

Balwin Properties Limited
(Incorporated in the Republic of South Africa)
(Registration number:2003/028851/06)
Share code: BWN
ISIN: ZAE000209532
("Balwin" or "the group" or "the company")

Audited consolidated annual financial statements for the year ended 29 February 2024

FINANCIAL OVERVIEW

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|-----------------------------|--|
| Revenue | Decrease of 29% to R2.4 billion |
| Profit for the year | Decrease of 50% to R217.4 million |
| Earnings per share | Decrease of 51% to 46.18 cents per share |
| Headline earnings per share | Decrease of 48% to 47.94 cents per share |
| Net asset value per share | Increase of 4% to 858.49 cents per share |

Balwin's results for the year ended 29 February 2024 reflect the macro-economic conditions being experienced in the country, characterised by high interest rates, inflationary increases and prolonged stages of loadshedding. These factors adversely impacted consumer demand, loan affordability and investment in fixed property.

Group revenue totalled R2.4 billion (2023: R3.3 billion), a reduction of 29% over the prior year with 1 892 apartments recognised in revenue for the year, a 32% reduction from the 2 788 apartments recognised in revenue for the prior year reflecting the challenging conditions in the residential housing market.

The annuity business portfolio experienced strong growth off a low base and increased its revenue to R132.5 million, contributing 5.6% (2023: 2.3%) to the total group revenue. The performance of the annuity businesses is pleasing and although still not material to the group, has provided profit margin support in the challenging trading conditions.

The gross profit margin from the sale of apartments experienced pressure in the current year and reduced to 24% (2023: 27%). The group's investment in sales incentives for both home buyers and investors supported demand and included a CEO loyalty programme, a referral fee campaign as well as a sales incentive for first-time home-owners. While imperative to assist in driving the volume of sales, these incentives contributed to the dilution in the gross margin.

Increased contributions from the annuity businesses supported the gross margin and contributed R131.0 million (2023: R72.3 million) to the gross profit of the group. The annuity businesses recorded an operating profit of R54.9 million at a 41% operating profit margin.

Consolidated operating expenditure incurred by the group amounted to R350.3 million, an 11% reduction from the prior year following significant focus on cost containment as management streamlined the overhead structures of the group.

The group recorded a profit after taxation of R222.3 million, a decrease of 49% over the prior year.

Cash management and utilisation remain a priority for the group and management continues to engage with funding partners to ensure that appropriate facilities and financial support

remain in place. The group closed the period with a cash balance of R289.6 million. The cash and cash equivalents on hand exceeds funding covenants and thresholds set by the board.

The board actively manages the group's debt exposure relative to debt covenants and the treasury policy. The group's loan-to-value ratio reduced marginally to 40.5% (2023: 40.7%).

DIVIDEND

Following due consideration of current and expected trading conditions and market uncertainty, the board has resolved not to declare a dividend for the 2024 financial year (2023: dividend of 24.0 cents per share). The board's primary focus in this environment is to apply capital to reduce the group's debt exposure.

The board will reconsider the declaration of a dividend for the 2025 financial year.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the board of directors of Balwin. It contains a summary of the information in the full annual financial statements and does not contain full or complete details. The annual financial statements can be found at:

<https://senspdf.jse.co.za/documents/2024/jse/isse/BWNE/FY24.pdf>

BDO South Africa Inc. expressed an unmodified audit opinion on the audited consolidated financial statements in their report dated 20 May 2024.

Copies of the annual financial statements are available for viewing on the group's website at <https://balwin.co.za/investor-relations#financial> or may be requested in person at the group's registered office at no charge, during office hours.

Any investment decisions by shareholders should be based on consideration of the full financial statements.

Corlett Drive
20 May 2024

Sponsor:
Investec Bank Limited