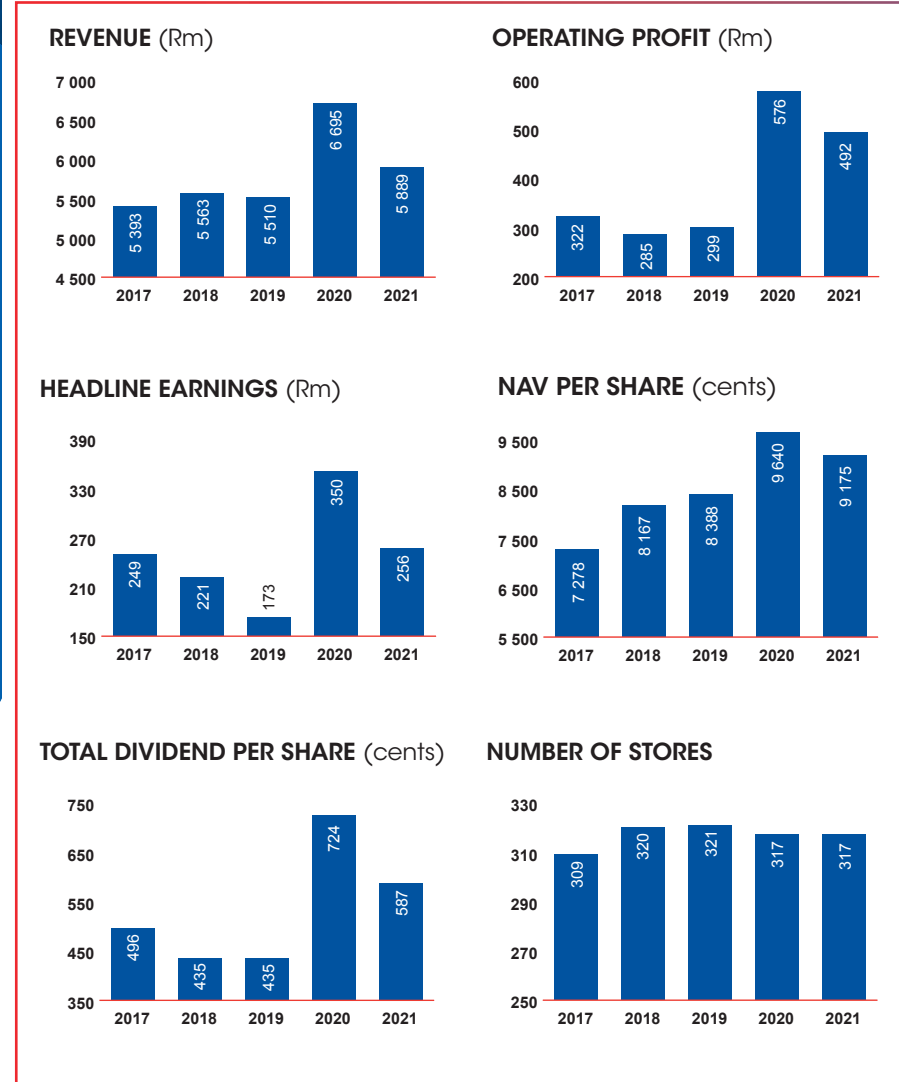




INTERIM RESULTS AND DIVIDEND DECLARATION

for the six months ended 26 December 2021



Commentary

Nature of business

Cashbuild is southern Africa's largest retailer of quality building materials and associated products, selling direct to a cash-paying customer base through our chain of stores (317 at the end of this reporting period, which includes 54 P&L Hardware stores). Cashbuild carries an in-depth quality product range tailored to the specific needs of the communities we serve. Our customers are typically home-builders and improvers, contractors, farmers, traders, as well as all other customers requiring quality building materials at the best value.

Cashbuild has built its credibility and reputation by consistently offering its customers quality building materials at the best value and through a purchasing and inventory policy that ensures customers' requirements are always met.

International Financial Reporting Standards

The Group is reporting its reviewed results in accordance with International Financial Reporting Standards ("IFRS").

Financial highlights

Revenue for the period declined by 12%. Revenue for stores in existence prior to July 2020 (pre-existing stores – 305 stores) declined with 14% and our 12 new stores contributed 2% growth. Gross profit decreased by 11% with gross profit margin percentage increasing from 26.4% to 26.6% mainly due to the store looting stock recovery claim net of write off. Selling price inflation for December 2021 was 8.8% compared to December 2020.

Operating expenses, including new stores, were well controlled considering the revenue decline, reducing by 10% (existing stores 12%

partially offset by a 2% increase in new stores) resulting in the operating profit decreasing by 14%. Basic earnings per share declined by 19% with headline earnings per share also declining by 27% from the prior period.

The effective tax rate of 33.8% for the period is higher than that of the previous period due to the withholding tax on inter-group dividends declared in countries.

Cash and cash equivalents is 33% lower than the prior period mainly as a result of the substantial final dividend paid and costs of looted stores not yet recovered from insurance. Stock levels, including new stores have increased by 10% with stockholding at 79 days (December 2020: 68 days; June 2021: 74 days) at period end. Net asset value per share decreased by 5%, from 9 640 cents (December 2020) to 9 175 cents.

During the period, Cashbuild opened 2 new Cashbuild stores, refurbished 5 Cashbuild stores and relocated 1 Cashbuild store. 3 looted Cashbuild stores and 1 P&L Hardware store were closed at the expiration of their lease agreements. 25 Cashbuild stores and 3 P&L Hardware stores that were looted have since been reopened. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying an even more rigorous process, due to the Covid-19 pandemic and associated economic uncertainties.

Prospects

Group revenue for the six weeks subsequent to period end is 10% lower than the comparative prior six weeks period. Management expects trading conditions to remain uncertain due to Covid-19 and its economic impact. This information has not been reviewed nor audited by the Company's auditor.

Civil unrest and looting

During the period, 36 (32 Cashbuild and 4 P&L Hardware) stores across the Group were impacted by the unrest and looting in July 2021. Stores were looted and damaged which led to the scrapping of various categories of property, plant and equipment (R20.4 million) and inventory (R136 million). Cashbuild has insurance cover for such events to minimise losses to the Group and submitted insurance claims of R143 million for inventory, R71 million for property, plant and equipment and R65 million for business interruption to its respective insurers.

The insurance recoveries expected have been recognised in cost of sales (R143 million) and other income (R71 million). Cashbuild expects that compensation for business interruption would be finalised after the full-year results of the Group have been determined. No receivable has been recognised for the business interruption due to not finalising the claim value which therefore is not virtually certain. The Group received interim payments for its asset claims of R132 million on 23 November 2021 and R82 million (VAT inclusive) after period end.

For illustrative purposes, the Consolidated Income Statements table below has been presented on a comparative basis to highlight the civil unrest and looting effects in the current and prior period. This has been provided so that users may be able to assess the impact of looting and the trading results of the remaining business and is the responsibility of the directors of Cashbuild. Due to the nature of the information presented below, it may not fairly present the financial position, changes in equity, results of operations or cash flows of the Group.

Summary consolidated interim income statement – Reviewed

| R'000 | Six months ended 26 December 2021 | Six months ended 27 December 2020 (26 weeks) | % change | Year ended 27 June 2021 (52 weeks) |
|---|---|---|-------------|---|
| Revenue | 5 888 708 | 6 694 502 | (12) | 12 615 629 |
| Cost of sales | (4 324 404) | (4 929 613) | (12) | (9 226 014) |
| Gross profit | 1 564 304 | 1 764 889 | (11) | 3 389 615 |
| Selling and marketing expenses | (1 017 278) | (1 050 005) | (3) | (1 995 881) |
| Administrative expenses | (136 286) | (161 173) | (15) | (385 536) |
| Other operating expenses | (23 140) | (1 560) | >100 | (3 363) |
| Other income | 104 726 | 23 502 | >100 | 33 984 |
| Operating profit | 492 326 | 575 653 | (14) | 1 038 819 |
| Finance cost | (82 763) | (77 769) | 6 | (162 502) |
| Finance income | 37 920 | 46 971 | (19) | 91 327 |
| Profit before income tax | 447 483 | 544 855 | (18) | 967 644 |
| Income tax expense | (151 116) | (180 611) | (16) | (297 557) |
| Profit for the period | 296 367 | 364 244 | (19) | 670 087 |
| Profit attributable to: | | | | |
| – Owners of the company | 293 141 | 361 932 | | 664 682 |
| – Non-controlling interests | 3 226 | 2 312 | | 5 405 |
| | 296 367 | 364 244 | (19) | 670 087 |
| Earnings per share (cents) | 1 294.8 | 1 594.7 | (19) | 2 935.7 |
| Diluted earnings per share (cents) | 1 292.7 | 1 594.1 | (19) | 2 932.6 |

Summary consolidated interim statement of comprehensive income – Reviewed

| R'000 | Six months ended 26 December 2021 (26 weeks) | Six months ended 27 December 2020 (26 weeks) | Year ended 27 June 2021 (52 weeks) |
|---|---|---|---|
| Profit for the period | 296 367 | 364 244 | 670 087 |
| Other comprehensive income: | | | |
| Total movement in foreign currency translation reserve (FCTR) | (14 890) | (10 896) | (17 308) |
| Attributable to: | | | |
| – Owners of the company | (15 637) | (6 720) | (11 578) |
| – Non-controlling interests | 747 | (4 176) | (5 730) |
| Total comprehensive income for the period | 281 477 | 353 348 | 652 779 |
| Total comprehensive income attributable to: | | | |
| – Owners of the company | 277 504 | 355 212 | 653 104 |
| – Non-controlling interests | 3 973 | (1 864) | (325) |
| | 281 477 | 353 348 | 652 779 |

Summary consolidated interim statement of cash flows – Reviewed

| R'000 | Six months ended 26 December 2021 | Six months ended 27 December 2020 | Year ended 27 June 2021 |
|---|---|---|-------------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 289 910 | 1 195 401 | 1 507 716 |
| Interest paid | (82 763) | (77 769) | (162 502) |
| Interest received – non-investing | 132 | – | 11 |
| Taxation paid | (158 194) | (55 708) | (239 643) |
| Net cash generated from operating activities | 49 085 | 1 061 924 | 1 105 582 |
| Cash flows from investing activities | | | |
| Net investment in assets | (139 434) | (81 476) | (173 233) |
| Interest received | 37 788 | 46 971 | 91 316 |
| Net cash used in investing activities | (101 646) | (34 505) | (81 917) |
| Cash flows from financing activities | | | |
| Shares purchased by Cashbuild SA for FSP | (36 646) | (13 591) | (13 591) |
| Finance lease payments | (74 630) | (88 851) | (180 149) |
| Dividends paid: | | | |
| – Own equity | (513 172) | (62 367) | (229 915) |
| – Non-controlling interests | (4 003) | (1 980) | (1 980) |
| Net cash used in financing activities | (628 451) | (166 789) | (425 635) |
| Net increase in cash and cash equivalents | (681 012) | 860 630 | 598 030 |
| Cash and cash equivalents at beginning of period | 2 546 380 | 1 951 582 | 1 951 582 |
| Effect of exchange rate movements on cash and cash equivalents | 11 568 | 6 874 | (3 232) |
| Cash and cash equivalents at end of period | 1 876 936 | 2 819 086 | 2 546 380 |

Summary consolidated interim segmental analysis – Reviewed

| R'000 | Group | | | South Africa | | | P&L Hardware business | | | Other members of common monetary area* | | | Botswana, Malawi and Zambia | | |
|--|--------------------------------------|-----------|----------------------------|--------------------------------------|-----------|----------------------------|--|---------|----------------------------|--|---------|----------------------------|--------------------------------------|---------|----------------------------|
| | Cashbuild business | | | P&L Hardware business | | | Other members of common monetary area* | | | Botswana, Malawi and Zambia | | | Botswana, Malawi and Zambia | | |
| | Six months ended December 2021 | 2020 | Year ended June 2021 | Six months ended December 2021 | 2020 | Year ended June 2021 | Six months ended December 2021 | 2020 | Year ended June 2021 | Six months ended December 2021 | 2020 | Year ended June 2021 | Six months ended December 2021 | 2020 | Year ended June 2021 |
| Income statement | | | | | | | | | | | | | | | |
| Revenue | 5 888 708 | 6 694 502 | 12 615 629 | 4 717 373 | 5 364 089 | 10 154 307 | 494 818 | 654 952 | 1 158 633 | 398 568 | 384 559 | 732 188 | 277 949 | 290 902 | 570 501 |
| Operating profit | 492 326 | 575 653 | 1 038 819 | 412 406 | 495 553 | 872 124 | 15 703 | 11 710 | 28 907 | 41 183 | 40 626 | 80 278 | 23 034 | 27 764 | 57 510 |
| Statement of financial position | | | | | | | | | | | | | | | |
| Segment assets | 7 012 003 | 7 638 598 | 7 331 933 | 5 043 142 | 5 619 749 | 5 397 017 | 845 398 | 904 218 | 824 852 | 691 936 | 710 878 | 704 450 | 431 527 | 403 753 | 405 614 |
| Segment liabilities | 4 683 015 | 5 194 967 | 4 743 979 | 3 335 640 | 3 797 825 | 3 491 978 | 794 634 | 864 666 | 777 623 | 251 754 | 282 961 | 243 514 | 300 987 | 249 515 | 230 864 |
| Other segment items | | | | | | | | | | | | | | | |
| Number of stores | 317 | 317 | 319 | 232 | 229 | 233 | 54 | 58 | 55 | 18 | 17 | 18 | 13 | 13 | 13 |
| Depreciation | 183 840 | 179 233 | 364 044 | 152 357 | 144 958 | 296 166 | 15 062 | 18 005 | 36 160 | 8 547 | 6 999 | 14 727 | 7 874 | 9 271 | 16 991 |
| Amortisation | 1 987 | 2 518 | 4 308 | 1 932 | 2 438 | 4 170 | 41 | 21 | 61 | – | 25 | 33 | 14 | 34 | 54 |
| Capital investment | 143 239 | 95 941 | 196 096 | 138 627 | 57 836 | 161 533 | 4 071 | 28 989 | 18 421 | 484 | 8 541 | 15 261 | 57 | 575 | 881 |

* Includes Namibia, Swaziland and Lesotho.

Quality building materials at the best value

Directors: AGW Knock (British) ("Chairman"), WF de Jager (Chief Executive), M Bosman (Ms)*, M Bosman (Mr)*, Dr DSS Lushoba*, AJ Mokgwatsane*, AE Prowse, GM Tapon Njama*, SA Throsson, WP van Aswegen (*Non-executive) **Company Secretary** T Nengoghela **Registered Office** 101 Northern Parkway, Ormonde, Johannesburg, 2091, PO Box 90115, Berfsham, 2013 **Transfer Secretaries** Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 **Auditor** PricewaterhouseCoopers Inc. **Sponsor** Nedbank Corporate and Investment Banking, a division of Nedbank Limited **Cashbuild Limited** (Registration number: 1986/001503/06) (Incorporated in the Republic of South Africa) **JSE code** CSB **ISIN** ZAE000028320 **Investor relations** Keyter Rech Investor Solutions CC

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