CALGRO M3
Group

SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS

for the year ended
28 February 2022

2022



OUR INTEGRATED ANNUAL REPORT SUITE 2022

The following can be viewed on the Calgro M3 website at www.calgrom3.com in the investors/annual report suite drop down menu.

IAR



Integrated Annual Report 2022

- Letter to stakeholders on #sustainableactions from the CEO and FD
  - Strategy
  - Risks and mitigation strategies
  - Operations
  - ESG summary
  - Financial performance
- Operations of Calgro M3
  - Business model and capitals
  - Residential Property Development
  - Memorial Parks
  - Five-year financial review
- Statutory reports
  - Chairperson's report
  - Remuneration report
  - Risk management

ESG



ESG Report 2022

- Summary data points
- Introductory letter and executive summary
- Key operational challenges
- Engaging our shareholders
- Our people
- Our societal responsibility and actions
- Preferential procurement and enterprise development
- Our environmental efforts
- Our approach to governance

King IV™



King IV™ Application Register 2022

AFS



Annual Financial Statements 2022

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NATURE OF THE BUSINESS

Calgro M3 is a property and property-related investment company that specialises in the development of Integrated Residential Developments and the development and management of Memorial Parks.

Residential Property Development

The strategy of our integrated residential development model is based on the principles of seamlessly bridging the gap between subsidised, social housing, GAP ("Grassroots Affordable People's") housing and the affordable market segment by providing housing, schooling and communal facilities to all levels of income earners within one integrated community, thereby creating a dignified home for as many as possible.

The integrated development model offers homeowners a platform to improve their lifestyle and living conditions in line with their financial capability, whilst remaining in the same community.

In addition to our integrated developments we also develop mid-to-high end retirement and cluster housing estates.

Development



South Hills

Memorial Parks

The concept of Memorial Parks originated from the need to find alternative uses for large portions of Calgro M3-owned land that were not suitable for residential or other commercial purposes. Calgro M3 Memorial Parks is an alternative to traditional cemeteries, adds value to existing developments, introduces an alternative burial option that is dignified, secure and which delivers a service to customers that is superior to other products in the market. All Calgro M3 Memorial Parks are privately owned and professionally managed and maintained. We pride ourselves on providing safe, serene, and beautiful surroundings where family and friends can lay their loved ones to rest.

Development and management



Durbanville

OVERVIEW OF THE YEAR

Revenue increased by 50.3% to R1.322 billion

Group net asset value ("NAV") increased by 16.4% to R7.93 per share

Memorial Parks revenue increased by 23.1% to R52.2 million

4 583 units under construction

Net debt to equity decreased to 0.71 from 0.99 at 28 February 2022

Current liabilities decreased by a further 11.83% to R1.262 billion (2021: R1.431 billion) and has substantially reduced from R1.75 billion at February 2020

Net cash generated from operations of R129.9 million

Earnings per share 108.58 (2021: 14.88)

Headline earnings per share 105.63 (2021: Headline loss per share 15.17)

Gross profit margin returned to its target range of 21.3%

Return on equity increased to 14.7%

Retained level 1 B-BBEE accreditation

New value system rolled out in line with the five values we live:

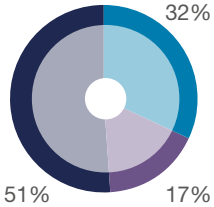
Respect | Integrity | Excellence | Quality | Passion

44% of the workforce are women



Fourways

Liquidity – total of R591 million available



- Cash on hand R191 million
- Undrawn overdraft facility R100 million
- Development Finance Corporation facility R300 million*

** $20 million USD.*

ESG

- United Nations Global Compact advanced level status retained
- ISO 14001:2015 and ISO 45001:2018 certification retained

OPERATIONAL OVERVIEW

Residential Property Development

Year at a glance

- Gross margin in target range
- Meticulous capital allocation to high yielding projects
- Enhance product and lifestyle offering whilst taking affordability into account
- Revenue diversification between projects and provinces
- Sustainable mix of customers to ensure consistent handovers and cash flows

The Residential Property Development business is the largest contributor to revenue operating primarily in two provinces, namely Gauteng and Western Cape, while trading out of KwaZulu-Natal. There are a total of nine projects in the ground. This business targets six distinct income groups that ensures that it is well diversified to better face economic challenges or challenging market conditions.

With 4 583 opportunities under construction (compared to 4 654 a year ago), 2 685 opportunities completed and a pipeline of 24 563 opportunities due to the subsequent disposal of Safdev Tanganani (Pty) Ltd and the densification of various projects, the Group is well positioned, sufficiently capitalised and has liquidity to address market demand. Given predicted interest rate increases the Group remains cautious of the economic impact on our customers and the potential tightening of criteria from banks.

Interest rate impact:
It is worth noting that on a R500 000 home bond, a 1% increase in the interest rate makes a R313.81 per month difference to the client's bond repayments.

Non-core projects and the remaining rental units in South Hills and Scottsdene will continue to be sold, while core project returns are being maximised through town planning, improved designs and product enhancements catering for the discerning clientele, while keeping sales prices affordable and at a level where banks approve mostly 100% bonds.

Calgro M3 remains confident that it has made major strides in containing costs and will continue working on making building design and layouts more efficient, to contain building costs which impact margins.

With improved design layouts and densifications, Calgro M3 has increased the number of opportunities in the Fleurhof, South Hills and Witpoortjie developments by more than 5 000 opportunities. No additional capital costs other than professional fees, which were not capitalised, were incurred to achieve this. Future internal infrastructure costs were reduced, and this will enhance the gross profit margin over the next 18 to 36 months.

Limited infrastructure investment took place during the year but the Group is planning on self-funding approximately R120 million of infrastructure investment during the 2023 financial year. Although the Group is confident that the cash generated from operations will be more than sufficient to fund this, cash generation remains somewhat seasonal and net debt to equity might increase slightly for a short period of time.

The South Hills substation is complete and being commissioned by the relevant authorities on a phased basis.

Revenue pipeline

Projects	Units under construction	Serviced opportunities	Unserviced/ partially serviced opportunities	Total remaining opportunities	Revenue pipeline
Belhar CBD	**2 286**	687	984	**1 671**	**1 288 136 703**
Bridge City	**356**	–	–	**–**	**137 896 111**
Fleurhof	**295**	–	4 270	**4 270**	**3 487 163 718**
Jabulani Precinct	**768**	688	487	**1 175**	**896 514 783**
La Vie Novelle	**4**	84	–	**84**	**199 804 010**
Scottsdene	**668**	367	–	**367**	**412 048 522**
South Hills	**–**	332	4 601	**4 933**	**3 043 176 978**
Umhlanga Hills (if developed)	**–**	–	720	**720**	**562 852 174**
Vredehoek	**–**	–	263	**263**	**819 038 261**
Maitland	**204**	–	–	**–**	**77 520 000**
Mid-to-high	**2**	56	334	**390**	**1 163 716 030**
Witpoortjie	**–**	–	6 107	**6 107**	**3 032 180 198**
KwaNobuhle	**–**	–	–	**–**	**175 000 000**
	4 583	2 214	17 766	**19 980**	**15 295 047 488**

The potential contribution of the Frankenwald property has been excluded from the above numbers.

Frankenwald, situated next to Alexandra and the Marlboro Gautrain station, is the last remaining large-scale property in the greater Sandton area. Calgro M3 holds an option to acquire the parcel of land in partnership with a major third-party commercial property developer. Other than the annual option fee, no material financial commitments are planned for this project for the next year. Calgro M3 is planning to commence some government funded bulk and link infrastructure towards the end of next year.

> ***"A man is not a man until he has a house of his own."***
> ***– Nelson Mandela***





South Hills

Memorial Parks

Year at a glance

- Revenue increased by 23.1%
- Total cash received increased by 20.7% to R64.7 million (2021: R53.6 million)
- Current market share remains <2% in metro areas representing strong growth opportunities
- Continued focus on distribution channels and affordability enhancement
- National roll-out and development of further land parcels remains a priority

Total cash received (including VAT) (All products excluding rental income) (R million)

	2022 FY	2021 FY	2020 FY	2019 FY
Nasrec (Gauteng)	**25.8**	24.5	17.3	14.7
Fourways (Gauteng)	**23.5**	16.3	8.2	7.9
Enokuthula (Gauteng)	**1.7**	1.3	0.4	0.1
Bloemfontein (Free State)	**0.4**	0.3	0.2	0.2
Durbanville (Western Cape)	**13.3**	11.2	8.1	5.9
	64.7	53.6	34.1	28.8
Growth	**20.7%**	57.2%	18.5%	93.3%

Memorial Parks pipeline

Project/Park	Region/City	Province	Grave quantity	Anticipated project turnover (Rand)
Nasrec Memorial Park	**City of Joburg**	**Gauteng**	**29 500**	**924 560 073**
Fourways Memorial Park	**City of Joburg**	**Gauteng**	**7 745**	**306 413 134**
Enokuthula Memorial Park	**City of Ekurhuleni**	**Gauteng**	**11 116**	**119 948 191**
Bloemfontein Memorial Park#	**Mangaung**	**Free State**	**46 489**	**604 361 160**
Durbanville Memorial Park	**City of Cape Town**	**Western Cape**	**6 694**	**174 559 962**
Total			**101 545**	**2 129 842 520**

 # Anticipated grave density and turnover once burial rights application is approved.

The year under review ensured further tightening of the strategic objectives of this segment of the Calgro M3 business. To this end, Waldi Joubert, the previous Financial Director of Calgro M3, has taken the reigns as managing director of Memorial Parks, to ensure a dedicated leader and strategist is in place to roll out the Memorial Parks strategy.

With 2 324 burial opportunities sold in the year (2021: 1 769), and a remaining total pipeline of 101 545 burial opportunities as well as other products at current parks, the Group is well positioned and remains bullish on growth opportunities in this business segment. Our ability to match the profitability of the property development business in the medium to long-term remains a focused goal. The current strategies, to achieve this goal, include establishing a national footprint and enhancing sales distribution through various channels.

The national roll-out and development of further land parcels within existing parks remains a priority with investigations ongoing. The acquisition of new parks in strategic locations are also being investigated.

Memorial Parks is a key expansion area for the Group with the medium-term objective being to grow cash receipts from Memorial Parks to support all Group overheads and interest obligations.

FINANCIAL REVIEW

Statement of comprehensive income

In the current financial year, the Group has reported its third highest revenue number in its history, with both revenue and gross profit delivering a stronger performance in the second six months of the year. Overall revenue for the year increased by 50.3% to R1 321.6 billion (2021: R879.1 million). The improved performance in the second six months is as a result of unit registrations.

The gross profit margin recovered to 21.3% (2021: 12.3%) from a level of 19.7% at August 2021. The increase in gross profit is as a result of rigorous cost containment and the outsourcing of construction activities. This coupled with enhancements made to the development process resulted in the Group strengthening its gross profit margin towards its target range of 20% to 25% in the current year.

Administrative expenses increased as a result of marketing spend that is linked to revenue growth, together with a higher staff compliment. The total increase was however contained to a minimal 3%.

The increase in share of profits from joint ventures is driven by registration of open market units within the South Hills integrated development. The reduction in other income is attributable to the sale of a subsidiary in the comparative period for R36 million.

The reduction in net finance costs in the current year is mainly attributable to the suspension of capitalisation of borrowing costs in the comparative period due to the Covid-19 pandemic.

Financial metric	February 2022	February 2021	Movement
Revenue (R million)	**1 321.6**	**879.1**	+50.3%
Gross profit (R million)	**281.8**	**108.0**	+161%
Gross profit %	**21.3%**	**12.3%**	+9%
Administrative expenses (R million)	**(89.7)**	**(87.1)**	+3%
Share of profit/(loss) of joint ventures and associates – net of tax (R million)	**9.6**	**3.3**	+190.9%

Earnings per share

Basic earnings per share ("EPS") increased to 108.58 cents per share (2021: 14.88 cents per share). Headline earnings per share ("HEPS") improved to 105.63 cents per share (2021: 15.17 cents loss per share).

Statement of financial position and cash flow

Current assets (excluding cash and cash equivalents) decreased by R47.8 million due to a reduction in the loans to joint ventures, inventories and trade and other receivables in the current year. The reduction in the loans to joint ventures was primarily driven by the sale of the investment in Safdev Tanganani (Pty) Ltd (R7 million impairment on loans to joint ventures is included in other expenses on the statement of comprehensive income) and the acquisition of the remaining shareholding in 32-On-Pine Property Development (Pty) Ltd (resulting in a R3.5 million gain on bargain purchase within the statement of comprehensive income). Inventory, construction contracts and trade and other receivable balances will fluctuate depending on the specific phase that a development is in at the reporting date. The net movement is a function of new units under construction compared to units completed and transferred to end-users during the year. The Group continued to generate positive cash from operations of R228.2 million (2021: R114.8 million) for the year.

R133.5 million in deferred land purchase and share liabilities were settled during the year. This contributed to the decrease in trade and other payables to R422.1 million (2021: R486.9 million).

Cash and cash equivalents at the end of the year increased to R191.1 million (2021: R154.6 million). Additional liquidity in the form of a R100 million undrawn overdraft from Standard Bank as well as a US$20 million facility from DFC, which is also undrawn, will enable the Group to execute on short to medium-term goals.

Borrowings and covenants

The balance sheet of the Group is strong with a net debt to equity ratio of 0.71:1, this is below the communicated target of 0.9:1 and well below the regulated covenant of 1.5:1.

The debt levels are expected to decrease in line with the targets as set by management, however additional funding may be raised should short-term funding be required at any given stage due to the seasonal nature of the Group's cash flow.

The Group has settled debt of R107.4 million in the current financial year, which includes the first repayment of the Proparco facility which fell due in the current financial year.

A summary of the debt and maturities is as follows:

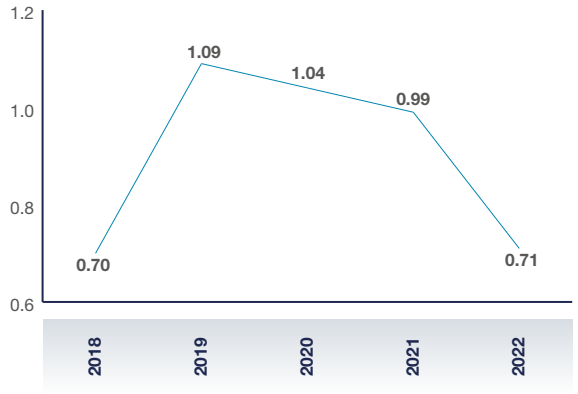
	Rand
Opening balance 1 March 2021	958 000 000
New debt	–
Debt repaid	(107 400 000)
Closing balance – 28 February 2022	850 600 000

Maturity profile	Rand
FY 2023*	194 800 000
FY 2024	282 800 000
FY 2025	211 750 000
FY 2026	107 500 000
FY 2027	53 750 000

** Subsequent to the end of the financial year the Group has settled a further R77.4 million of outstanding debt which fell due.*

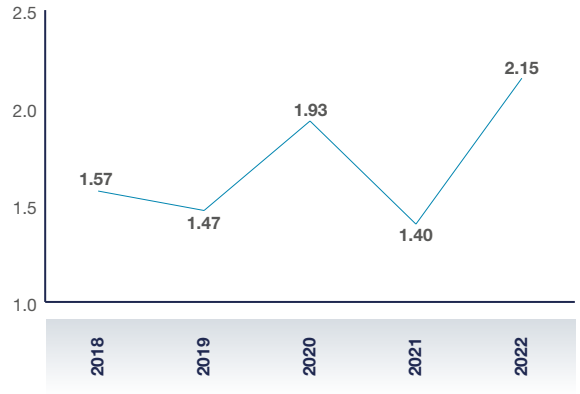
Financial covenants

Net debt to equity ratio



The maximum allowed net debt/equity ratio for the Group is 1.5:1.

Debt service cover ratio ("DSCR")



The minimum allowed DSCR ratio for the Group is 1.2.


Fourways

WHERE TO FROM HERE?

As we write this, South Africa has ended the state of disaster and we believe the country is ready for its next chapter. At Calgro M3 we will remain cautious, but we will continue implementing initiatives to grow our businesses while not forgetting our core values.

Although many statisticians and economists are making forecasts and predictions, it is very difficult to predict what the long-lasting effect of Covid-19 or a similar pandemic might be on South Africa. We believe the challenge for South Africa and Calgro M3 is not Covid-19, but rather the ability to continue trading through stormy waters, ensuring we get to the other side, and then look forward to our runway of opportunity.

We believe that we have demonstrated that we have a business that can withstand challenges and that we have a team that can get the job done.

We will continue focusing on cash flow driving both revenue and profit generation whilst managing the level of debt.

The optimal application of capital between risk capital, working capital, new opportunities, and share buybacks will remain important strategic considerations. Management places emphasis on cash flow generation from projects by increasing sales, the sale of non-core assets and the preservation of cash for future use. The highly anticipated Frankenwald integrated development will come on stream in less than two years from now and Calgro M3 is excited about new plans to enhance the face of affordable, value for money homes it will bring to the doorstep of Sandton. We are confident that we will be able to fund this development from cash generated from our current projects and that it will be the next phase of Calgro M3 legacy.

In addition to this, we are also exploring the expansion of some of our current projects by accessing neighbouring land and opportunities in the Western Cape, to remain well diversified between projects and provinces. The Group remains cautious in the current uncertain environment and careful consideration will be given to what the best use of cash is on each project, to ensure a sustainable long-term return and value for shareholders.

Memorial Parks is set to benefit from greater market share with our value offering now entrenched at a level above that of other cemeteries in South Africa and with Waldi Joubert appointed as the managing director on a full-time basis we are confident that his entrepreneurial flair and full-time commitment to this business will show great returns in future.

We will continue investigating the best land use allocation and product mix within our residential development projects, and consider and capitalise on any better cash and profit allocation opportunities.



Fleurhof

CHANGES TO THE BOARD OF DIRECTORS

On 24 February 2022, we announced that Waldi Joubert would assume the role of Managing Director of Memorial Parks after serving for 6.5 years as the Group's Financial Director. Waldi has assumed this position to ensure the correct structures are in place to grow the memorial parks business in order for it to generate sufficient annuity income to cover the costs of the Group, in line with our strategic objectives and our **#sustainable**actions initiatives. The Board wishes Waldi all the best in this new role and we remain confident that he has the necessary skills to make this exciting venture grow from strength to strength.

We are extremely pleased to welcome Sayuri Naicker into the Calgro M3 family as the Group's Financial Director, which also means that she will be an Executive Director on the Board. Sayuri is well qualified for the role, and we wish her all the best.

Details of these changes in the Board of Directors were released on SENS and are available on the Calgro M3 website and the full structure and resumes of the Board are available in the Integrated Annual Report on the Calgro M3 website as well as in the Notice of Annual General Meeting.

THANK YOU

Given the difficulties of previous periods, it is with great pride and gratitude that we thank all our employees, clients, shareholders and stakeholders for your ongoing support of Calgro M3.

We are grateful to our Board of Directors for their support, wise counsel, and commitment to the Group through Board and Committee meetings.

Calgro M3 will strive to support South Africa as we continue to – ***"Building legacies, Changing lives".***



Wikus Lategan
Chief Executive Officer



Sayuri Naicker
Incoming Financial Director



Waldi Joubert
Outgoing Financial Director

16 May 2022

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2022

	2022	2021
Revenue	**1 321 593 256**	879 146 585
Cost of sales	**(1 039 746 583)**	(771 123 301)
Gross profit	**281 846 673**	108 023 284
Other income	**15 343 007**	50 630 761
Administrative expenses	**(89 774 258)**	(87 064 595)
Other expenses	**(11 410 433)**	(4 085 328)
Impairment losses on financial and contract assets	**(1 928 630)**	(99 402)
Finance income	**22 713 106**	28 212 925
Finance costs	**(46 966 582)**	(72 897 240)
Share of profit of joint ventures – net of tax	**9 641 933**	3 345 892
Profit before tax	**179 464 816**	26 066 297
Taxation	**(47 294 214)**	(7 586 856)
Profit after taxation	**132 170 602**	18 479 441
Other comprehensive income	**–**	–
Total comprehensive income	**132 170 602**	18 479 441
Profit after taxation and other comprehensive income attributable to:		
– Owners of the parent	**131 811 216**	18 944 086
– Non-controlling interests	**359 386**	(464 645)
	132 170 602	18 479 441
Profit after taxation attributable to:		
Equity holders of the Company	**131 811 216**	18 944 086
Earnings per share – cents	**108.58**	14.88
Fully diluted earnings per share – cents	**105.68**	14.64

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 28 February 2022

	2022	2021
Assets		
Non-current assets		
Investment property	**19 947 022**	19 947 022
Property, plant and equipment	**19 682 170**	22 500 654
Intangible assets	**159 650 534**	159 650 534
Investments	**13 927 808**	13 027 204
Investment in joint ventures	**46 604 624**	37 066 691
Deferred income tax asset	**31 695 226**	56 582 473
	291 507 384	308 774 578
Current assets		
Loans to joint ventures	**281 827 502**	320 435 842
Inventories	**615 819 830**	643 573 871
Current tax receivable	**2 372 226**	976 320
Construction contracts	**909 322 057**	840 695 306
Trade and other receivables	**147 292 645**	198 786 388
Cash and cash equivalents	**191 114 249**	154 561 255
	2 147 748 509	2 159 028 982
Total assets	**2 439 255 893**	2 467 803 560
Equity and liabilities		
Equity		
Equity attributable to owners of the parent		
Stated capital	**102 080 971**	102 080 971
Share-based payment reserve	**10 645 975**	6 857 784
Retained income	**850 362 620**	718 881 468
	963 089 566	827 820 223
Non-controlling interests	**596 268**	236 882
Total equity	**963 685 834**	828 057 105
Liabilities		
Non-current liabilities		
Deferred income tax liability	**213 834 988**	208 616 970
	213 834 988	208 616 970
Current liabilities		
Borrowings	**839 067 772**	944 161 828
Current income tax liabilities	**654 978**	92 611
Trade and other payables	**422 012 321**	486 875 046
	1 261 735 071	1 431 129 485
Total liabilities	**1 475 570 059**	1 639 746 455
Total equity and liabilities	**2 439 255 893**	2 467 803 560

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2022

	2022	2021
Cash generated from/(utilised in) operating activities		
Cash generated from operations	**228 221 971**	114 768 074
Finance income received	**1 983 254**	7 576 796
Finance cost paid	**(82 300 992)**	(107 474 196)
Tax paid	**(18 022 488)**	(17 878 456)
Net cash generated from/(utilised in) operating activities	**129 881 745**	(3 007 782)
Cash flows invested in investing activities		
Purchase of property, plant and equipment	**(1 182 125)**	(471 224)
Proceeds from the sale of property, plant and equipment	**–**	11 500
Additions of investment property	**–**	(342 885)
Acquisition of business	**–**	(500 000)
Increase in investments	**(286 383)**	–
Disposal of cash balance in disposal of investment in subsidiary	**–**	(205 340)
Disposal of investments in joint venture	**500**	
Loans advanced to joint ventures	**(18 090 558)**	(50 945 569)
Loans repaid by joint ventures	**45 093 875**	886 885
Net cash received from/(invested in) investing activities	**25 535 309**	(51 566 633)
Cash flows repaid in financing activities		
Proceeds from borrowings	**–**	396 000 000
Repayment of borrowings	**(107 400 000)**	(403 000 000)
Shares bought back	**–**	(14 175 000)
Repayment of capital portion on leases	**(2 378 346)**	(2 044 207)
Settlement of share purchase liability	**(9 085 714)**	(22 714 286)
Net cash repaid in financing activities	**(118 864 060)**	(45 933 493)
Net increase/(decrease) in cash and cash equivalents	**36 552 994**	(100 507 908)
Cash and cash equivalents at the beginning of the year	**154 561 255**	255 069 163
Cash and cash equivalents at the end of the year	**191 114 249**	154 561 255



Durbanville

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2022

	Stated capital	Share-based payment reserve	Retained income	Total	Non-controlling interests*	Total equity
Balance at 1 March 2020	116 255 971	4 499 565	693 734 868	814 490 404	701 527	815 191 931
Shares repurchase	(14 175 000)	–	–	(14 175 000)	–	(14 175 000)
Share-based payment expense	–	7 711 586	–	7 711 586	–	7 711 586
Resignation of executive share scheme participant	–	(5 353 367)	5 353 367	–	–	–
Dividend declared#	–	–	(570 599)	(570 599)	–	(570 599)
Disposal of investment in subsidiary	–	–	1 419 746	1 419 746	–	1 419 746
Comprehensive income						
Profit for the period	–	–	18 944 086	18 944 086	(464 645)	18 479 441
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income/(expense)	–	–	18 944 086	18 944 086	(464 645)	18 479 441
Balance at 1 March 2021	**102 080 971**	**6 857 784**	**718 881 468**	**827 820 223**	**236 882**	**828 057 105**
Share-based payment expense	**–**	**3 788 191**	**–**	**3 788 191**	**–**	**3 788 191**
Dividend declared#	**–**	**–**	**(330 064)**	**(330 064)**	**–**	**(330 064)**
Comprehensive income						
Profit for the period	**–**	**–**	**131 811 216**	**131 811 216**	**359 386**	**132 170 602**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**131 811 216**	**131 811 216**	**359 386**	**132 170 602**
Balance at 28 February 2022	**102 080 971**	**10 645 975**	**850 362 620**	**963 089 566**	**596 268**	**963 685 834**

** The Calgro M3 Group does not hold 100% of the shareholding of the Belhar Calgro M3 Developments Company (Pty) Ltd, Calgro M3 Procurement Services (Pty) Ltd and Calgro M3 Contractors (Pty) Ltd subsidiaries.*

 # Dividends declared are payable to the Calgro M3 Educational Trust R330 064 (2021: R236 258), which the Group does not have control over as well as Dalobex (Pty) Ltd Nil (2021: R334 341), the external shareholder of the subsidiary, Holm Jordaan GWA (Pty) Ltd.

SUMMARISED SEGMENT REPORT OF THE GROUP

The appointed Chief Operating Decision Maker ("CODM") within the Calgro M3 Group is the Group's Executive Committee ("Exco"). It is Exco's responsibility to meet on a regular basis (through weekly meetings and more frequently if required) and develop the strategy for the Group, set and review budget, which are approved by the Board of Directors. The CODM allocates group resources to the operating segments and assesses the performance of the operating segments.

At Exco meetings, summarised feedback on the segments are provided by management of the different operational activities within the Group.

The segmental presentation has changed from the previously reported segments of: Residential Property Development, Memorial Parks and Residential Rental Investments.

As a result, the prior year information has been restated to reflect the new reporting segments.

The CODM now manages the group activities in two distinct segments, namely:

- Residential Property Development
- Memorial Parks

In the current financial year, the CODM has reassessed the reporting segments within the Group to be in line with the Group's current and strategic goals. Based on the assessment performed, the previously reported Residential Rental Investments segment was not deemed to be an integral part of current strategic goals of the Group and has now been included in the residential property development segment.

The operation of the Residential Property Development segment encompasses the following product range: mid to high income housing, as well as the development of integrated developments.

Integrated developments comprise affordable housing, Grassroots Affordable People's homes ("GAP"), Finance Linked Individual Subsidy Programme ("FLISP") and rental housing, social housing, Community Residential Units ("CRU") housing, as well as Breaking New Ground ("BNG") fully subsidised housing. The Group's customer base includes the government, financial institutions and the general public.

The Group's products relating to the Memorial Parks segment consist of burial rights and the associated burial and maintenance services.

The segmental information provided to Exco for the year ended 28 February 2022 has been provided below. The table indicates from where the Group's revenue has been earned, including its joint ventures.

The CODM assesses the performance of the operating segments based on two measurement methods, firstly a fully consolidated statement of comprehensive income per segment (including the elimination of intersegmental transactions) and secondly a statement of financial position per consolidated segment (transactions between segments have not been eliminated for the balance sheet).



Witpoortjie

SUMMARISED SEGMENT REPORT OF THE GROUP (CONTINUED)

	Residential Property Development	Memorial Parks	All other segments	Total
2022				
Total segment revenue	**1 269 325 468**	**52 267 788**	**–**	**1 321 593 256**
Fleurhof	402 933 636	–	–	402 933 636
Jabulani	67 020 084	–	–	67 020 084
Witpoortjie	26 727 976	–	–	26 727 976
South Hills	219 561 716	–	–	219 561 716
Belhar	464 442 896	–	–	464 442 896
Third parties	88 639 160	52 267 788	–	140 906 948
Inter-segment revenue	–	–	–	–
Combined revenue*	**1 639 880 132**	**52 267 788**	**–**	**1 692 147 920**
Total segment revenue	1 269 325 468	52 267 788	–	1 321 593 256
Revenue of joint ventures	370 554 664	–	–	370 554 664
Witpoortjie Calgro M3 Development Company (Pty) Ltd	47 273 396	–	–	47 273 396
South Hills Development Company (Pty) Ltd	323 281 268	–	–	323 281 268
Gross revenue	**1 269 325 468**	**52 267 788**	**–**	**1 321 593 256**
Point in time	301 236 465	48 680 692	–	349 917 157
Over time	968 089 003	3 587 096	–	971 676 099
Revenue	1 269 325 468	52 267 788	–	1 321 593 256
Gross revenue	1 268 517 309	52 267 788	–	1 320 785 097
Reversal of unrealised profit realised adjustment#	808 159	–	–	808 159
Reversal of unrealised profit adjustment#	–	–	–	–
Cost of sales	(1 007 089 864)	(32 656 719)	–	(1 039 746 583)

* *Combined revenue is the total segment revenue plus the total revenue of joint ventures. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations. Refer to note 9 for details on revenue attributable to joint ventures.*

\# *The unrealised profit adjustment consists of profits that were generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 had a 49% shareholding historically. The unrealised profit is realised upon transfer of the unit to the end-user.*

	Residential Property Development	Memorial Parks	All other segments	Total
2022				
Gross profit	**262 235 604**	**19 611 069**	**–**	**281 846 673**
Other income	8 312 246	3 794 391	–	15 343 007
Administrative expenses	(76 752 481)	(8 885 070)	(4 136 707)	(89 774 258)
Other expenses	(9 039 414)	–	–	(11 410 433)
Net impairment (losses)/gains on financial and contract assets	(1 923 288)	(5 342)	–	(1 928 630)
Finance income	21 817 254	138 854	756 998	22 713 106
Finance costs$	(38 434 607)	(8 531 975)	–	(46 966 582)
Share of profit/(loss) of joint venture – net of tax	9 641 933	–	–	9 641 933
Profit/(loss) before tax	**176 722 598**	**6 121 927**	**(3 379 709)**	**179 464 816**
Taxation	(46 889 359)	(269 913)	(134 942)	(47 294 214)
Profit/(loss) after taxation	**129 833 239**	**5 852 014**	**(3 514 651)**	**132 170 602**
Other comprehensive income	–	–	–	–
Total comprehensive income	**129 833 239**	**5 852 014**	**(3 514 651)**	**132 170 602**
Profit/(loss) after taxation and other comprehensive income attributable to:				
– Owners of the parent	129 473 853	5 852 014	(3 514 651)	131 811 216
– Non-controlling interests	359 386	–	–	359 386
	129 833 239	5 852 014	(3 514 651)	132 170 602
Non-current assets				
Investment property	–	19 947 022	–	19 947 022
Property, plant and equipment	11 441 792	8 240 378	–	19 682 170
Intangible assets	158 955 730	694 804	–	159 650 534
Investments	–	13 927 808	–	13 927 808
Investment in joint ventures	46 604 624	–	–	46 604 624
Deferred income tax asset	21 099 747	10 595 479	–	31 695 226
	238 101 893	53 405 491	–	291 507 384

$ *The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment. Segments are measured in the same way as in the financial statements. All line items above are allocated based on the operations of the segments.*

SUMMARISED SEGMENT REPORT OF THE GROUP (CONTINUED)

	Residential Property Development	Memorial Parks	All other segments	Total
2022				
Current assets				
Loans to joint ventures	**281 827 502**	**–**	**–**	**281 827 502**
Inventories	**439 016 764**	**176 803 066**	**–**	**615 819 830**
Current tax receivable	**2 228 048**	**144 178**	**–**	**2 372 226**
Construction contracts	**909 322 057**	**–**	**–**	**909 322 057**
Trade and other receivables	**144 043 679**	**3 248 966**	**–**	**147 292 645**
Cash and cash equivalents	**186 710 128**	**4 339 045**	**65 076**	**191 114 249**
	1 963 148 178	**184 535 255**	**65 076**	**2 147 748 509**
Assets held-for-sale	**–**	**–**	**–**	**–**
Total assets	**2 201 250 071**	**237 940 746**	**65 076**	**2 439 255 893**
Liabilities				
Non-current liabilities				
Deferred income tax liability	**213 834 988**	**–**	**–**	**213 834 988**
	213 834 988	**–**	**–**	**213 834 988**
Current liabilities				
Borrowings[$]	**758 482 142**	**80 585 630**	**–**	**839 067 772**
Current income tax liabilities	**108 013**	**426 880**	**120 085**	**654 978**
Trade and other payables	**364 702 790**	**51 018 618**	**6 290 913**	**422 012 321**
	1 123 292 945	**132 031 128**	**6 410 998**	**1 261 735 071**
Total liabilities	**1 337 127 933**	**132 031 128**	**6 410 998**	**1 475 570 059**

$ The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment. Segments are measured in the same way as in the financial statements. All line items above are allocated based on the operations of the segments.

	Residential Property Development	Memorial Parks	All other segments	Total
2021 – restated				
Total segment revenue	836 694 617	42 451 968	–	879 146 585
Fleurhof	231 378 417	–	–	231 378 417
Jabulani	96 103 694	–	–	96 103 694
Witpoortjie Calgro M3 Development Company (Pty) Ltd	22 024 058	–	–	22 024 058
South Hills Development Company (Pty) Ltd	107 799 942	–	–	107 799 942
Belhar	315 941 419	–	–	315 941 419
Third parties	63 447 087	42 451 968	–	105 899 055
Inter-segment revenue	–	–	–	–
Combined revenue*	1 053 665 476	42 451 968	–	1 096 117 444
Total segment revenue	836 694 617	42 451 968	–	879 146 585
Revenue of joint ventures	216 970 859	–	–	216 970 859
Witpoortjie Calgro M3 Development Company (Pty) Ltd	41 580 570	–	–	41 580 570
South Hills Development Company (Pty) Ltd	175 390 289	–	–	175 390 289
Gross revenue	836 694 617	42 451 968	–	879 146 585
Point in time	285 536 683	39 676 016	–	325 212 699
Over time	551 157 934	2 775 952	–	553 933 886
Revenue	836 694 617	42 451 968	–	879 146 585
Gross revenue	828 128 137	42 451 968	–	870 580 105
Reversal of unrealised profit realised adjustment[#]	8 566 480	–	–	8 566 480
Reversal of unrealised profit adjustment[#]	–	–	–	–
Cost of sales	(748 672 039)	(22 451 262)	–	(771 123 301)

** Combined revenue is the total segment revenue plus the total revenue of joint ventures. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations. Refer to note 9 for details on revenue attributable to joint ventures.*

 # The unrealised profit adjustment consists of profits that were generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 had a 49% shareholding historically. The unrealised profit is realised upon transfer of the unit to the end-user.

SUMMARISED SEGMENT REPORT OF THE GROUP (CONTINUED)

	Residential Property Development	Memorial Parks	All other segments	Total
2021 – restated				
Gross profit	88 022 578	20 000 706	–	108 023 284
Other income	41 061 543	9 553 204	16 014	50 630 761
Administrative expenses	(73 685 475)	(9 130 028)	(4 249 092)	(87 064 595)
Other expenses	(4 085 328)	–	–	(4 085 328)
Net impairment losses on financial and contract assets	(111 828)	12 426	–	(99 402)
Finance income	25 283 792	280 024	2 649 109	28 212 925
Finance costs[$]	(59 618 494)	(13 278 746)	–	(72 897 240)
Share of loss of joint venture – net of tax	3 345 892	–	–	3 345 892
Profit/(loss) before tax	20 212 680	7 437 586	(1 583 969)	26 066 297
Taxation	(6 922 005)	(103 799)	(561 052)	(7 586 856)
Profit/(loss) after taxation	13 290 675	7 333 787	(2 145 021)	18 479 441
Other comprehensive income	–	–	–	–
Total comprehensive income	13 290 675	7 333 787	(2 145 021)	18 479 441
Profit/(loss) after taxation and other comprehensive income attributable to:				
– Owners of the parent	13 755 320	7 333 787	(2 145 021)	18 944 086
– Non-controlling interests	(464 645)	–	–	(464 645)
	13 290 675	7 333 787	(2 145 021)	18 479 441

$ The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment. Segments are measured in the same way as in the financial statements. All line items above are allocated based on the operations of the segments.

	Residential Property Development	Memorial Parks	All other segments	Total
2021 – restated				
Non-current assets				
Investment property	–	19 947 022	–	19 947 022
Property, plant and equipment	14 120 867	8 379 787	–	22 500 654
Intangible assets	158 955 730	694 804	–	159 650 534
Investments	–	13 027 204	–	13 027 204
Investment in joint ventures	37 066 691	–	–	37 066 691
Deferred income tax asset	48 411 596	8 170 877	–	56 582 473
	258 554 884	50 219 694	–	308 774 578
Current assets				
Loans to joint ventures	320 435 842	–	–	320 435 842
Loans to Group companies	–	–	–	–
Inventories	456 994 618	186 579 253	–	643 573 871
Current tax receivable	507 132	469 188	–	976 320
Construction contracts	840 695 306	–	–	840 695 306
Trade and other receivables	195 313 527	3 467 725	5 136	198 786 388
Cash and cash equivalents	143 277 495	11 224 348	59 412	154 561 255
	1 957 223 920	201 740 514	64 548	2 159 028 982
Total assets	2 215 778 803	251 960 208	64 548	2 467 803 560
Liabilities				
Non-current liabilities				
Deferred income tax liability	206 317 946	2 299 024	–	208 616 970
	206 317 946	2 299 024	–	208 616 970
Current liabilities				
Borrowings[$]	848 649 484	95 512 344	–	944 161 828
Loans from Group companies	–	–	–	–
Current income tax liabilities	74 747	5 323	12 541	92 611
Trade and other payables	431 997 185	51 622 319	3 255 543	486 875 047
	1 280 721 416	147 139 986	3 268 084	1 431 129 486
Total liabilities	1 487 039 362	149 439 010	3 268 084	1 639 746 456

$ The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment. Segments are measured in the same way as in the financial statements. All line items above are allocated based on the operations of the segments.

SUMMARISED SEGMENT REPORT OF THE GROUP (CONTINUED)

	Residential Property Development	Memorial Parks	Residential Rental Investments	All other segments	Total
2021 – original					
Total segment revenue	**829 101 989**	**42 451 968**	**7 592 628**	**–**	**879 146 585**
Fleurhof	231 378 417	–	–	–	231 378 417
Jabulani	96 103 694	–	–	–	96 103 694
Witpoortjie	22 024 058	–	–	–	22 024 058
South Hills	107 799 942	–	–	–	107 799 942
Belhar	315 941 419	–	–	–	315 941 419
Third parties	55 854 459	42 451 968	7 592 628	–	105 899 055
Combined revenue*	1 046 072 848	42 451 968	7 592 628	–	1 096 117 444
Total segment revenue	829 101 989	42 451 968	7 592 628	–	879 146 585
Revenue of joint ventures	216 970 859	–	–	–	216 970 859
Witpoortjie Calgro M3 Development Company (Pty) Ltd	41 580 570	–	–	–	41 580 570
South Hills Development Company (Pty) Ltd	175 390 289	–	–	–	175 390 289
Gross revenue	829 101 989	42 451 968	7 592 628	–	879 146 585
Point in time	277 944 055	39 676 016	7 592 628	–	325 212 699
Over time	551 157 934	2 775 952	–	–	553 933 886
Revenue	829 101 989	42 451 968	7 592 628	–	879 146 585
Gross revenue	820 535 509	42 451 968	7 592 628	–	870 580 105
Reversal of unrealised profit realised adjustment#	8 566 480	–	–	–	8 566 480
Cost of sales	(741 807 004)	(22 451 262)	(6 865 035)	–	(771 123 301)

** Combined revenue is the total segment revenue plus the total revenue of Joint Ventures. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations. Refer to Note 9 for details on revenue attributable to Joint Ventures.*

 # The unrealised profit adjustment consists of profits that were generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 had a 49% shareholding historically. The unrealised profit is realised upon transfer of the unit to the end user.

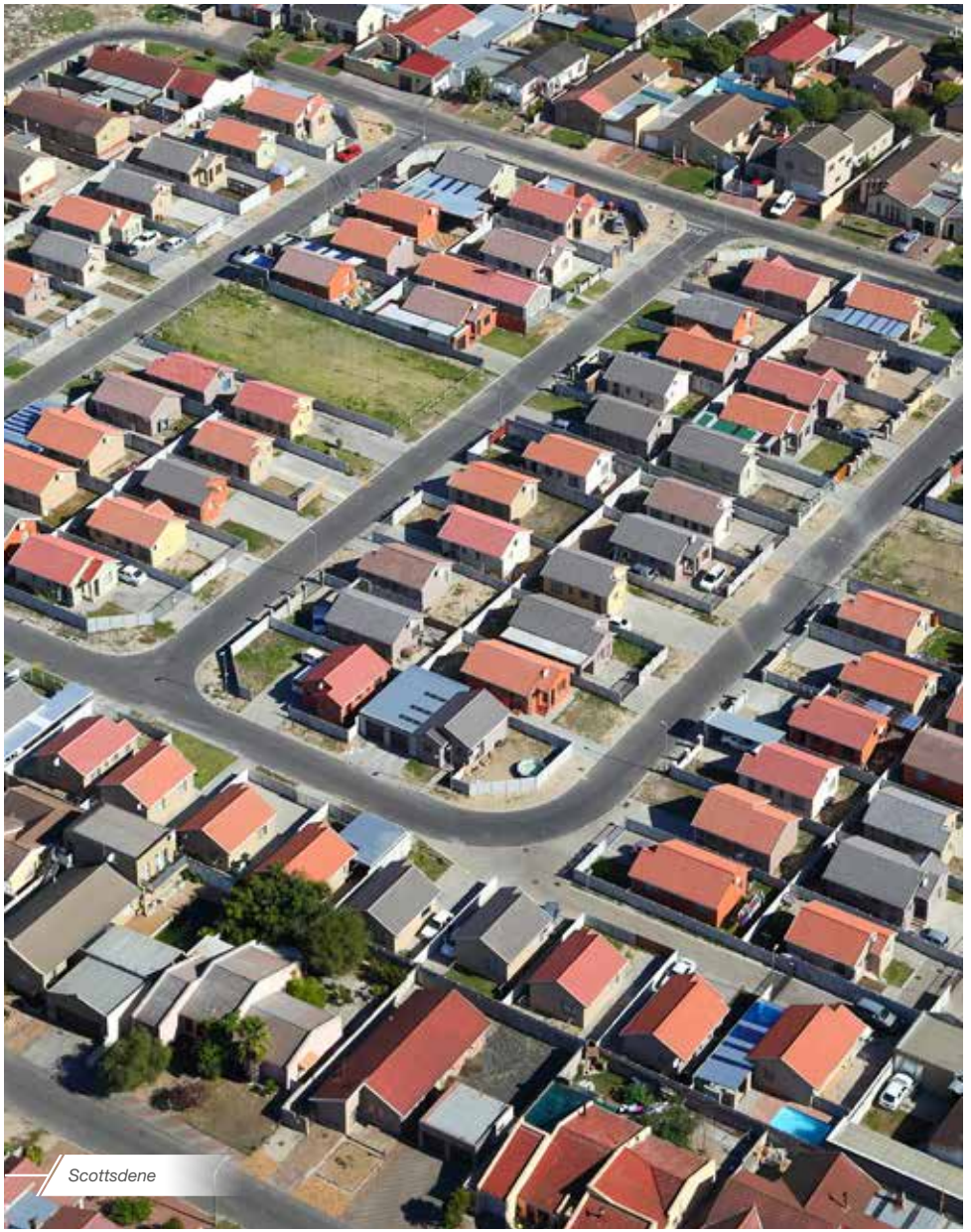
	Residential Property Development	Memorial Parks	Residential Rental Investments	All other segments	Total
2021 – original					
Gross profit	87 294 985	20 000 706	727 593	–	108 023 284
Other income	41 061 543	9 553 204	–	16 014	50 630 761
Administrative expenses	(71 791 043)	(9 130 028)	(1 894 432)	(4 249 092)	(87 064 595)
Other expenses	50 992	–	(4 136 320)	–	(4 085 328)
Net impairment (losses)/ gains on financial and contract assets	(478 604)	12 426	366 776	–	(99 402)
Finance income	24 694 159	280 024	589 633	2 649 109	28 212 925
Finance costs$	(58 820 878)	(13 278 746)	(797 616)	–	(72 897 240)
Share of profit/(loss) of joint venture – net of tax	4 483 246	–	(1 137 353)	–	3 345 892
Profit/(loss) before tax	26 494 399	7 437 586	(6 281 719)	(1 583 969)	26 066 297
Taxation	(7 706 581)	(103 799)	784 575	(561 052)	(7 586 856)
Profit/(loss) after taxation	18 787 819	7 333 787	(5 497 144)	(2 145 021)	18 479 441
Other comprehensive income	–	–	–	–	–
Total comprehensive income	18 787 819	7 333 787	(5 497 144)	(2 145 021)	18 479 441
Profit/(loss) after taxation and other comprehensive income attributable to:					
– Owners of the parent	19 252 464	7 333 787	(5 497 144)	(2 145 021)	18 944 086
– Non-controlling interests	(464 645)	–	–	–	(464 645)
	18 787 819	7 333 787	(5 497 144)	(2 145 021)	18 479 441

$ The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.

SUMMARISED SEGMENT REPORT OF THE GROUP (CONTINUED)

	Residential Property Development	Memorial Parks	Residential Rental Investments	All other segments	Total
2021 – original					
Non-current assets					
Investment property	–	19 947 022	–	–	19 947 022
Property, plant and equipment	14 120 867	8 379 787	–	–	22 500 654
Intangible assets	158 955 730	694 804	–	–	159 650 534
Investments	–	13 027 204	–	–	13 027 204
Investment in Joint Ventures	37 066 691	–	–	–	37 066 691
Deferred income tax asset	44 700 508	8 170 877	3 711 088	–	56 582 473
	254 843 796	50 219 694	3 711 088	–	308 774 578
Current assets					
Loans to joint ventures	320 435 842	–	–	–	320 435 842
Inventories	456 994 618	186 579 253	–	–	643 573 871
Current tax receivable	507 132	469 188	–	–	976 320
Construction contracts	840 695 306	–	–	–	840 695 306
Trade and other receivables	181 652 049	3 467 725	13 661 478	5 136	198 786 388
Cash and cash equivalents	142 876 920	11 224 348	400 575	59 412	154 561 255
	1 943 161 867	201 740 514	14 062 053	64 548	2 159 028 982
Total assets	2 198 005 663	251 960 208	17 773 141	64 548	2 467 803 560
Liabilities					
Non-current liabilities					
Deferred income tax liability	206 317 946	2 299 024	–	–	208 616 970
	206 317 946	2 299 024	–	–	208 616 970
Current liabilities					
Borrowings[$]	841 691 131	95 512 344	6 958 353	–	944 161 828
Current income tax liabilities	74 747	5 323	–	12 541	92 611
Trade and other payables	431 551 186	51 622 319	445 999	3 255 543	486 875 047
	1 273 317 064	147 139 986	7 404 352	3 268 084	1 431 129 486
Total liabilities	1 479 635 010	149 439 010	7 404 352	3 268 084	1 639 746 456

$ The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.



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NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

1. Basis of preparation

1.1 Statement of compliance

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*.

The summary consolidated annual financial statements should be read in conjunction with the Group annual financial statements as at and for the year ended 28 February 2022, which have been prepared in accordance with IFRS as issued by the IASB. The summary consolidated annual financial statements have been prepared on the historical cost basis, excluding investment property and financial assets held at fair value, that are measured at fair value. The consolidated financial statements were internally compiled by R van Maarleveld CA(SA) under the supervision of SU Naicker CA(SA).

The summary consolidated annual financial statements were authorised for issue by the Board of Directors on 16 May 2022. This summarised report is extracted from audited information but is not itself audited. The consolidated annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited consolidated annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office and available for viewing on the Company's website, www.calgrom3.com. The Directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying annual financial statements.

1.2 Judgements and estimates

Management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key source of estimation uncertainty were similar to those applied to the Group annual financial statements as at and for the year ended 28 February 2021.

2. Accounting policies

The accounting policies applied are consistent to the policies applied for the year ended 28 February 2021.

3. Revenue

	2022	2021
Disaggregated revenue		
Residential Property Development segment		
Infrastructure	**446 924 063**	209 282 861
Fully and partially subsidised units	**685 639 033**	477 959 408
Non-subsidised units	**124 211 217**	45 362 423
Serviced land sales	**12 551 155**	96 497 297
Rental income*	**–**	7 592 628
	1 269 325 468	836 694 617
Memorial Parks segment		
Memorial parks burial rights	**42 265 376**	35 006 001
Memorial parks maintenance	**3 587 096**	2 775 952
Memorial parks burial services	**6 415 316**	4 670 015
	52 267 788	42 451 968
Total revenue	**1 321 593 256**	879 146 585

** In the current year, there was a change in the segmental reporting (refer to the summarised segment report of the Group). Due to this change, rental income is included in "Residential Property Development" (previously in Residential Property Rental segment).*

4. Cost of sales

	2022	2021
Disaggregated cost of sales		
Residential Property Development segment		
Infrastructure	**323 771 588**	156 264 025
Fully and partially subsidised units	**535 653 955**	418 447 487
Non-subsidised units	**138 950 641**	106 208 938
Serviced land sales	**8 581 975**	60 886 554
Rental income*	**–**	6 865 035
	1 006 958 159	748 672 039
Memorial Parks segment		
Memorial parks burial rights	**23 978 811**	11 007 309
Memorial parks maintenance	**7 421 200**	6 642 131
Memorial parks burial services	**1 388 413**	4 801 822
	32 788 424	22 451 262
Total cost of sales	**1 039 746 583**	771 123 301

** In the current year, there was a change in the segmental reporting (refer to the summarised segment report of the Group). Due to this change, rental income is included in "Residential Property Development" (previously in Residential Property Rental segment).*

5. Earnings reconciliation

	2022	2021
Determination of headline and diluted earnings:		
Profit attributable to shareholders	**131 811 216**	18 944 086
Profit on disposal of property, plant and equipment and computer software	**–**	(11 500)
Fair value adjustment in investment properties	**–**	(5 770 587)
Profit on disposal of investment in subsidiary	**–**	(36 560 998)
Loss of sale of investment in joint venture	**–**	4 085 328
Gain on bargain purchase	**(3 582 313)**	–
Headline and diluted headline earnings/(loss)	**128 228 903**	(19 313 671)
Determination of earnings and diluted earnings:		
Attributable profit	**131 811 216**	18 944 086
Earnings and diluted earnings	**131 811 216**	18 944 086
Number of ordinary shares	**121 400 069**	121 400 069
Weighted average shares*	**121 400 069**	127 336 370
Fully diluted weighted average shares	**124 722 232**	129 434 107
Fully diluted earnings per share – cents	**105.68**	14.64
Fully diluted headline earnings/(loss) per share – cents	**102.81**	(14.92)

** The weighted average number of shares include the repurchase of the shares in the prior year.*

6. Inventories

	2022	2021
Opening balance	**643 573 871**	719 305 469
Additions (net of transfers to construction contracts)	**45 108 138**	(34 625 892)
Borrowing costs capitalised	**7 475 722**	4 806 070
Net realisable value adjustments	**–**	(10 363 419)
Disposals	**(80 337 901)**	(35 548 357)
Closing balance	**615 819 830**	643 573 871

7. Construction contracts

	2022	2021
The aggregate costs incurred and recognised profits to date	**4 893 069 886**	4 277 831 032
Less: Progress billings	**(4 031 891 428)**	(3 462 446 858)
Net statement of financial position balance for ongoing contracts	**861 178 458**	815 384 174
Excess billings over work done classified under trade and other payables	**53 278 738**	25 835 396
Provision for loss making contracts classified under trade and other payables	**–**	1 899 482
Provisions for expected credit losses on contract assets	**(5 135 139)**	(2 423 746)
Gross statement of financial position balance for ongoing contracts	**909 322 057**	840 695 306
Construction contracts to be realised within 12 months	**324 667 896**	287 941 821
Construction contracts to be realised after 12 months	**584 654 161**	552 753 485
	909 322 057	840 695 306

The previous year's contract liabilities have been recognised in revenue in full during the current reporting period.

	2022	2021
Disaggregated construction contracts – pre-expected credit loss provisions		
Infrastructure – contract assets	**38 970 374**	12 995 031
Fully and partially subsidised units – contract assets	**343 033 492**	348 474 687
Non-subsidised units – contract assets	**16 899 386**	14 440 130
Serviced land – contract assets	**16 744 432**	21 816 854
Contract assets	**415 647 684**	397 726 702
Future contract asset costs		
Development cost for future contract assets	**498 809 512**	445 392 350
	914 457 196	843 119 052
Reconciliation of construction contracts		
Gross statement of financial position balance for ongoing contracts	**415 647 684**	397 726 702
Provisions for expected credit losses on contract assets	**(5 135 139)**	(2 423 746)
Development cost for future contract assets	**498 809 512**	445 392 350
Statement of financial position balance for construction contracts	**909 322 057**	840 695 306

* *The normal operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months.*

The expected aggregate revenue still to be recognised on the current contract asset balances amounts to R1 993 770 538 (2021: R2 398 869 196) and will be recognised within the normal operating cycle of the business.

Borrowing costs to the value of R34 713 783 (2021: R30 526 396) have been capitalised (note 27).

8. Borrowings

	Interest rate	Expiration date	2022	2021
Floating rate note – CGR 42	JIBAR plus 4.5%	3 August 2023	**45 000 000**	45 000 000
Floating rate note – CGR 43	JIBAR plus 3.95%	Repaid	**–**	10 000 000
Floating rate note – CGR 45	JIBAR plus 3.5%	Repaid	**–**	20 000 000
Floating rate note – CGR 46	JIBAR plus 3.95%	28 February 2023	**40 000 000**	40 000 000
Floating rate note – CGR 47	JIBAR plus 4.5%	28 February 2025	**60 000 000**	60 000 000
Floating rate note – CGR 48	JIBAR plus 4.25%	30 September 2023	**50 000 000**	50 000 000
Floating rate note – CGR 49	JIBAR plus 4.75%	30 September 2024	**50 000 000**	50 000 000
Floating rate note – CGR 50	JIBAR plus 4.25%	23 October 2023	**33 000 000**	33 000 000
Floating rate note – CGR 51	JIBAR plus 4.75%	23 October 2024	**48 000 000**	48 000 000
Transaction cost amortisation*			**(543 640)**	(681 959)
Total bond exchange			**325 456 360**	355 318 041
NHFC loan	Prime plus 0.5%	30 August 2026	**215 000 000**	215 000 000
Proparco loan	JIBAR plus 4.9%	15 September 2023	**309 600 000**	387 000 000
Transaction cost amortisation*			**(10 988 588)**	(13 156 213)
Other borrowings			**513 611 412**	588 843 787
Total borrowings			**839 067 772**	944 161 828

* *The transaction costs are amortised over the life of the facilities. It is expected that these costs will be fully amortised when the facilities are settled.*

	2022	2021
Borrowings cash flow reconciliation		
Opening balance	**944 161 828**	1 062 842 931
Repayments of CGR notes	**(30 000 000)**	(403 000 000)
Repayments of Proparco loan	**(77 400 000)**	–
Amortised expense through the statement of comprehensive income	**3 383 175**	2 787 377
Borrowings (repaid)/raised by offset of loan accounts* (non-cash item)	**–**	(104 000 000)
Transaction costs paid	**(1 077 231)**	(10 468 480)
Proceeds from new CGR notes issued	**–**	181 000 000
Proceeds from NHFC	**–**	215 000 000
Closing balance	**839 067 772**	944 161 828

9. Business combination

32-On-Pine project

On 25 August 2021 (acquisition date), the Group acquired the remaining 50% of the stated capital and associated 50% of the voting rights of 32-On-Pine Property Development Proprietary Limited, an unlisted South African property development company. The total deemed consideration for the acquisition was R22 550 000. As a result of the acquisition, the Group increased its stake to 100% in the 32-On-Pine development situated in Craigavon located in Fourways, Johannesburg, South Africa.

The acquisition resulted in a gain on bargain purchase of R3 582 313 as a result of the identifiable assets being remeasured at fair value. The gain has been recognised in the statement of comprehensive income.

Prior to the business combination, the Group had a shareholder loan with 32-On-Pine Property Development Proprietary Limited. Application of the principles of IFRS 3: *Business Combinations* effectively resulted in the extinguishment of the loan due to the pre-existing relationship. The loan was not legally extinguished.

If the acquisition took place on 1 March 2021, the gain on bargain purchases recognised, would be unchanged as no trading occurred during the year up to the date of acquisition.

9. Business combination (continued)

32-On-Pine project (continued)

The following table summarises the consideration paid for 32-On-Pine Property Development Proprietary Limited, and the assets acquired at the acquisition date.

	2021
Consideration at 25 August 2021	
Consideration paid for 50% interest	3 000 000
Carrying value of loan to joint venture at 25 August 2021	19 550 000
Total deemed consideration for 100%	**22 550 000**
Identifiable assets acquired assumed at fair value	
Inventories	17 000 000
Trade receivables	2 550 000
Total identifiable assets	**19 550 000**
Fair value uplift	6 582 313
Total fair valued identifiable assets	**26 132 313**
Gain on bargain purchase	(3 582 313)
Total deemed consideration	**22 550 000**
Cash flow of the transaction	
Total purchase consideration for 50% interest	3 000 000
Consideration payable by future sale of units in the development (included in trade and other payables)	(3 000 000)
Total cash flow	–

The fair value of the construction contracts – top structure is based on the feasibility prepared by management for the development of this particular site.

The carrying value of construction contracts – top structure approximates fair value.

The results of 32-On-Pine was equity accounted up until 25 August 2021, after which it was consolidated.

10. Related parties

Related party transactions

	2022	2021
Compensation paid to key employees and personnel	**39 608 869**	25 361 702
Finance income from related parties	**20 045 935**	19 773 141
Contract revenue received from joint ventures	**246 289 691**	129 824 000

11. Financial instruments

The carrying value of all financial instruments is equal to the fair value of those instruments at 28 February 2022 with the exception of borrowings. The carrying value of borrowings at 28 February 2022 was R839.1 million, with a corresponding fair value of R842.0 million. The difference is attributable to the bonds trading in an active market and is classified as level 2 in the IFRS 13: *Fair Value Hierarchy*.

12. Dividends

Management believes that cash should be retained to fund growth across the Group. Cash retention is important to ensure investment in future projects, as well as reduced reliance on debt finance. The Board has therefore resolved not to declare a dividend for this reporting period.

13. Going concern

Based on the latest results for the year ended 28 February 2022, the latest Board approved budget for the 2023 financial year, as well as the available bank facilities and cash-generating capability, Calgro M3 satisfies the criteria of a going concern.

14. Events after the reporting period

The Directors are not aware of any matter or circumstances arising since the end of the financial period that warrants adjustment or disclosure in the financial results.

15. JSE Listings Requirements

The unaudited condensed consolidated financial statements have been prepared in accordance with the Listings Requirements of the JSE.

16. Corporate governance

Corporate governance forms one of the foundational layers of the Calgro M3 strategy as we understand that transparency, integrity and accountability need to permeate everything that we do. The Board of Directors endorses the principles contained in King IV™. Calgro M3's application of these principles is set out in the 2022 ESG report as well as the King IV™ application register, and is, in accordance with the JSE Listings Requirements, available on the Company's website. Please contact Ms I April, Group company secretary, for any additional information.

17. Ratio calculations

Net debt/equity ratio
This ratio is calculated as net debt divided by equity. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents. Equity is calculated as the total equity per the statement of financial position (excluding share-based payment reserve).

	2022	2021
Net debt		
Borrowings	**839 067 772**	944 161 828
Other interest-bearing borrowings	**24 260 353**	22 834 174
Less: Cash and cash equivalents	**(191 114 249)**	(154 561 255)
	672 213 876	812 434 747
Equity		
Stated capital	**102 080 971**	102 080 971
Retained income	**850 362 620**	718 881 468
	952 443 591	820 962 439
Net debt/equity ratio	**0.71**	0.99

The Group monitors capital repayments and interest serviceability on the basis of its debt service cover ratio ("DSCR"). The minimum allowed DSCR ratio for the Group is 1.2.

Debt service cover ratio ("DSCR")
This ratio is calculated as available cash flow divided by debt service requirement. Available cash flow is calculated as cash generated from/(utilised in) operating activities plus new financial indebtedness incurred plus cash and cash equivalent at the beginning of the year plus the aggregate amount spent on the purchase of property, plant and equipment, purchase of intangible assets, acquisition of business, acquisition of subsidiaries, and loans advanced to joint ventures for investment purposes (Capex).

Debt service requirement is calculated as interest and fees plus principal repayments.

	2022	2021
Available cash flow		
Cash generated from operating activities	**228 221 971**	114 768 074
New financial indebtedness incurred	**–**	396 000 000
Cash and cash equivalent beginning of the year	**154 561 255**	255 069 163
Capex	**25 535 309**	(51 566 633)
	408 318 535	714 270 604
Debt service requirement		
Interests and fees	**(82 300 992)**	(107 474 196)
Principal repayments	**(107 400 000)**	(403 000 000)
	(189 700 992)	(510 474 196)
Debt service cover ratio ("DSCR")	**2.15**	1.40

Refer to the statement of cash flows for the above balances.

Proparco requirements
The Group monitors capital from Proparco on the basis of its debt service cover ratio and its net debt/equity ratio (as above). The minimum allowed debt service cover ratio for the Group is 1.2 and the maximum net debt/equity ratio of 1.5:1.

GENERAL INFORMATION

Calgro M3 Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 2005/027663/06
Share code: CGR
ISIN: ZAE000109203

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Transfer secretaries
Computershare Investor Services

Bankers
First National Bank
Standard Bank
Nedbank

Auditors
PricewaterhouseCoopers Inc.
Registered Auditor

Sponsor

PSG Capital

Secretary
I April

Directors

W Williams	Executive
WA Joubert	Executive
WJ Lategan	Executive
SU Naicker[1]	Executive
GS Hauptfleisch	Independent Non-Executive
H Ntene	Independent Non-Executive Chairman
SL Ntuli	Independent Non-Executive
ME Gama	Independent Non-Executive
TP Baloyi	Independent Non-Executive
RB Patmore	Lead Independent Non-Executive
TC Moodley	Non-Executive

1. Appointed 1 March 2022.

Preparer
The summary financial statements were internally compiled by R van Maarleveld CA(SA) under the supervision of SU Naicker CA(SA).

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