

Unaudited Condensed Consolidated Interim Financial Results for the six months ended 31 August 2024

CALGRO M3 HOLDINGS LIMITED

(Incorporated in the Republic of South Africa) (Registration number: 2005/027663/06) JSE Share code: CGR ISIN: ZAE000109203
Company Alpha code: CGR11 LEI: 3789003B0859E9438F25 ("Calgro M3" or "the Group" or "the Company")

Salient features

Earnings per share ("EPS") increased to **101.40 cents per share**
(August 2023: 78.88 cents per share)

Headline earnings per share ("HEPS") increased to **101.40 cents per share**
(August 2023: 78.88 cents per share)

Revenue decreased by **26.40% to R507.0 million**
(2023: R668.9 million)

869 residential units handed over

1 539 residential units under construction

Net asset value ("NAV") increased by **6.92% to R14.29 per share**
(February 2024: R13.37 per share)

Cash increased by **37.73% to R168.9 million**
(February 2024: R122.6 million)

Net debt to equity stable at **0.63**
(February 2024: 0.63)

No dividend was declared for the period ended 31 August 2024
(2023: Nil)

Residential Property Development

A decrease in revenue for the period under review was primarily driven by reduced unit sales due to pressure on the already constrained consumer, and delayed transfers. The Group, however, banked over R200 million in cash during the first two weeks of September. During the period, 869 units (August 2023: 1 193 units), were handed over, while 1 539 units are under construction, with the majority expected to be completed by the end of February 2025. We intend to commence with a further 1 592 units shortly that are targeted for completion in the next financial year. The Group currently has a further 2 609 serviced opportunities available that are ready for top structure construction to commence and a further 2 416 currently being serviced.

The growth in gross margin, to 29.69%, reflects the strategic move to a higher mix of open market and non-public sector units as well as the project and product mix, which now benefits from historic land and infrastructure costs. Additionally, while the number of units handed over was slightly lower than the previous period, the positive product mix and lower infrastructure costs offset this reduction, leading to an improved gross profit margin. The margin is expected to remain above the target for the short to medium-term. To service the lower, high-demand end of the unowned market, Calgro M3's national average sales price for our core two-bedroom family apartment during the period was R636 617, excluding VAT.

Memorial Parks

The Memorial Parks segment grew revenue to R31.7 million. This business accounts for 6.26% of Group revenue. The segment's main goal remains cash generation for the Group. In line with this, cash generation has shown remarkable resilience and growth, with cash receipts increasing by 52.8% to R52.1 million. The growth in reservations, particularly through the lay-by option, indicates consumer preference for flexible payment options in the current environment.

The lay-by sales offering grew by R14.7 million during the period and currently has an active book of R40.7 million, which will convert to revenue when sales are fully settled. The gross profit margin remains robust at 57.08%, a testament to effective cost management and operational efficiency.

Outlook

As we move into the second half of 2024, Calgro M3 is poised for a transformative growth phase. Our robust pipeline, consisting of strategic large-scale developments Fleurhof, South Hills, Bankenveld and Belhar, combined with the trading out of other developments, positions us to deliver a future pipeline in excess of 38 000 units. These projects do not only represent financial returns, they also represent our continued commitment to addressing South Africa's housing needs and the offering of value-for-money homes that transform lives and communities.

Our focus in the coming months is twofold: to accelerate the transfer of completed units, drive sales for sustainable growth to enable the Group to roll out the pipeline over an approximate 15 year period, and ensure efficient execution and cash flow conversion. We will continue refining operational efficiencies across all segments, driving both profitability and value for shareholders and stakeholders. By capitalising on our strong financial foundation, we are safeguarding short-term stability and ensuring long-term resilience in an economic environment where we believe the consumer will remain under pressure for some time to come, even if interest rates start decreasing.

The Memorial Parks segment, which has already shown robust growth, will be another key expansion area. We intend to bring our high-quality, dignified burial solutions to new provinces, meeting growing demand and extending our reach to more communities. With cash generation at the forefront, this segment's ability to provide lasting value will continue to be a focus, underpinned by our unique offering of flexible, dignified burial options.

Short-form announcement

This short-form announcement is the responsibility of the directors of Calgro M3. It contains only a summary of the information in the unaudited condensed consolidated interim financial results for the six months ended 31 August 2024 ("Interim Results") and does not contain full or complete details.

The Interim Results can be found on the Company's website at <https://www.calgrom3.com/index.php/investors/annual-reports> or on the JSE cloudlink at <http://senspdf.jse.co.za/documents/2024/JSE/ISSE/CGRE/HY2025.pdf>.

Any investment decision by investors and/or shareholders should be based on consideration of the Interim Results, as a whole. This short-form announcement and the Interim Results, from which the information was extracted, have not been audited or reviewed by the Company's auditors.

By order of the Board

Wikus Lategan
Chief Executive Officer
Johannesburg

14 October 2024

Sayuri Naicker
Group Financial Director

Equity and Debt Sponsor



PSG CAPITAL