled its audience share to emerge with a larger share than either DSTV or SABC; Deneb turned around a failing clothing and textile manufacturing company and continues to deliver significantly improved results each year. Despite the much-criticized failure of Tsogo Sun to shine in the on-line gaming industry, it has reduced its accumulated debt by over R5 billion rand since the Covid period and continues to be a well-run company with a lucrative future. Our coal business has likewise made good progress by replacing a long-term supply agreement with Eskom with another which is expected to run for the remainder of the life of its mine. HCI management were intimately involved with all these developments and in no small measure contribute significantly to most strategic decisions of our subsidiaries.

Directors:

Executive:

Non-Executive:

Company Secretary:

JA Copelyn (Chief Executive Officer) TG Govender AF Pereira (Chief Financial Officer) Y Shaik
VE Mphande (Chairman) MH Ahmed MF Magugu L McDonald JG Ngcobo A. Singh RD Watson
HCI Managerial Services Proprietary Limited
Reg. No. 1973/007111/06

2. Despite this, our shareholding has been troubled with three major shareholders selling down significant blocks of its shares:

2.1 The largest of these was the primary client of Aktiv Management which sold several million HCI shares throughout the year in 2024. We might add that the Aktiv Management substack effectively concealed this activity by issuing five glowing reports about HCI and its future during that year, commenting only on the brilliance of its management and the like. We can only assume these sales had nothing to do with the business of HCI but were forced upon the client by circumstances unrelated to HCI. While I was in contact with this shareholder virtually on a daily basis for several years, there was not a single occasion in which he expressed anxiety about HCI nor did he reveal at any point that he was selling down shares systematically from several different accounts.

2.2 The second was our most valued long-term shareholder, Sactwu, which found itself obliged to dispose of HCI shares to meet its social commitments, particularly through a period in which HCI was compelled to totally curtail dividends. We resolved this issue with Sactwu by agreeing to repurchase some of its shares for cash and to dispose of properties to it which offer a much higher cash yield than HCI paper. The effect of the transactions, if approved by shareholders, will be to retain a committed Broad Based Black shareholder that has been at the base of our shareholding from the start of our take-over of the listed HCI in 1997. These transactions are currently being presented to HCI shareholders for approval on 29th January 2026.

From what we can make out from the position of Aktiv Management, it is opposed to the Sactwu transaction. Its main counter has been to try to disrupt the transaction by persuading Sactwu to renege on its commitments to HCI and sell all its shares at R135 a share to an undisclosed party that would presumably be committed to Aktiv Management's main proposal which is an immediate unbundling of assets from HCI.

2.3 The third investor that sold down did so in the simplest way. It offered its shares on the market at the same price of R135 a share. Since we believed the HCI share was significantly undervalued at that price, the management of HCI was keen to take up the offer.

Ironically, while Aktiv management tries to suggest the only legitimate thing to do with cash resources in HCI is to pay down debt to enable the urgent unbundling which it insists is necessary, its own analysis can't avoid the point that buying back shares at R135 a share is value accretive to remaining shareholders.

In its new substack (15th December) Aktiv Management tries its best to twist this buyback into a cunning manipulation by the CEO to limit the number of shares HCI could buy back, to personally acquire HCI paper. This is simply untrue.

Just to be clear: I don't create conflicts with the company I run.

To understand HCI's decision I want to explain two central considerations.

First is a point about treasury shares. The Aktiv Management substack sets out endless detail about treasury shares and their use. It goes without saying that HCI Management and our transfer secretaries, Computershare, which counts the votes at HCI shareholder meetings, are well aware that treasury shares cannot be voted.

What the clever tax advisors at Aktiv Management need to think about a little more is the fact that we could not hold more than 10% of the shares in treasury nor could we simultaneously cancel more treasury shares than our share premium account allowed without exposing the company to a significant tax liability. No prudent person runs into exposures like that without thinking it through carefully and taking some advice. HCI was unquestionably not in a position to rush into buying all the shares on offer.

If HCI had more cash it might have bought a few more of the shares on offer. Unfortunately, that was not the case. Unlike the knee jerk reactions of Aktiv Management who can jump from being completely against the buyback to saying "you should have bought all of it", we are in the business of running HCI prudently. We have other funding commitments to take into account. The fact that the board felt the best interests of the company were served by buying back 3,75 million shares does not mean it is conniving with the CEO to help him buy shares. That allegation is simply a falsehood raised by Aktiv Management with the sole intention of undermining the good standing of the management and the board of HCI. It is utterly defamatory and has no basis in fact whatsoever. The reality was just the opposite. HCI filled its boots to the level it felt comfortable and the remainder was available be bought by my associates or anyone else with the necessary finances if they wanted to.

I appreciate the primary client of Aktiv Management is a shareholder of OCP (a share he allegedly held on to because of his stated belief at the time that it was being delisted, that he intended to remain in any company in which I chose to invest). I can only hope he was as happy to receive his dividend as he was unhappy to realise it would have been paid out to all shareholders. As it happens, that dividend was not in the neighbourhood of the quoted figure of R126 million. Despite the fact that the actual number was easily calculable by the OCP shareholder concerned, Aktiv Management, completely fancifully, chose to publish this arbitrary number with the sole intent of creating an innuendo of HCI's board specifically holding HCI back from purchasing shares it would otherwise have purchased solely to facilitate purchases by associates of the CEO. I can confidently say there is not one scrap of evidence in this direction. It remains a scurrilously defamatory innuendo with no base in fact whatsoever.

While Aktiv management may feel it important to pry as deeply into my finances as it likes I point out two things only: HCI does not make its decisions based on my financial situation; and I don't make my money through unlawful methods.

John Copelyn

Chief Executive Officer - HCI

15th December 2025