Results Presentation

For the six months ended 31 August 2021

CALGRO M3 Group

#sustainableactions

www.calgrom3.com

Building legacies. Changing lives

Agenda



1. Period in perspective
2. Business update
3. Financial review
4. The future
5. Appendix



1

PERIOD IN PERSPECTIVE

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Continued implementation of:

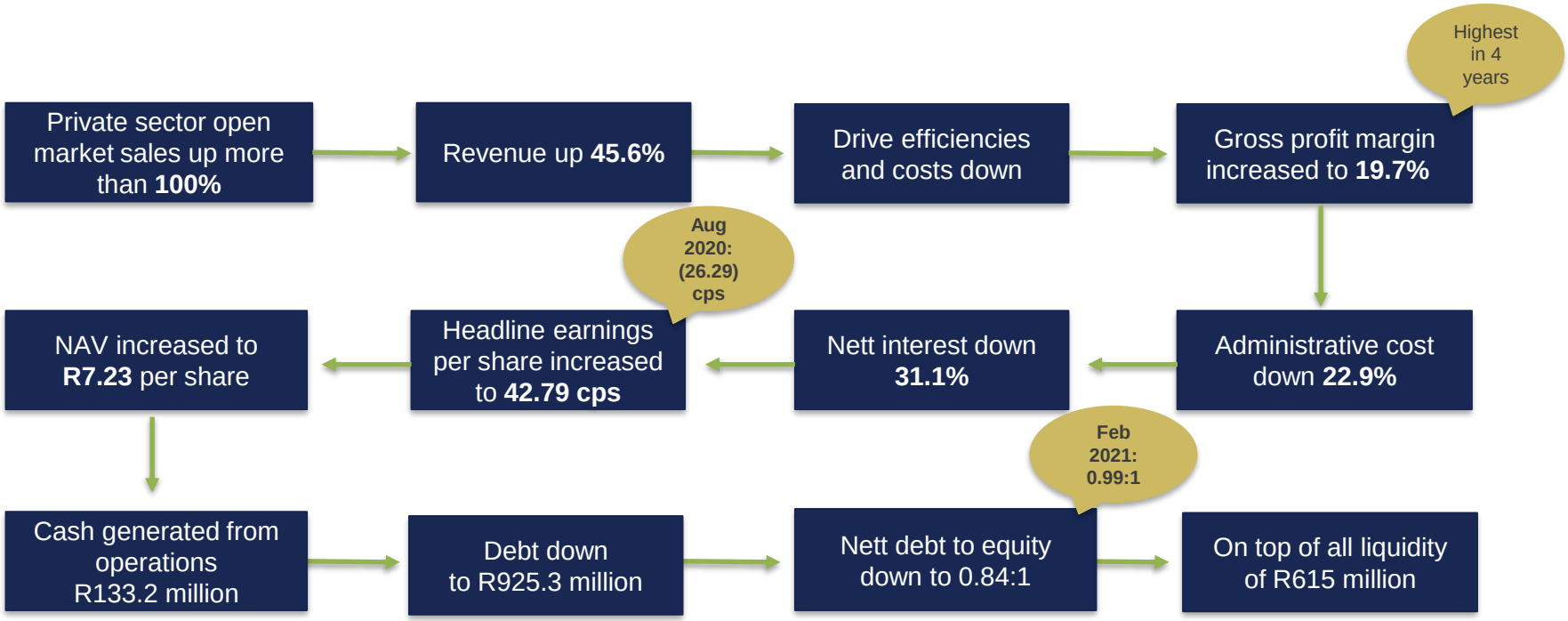
- Optimal capital allocation
- Increase open market sales and complete opportunities in Residential Property Development business
- Grow market share and sales through product enhancement and increase footprint of Memorial Parks business
- Ensuring liquidity and reducing debt

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Endeavour to ensure decisions and actions are taken so that we remain sustainable while supporting *Building legacies. Changing lives*.

Overview of the period

Performance



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Strategic achievements

- UNGC advanced level status
  Retention of ISO 14001:2015 &
  ISO 45001:2018 certification
- Execution of short-to-medium term strategic goals
- Significant margin improvement, efficiency gains & improved debt to equity
- Level 1 B-BBEE
- No invasions or damage during recent unrest in South Africa
- Development, training & education remains a human capital priority
- Continue to deal effectively with Covid-19 and its implications on human capital & costs



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“A man is not a man until he has a house of his own”

Nelson Mandela

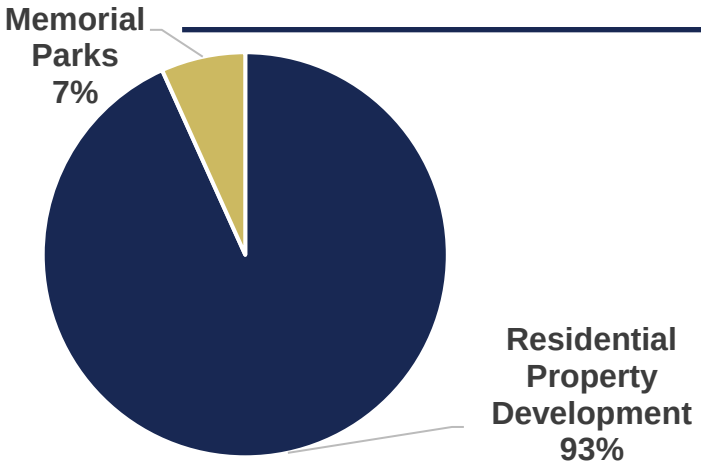


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BUSINESS UPDATE

Improved diversification

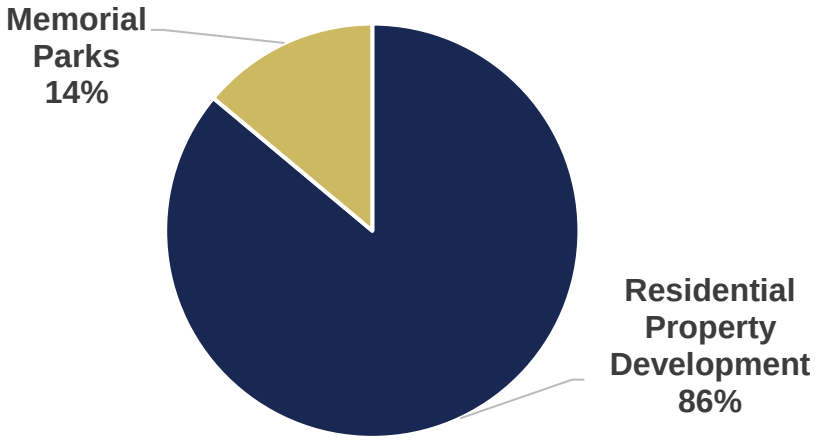
Revenue



Total cash receipts generated from Memorial Parks R39.4 million, sufficient to cover Group's administrative expenses R36 million during the period

Objective: grow cash receipts from Memorial Parks to support all Group overheads and interest obligations

Profit after tax



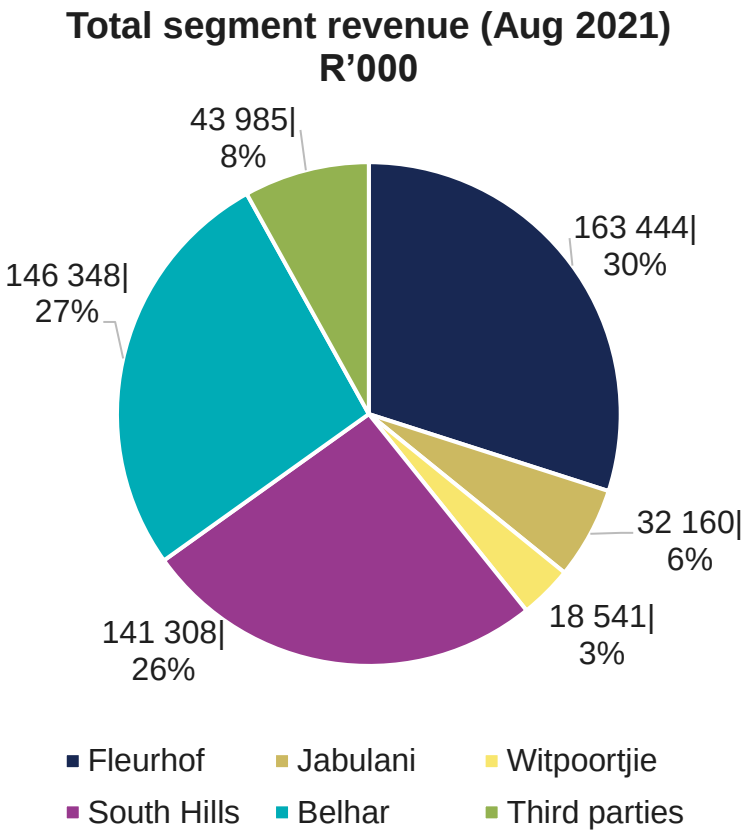
Integrated Residential Developments

- Operational in Gauteng and Western Cape while trading out KZN
- Revenue increased 44.9% - R 545 million
  - 771 opportunities handed over
- Increase GP margin to 17.5%
- Target GP margin to return above 20%
- Target six distinct income groups enabling better diversification of product offering
  - Currently still benefiting from low interest rates
- Focus is on current projects with Frankenwald being the next flagship project



Residential Property Developments

771	Opportunities handed over
5 091	Opportunities under development
32 590	Total available opportunities in pipeline



- **9 projects in the ground**
  - **7** of these generating cash
  - **5 091** units under construction
    - **1 793** opportunities revenue on transfer
    - **3 298** opportunities % completion
  - **12%** of the above units are for the City of Johannesburg and Gauteng Department of Human Settlements

Scale and activity

CALGRO M3 Group







Increased opportunities in these three developments to >3 900

Memorial Parks







Memorial Parks

CALGRO M3 Group

Durbanville – Western Cape



NASREC MEMORIAL PARK

FOURWAYS MEMORIAL PARK

ENOKUTHULA MEMORIAL PARK

DURBANVILLE MEMORIAL PARK

BLOEMFONTEIN MEMORIAL PARK

Memorial Parks

- Operational in Gauteng, Western Cape and Free State
- Total cash receipts increased by 52,7% to R39.4 million
- Revenue increased by 58.2% to R30.5 million
- Increased GP margin to 59,5%
  - On target GP margin
- Four parks producing revenue



Memorial Parks: Future focus

- New entry level product introduced at R13,000
  - Increased Gauteng market share
  - Not margin dilutive
- Partnership with Nedbank concluded
  - Loan facility for clients to purchase graves
- National roll-out and development of further land parcels remain a priority for the next financial year





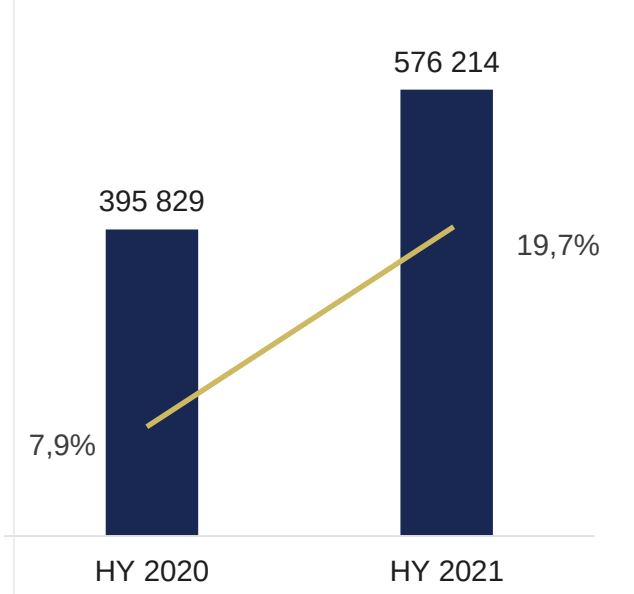
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FINANCIAL REVIEW

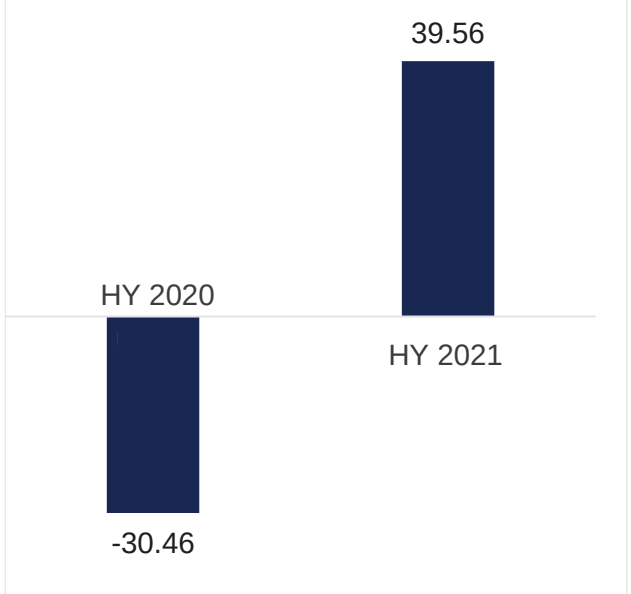
Financial summary

CALGRO M3 Group

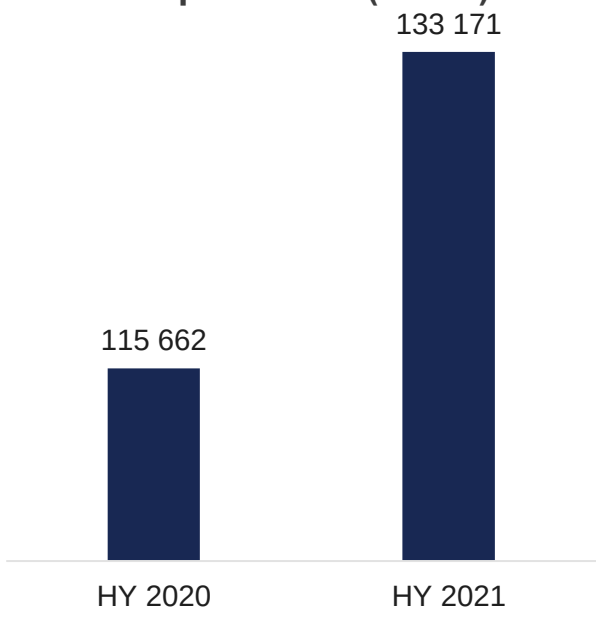
Revenue (R'000) & GP margin (%)



Earning/(loss) per share (cents)



Cash generated from operations (R'000)



Drive to sustain sales and improve margins to previous historical levels

Continued profitability

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

Statement of Cashflows

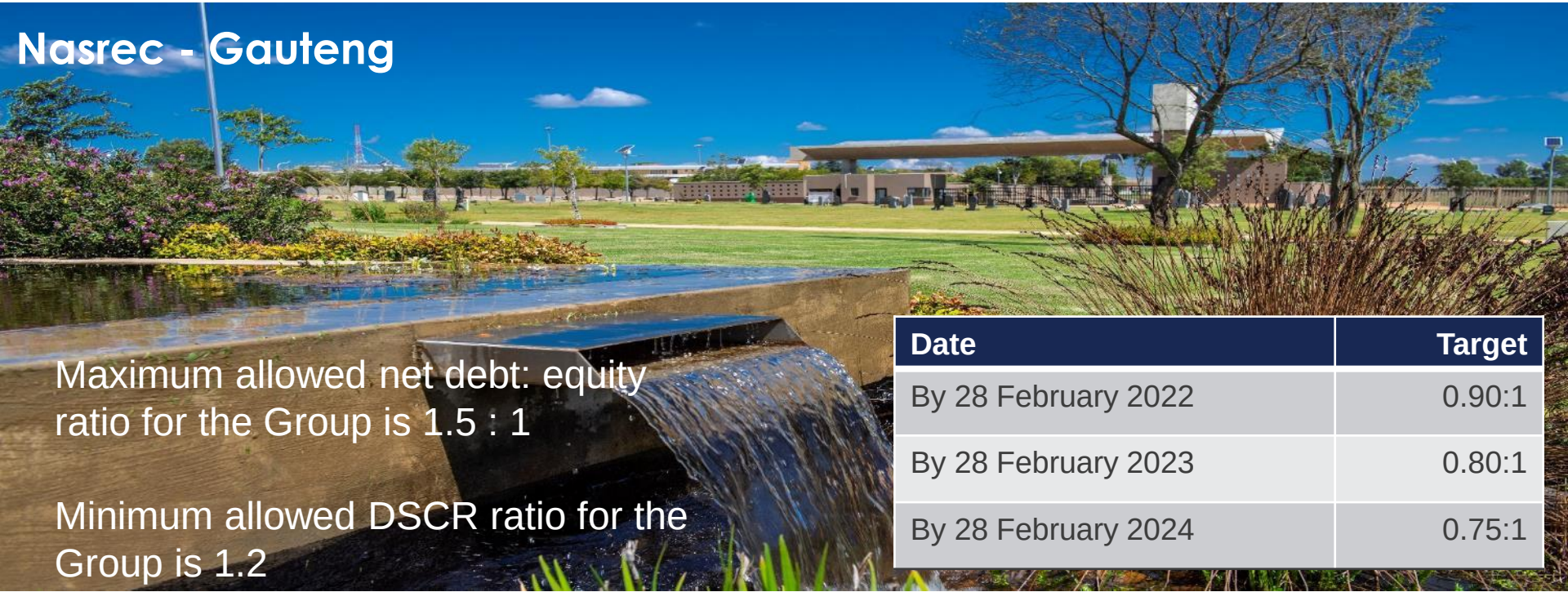
	Unaudited Aug 2021	Unaudited Aug 2020	Audited Feb 2021
Cash generated from operating activities			
Cash generated from operations	133 171	115 662	114 768
Finance income received	1 273	4 512	7 577
Finance cost paid	(45 008)	(60 552)	(107 474)
Tax paid	(11 898)	(13 654)	(17 878)
Net cash generated from/(utilised in) operating activities	**77 537**	**45 968**	**(3 008)**
Cash flow invested in investing activities			
Additions of investment property	-	-	(342)
Purchase of property, plant and equipment	(486)	(256)	(471)
Proceeds from the sale of property, plant and equipment	-	12	12
Disposal of cash balance in disposal of investment in subsidiary	-	-	(205)
Acquisition of businesses	-	-	(500)
Loans advanced to joint ventures and associates	(10 260)	(6 425)	(50 946)
Loans repaid by joint ventures and associates	23 905	-	886
Net cash generated from / (invested in) investing activities	**13 159**	**(6 669)**	**(51 567)**

Statement of Cashflows
(continued)

	Unaudited Aug 2021	Unaudited Aug 2020	Audited Feb 2021
Cash flows repaid in financing activities			
Proceeds from borrowings	-	-	396 000
Repayment of borrowings	(20 000)	(38 000)	(403 000)
Shares bought back	-	-	(14 175)
Repayment of capital portion of leases	(1 439)	(1 322)	(2 044)
Transactions of non-controlling interest	(9 086)	(9 086)	(22 174)
Net cash repaid in financing activities	**(30 525)**	**(48 408)**	**(45 933)**
Net increase/(decrease) in cash and cash equivalents	60 171	(9 109)	(100 508)
Cash and cash equivalents at the beginning of the year	154 561	255 069	255 069
Cash and cash equivalents at the end of the year	**214 733**	**245 960**	**154 561**

Covenants

	31 Aug 2021	28 Feb 2021	31 Aug 2020	28 Feb 2020
Net debt to equity ratio	0.84	0.99	1.04	1.04
Debt service cover ratio	4.63	1.40	3.69	1.93



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

Minimum allowed DSCR ratio for the Group is 1.2

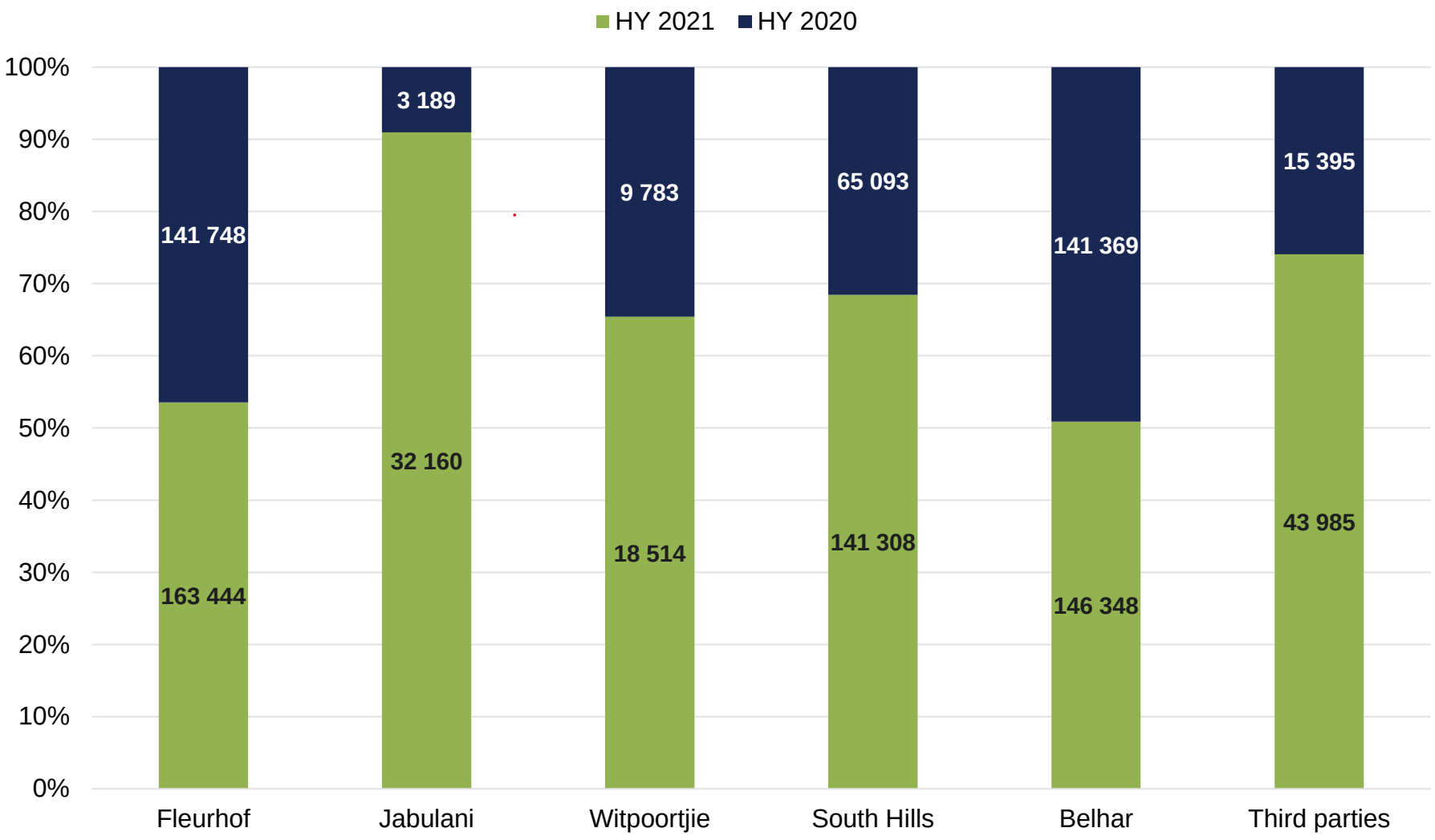
Date	Target
By 28 February 2022	0.90:1
By 28 February 2023	0.80:1
By 28 February 2024	0.75:1

Segmental revenue contribution

Revenue (R'000)	Unaudited interim period 31 August 2021	Unaudited interim period 31 August 2020
Residential Property Development	545 758	376 578
Memorial Parks	30 456	19 251
Total	**576 214**	**395 829**



Residential project contributions
(to Residential Property Development segment)



Statement of Comprehensive Income

Revenue	Unaudited 31 August 2021	Unaudited 31 August 2020	Audited year ended 28 February 2021
Revenue	**576 214**	**395 829**	**879 147**
Cost of sales	(462 817)	(364 572)	(771 124)
Gross profit	**113 397**	**31 257**	**108 023**
Other income	10 662	3 728	50 631
Administrative expenses	(36 753)	(47 683)	(87 064)
Other expenses	(7 514)	(5 557)	(4 085)
Impairment gain/(losses) on financial and contracts assets	1 884	(8 937)	(99)
Operating profit/(loss)	**81 676**	**(27 192)**	**67 405**
Finance income	11 098	14 800	28 213
Finance costs	(29 037)	(40 818)	(72 897)
Share of profit of joint ventures and associates – net of tax	3 983	1 223	3 345
Profit/(loss) before tax	**67 720**	**(51 987)**	**26 066**
Taxation	(19 845)	12 878	(7 587)

Statement of Comprehensive Income
(Continued)

Revenue	Unaudited 31 August 2021	Unaudited 31 August 2020	Audited year ended 28 February 2021
Profit/(loss) after taxation	**47 875**	**(39 109)**	**18 479**
Total comprehensive income	**47 875**	**(39 109)**	**18 479**
Earnings per share – cents	39.56	(30.46)	14.88
Headline earnings/(loss) per share – cents	42.79	(26.29)	(15.17)

HEPS reconciliation	Unaudited 31 August 2021
Attributable profit to shareholders	48 021
Impairment of loan to joint venture	(7 514)
Gain on bargain purchase	(3 582)
Headline earnings	**51 953**

Statement of Financial Position – Assets

Assets	Unaudited Aug 2021	Audited Feb 2021	Unaudited Aug 2020
Non-current assets			
Investment property	19 947	19 947	13 834
Property, plant and equipment	22 071	22 501	24 758
Intangible assets	159 651	159 651	159 651
Investments	13 027	13 027	12 549
Investments & investment in joint ventures and associates	40 946	37 067	34 944
Deferred income tax asset	50 348	56 582	75 246
	305 990	**308 775**	**320 981**
Current assets			
Loans to joint ventures and associates	269 635	320 436	281 605
Inventories	654 043	643 574	724 864
Current tax receivable	454	977	1 228
Construction contracts	833 070	840 695	868 676
Trade and other receivables	242 839	198 786	121 564
Cash and cash equivalents	214 733	154 561	245 960
	2 214 774	**2 159 029**	**2 243 897**
Total assets	**2 520 764**	**2 467 804**	**2 692 540**

Statement of Financial Position – Equity and Liabilities

Equity and Liabilities	Unaudited Aug 2021	Audited Feb 2021	Unaudited Aug 2020
Total Equity	**877 646**	**828 057**	**782 081**
Non-current liabilities	**200 444**	**208 617**	**211 004**
Current liabilities			
Borrowings	925 274	944 162	1 025 479
Current income tax liabilities	9 456	93	362
Trade and other payables	507 944	486 875	673 614
	1 442 674	**1 431 129**	**1 699 455**
Total liabilities	**1 643 118**	**1 639 747**	**1 910 459**
Total equities and liabilities	**2 520 764**	**2 467 804**	**2 692 540**

Borrowing maturities

Detail	Rand (R'000)
Opening balance 1 March 2021 (gross)	958 000
New debt	-
Debt repaid	(20 000)
Closing balance – 31 August 2021	**938 000**

Maturity profile	Rand (R'000)
FY 2022	48 700
FY 2023	233 500
FY 2024	282 800

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





4

LOOKING FORWARD

What does Calgro M3 have to work with?



- Housing shortage remains high
- Interest rate low and to remain low for a period of time
- 66,5% housing market in Gauteng and Western Cape
- Public sector budgets to increase
- Strong pipeline to capitalise on



- Strong demand for dignified and secure burial space
- Grave shortage for next 15 – 20 years ± 8 million
- Funeral insurance industry still growing rapidly
- Increasing Memorial Park's market share and consistency in cashflow

- Strong cashflow and cash from both business operations and sale of non-core projects
- Strong back up liquidity
- Well-located projects and risk-mix between projects and clients
- Lean business

Take away – what lies ahead?

- Well positioned to capitalise on market demand
- Liquidity to remain conservative
  - Higher cash balances
- Sale of non-core assets and rental property
  - Utilisation of proceeds:
    - Further settlement of debt
    - Free-up working capital and retain higher cash balance
    - Share buybacks
- Lazier balance sheet to weather future storms
- Growth
  - Increase market share in both businesses
  - Continued operational efficiency initiatives aimed at expanding volumes



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Thank you

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Available on website:

- 2021 Unaudited condensed consolidated interim financial results for the six months ended 31 August 2021
- Video of Calgro M3 operations



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.

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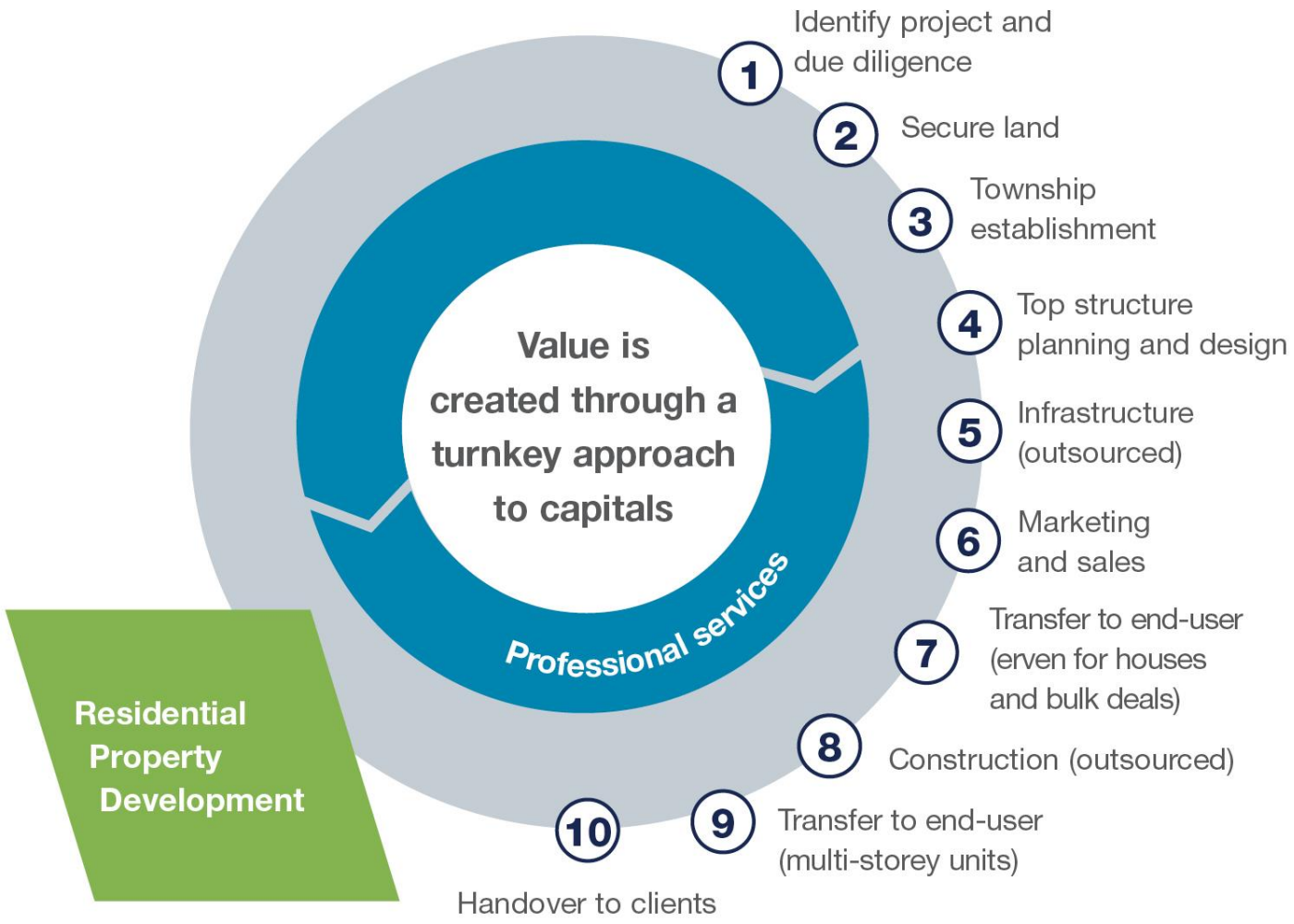
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APPENDIX

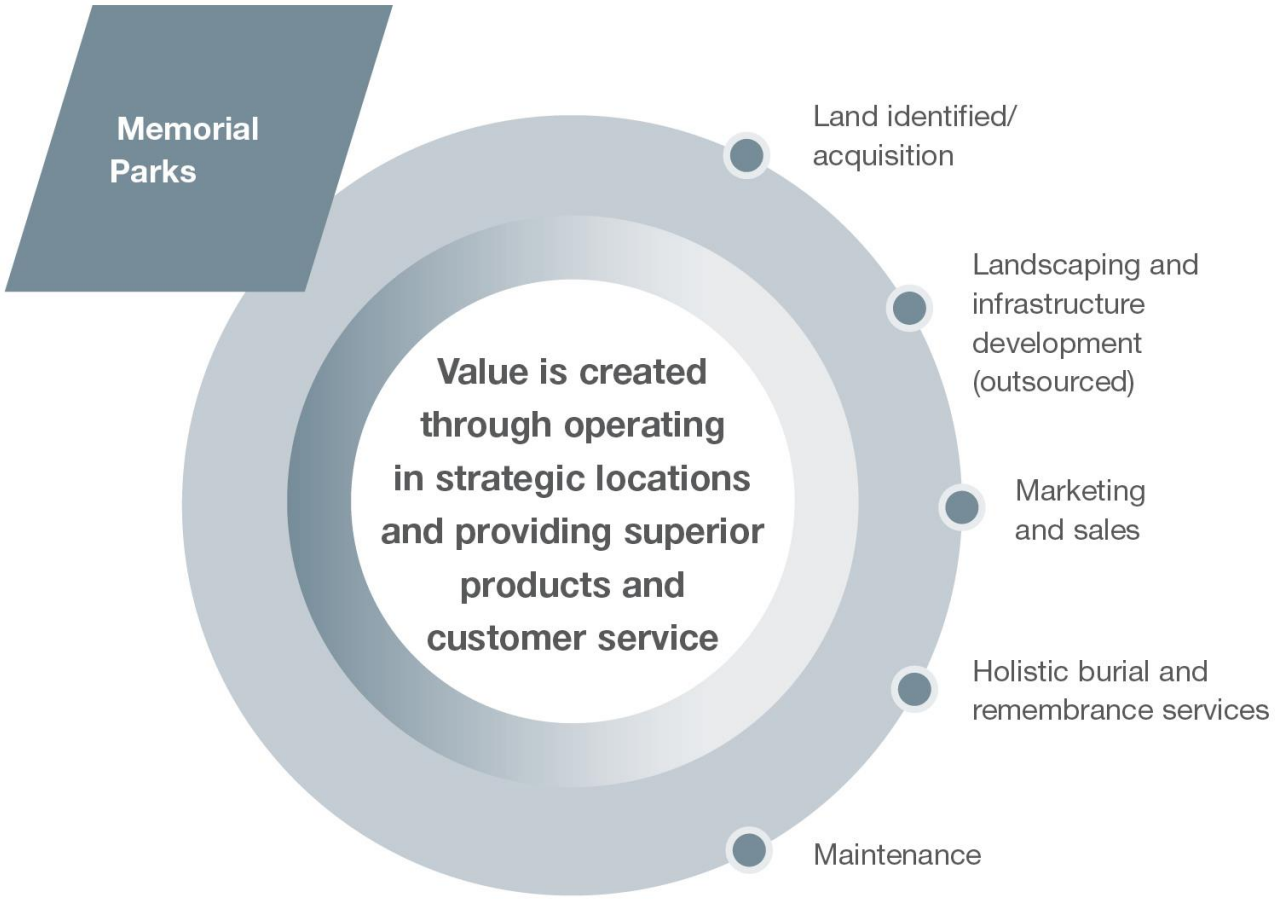
Integrated Residential Developments: Future focus

What we said (May 2021)	Status
Two provinces: Gauteng and Western Cape	Completed
Sale of what is now considered to be non-core projects	In progress
Meticulous capital allocation to high-yielding projects	Completed
Consistent monthly hand-over of units to enhance stability of cash flows and reduce capital exposure	Completed
Lower overheads and leaner structure	Completed
Government still spending but our focus is on private sector	Completed
Long-dated DFI debt to fund roll-outs in more sustainable manner	In progress
Focus on where the demand is while taking risk into account – while housing market remains strong	Completed

Business model



Business model



Board composition

