CALGRO M3
Group

RESULTS PRESENTATION

For the year ended
28 February 2022



www.calgrom3.com

Agenda

- Year under review
- Underlying business performance
- Financial review
- The future
- Appendix





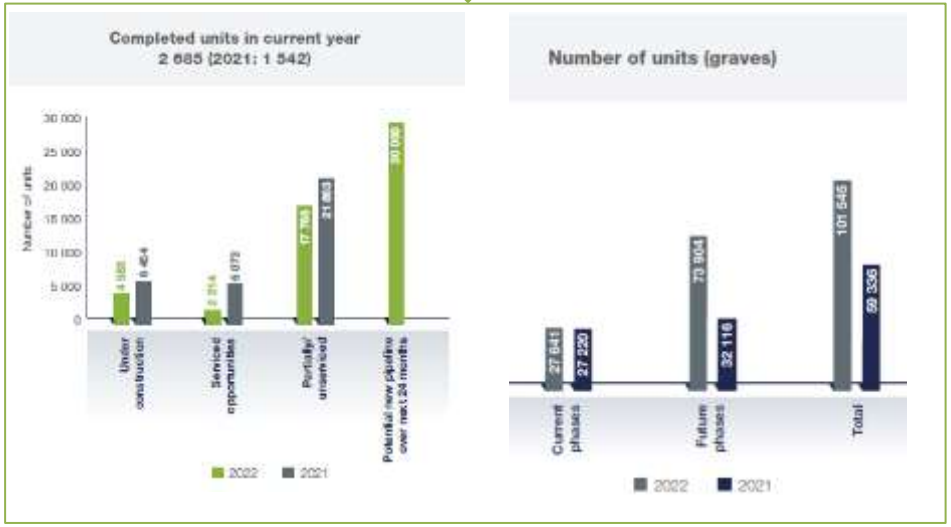
YEAR UNDER REVIEW 1

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

Focus on liquidity	Increased liquidity to R591 million of which R191 million is in cash
Continue focusing on cash generation	Cash generation of R807 million from 2019 to date vs R377 million in preceding 10 years
Consistent and predictable cashflow from Memorial Parks	Memorial Parks generated R65 million – 72% of administrative expenses
Gross margin target 20%- 25%	Returned to levels above 20%
Capital spread between risk capital, working capital, new opportunities	Successfully managed through positive results output
Focus on cost containment	Even though revenue up over 50%, cost were contained to close on previous year levels
Greater brand awareness	Well underway with new branding and greater product offering

Strategic achievements in the year

Group pipeline





ESG

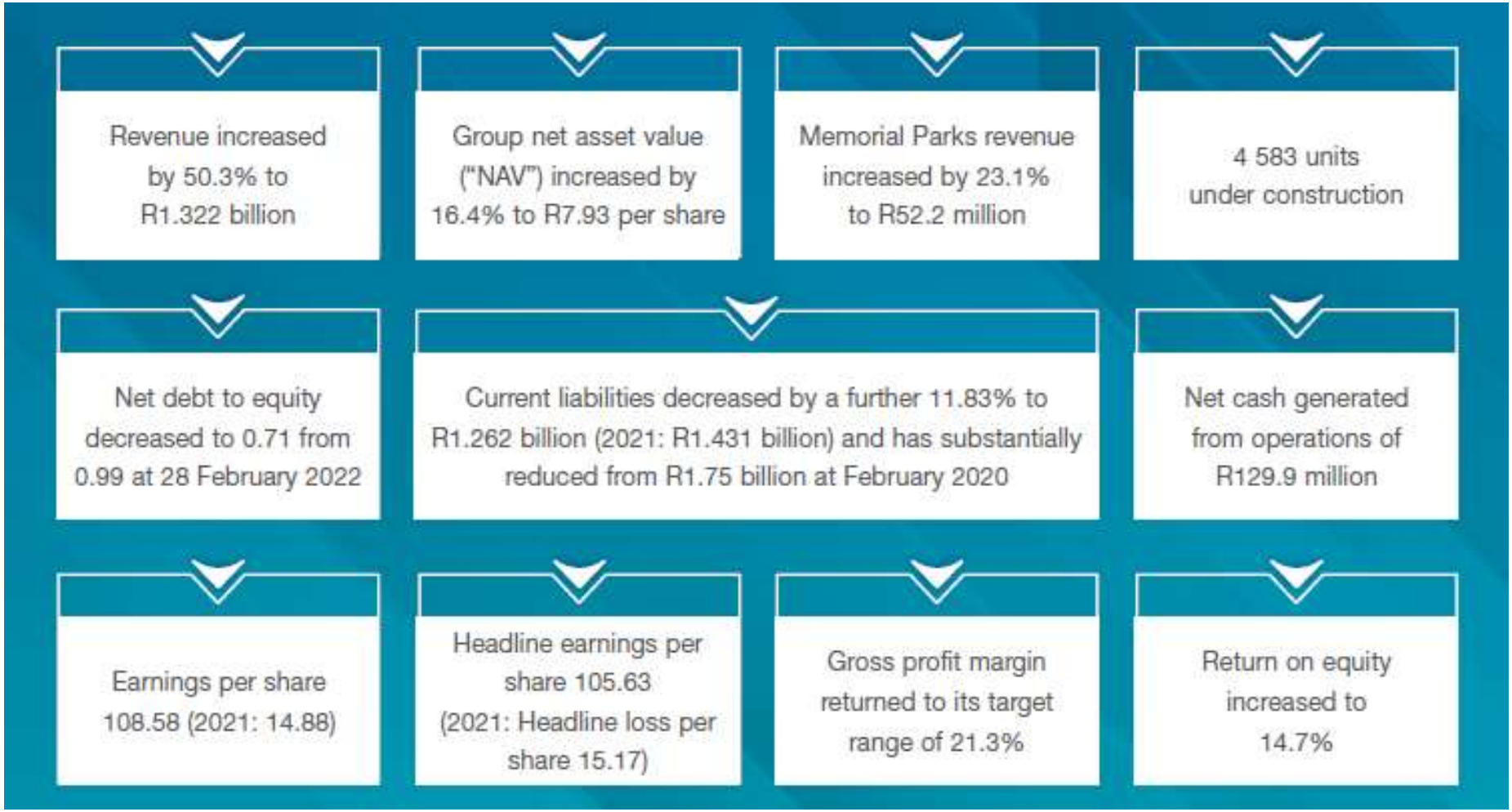
- Enhanced reporting
- Retained Level 1 B-BBEE accreditation
- ISO 14001:2015 and ISO 45001:2018 certification retained
- UN Global Compact advanced level status retained
- 44% of the workforce are woman
- Development and training will remain a major priority

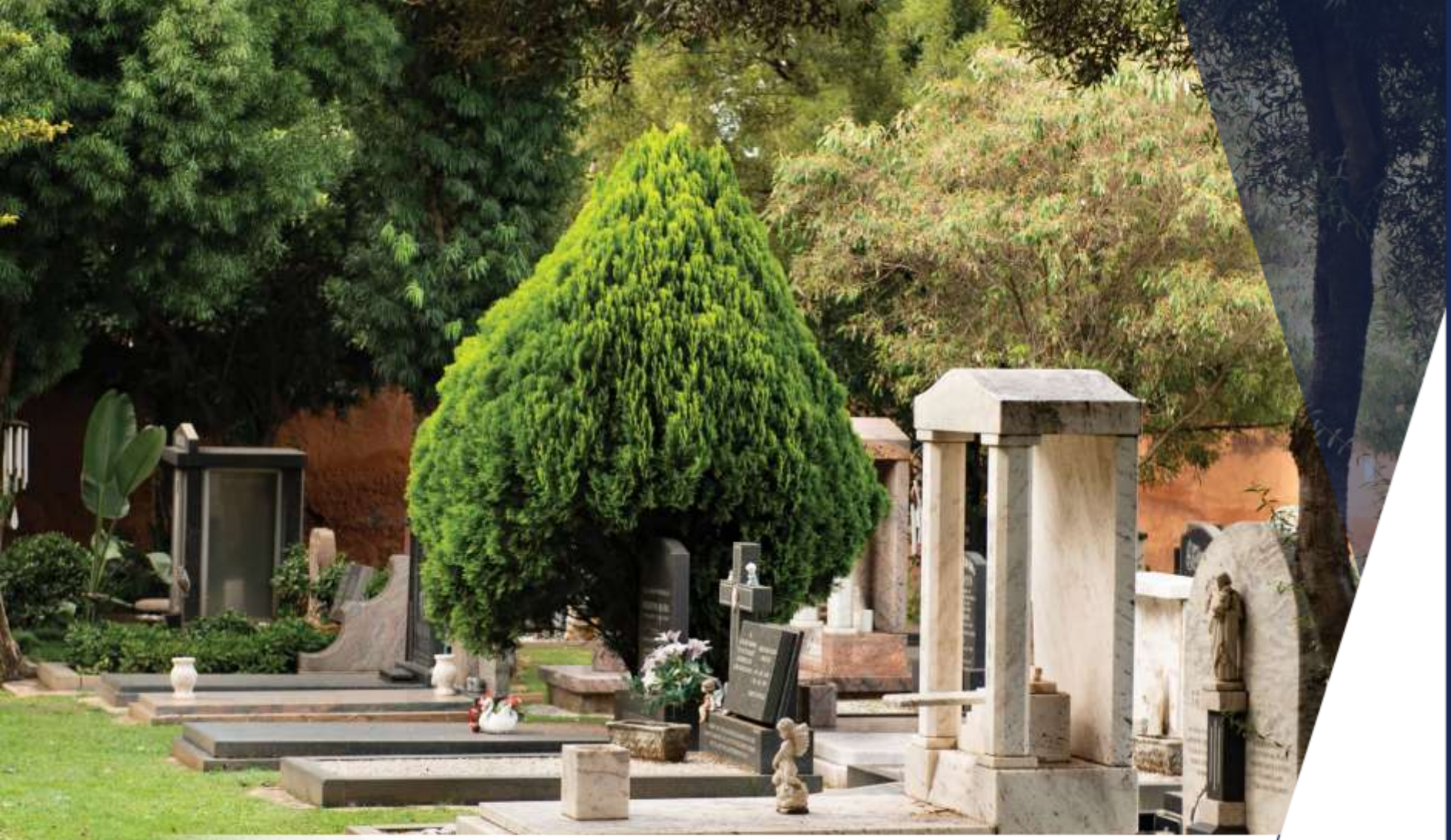
Group values



Financial overview of the year

CALGRO M3 Group

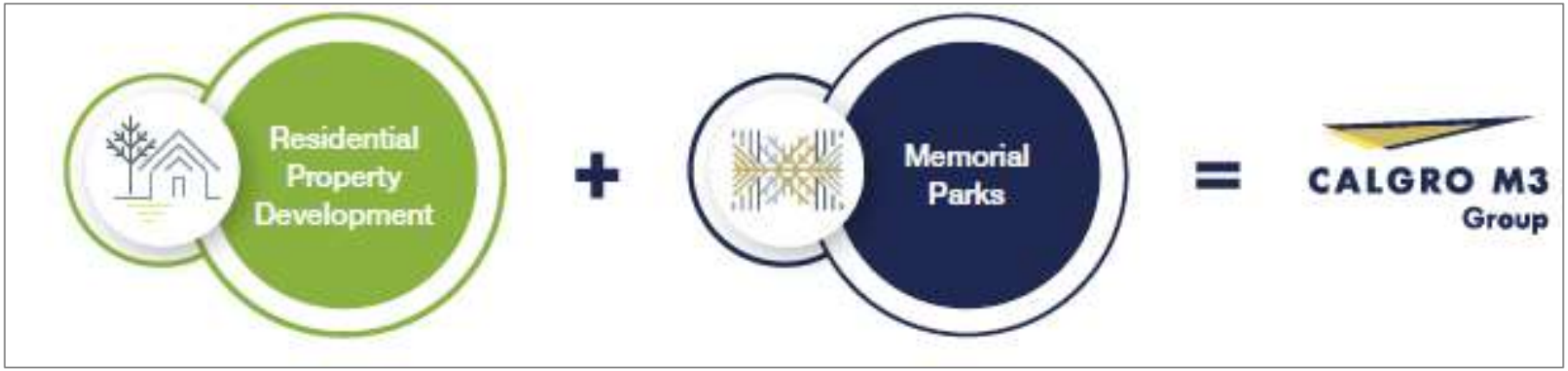




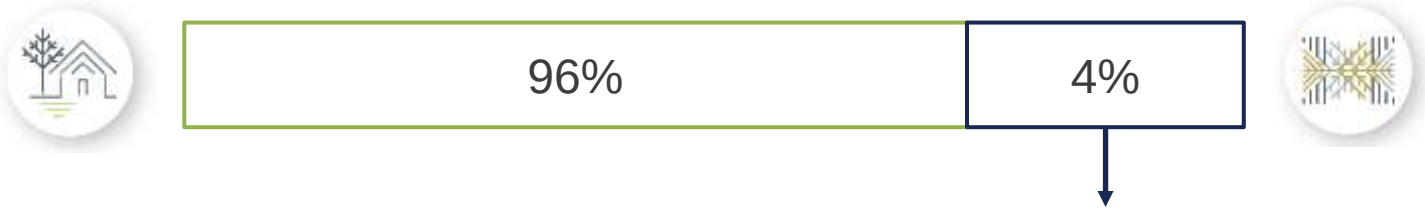
UNDERLYING BUSINESS PERFORMANCE

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. – currently 72% of administrative cost

(*) excluding other segments

Integrated Residential Developments

CALGRO M3 Group

Construction momentum continues





Integrated Residential Developments

Improved design layouts and densifications increased opportunities in Fleurhof, South Hills and Witpoortjie

>5 000





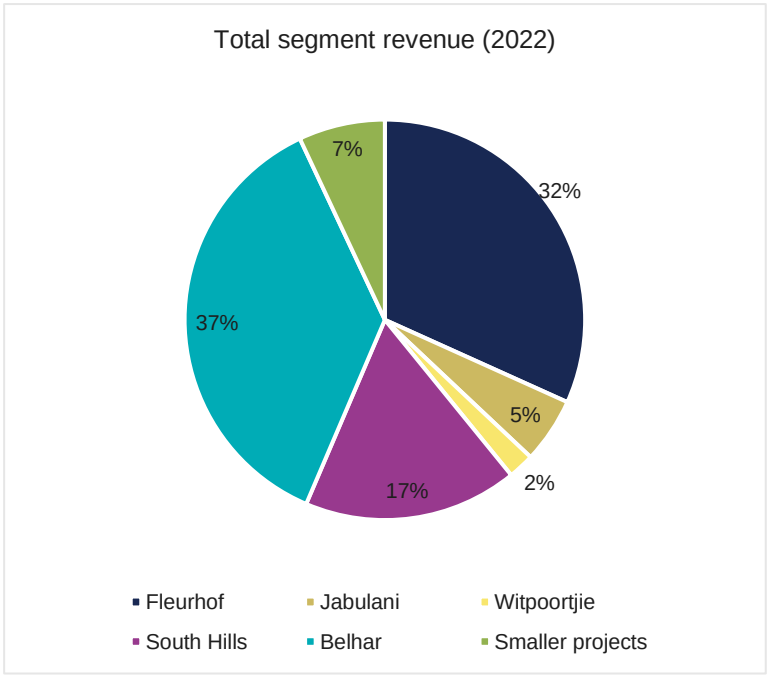
Integrated Residential Developments





Integrated Residential Developments

Units completed	2 685
Under construction	4 583
Total pipeline	24 563



Revenue pipeline

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

Active projects	11
Cash generating projects	9
Units planned for Government	< 15%

Integrated Residential Developments

- Revenue increased by 51,7%
- Gross margin in target range – 20.7%
- Focus was on current pipeline
- Meticulous capital allocation between projects
- Revenue diversification between projects and provinces
- Enhance product and lifestyle offering whilst taking affordability into account
- Sustainable mix of clients between bulk and open market as well as different income segments





Integrated Residential Developments



- Core projects benefit from better design and town planning as well as product enhancements catering for more discerning clients
- Plan to spend approximately R120 million on self-funded infrastructure investment during the new financial year
  - Net debt to equity might increase slightly for a short period of time
  - Limit reliance on public sector spend for infrastructure
- No material financial commitments planned for Frankenwald for the next year, except the annual option fee. Town planning expected towards end of year

Memorial Parks

CALGRO M3 Group







Memorial Parks

- Revenue increased by 23.1%
- Total cash received increased by 20.7% to R64.7 million (2021: R53.6 million)
- Operational in Gauteng, Western Cape and Free State
- This year focus was to revisit business model and make sure we are on the right track
- Current market share remains <2% in metro areas representing strong growth opportunities
- Continued focus on distribution channels and affordability enhancement



Memorial Parks strategy in place to secure greater market share through product innovation

NASREC MEMORIAL PARK



FOURWAYS MEMORIAL PARK



ENOKUTHULA MEMORIAL PARK



DURBANVILLE MEMORIAL PARK



BLOEMFONTEIN MEMORIAL PARK



Customer arrives at a memorial park because they have suffered a death of a loved one or family member, with cash-on-hand which has been paid out from a funeral or life insurance policy and chooses a burial product according to the cash amount they have

Customer arrives at a memorial park to attend a burial and is impressed with the park and enquires and buys a product. This customer is usually from a higher LSM group

Growth strategy implemented – ENHANCING PRODUCT AFFORDABILITY

Target the lower LSM segments

Product development to ensure a wide range of product options at affordable prices for all LSM groupings that can be bought and paid off over reasonable periods of time

Continued and consistent brand awareness through marketing and advertising

This will support overall growth as well as great activity for parks such as Enokuthula that are established but which currently have very little burial activity

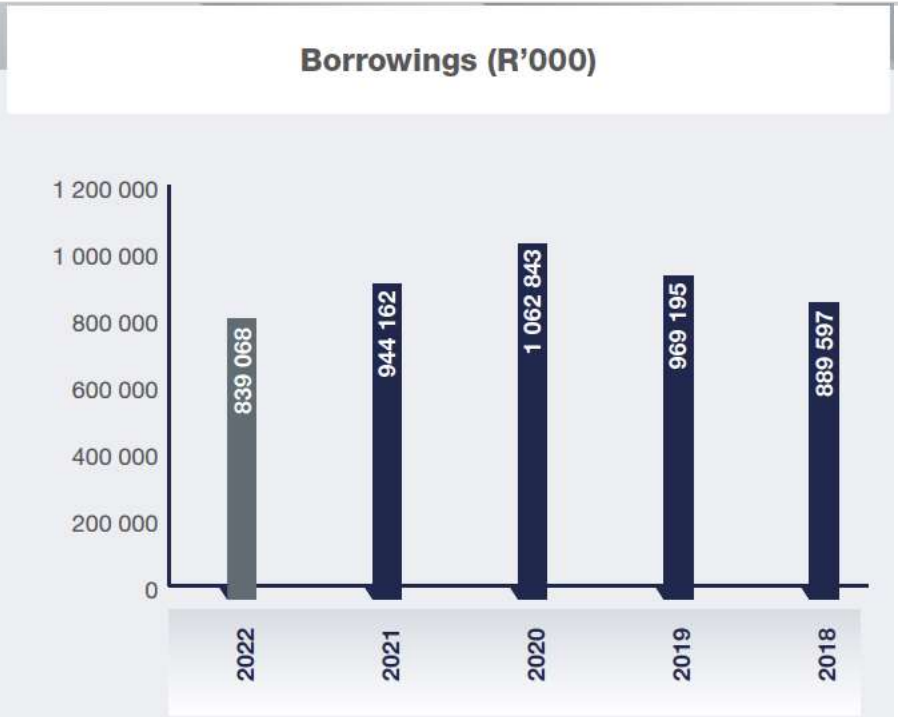


FINANCIAL REVIEW 3

Financial summary

CALGRO M3 Group





Continued profitability

Ensure strong cash and diligent capital allocation in order to reduce debt

Strong balance sheet to support resilience and growth

Segmental revenue contribution

Revenue (R'000)	Audited February 2022	Audited February 2021	% change
Residential Property Development	1 269 325	836 695	52
Memorial Parks	52 268	42 451	23
Total	**1 321 593**	**879 147**	**50**



Financial performance

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	+161.0%
Gross profit %	21.3%	12.3%	+9%
Administrative expenses (R million)	(89.7)	(87.1)	+3.0%
Share of profit/(loss) of joint ventures and associates – net of tax (R million)	9.6	3.3	+188.2%

Statement of Cashflows

R'000	Audited Feb 2022	Audited Feb 2021
Cash generated from operating activities		
Cash generated from operations	228 222	114 768
Finance income received	1 983	7 577
Finance cost paid	(82 301)	(107 474)
Tax paid	(18 022)	(17 878)
Net cash generated from/(utilised in) operating activities	**129 882**	**(3 008)**
Cash flow invested in investing activities		
Purchase of property, plant and equipment	(1 182)	(471)
Proceeds from the sale of property, plant and equipment	-	12
Additions of investment property	-	342
Acquisition of business	-	500
Increase in investments	(286)	-
Disposal of cash balance in disposal of investment in subsidiary	-	(205)
Disposal of investment in joint venture	5	-
Loans advanced to joint ventures	(18 091)	(50 946)
Loans repaid by joint ventures and associates	45 094	886
Net cash generated from / (invested in) investing activities	**25 535**	**(51 567)**

Statement of Cashflows
(continued)

R'000	Audited Feb 2022	Audited Feb 2021
Cash flows repaid in financing activities		
Proceeds from borrowings	-	396 000
Repayment of borrowings	(107 400)	(403 000)
Shares bought back	-	(14 175)
Repayment of capital portion of leases	(2 378)	(2 044)
Settlement of share purchase liability	(9 086)	(22 174)
Net cash repaid in financing activities	**(118 864)**	**(45 933)**
Net increase/(decrease) in cash and cash equivalents	36 553	(100 508)
Cash and cash equivalents at the beginning of the year	154 561	255 069
Cash and cash equivalents at the end of the year	**191 114**	**154 561**

Covenants

	28 Feb 2022	28 Feb 2021	28 Feb 2020
Net debt to equity ratio	0.71 *	0.99	1.04
Debt service cover ratio	2.15	1.40	1.93

(*) This is ahead of previous targets but as new infrastructure phases will now commence, this might increase slightly again during the new financial year but will not increase in excess of the February 2024 target on a short-term basis.



Maximum allowed net debt: equity ratio for the Group is 1.5 : 1

Minimum allowed DSCR ratio for the Group is 1.2

Date	Target
By 28 February 2022	0.90:1
By 28 February 2023	0.80:1
By 28 February 2024	0.75:1

Statement of Financial Position – Assets

Assets R'000	Audited Feb 2022	Audited Feb 2021
Non-current assets		
Investment property	19 947	19 947
Property, plant and equipment	19 682	22 501
Intangible assets	159 651	159 651
Investments	13 927	13 027
Investments & investment in joint ventures and associates	46 604	37 067
Deferred income tax asset	31 696	56 582
	291 507	**308 775**
Current assets		
Loans to joint ventures	281 828	320 436
Inventories	615 820	643 574
Current tax receivable	2 372	977
Construction contracts	909 322	840 695
Trade and other receivables	147 293	198 786
Cash and cash equivalents	191 114	154 561
	2 147 749	**2 159 029**
Total assets	**2 439 256**	**2 467 804**

Borrowing maturities

Detail	Rand (R'000)
Opening balance 1 March 2021 (gross)	958 000
New debt	-
Debt repaid	(107 000)
Closing balance – 28 February 2022	**850 600**

Maturity profile	Rand (R'000)
FY 2023	194 800
FY 2024	282 800

Maturity profile	Rand (R'000)
FY 2025	211 750
FY 2026	107 500
FY 2027	53 750

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



Statement of Financial Position – Equity and Liabilities

Equity and Liabilities R'000	Audited February 2022	Audited February 2021
Total Equity	**963 686**	**828 057**
Non-current liabilities	**213 834**	**208 617**
Current liabilities		
Borrowings	839 068	944 162
Current income tax liabilities	655	93
Trade and other payables	422 012	486 875
	1 261 735	**1 431 129**
Total liabilities	**1 475 570**	**1 639 747**
Total equities and liabilities	**2 439 256**	**2 467 804**

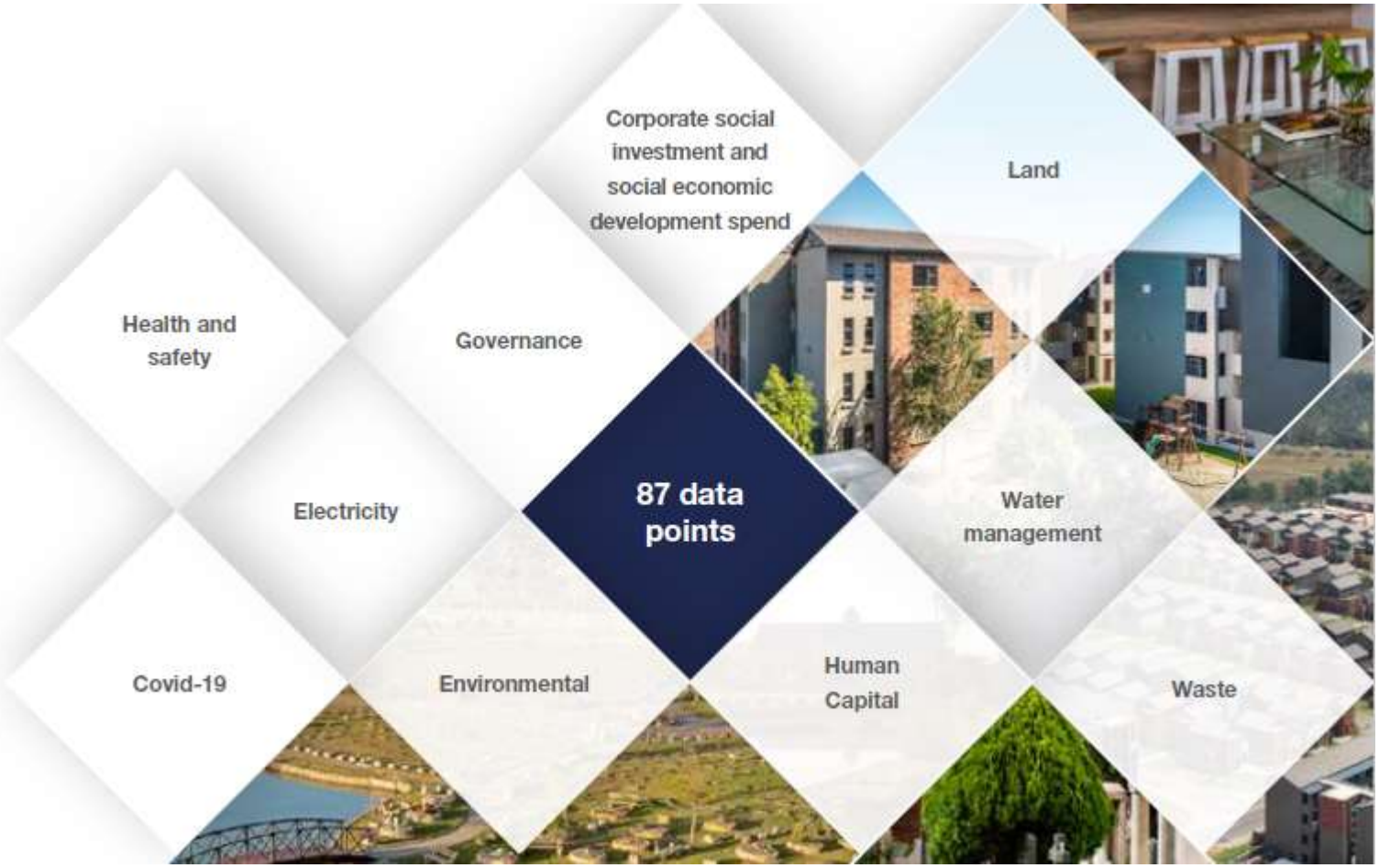


THE FUTURE 4

ESG enhancement

CALGRO M3 Group

ESG enhancement includes summary tables that track our progress across 87 data points



#sustainableactions





Nelson Mandela

"What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead"

Thank you

Available at www.calgrom3.com:



Investor relations

Wikus Lategan (CEO) Email: wikus@calgrom3.com
Sayuri Naicker (FD) Email: sayurin@calgrom3.com
Waldi Joubert (MD – Memorial Parks) Email: waldi@calgrom3.com
Vanessa Rech (KRIS) Email: vrech@kris.co.za

Tel: +27 11 300 7500 or 083 307 5600

Disclaimer

Calgro M3 has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements'.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or its sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements.

Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

Calgro M3 does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon.



Q & A 5



APPENDIX 6

Business model

CALGRO M3 Group

Residential Property Development

Value is created through a turnkey approach to capitals

Professional services

- Identify project and due diligence
- Secure land
- Township establishment
- Top structure planning and design
- Infrastructure (outsourced)
- Marketing and sales
- Transfer to end-user (erven for houses and bulk deals)
- Construction (outsourced)
- Transfer to end-user (multi-storey units)
- Handover to clients

Memorial Parks

Value is created through operating in strategic locations and providing superior products and customer service

- Landscaping and infrastructure development (outsourced)
- Holistic burial and remembrance services
- Land identified/acquisition
- Marketing and sales
- Maintenance

Board composition

Board composition



- 1 Non-Executive Director
- 1 Independent Chairperson
- 1 Lead Independent Director
- 4 Executive Directors
- 4 Independent Non-Executive Directors

Race



Board composition

Gender



Tenure



Understanding the balance sheet - recap

1. Operating Cycle- current vs Non-current

	Audited Feb 2022	Audited Feb 2021
Non-current assets	291 507	308 775
Current assets	2 147 749	2 159 028
Total assets	**2 439 256**	**2 467 804**
Total equity	963 985	828 057
Non-current liabilities	213 835	208 617
Current liabilities	1 261 735	1 431 129
Total equities and liabilities	**2 439 256**	**2 467 804**

2. Inventory vs construction contracts

Understanding Residential Property Development accounting - recap

Over time-type units

Bulk deals, freestanding houses (Res 1), Fully subsidized (RDP) etc

Cashflow:
Received over time (monthly draws)

Accounting:
Over time revenue recognition (i.e percentage completion method)

Example:
Sales price = R1,000
Cost Price = R800

Month 1 total cost incurred = R200

Revenue: R250 (R200/R800 x R1,000)
Cost of sales: R200

Point in time-type units

Sectional title units (Res 3), bulk deals/clients

Cashflow:
Received at the end once unit is 100% complete

Accounting:
Recognised at the end in full (once unit is transferred to end-user)

Example:
Sales price = R1,000
Cost Price = R800

Month 1 total cost incurred = R200

Revenue: R0
Cost of sales: R0
Construction contracts (B/S): R200

Understanding Memorial Parks accounting - recap

Revenue	Indicative amount (example)
Total sales price	24 500.00
Less VAT	3 195.65
Total ex VAT	21 304.35

Revenue	Indicative amount (example)
Burial service (open & close)	3 000.00
Maintenance	4 000.00
Burial rights (remaining)	14 304.35
Total	21 304.35

- Burial - Recognised immediately
- Reservation - Amortised over 8

- Amortised over 18 years (8+10 years)

- Recognised immediately

- Invest R4 000
- Return on R4 000 in finance income / investment returns
- Currently, CGR balance sheet and Property Development returns

Cost of sales	Explanation
Burial service (open & close)	Actual cost of opening & closing (grave excavation etc)
Maintenance	Actual maintenance cost incurred per park, irrespective of sales
Burial rights (remaining)	Land & infrastructure cost per unit (i.e. inventory transaction)