

CALGRO M3
Group

INTERIM FINANCIAL RESULTS

For the six months ended 31 August 2022



PERIOD UNDER REVIEW

1

Financial overview of the period

CALGRO M3 Group

- Headline earnings increased by **33%** to 57.00 cps (2021: 42.79 cps)
- Earnings increased by **44%** to 57.04 cps (2021: 39.56 cps)
- Revenue increased by **5%** to R607 million (2021: R576 million)
- Gross profit margin remained within **20% to 25%** target range, increasing to **22%** (2021: 19.7%)
- Net finance cost decreased by **76%**
- Trade and other payables decreased by **9.7%** to R381 million – lowest in seven years
- Interest-bearing borrowings decreased by **3%**
- Group net asset value ("NAV") increased by 7.4% to R8.53 per share
- Net debt to equity increased to 0.76:1 from 0.71 at 28 February 2022
- 1 193 units handed over in HY 2023
- 3 965 units under construction

Overview of the year – What we said and what we have done

Focus on liquidity	Liquidity reduced to R59 million in line with previous market communication	Liquidity position expected to improve resulting from transfer of open market units by 28 Feb 2023
Continue focusing on cash generation	Cash was not generated but instead utilised to build open market units	Cash from operations should return to be in line with profit at the end of the financial year
Consistent and predictable cashflow from Memorial Parks	Memorial Parks generated cash of R28 million, 68% of Group administrative expenses	More structured approach to product development and marketing to enhance sales and increase cash generation
Gross margin target 20%-25%	Maintained Gross Margin within target range of 22%	Anticipate maintaining the margin in the expected range for the full year
Capital spread between risk capital, working capital, new opportunities	Successfully managed through positive results output	Continued focus on capital allocation and project spread to ensure sufficient diversification
Focus on cost containment	Cost increased by 11% for the period with minimal revenue growth	Watchful eye kept on costs to ensure alignment with budgets
Greater brand awareness	Well underway with new branding and greater product offering	Marketing strategy and awareness campaigns planned for remaining half of the year

Strategic achievements for the period

ESG

- Enhanced reporting
- Level 1 B-BBEE accreditation
- ISO 14001:2015 and ISO 45001:2018 recertification underway

- UN Global Compact advanced level status
- 44% of the workforce are woman maintained
- Improved African employment representation to 60% from 57% in previous reporting period
- Development and training remains a major priority

Building legacies. Changing lives



Group values

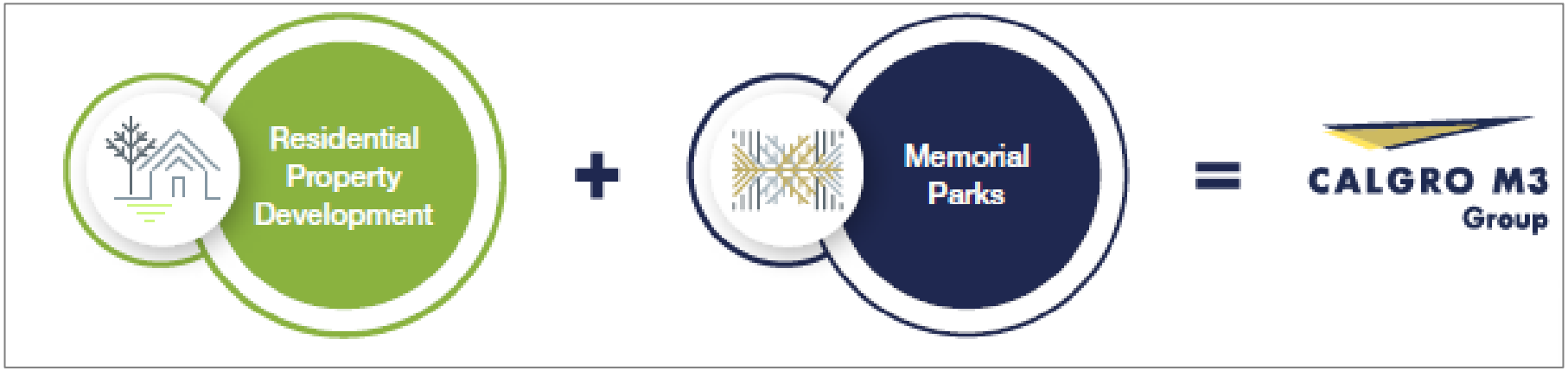




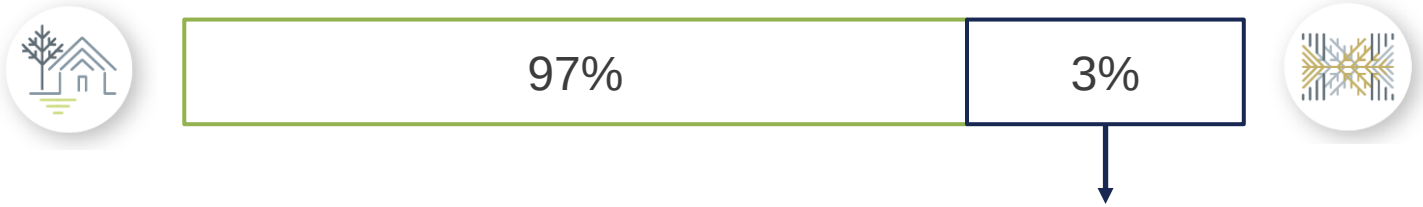
UNDERLYING BUSINESS PERFORMANCE

2

Contributions to Group



Revenue and profit after tax * contribution to Group



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

(*) excluding other segments

Integrated Residential Developments

- Servicing from fully subsidised homes to homes > R3 million
- R47 million self-funded spend on infrastructure at Fleurhof, Belhar and Jabulani
- Revenue diversification between projects and provinces, and sustainable mix of customers will ensure consistent hand overs and, in turn, cash flows
- Initiatives implemented to maintain margin within target range:
  - Innovative building designs;
  - More efficient layouts;
  - Containment of building costs; and
  - Improvement of marketing and sales initiatives.

Projects	9
Footprint	Gauteng Western Cape

Trading out of Kwa-Zulu Natal

- *Expect revenue growth in remaining six months*
- *Approximately half of the units under construction are expected to be completed and/or handed over before February 2023*



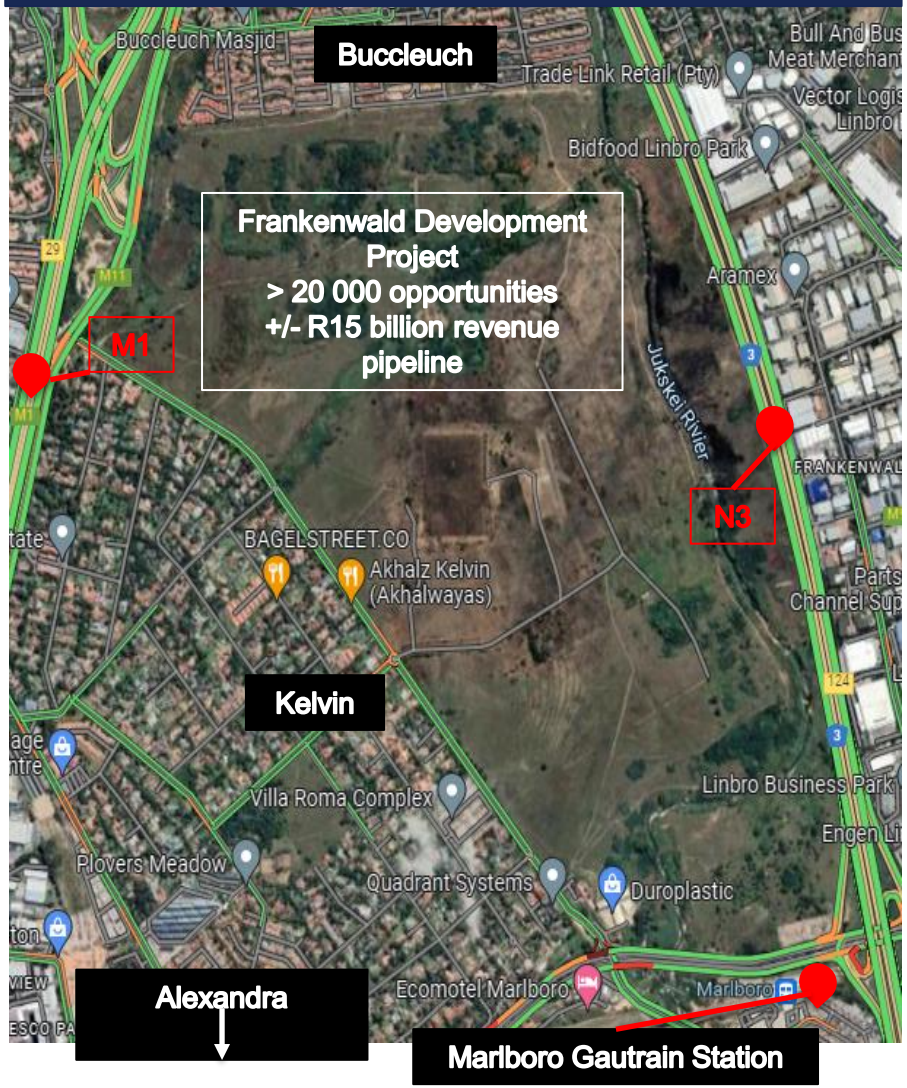
Integrated Residential Developments

- Strong project pipeline
- Frankenwald project will add a further 20 000 opportunities

Under construction	3 965
Completed HY1	1 193
Total pipeline	>24 000

Projects	Units under construction	Total remaining opportunities	Revenue pipeline
Belhar CBD	1 292	3 030	1 401 945 014
Bridge City	356	-	139 414 866
Fleurhof	295	5 246	3 899 088 488
Jabulani Precent	876	1 624	803 167 194
La Vie Novelle	5	87	199 804 010
Scottsdene	668	1 053	409 268 777
South Hills	261	5 372	3 344 861 865
Umhlanga Hills (If Developed)	-	720	562 852 174
Vredehoek	-	263	819 038 261
Maitland	204	204	37 168 032
Mid-to-high	8	393	1 166 711 682
Witpoortjie	-	6 107	3 032 180 198
KwaNobuhle	-	-	175 000 000
	3 965	**24 099**	**15 990 500 560**

Frankenwald Development Project



Memorial Parks

- Memorial Parks remains a key expansion for the Group, with the medium term objectives being to grow cash receipts to support all group overheads and interest obligations.
- The business experienced a slowdown in sales in the period under review to maintain an enhanced market presence through strategic marketing and an improved and affordable product portfolio.

Strategic changes implemented to ensure long term sustainability:

Impacts during the period	Actions and mitigation
Lower burial volumes	• Average death rate in South Africa continues to support a viable strategy
Affordability	• Lay-by offering proven successful • Offering introduced mid-July at Nasrec and rolled out to Fourways and Durbanville resulting in R2,9 million in sales (not included in HY1 revenue)
Sales and marketing	• New marketing strategy in full effect from August, with promising results



FINANCIAL REVIEW 3

Statement of Cashflows

R'000	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited 28 February 2022
Cash (utilised in) / generated from operating activities			
Cash utilised in operations	(60 560)	133 171	228 222
Finance income received	4 367	1 273	1 983
Finance cost paid	(43 225)	(45 008)	(82 301)
Tax paid	1 229	(11 898)	(18 022)
Net cash (utilised in)/ generated from operating activities	**(98 189)**	**77 537**	**129 882**

Cash generated from operations includes impact of:

- Infrastructure and top structure investment – R47 million
- Additional spend on sectional title units- R100 million
- Creditor reduction of 9.7%

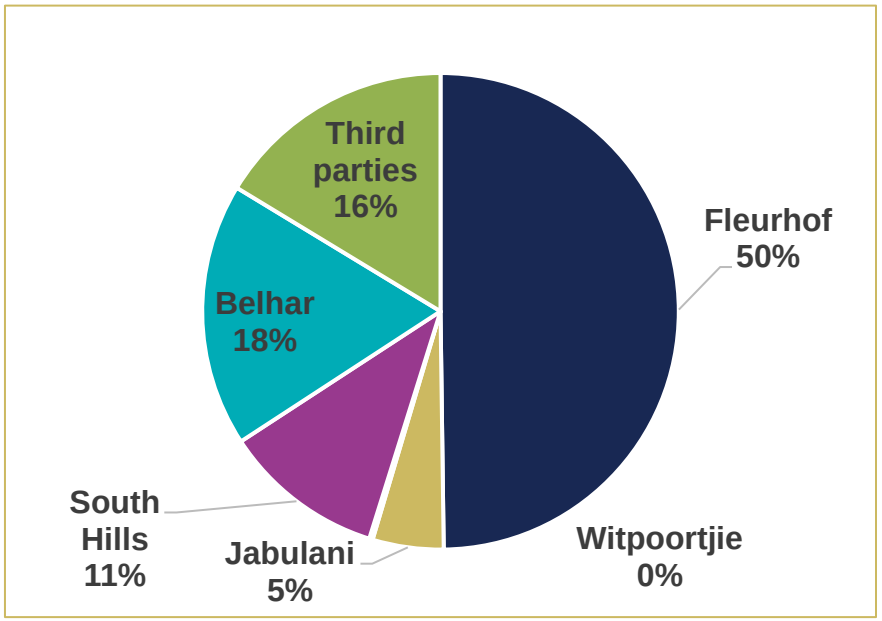
Statement of Cashflows
(continued)

CALGRO M3 Group

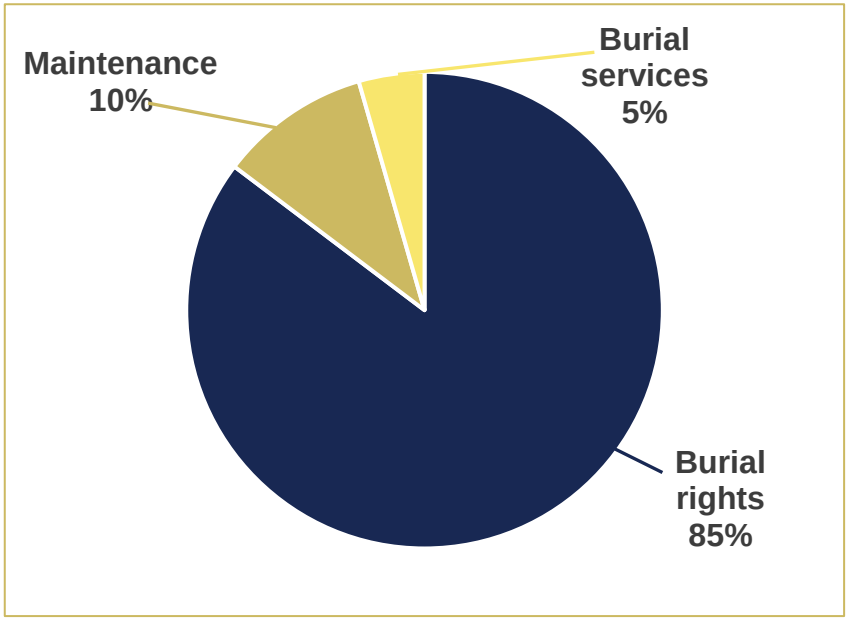
R'000	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited 28 February 2022
Cash flow invested in investing activities			
Purchase of property, plant and equipment	(569)	(486)	(1 182)
Proceeds from the sale of property, plant and equipment	117	-	-
Increase in investments	-	-	(286)
Disposal of investments in joint ventures	-	-	1
Loans advanced to joint ventures and associates	(9 313)	(10 260)	(18 091)
Loans repaid by joint ventures and associates	4 490	23 905	45 094
Net cash (invested in) /generated from investing activities	**(5 274)**	**13 159**	**25 535**
Cash flows repaid in financing activities			
Proceeds from borrowings	50 000	-	-
Repayment of borrowings	(77 400)	(20 000)	(107 400)
Repayment of capital portion of leases	(1 399)	(1 439)	(2 378)
Transactions of non-controlling interest	-	(9 086)	(9 086)
Net cash repaid in financing activities	**(28 799)**	**(30 525)**	**(118 864)**
Net (decrease)/ increase in cash and cash equivalents	(132 263)	60 171	36 553
Cash and cash equivalents at the beginning of the period	191 114	154 561	154 561
Cash and cash equivalents at the end of the period	**58 852**	**214 733**	**191 114**

Segmental revenue contribution

Revenue (R'000)	Unaudited interim period 31 August 2022	Unaudited interim period 31 August 2021	
Residential Property Development	587 247	545 758	
Memorial Parks	19 832	30 456	
Total	**607 079**	**576 214**	**5%**



Residential Property Development revenue contribution



Memorial Parks revenue split per revenue stream

Statement of Comprehensive Income

Revenue R'000	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited year ended 28 February 2022
Revenue	**607 079**	**576 214**	**1 321 593**
Cost of sales	(472 911)	(462 817)	(1 039 747)
Gross profit	**134 168**	**113 397**	**281 847**
Other income	4 561	10 662	15 343
Administrative expenses	(41 071)	(36 753)	(89 774)
Other expenses	(857)	(7 514)	(11 410)
Impairment gain/(losses) on financial and contracts assets	(2 900)	1 884	(1 9 29)
Net finance costs	(4 393)	(17 939)	(24 254)
Share of profit of JV's – net of tax	3 387	3 983	9 642
Profit before tax	**92 894**	**67 720**	**179 465**
Taxation	(23 634)	(19 845)	(47 294)
Profit after taxation	69 260	47 875	132 171
Total comprehensive income	**69 260**	**47 875**	**132 171**
Earnings per share – cents	57,04	39,56	108,58
Headline earnings per share – cents	57,00	42,79	105,63

Statement of Financial Position – Assets

Assets R'000	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited 28 February 2022
Non-current assets			
Investment property	19 947	19 947	19 947
Property, plant and equipment	18 166	22 071	19 682
Intangible assets	159 651	159 651	159 651
Investments	14 299	13 027	13 927
Investments & investment in joint ventures and associates	49 992	40 946	46 604
Deferred income tax asset	24 871	50 348	31 696
	286 925	**305 990**	**291 507**
Current assets			
Loans to joint ventures and associates	296 380	269 635	281 828
Inventories	567 945	654 043	615 820
Current tax receivable	828	454	2 372
Construction contracts	1 079 634	833 070	909 322
Trade and other receivables	169 195	242 839	147 293
Cash and cash equivalents	58 852	214 733	191 114
	2 172 835	**2 214 774**	**2 147 749**
Total assets	**2 459 760**	**2 520 764**	**2 439 256**

Statement of Financial Position – Equity and Liabilities

Equity and Liabilities	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited 28 February 2022
Total Equity	**1 035 020**	**877 646**	**963 686**
Non-current liabilities	**230 115**	**200 444**	**213 834**
Current liabilities			
Borrowings	812 324	925 274	839 068
Current income tax liabilities	870	9 456	655
Trade and other payables	381 432	507 944	422 012
		1 442 674	**1 261 735**
Total liabilities	**1 424 740**	**1 643 118**	**1 475 570**
Total equities and liabilities	**2 459 760**	**2 520 764**	**2 439 256**

Borrowing maturities

Detail	Rand (R'000)
Opening balance 1 March 2022 (gross)	850 600
New debt	50 000
Debt repaid	(77 400)
Closing balance – 31 August 2022	**823 200**

Includes Proparco Repayment

Maturity profile	Rand (R'000)
FY 2023	117 400
FY 2024	282 800

Maturity profile	Rand (R'000)
FY 2025	211 750
FY 2026	211 250

Available liquidity within the Group includes:
- R100 million overdraft facility, and
- $US 20 million (+/-R350 million) DFC facility.



Covenants

	Unaudited interim period 31 August 2022	Audited period 28 February 2022	Covenant level
Net debt to equity	0.76	0.71	Maximum 1.5
Debt service cover ratio	1.45	2.15	Minimum 1.2

Internally set targets as previously communicated:

Date	Target
By 28 February 2023	0.80:1
By 28 February 2024	0.75:1





LOOKING FORWARD 5

Where to from here

- Cautious in the current economic and South African environment
- Sustainable positive cash flows through consistent open market unit construction and hand overs
- Product efficiencies
- Triggers for future growth
  - Meticulous capital allocation to high yielding projects
  - Strong pipeline of units and infrastructure in place
  - New marketing strategy at Memorial Parks coupled with the correct product offering
  - Sale of non-core assets
  - Frankenwald Development Project

Our dream



What is and what can be





Building legacies. Changing lives



THANK YOU

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