

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")



TRADING STATEMENT

In terms of the JSE Limited Listings Requirements, a listed company is required to publish a trading statement as soon as it becomes reasonably certain that the financial results for the next period to be reported on will differ by 20% from the financial results for the previous corresponding period.

Shareholders are advised that the Company's results contain a prior year restatement of Headline earnings per share from a loss of 19.01 cents per share to a loss of 20.30 cents per share and accordingly, comparative balances differ to those previously reported.

Accordingly, the Company hereby advises that a reasonable degree of certainty exists that for the year ended 29 February 2020:

- Headline earnings per share will be between 0.65 cents and 2.89 cents, representing an increase of between 103.2% and 114.2% compared to the restated headline loss per share of 20.30 cents for the year ended 28 February 2019; and
- Earnings per share will be between 3.70 cents and 3.98 cents, representing an increase of between 46.3% and 57.3% compared to the earnings per share of 2.53 cents for the year ended 28 February 2019.

We are pleased to report that good progress has been made to return the business to profitability and positive cash generation. Cash generated from operations for the year, increased by 55.6% and net cash generated from operating activities increased by 69.9%. Cash balances increased by 108.0% to R255.1 million at 29 February 2020. No retail, commercial, project or rental property sales are included in the cash balance referenced above.

During the year, the Group underwent a major restructuring process, the aim of which was to realise an improved risk based, though a profitable structure. This included the phased closure of the Company's in-house construction division and the outsourcing of all construction activities going forward. Staff in this division were absorbed into the outsourced partner.

The Group is in a position where much of the liquidity and macro-economic consequences of Covid-19 has been managed through actions taken by the Group during the two preceding challenging years. We are proud that we were able to pay full salaries to employees up to date and will endeavour to continue paying full salaries to staff for as long as possible under lockdown conditions.

The pendulum might not swing back fully once the outbreak has relented and therefore forward-planning is vital. Calgro M3 is actively focusing on the actions, steps and processes required – post the crisis, to ensure that business operations return to full capacity as soon as possible. The precise impact that Covid-19 had on revenue and profitability is extremely

uncertain at this stage as highlighted above. Given active repositioning initiatives across 2019, the Group was well-positioned for substantial growth and will largely be able to absorb the effect of Covid-19 on its performance going forward.

The current cash burn rate is approximately R14 million per month for fixed overheads and interest. In addition to current cash resources in excess of R100 million, the Group still has its full overdraft of an additional R100 million available.

RESTATEMENT OF PRIOR YEAR HEADLINE EARNINGS PER SHARE

The Company incorrectly included a fair value adjustment relating to investment properties in the calculation of headline earnings, and accordingly the reconciliation of headline earnings has been restated to exclude the fair value adjustment:

Restatement of the reconciliation of headline earnings for the year ended 28 February 2019:

Year ended 28 February 2019	Previously reported	Correction	Restated
Rands			
Profit attributable to shareholders	3 240 735	-	3 240 735
Fair value adjustment on Investment properties	-	(1 655 587)	(1 655 587)
Gain on bargain purchase	(27 600 377)	-	(27 600 377)
Loss used to determine headline loss per share	(24 359 642)	(1 655 587)	(26 015 230)
Weighted average number of ordinary shares in issue	128 150 069	-	128 150 069
Headline loss per share (cents per share)	(19.01)	(1.29)	(20.30)

The financial information on which this trading statement is based has not been reviewed or reported on by the auditor of the Company. The audited results for the year ended 29 February 2020 are expected to be published on or about 18 May 2020.

Johannesburg
12 May 2020

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