CALGRO M3 Group

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

For the six months ended 31 August 2021

CALGRO M3 HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2005/027663/06)
JSE Share code: CGR
ISIN: ZAE000109203
("Calgro M3" or "the Company" or "the Group")

SALIENT FEATURES

- Headline earnings per share increased by 262.8% to 42.79 cents per share (August 2020: 26.29 cents per share loss)
- Basic earnings per share ("EPS") increased by 229.8% to 39.56 cents per share (August 2020: 30.46 cents per share loss)
- Revenue increased by 45.6% to R576.2 million (August 2020: R395.8 million)
- Gross profit margin increased to 19.7% (August 2020: 7.9%)
- Net asset value per share increased by 6% to 722.94 cents per share (February 2021: 682.09 cents per share)
- Cash generated from operations amounted to R133.2 million
- Net debt to equity improved to 0.84:1.00
- Cash on hand of R215 million
- Strong balance sheet with liquidity of R615 million
- No dividend was declared for the period ended 31 August 2021 (August 2020: Nil)

In summary, the continued successful implementation of the strategic decisions that were taken in prior periods to refocus, restructure and return the business to sustainable profitability produced the desired results in the period under review.

Sustained increased sales efforts and increased focus on brand awareness across both segments of the business, resulted in increased revenue of 45.6% to R576.2 million, with the Group's Property Development business contributing R545.7 million of this (94.7% of total revenue).

When comparing the current period to the previous period, the improved performance was a result of the aforementioned strategic execution in spite of the "post Covid-19" base effect.

The gross margin reached a four-year high of 19.7%, justifying the strategic decision to close and outsource the construction element of the business. Overhead costs decreased by 23%, demonstrating the Group's ability to manage costs and efficiencies in the current economic environment.

Continuous focus was placed on liquidity management resulting in strong cash generation, allowing the Group to execute on its short to medium-term strategic goal of reducing debt, which led to lower interest repayments and which further bolstered earnings. This, coupled with the cash on hand of R215 million, resulted in a reduction in the Group's net debt to equity ratio to 0.84:1, which is ahead of the February 2022 target of 0.9:1.

The Group increased its efforts on minimising disruptions on projects, through engaging the communities we service and developing good community and labour relations. This held us in good stead during the recent civil unrest in South Africa where none of our units were invaded or damaged.

Residential Property Development

The Residential Property Development business gross profit margin increased to 17.5%. This is the highest margin achieved since 2017 and an indication of the Group's refocus to its core business, which includes a move to outsourced construction. 5 091 opportunities are currently under construction and this, together with meticulous capital allocation and a lower overhead structure, has enabled this business to return to profitability.

The Group has sufficient serviced and unserviced opportunities available across its projects to fuel growth for the foreseeable future, without having to take excessive risks in acquiring new projects.

The current low interest rate environment will further enhance housing sales. The Group will remain cautious of the economic impact on the customer base and the potential tighter credit criteria from banks.

Memorial Parks

The business continues to demonstrate substantial growth opportunities supported by an increase in total cash receipts during the period of 52.7% to R39.4 million (August 2020: R25.8 million).

A new entry level product was introduced at the Nasrec Memorial Park, offering a grave for immediate burial for as low as R13 000. This diversification in the product offering has attracted a new market that could previously not afford a grave at Nasrec Memorial Park, and which has resulted in an increase in the Gauteng market share during the period. This product is, however, not margin dilutive over the long term due to increased densities and better operational efficiencies.

The Group is extremely excited to have concluded a partnership with Nedbank to offer a loan facility to clients for the purchase of a grave. This service will be made available to clients from 1 October 2021.

Short-form announcement

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the full announcement ("Full Announcement") and does not contain full or complete details. The Full Announcement is available through the link on the short-form announcement released on SENS.

Copies of the Full Announcement is also available for viewing on the Company's website at www.calgrom3.com or may be requested in person, at the Company's registered office or the office of the Sponsor, at no charge, during office hours.

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement, as a whole.

These interim results have not been audited or reviewed by the Company's auditors, PricewaterhouseCoopers Inc.

By order of the Board

Wikus Lategan
Chief Executive Officer

Hatla Ntene
Chairperson

Johannesburg

18 October 2021

Registered office
Calgro M3 Building, Ballywoods Office Park
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Auditors
PricewaterhouseCoopers Inc.

Secretary
I April

Sponsor
PSG Capital

Transfer secretaries
Computershare Investor Services

Directors

WA Joubert	Executive
WJ Lategan	Executive
W Williams	Executive
GS Hauptfleisch	Independent Non-Executive
H Ntene	Independent Non-Executive
LS Ntuli	Independent Non-Executive
ME Gama	Independent Non-Executive
RB Patmore	Lead Independent Non-Executive
TC Moodley	Non-Executive
TP Baloyi	Independent Non-Executive