2022

INTEGRATED REPORT

FOR THE YEAR ENDED 26 JUNE 2022

Cashbuild

Cashbuild

Cashbuild is a southern African-based retailer of building materials and products at the best value, direct to the public.

Our footprint encompasses 318 stores which includes 54 P&L Hardware stores trading across seven countries throughout southern Africa.

Cashbuild employed 6 170 people as at 26 June 2022, of which 91% are based in South Africa and 30% are female.

Contents

Documents available on the Company's website:

www.cashbuild.co.za

- ESG Summary Report
- King IV™ Application Register
- Stakeholder engagement and material matters identified by stakeholders
- Cashbuild's Equality and Diversity Policy Statement

Document navigation

Our Capitals

Financial capital
Intellectual capital
Manufacturing capital
Social capital
Human capital
Natural capital

UN SDGs applicable to Cashbuild

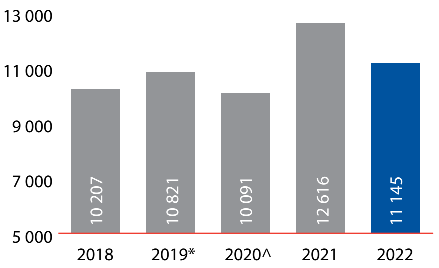
Abbreviations and definitions

The abbreviations and definitions used throughout this Integrated Report are detailed on page 190.

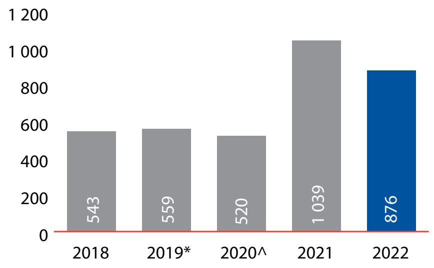
Five-Year Trends

for the year ended 26 June 2022

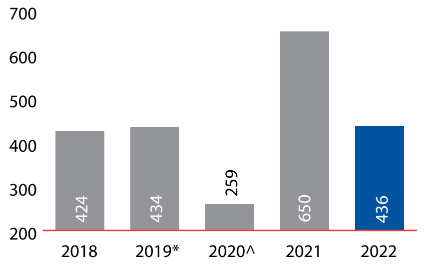
Revenue (Rm)



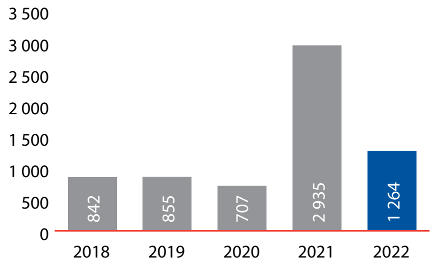
Operating profit (Rm)



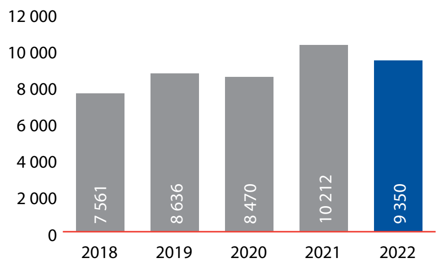
Headline earnings (Rm)



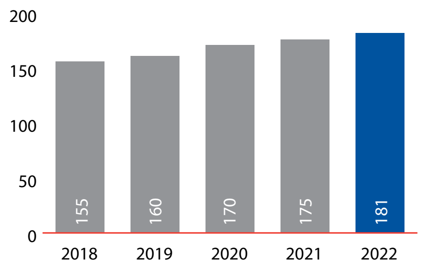
Total dividend per share (cents)



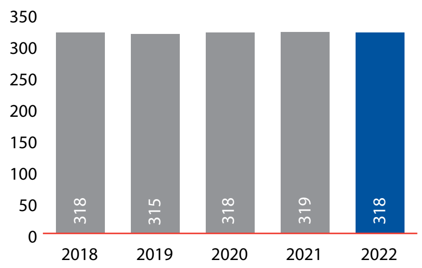
NAV per share (cents)



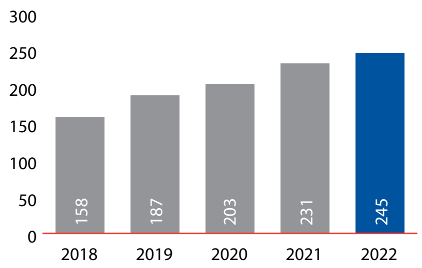
CSI spend (Rm)



Number of stores



Energy conservation projects to date (stores)



** 2019 includes 53rd week of trading.*

^ 2020: Covid-19 negatively impacted operations. Revenue, operating profit and headline earnings impact estimated at approximately R621 million, R109 million and R76 million, respectively.


Free local delivery from this store
Enquire at info desk
Deliveries
Cashbuild
BIG savings for BIG spenders!
Paints & Accessories
Everyday Champion
ColorPro
Duram
OUR STRONGEST PVC CEILING YET!
EDGE
PVC CEILING BOARDS
DIY

About the Report

This Integrated Report provides an overview of Cashbuild's activities for the financial year ended 26 June 2022.

This Report was prepared in accordance with IFRS, the requirements of the Companies Act, the JSE Listings Requirements, the principles of King IV™ and the amended International <IR> Framework by the IIRC and strives to provide information on all aspects of Cashbuild's activities in an integrated manner.

Scope and boundary

This Integrated Report aims to provide a balanced, clear and comprehensive review of the business by reporting on the financial and non-financial performance of the Group. It deals with the material matters, risks and opportunities faced by the Group in the ordinary course of business as well as the Group's governance, social and environmental responsibilities to create value for each of its identified stakeholders and the communities in which the Group operates.

There are no material changes to the content of this Report compared to the 2021 Integrated Report other than enhancing the disclosure, especially pertaining to the ESG Report. This Report reflects on the Group's current and anticipated financial performance as well as non-financial performance in line with its strategic objectives. The Group has also published its application of the King IV™ Principles, in terms of the JSE Listings Requirements.

The Board has considered the volume and complexity of the information in this Integrated Report and is of the opinion that it does not warrant a summarised version. However, additional information pertaining to certain sections in this Report has been placed on the Group's website.

Reporting frameworks

Cashbuild continues to enhance the Integrated Report and follows the guidelines provided by the IIRC's International <IR> Framework in terms of reporting according to the Six Capitals.

To guide and inform Cashbuild's decisions during the preparation of this Report, we applied the principles, requirements and guidelines contained within various regulations, codes, documents and standards as set out in the table below.

	Integrated Report	Annual Financial Statements
IIRC's International <IR> Framework	✔	✔
JSE Listings Requirements	✔	✔
Companies Act	✔	✔
IFRS	✔	✔
King IV™	✔	✔
UN SDGs	✔	-
JSE Sustainability Disclosure Guidance June 2022	✔	-

ESG

Cashbuild, with the assistance of various external consultants, has enhanced the ESG content disclosure within the 2022 Integrated Report. Whilst good corporate governance has been firmly on the radar for listed South African companies thanks to King IV™ and its predecessors, often putting local companies ahead of their international peers in this respect, social and environmental impacts have gained increasing significance over the past few years. Cashbuild remains committed to ensuring good corporate citizenship in this respect, and embraces ESG (environmental, social and governance) good practices. The Group however acknowledges this is a journey, and our ongoing efforts in this respect are detailed in the ESG Report. We trust the reader of this Report will value the improvements made by Cashbuild in its ESG reporting and goals. This year, Cashbuild focused only on those UN SDGs it currently considers as being relevant to the Group. As Cashbuild's ESG reporting journey continues, the Group will also consider implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in acknowledgement that climate change, as evidenced by changing and extreme weather patterns, including climate catastrophes, will likely impact our operations and those of our customers in the future.

We will also work to seek alignment with the specific targets as set for each of the relevant UN SDGs.

The interaction between the Six Capitals and the compliance to the UN SDGs are explained or indicated by using icons where applicable throughout this Integrated Report.

On 14 June 2022, the JSE released its Sustainability and Climate Disclosure Guidance that aims to promote transparency and good governance, as well as to guide listed companies on best practice in ESG disclosure. This guideline is voluntary and Cashbuild will incorporate, where applicable, the information proposed to adhere to the Sustainability and Climate Disclosure Guidance for the year ending June 2023. However, where available information already exists, Cashbuild has disclosed the necessary data in this Report.

Disclaimer

This Integrated Report may contain certain forward-looking statements concerning the Group's strategy, financial conditions, growth plans and expectations. Such views involve both known and unknown risks, assumptions, uncertainties and important factors that could materially influence the actual performance of the Group. No assurance can therefore be given that these views will prove to be correct and no representation or warranty expressed or implied is given as to the accuracy or completeness of such views.

It is the Board's responsibility to ensure the integrity of this Integrated Report. The Board has applied its mind to the Report and in its opinion, this Report addresses the material matters and risks as well as represents fairly the integrated performance of the Group.

About the Report

Materiality, material matters and material risks

Materiality

The Integrated Report is intended to provide insight into matters and risks identified as most relevant and material to Cashbuild and our various stakeholder groups, which could potentially impact our strategy and the Group as a going concern. Material risks are identified for the Group through an internal and external materiality determination process.

When making materiality judgements, the Executive Management Team and the Board assess the available information holistically from a quantitative as well as a qualitative perspective and consider whether the matter could impact the Group's ability to create value and/or reasonably be expected to influence a primary user's decision.

The Board, specifically the Audit and Risk Committee and the Social and Ethics Committee, plays a pivotal role in the determination of Cashbuild's material risks as well as opportunities that arise in the course of conducting our business activities.

Material matters

An in-depth material matters determination process and an analysis were performed during December 2021 with the view to improve Cashbuild's disclosure and reporting. The review included looking at sector trends, key stakeholder expectations and peer disclosures, in order to identify good practice and common material matters. The process conducted during the year under review is set out in detail on page 25 of this Integrated Report with our stakeholder engagement and related material matters commencing on page 26 of the Integrated Report.

Material risks

Material risks are identified on an on-going basis through our Group Risk Management Policy and closely and actively managed by Cashbuild's Executive Management with oversight of the Board. Matters identified and considered material for our stakeholders are also reported in the Integrated Report.

Comprehensive information pertaining to our material risks and opportunities can be found on pages 36 to 41 of this Report.

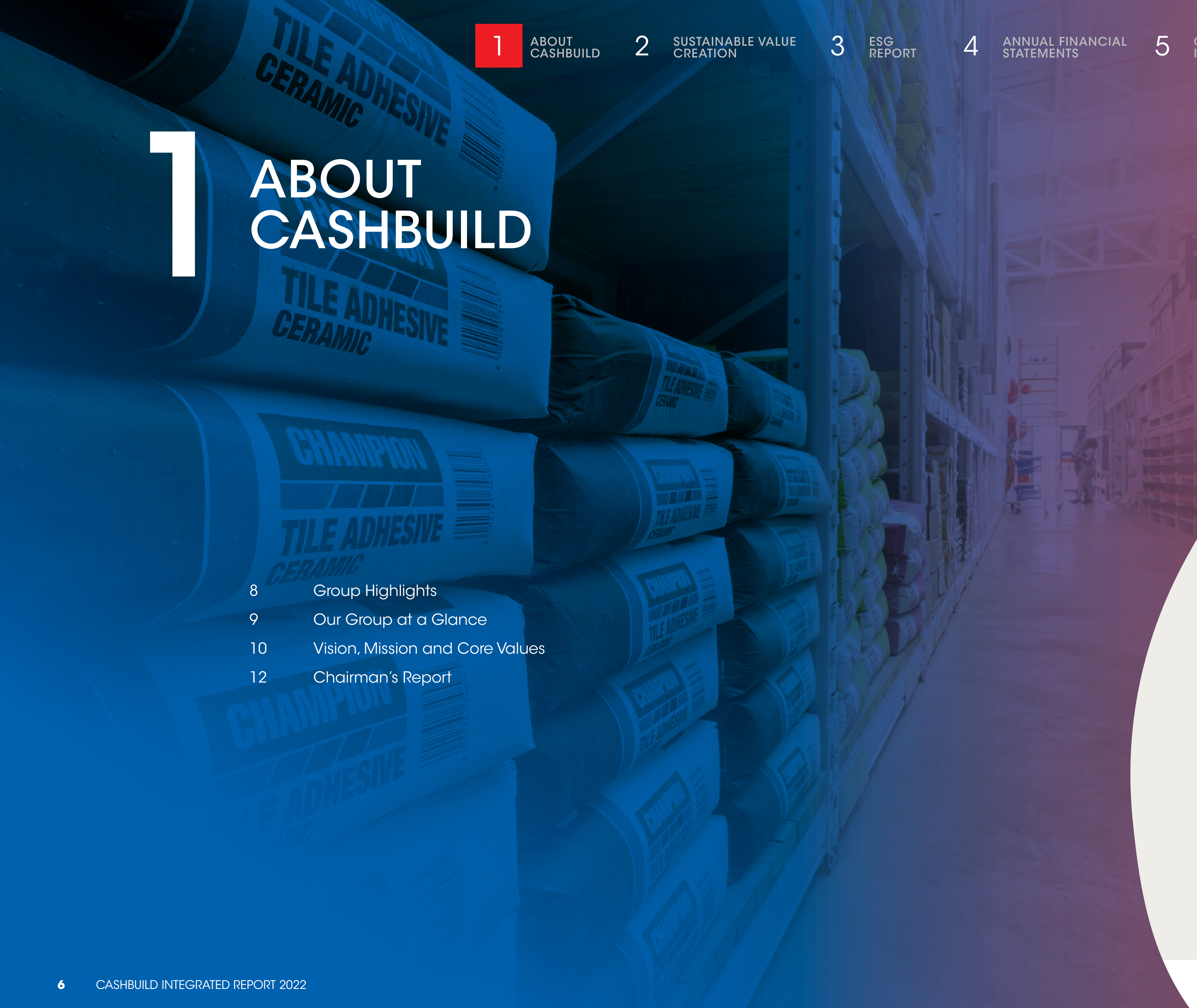
Assurance

The ESG Report has not been independently assured for the 2022 financial year with the goal of obtaining assurance from the 2023 financial year. Certain information contained herein has been scrutinised by the Group's own internal audit function, as well as by external assurance providers where this has been deemed relevant and necessary.

In accordance with the Companies Act and the JSE Listings Requirements, the Annual Financial Statements of Cashbuild have been audited by PricewaterhouseCoopers Inc. for the year ended June 2022. The Independent Auditor's Report can be found on pages 106 to 113 of this Report. The Board recommends the appointment of Deloitte as Cashbuild's external auditor with effect from 1 July 2022, upon recommendation by the Audit and Risk Committee. Deloitte, in preparation for its appointment and to ensure a smooth transition, has been shadowing PwC during the 2022 financial year's audit of the year-end results. The appointment of Deloitte as external auditor will be put to a shareholders' vote at the AGM in November 2022.

Cashbuild has an Internal Audit Department and together with the Audit and Risk Committee, assess all internal and external assurances obtained and match these to identified risks.

An independent accredited empowerment rating agency has provided assurance on the B-BBEE Scorecard for the current financial year. Please refer to page 61 for more detail on our Scorecard and current B-BBEE rating. In accordance with paragraph 16.20(g) and Appendix 1 to section 11 of the JSE Listings Requirements, notice is hereby given that the Company's Annual B-BBEE Compliance Report in terms of section 13G(2) of the B-BBEE Act has been published on the Company's website.



1 ABOUT CASHBUILD

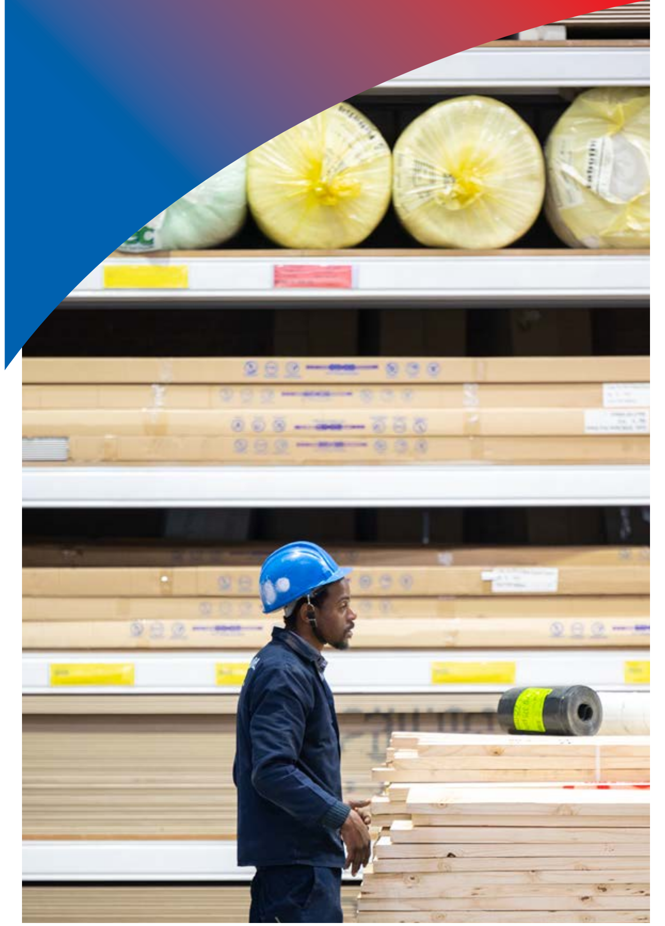
"Following a record year for all DIY retailers in 2021 and despite the impact of the numerous macroeconomic and trading challenges which included the impact of the looting during July 2021 on 36 of our stores, we are more than satisfied with the results for the year ended 26 June 2022. Our balance sheet remains strong with good cash generation and well-controlled costs being the key focus areas throughout.

Thank you to our staff for their hard work and dedication which, as always, is much appreciated."

Werner de Jager
Chief Executive, Cashbuild

Group Highlights

Cashbuild delivered the following highlights for the year ended 26 June 2022 following its strategic sustainability approach and aligning them with the Six Capitals as set out in the IIRC's International <IR> Framework.



		% change	26 June 2022	27 June 2021
Financial Capital				
Revenue	R'000	(12)	**11 145 107**	12 615 629
Operating profit	R'000	(16)	**875 721**	1 038 819
Profit before taxation	R'000	(19)	**786 791**	967 644
Attributable earnings	R'000	(29)	**473 849**	664 682
Headline earnings	R'000	(33)	**436 451**	650 415
HEPS	Cents	(33)	**1 929**	2 873
Dividend per share	Cents	(57)	**1 264**	2 935
NAV per share[1]	Cents	(8)	**9 350**	10 212
Cash and cash equivalents	R'000	(24)	**1 938 639**	2 546 380
Manufactured Capital				
Number of stores		–	**318**	319
Number of trading weeks		–	**52**	52
Average basket size	Rands	9	**701**	643
Total wealth created/distributed and reinvested	Rands	6	**2 486 130**	2 345 252
Human Capital				
Number of employees		(1)	**6 170**	6 238
Revenue per employee	R'000	(11)	**1 806**	2 022
B-BBEE rating level		–	**7**	6
New employees		(25)	**765**	1 016
Learnerships granted		(69)	**92**	294
Intellectual Capital				
Number of trading brands		–	**2**	2
Number of registered trademarks		–	**7**	7
Social Capital				
Number of schools contributed to		100	**224**	–
Value of school donations	R'000	100	**2 047**	–
SMME projects	R'000	83	**4 498**	2 462
Payments to delivery drivers	R'000	1	**174 700**	172 500
Total CSI and SED spend	R'000	4	**181 245**	174 962
Natural Capital				
Total number of stores converted through energy conservation projects to date		6	**245**	231

1. *Based on ordinary number of shares in issue*

Our Group at a Glance

Our store growth strategy, **as well as our relationships** built in the past, have stood us in good stead given the current economic climate across southern Africa.

We continue to **strengthen our relationships** through our commitment to mutual growth and our **sound strategies for sustainability.**

Cashbuild opened its first store in **1978 and was listed on the Main Board of the JSE in 1986.**

Cashbuild is a southern African-based retailer of building materials and products providing these at the best value, direct to the public.

P&L Hardware, **acquired on 1 June 2016,** was founded in 1982 and has a business model aligned to that of Cashbuild.

Our footprint encompasses 318 stores (2021: 319 stores) including 54 (2021: 55) P&L Hardware stores trading across **seven countries throughout southern Africa.**

As at 26 June 2022 **we employed 6 170** (2021: 6 238) **committed employees and 332** (2021: 348) **equally committed delivery driver contractors.**

Vision, Mission and Core Values

Our Vision
What We Strive For

Our vision is to be the preferred retailer and integrated supplier of building materials, associated products and services across all market segments in selected countries.

Our Mission
Our Undertaking

We are the preferred retailer and integrated supplier of building materials, associated products and services, through chosen brands, across all market segments in selected countries.

We conduct business in a socially and environmentally responsible manner and continuously seek to maximise returns to all our stakeholders through:

- our ability to understand our customers and markets, which enables us to offer a focused range of products and services suited to the specific needs of each of these markets;
- our mutually beneficial relationships with our suppliers, substantial buying power and ability to control costs, enables us to offer quality, best value products and services at convenient locations, to all our customers;
- our progressive human resources practices, which promote a challenging and productive working environment, ensures that all our people develop to their fullest potential, are recognised and rewarded for outstanding performance;
- improving the lives of people where we trade by providing best value products and services, offering employment opportunities, promoting enterprise development and supporting selected community projects; and
- optimally utilising all our resources and applying industry and technology best practices through The Cashbuild Way, thereby providing superior and sustainable returns to our shareholders, both financial and non-financial.

Our Core Values
Our Principles

Our values form the basis of all our engagements, both within the Group and externally. Rather than being an aspiration, these values are demonstrated in the Group on a daily basis, with every employee being accountable for acting in accordance with them at all times.

Our core values are:

- we **follow through** to be successful;
- we **strive** to do it right first time, every time;
- we **aim to deliver** exceptional service and total customer satisfaction;
- we **take pride** in what we do and show respect and honesty in all our dealings;
- we **empower, recognise and reward** our people; and
- we **manage and improve** our business through The Cashbuild Way.

We **aim to deliver** exceptional service and total customer satisfaction

Chairman's Report

Cashbuild reported a solid set of results for the year ended 26 June 2022 despite a very difficult first few months due to the forced closure of a significant number of stores affected by the severe lawless actions in KwaZulu-Natal and Gauteng.

The various initiatives shown by management and staff during the unrest was key to ensuring, most importantly, that no customers or staff were injured in these events, and secondly that the majority of stores affected were brought back to a state of trading in the fastest possible time.

The Group has benefited enormously by possessing a management team that is very capable of driving the best possible results for all our stakeholders. This is proving to be of vital importance as we enter the coming years with some severe challenges ahead.

The Group's strategy remains steadfast, demonstrating resilience in the face of global and local macroeconomic challenges.

Trading conditions

Some of the potentially more serious challenges include the disruption to supply chains, high inflation, a brain-drain, rampant criminality on the ground and in cyberspace, and limited power availability. The Group has considered all these aspects and I am pleased to report that the strategy that has worked so well for Cashbuild over the years, continues to obviate the need for significant changes in the face of these challenges.

Of particular significance is the mature risk management approach that has allowed the Group to optimise its response to events that could otherwise have resulted in greater negativity than was actually experienced. The response to keeping stores fully stocked, despite the difficulties experienced by suppliers at ports and in road transport, was in no small part due to the foresight of management and the excellent relations with many suppliers.

Our people

In the area of training, programmes are in place to enable persons to learn new skills at all levels of the Group. In addition, special attention is given to the unemployed youth with the intention of employing the successful ones in the most suitable divisions of the Group. Cashbuild supports the Youth Employment Services (Yes-4-Youth) initiative and employed 110 eligible persons in the 2022 financial year of which 53 were offered full-time employment after their one-year work contract expired. A further 120 Yes-4-Youth employees were taken on in October 2021. A total of 92 (2021: 294) learnerships were offered to unemployed individuals across the Group.

In addition, 5 539 (2021: 5 348) employees were trained in their current positions as well as in backup roles to mitigate the risk of unforeseen absences by key staff. The total cost of this training amounted to R7.5 million (2021: R9.8 million). The reduction in training expenditure and the number of learnerships offered resulted from the Covid-19 pandemic. However, training and development were not compromised with the introduction of a blended learning framework using a combination of e-learning, online discussion boards and on-the-job training and development.

Cashbuild supports the principles of race and gender diversity and, where possible, aims to create a working environment that encourages these principles. We are proud to report that the Group had 626 (2021: 541) HDSAs in management level positions, which equates to 88% (2021: 81%) of management level employees falling in this category. Cashbuild's female to male ratio also improved from 28%:72% in 2021 to 30%:70% in 2022.

To ensure that there is a proper succession plan, 33 employees completed an EDP this year.

ESG feedback

The Group continues to place high importance on sustainability with particular reference to a succession of well trained and motivated staff at all levels, as well as the need to protect the environment in which it operates. Climate catastrophes, which have fortunately been localised in our countries of operation, have been devastating in many parts of the world. It would be naïve of us not to think that fires and floods as well as severe storms will not impact our customer base at some point. Areas which are affected by such events will need the support of building suppliers and Cashbuild will be in a strong position to meet this need.

Although the Group's direct impact on the environment is negligible, where possible, Cashbuild is committed to reducing any impact its operations may have on the environment and we thus continually strive to improve our environmental performance as part of our business strategy.

Cashbuild is not involved in the production or manufacturing process of the products available in its stores. However, the Group is committed to sourcing products that comply with applicable building industry standards, such as those developed by the SABS and other relevant certification agencies. In line with Cashbuild's drive to be a responsible and sustainable retailer, the Group only sources products that comply with legislative requirements related to product labelling, including warning labels. In certain instances, particularly regarding products with finite lifespans such as paint or cement, Cashbuild constantly updates its procurement and inventory management practices to eliminate wastage from the disposal of expired products that can no longer be sold.

In the coming years it is expected that building methods will focus prodigiously on environmentally sustainable products which will aid in reducing carbon and other harmful emissions. Cashbuild will ensure it is ready to meet those requirements and will give its full support to improving the environment in which it operates.

For more information on our environmental initiatives, refer to the ESG Report commencing on page 46.

Cashbuild already embraces strong sustainable business practices and uses the UN Sustainable Development Goals. Cashbuild's total CSI spend amounted to R181.2 million (2021: R175.0 million), a 3.6% increase from the prior year. The social investment of the Group commences on page 58 of the Integrated Report.

Board composition, governance and King IV™

I am pleased to report that the Board has performed its tasks with great diligence, using the wide scope of knowledge and expertise found in its members.

The Board actively promotes and supports high ethical standards of corporate governance and endorses the principles of King IV™. The principles of King IV™ are entrenched in the internal controls, policies and procedures governing the corporate conduct of the Group.

For more detail on governance matters of the Group, please refer to the Governance section commencing on page 68 of the Integrated Report.

Appreciation

On behalf of the Board, I would like to congratulate Werner de Jager and his team for the dedication, ethical behaviour and sheer hard work demonstrated by them over this last year. Cashbuild remains committed to providing the best possible service for its customers through a focus on products and services that are relevant, of high quality and the best possible value for money. The management team has the quality and experience to ensure this remains the driving force to ensure returns for all its stakeholders.

To my colleagues on the Board, again I thank you for your dedication, wise counsel and willingness to share your knowledge and time over the last year. In particular, the way members have brought new ideas and best practices to the table, has added significant value to the Group.

I would also like to thank all those loyal customers who continue to support the Group during times which have put so much pressure on ordinary folk just to maintain an acceptable quality of life.

In conclusion, I am confident that Cashbuild's stated strategy and doing business The Cashbuild Way, will continue to generate sustainable growth across all operations, which in turn, will drive stakeholder returns.

Alistair Knock
Chairman

30 August 2022

2 SUSTAINABLE VALUE CREATION

The Cashbuild Way

How we do things

As a retailer our business is simple: we buy and we sell but we do it The Cashbuild Way.

The Cashbuild Way is a set of policies and procedures that guide how we do things throughout the Group and conduct our relationships with external stakeholders. The Cashbuild Way refers not only to our documented policies but also to all our dealings with various stakeholders.

We buy quality building materials and associated products, supporting local suppliers as far as possible.

We aim to support local growth and development, positively influence the upstream value chain and build mutually beneficial long-term relationships.

We then sell quality building materials and associated products to our customers at the best value. We aim to ensure a pleasant shopping experience for all our customers in each of our 318 stores located throughout southern Africa with conveniently located stores, quality products, reputable brands and value-added services. Our customers are provided with in-store expertise, advice, service and assistance as well as various loyalty programmes, credit services, online shopping and a free local delivery service.

The Cashbuild Way aims to benefit each and every one of our stakeholders so that our customers as well as our employees, shareholders, suppliers and communities gain value from our operations. Our business model on pages 20 and 21 illustrates our value creation, showing our inputs, outputs and outcomes clearly.

The Cashbuild and P&L Hardware values are aligned and are consistent with those of prior years.

Why invest in Cashbuild

The Cashbuild Way business outlook, together with our strategy and corporate sustainability approach focused on the Six Capitals for the year ended 26 June 2022 is presented below:

- We are one of the larger retailers of quality building materials and associated products in southern Africa.
- We have an experienced Board and Executive Management Team.
- We strive to grow our employee base on an annual basis and invest extensively in the communities in which we trade.
- Our financial position is healthy and robust, allowing us to take advantage of growth opportunities when they arise.
- We continue to successfully open new stores and refurbish or relocate existing stores.
- We are a responsible corporate, taking our ESG commitments seriously, ensuring we adhere not only to the necessary laws, regulations and principles in play but also embracing the spirit in which these were promulgated.
- We reward our shareholders by paying a consistent dividend.

Our differentiators

What makes us unique

We focus on our customers, ensuring that our stores:
- are always in stock and ready for business;
- carry quality branded products at best value;
- provide free local customer delivery services; and
- are ready to go the extra mile.

We focus on our communities, ensuring that:
- we approach each new region with cultural sensitivity and awareness;
- we develop and empower the community sustainably; and
- we create direct and indirect employment opportunities.

We focus on our people, ensuring that:
- our management approach is consistent;
- internal growth and development opportunities are supported by best in class;
- HR systems, policies, processes are fair and equitable;
- our store managers feel empowered and supported; and
- we take pride in the Cashbuild and P&L Hardware brands and act according to our core values.

We focus on our suppliers, ensuring that:
- we use local suppliers and support their growth and development;
- we build long-term relationships based on common value sets;
- we positively influence the upstream value chain; and
- we create opportunities to partner for mutual growth.

We focus on sound governance and compliance, ensuring that:
- The Cashbuild Way is aligned to ISO 9001;
- we apply the principles of King IV™;
- we live by our core values; and
- we apply the triple bottom line of defense auditing system.

Chief Executive's Report

Despite this being one of our more challenging years as we had to focus on the rebuild of 36 of our stores in the aftermath of the senseless looting in KwaZulu-Natal and Gauteng, we are proud of the results reported for the year ended 26 June 2022. The dedication and hard work of the Cashbuild team has to be commended.

The year at a glance

The results for the financial year ended 26 June 2022 are not entirely comparable to the previous year as Cashbuild experienced record trading conditions when home improvements were at an all-time high. The growth seen by most DIY retailers last year, especially within Cashbuild where we reported an increase in revenue and headline earnings of 25% and 151%, respectively, was, as expected, not maintained.

The senseless violent protests and looting in mid-July 2021, mainly in Gauteng and KwaZulu-Natal, negatively impacted Cashbuild with a total of 36 stores (32 Cashbuild and 4 P&L Hardware stores) being damaged and looted. During this time, the situation was continuously monitored and preventative measures were taken to ensure the safety of our staff. I am glad to report that none of our staff members were injured as a result of the unrest.

Although most of the affected stores have already been repaired and trading, Cashbuild has taken the decision to close 5 of its underperforming stores, 4 Cashbuild and 1 P&L Hardware.

Although Covid-19 Government grants continued to be paid, the pressure on disposable income available to our customers is under pressure due to rising food price inflation and fuel as well as a higher interest rate. Consumers also have more spending options since the lockdown levels were reduced and later abolished.

Periodic stock challenges in some of our major product ranges, such as cement, timber and steel, were experienced during the year. These industry shortages were largely negated by the strict management of stock levels at store level as well as being the preferred customer for some of our loyal suppliers.

We have made great strides in improving our e-Commerce offering with revenue from e-Commerce and digital channel sales increasing by 276% from R4.8 million (2021) to R18.2 million, which equates to 0.16% (2021: 0.04%) of total revenue generated. Although still small, this remains an area of focus and Cashbuild now has the e-Commerce offering with the widest reach in our category in the country.

The Group's results for the year ended 26 June 2022:

- Revenue decreased by 12% to R11.1 billion (up 10% on June 2020 financial year);
- Operating profit decreased by 16% to R876 million (up 68% on June 2020 financial year); and
- Attributable earnings decreased by 29% to R474 million (up 76% on June 2020 financial year).

Cashbuild, as at 26 June 2022, had 318 stores, made up of 264 Cashbuild stores and 54 P&L Hardware stores. During the year, Cashbuild opened 4 new Cashbuild stores, refurbished 21 Cashbuild stores, relocated 1 Cashbuild store and rebuilt 28 looted stores. During the financial year, 4 Cashbuild and 1 P&L Hardware stores were closed. The closures relate to the looting that occurred during July 2021 and 2 non-performing stores. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, after considering its continuously evolving feasibility process.

Chief Executive's Report

Financial review

Group revenue for the year decreased by 12% to R11.1 billion from R12.6 billion. Revenue for stores in existence prior to July 2020 (pre-existing stores – 304 stores) decreased by 14% and our 14 new stores contributed 1% growth. Transactions through the tills decreased by 19% to that of the previous record year. Excluding the looted stores, on a comparative basis, revenue declined by 7%. Gross profit decreased by 14% (excluding the looted stores – down 9%) with gross profit margin percentage decreasing marginally from 26.9% to 26.3%. Selling price inflation was 7.2%.

Operating expenses, including new stores, were well controlled considering, decreasing by 13% (existing stores 15% and new stores contributed 2% growth). Operating profit decreased by 16% to R876 million from R1 039 million in the prior year, excluding the looted stores, the decrease was 19%. The Group reported an operating profit margin of 7.9%, lower than the 8.2% reported in 2021, but still much higher than previous years.

Basic earnings per share decreased by 29% with headline earnings per share by 33% from 2 873 cents (June 2021) to 1 929 cents.

Cash and cash equivalents decreased to R1 939 million mainly due to the higher 2021 final dividend paid during the year. Stock levels, including new stores, have decreased by 2% with stockholding at 81 days (June 2021: 74 days).

There was a decrease in NAV per share of 8% from R102.12 (June 2021) to R93.50.

Dividends

The Cashbuild Board has declared a final dividend of 677 cents. As a result, the total dividend amounts to 1 264 cents per share. The dividend cover policy of the Company has been improved from the previously stated 2 times to 1.5 times cover.

Strategic overview and initiatives

Our strategy of being one of the leading southern African-based retailers of building materials and products, providing these materials and products at the best value, directly to the public, remains unchanged. Our strategy continues to be underpinned by our vision, mission and core values, which are set out on pages 10 and 11 of this Integrated Report.

We continue to subscribe to the highest ethical standards of business practice as endorsed by our Code of Ethics and our business is aligned with both local and international corporate governance best practice, set out in The Cashbuild Way. Every year, we endeavour to improve on our ESG initiatives and principles and this year we have enhanced our ESG reporting through a process of consultation and following the newly released JSE Sustainability and Climate Disclosure Guidance. Cashbuild's strategic ESG-related matters are set out in the ESG Report section of this Integrated Report, commencing on page 46.

Our response to the pandemic continued to be a large part of our safety, wellness and health programmes during most of the financial year, as the health and safety of our workforce remain a key priority. For the financial year ended 26 June 2022, we had 569 (2021: 359) positive Covid cases with zero (2021: 1) Covid-related deaths.

Our sympathies go out to the family, friends and colleagues of those in our employ who lost their loved ones or who have been severely affected by this pandemic.

Looking ahead

We are cautious regarding the future prospects for growth in the South African economy as global market conditions are unstable and inflationary pressures are a reality, further destabilised by the senseless attack on Ukraine. The highest inflation rate in 13 years was released on 20 July 2022, with consumer prices up 9.1% over the year ended June 2022, the largest increase in 40 years.

Though we are only two months into the new financial year, 2022 is already the worst year of load shedding on record. The financial impact on the national economy is astronomical as well as experiencing the impact on our own business. Although we have backup generators in all our stores, we are looking at renewable energy solutions to make us less dependent on the national grid, but these initiatives will come at a cost to the Company.

Taking the macroeconomic challenges into consideration, for the first six weeks of the year ending 25 June 2023, total sales for the Group decreased by 3% over the prior year's comparative period.

Appreciation

We wish to take this opportunity to sincerely thank our colleagues and our staff for their unwavering support and loyalty. Your commitment is a core strength of Cashbuild.

We would also like to extend our gratitude to our loyal customers and shareholders for your continued support during the year, and to our industry partners, suppliers, contractors, formal and informal partners, thank you for collaborating with us to ensure we continue to enhance our product and service offerings.

Finally, we would like to thank the Cashbuild Board for your unwavering support, commitment, advice and contributions during the year under review.

Werner de Jager
Chief Executive

30 August 2022

The Six Capitals

WHAT WE STRIVE FOR WITH THESE CAPITALS:

FINANCIAL

To generate sustainable profits which will enable the Group to expand and grow our business.

HUMAN

To ensure that our staff complement is diverse, motivated, skilled, ethical and safe. To invest in our people through creating opportunities for skills development and ensuring succession planning.

MANUFACTURED

To expand our footprint and build stores responsibly to best serve our customers.

INTELLECTUAL

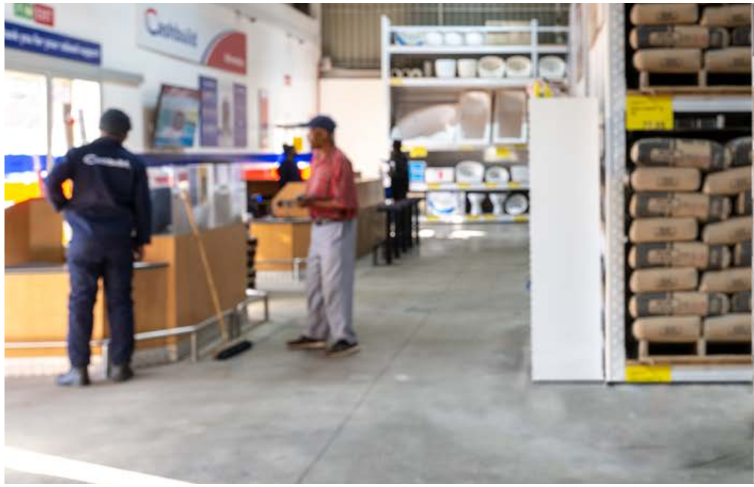
To ensure that the Cashbuild and P&L Hardware brands remain synonymous with quality service and product delivery.

SOCIAL

To invest in the communities in which we operate. To ensure upliftment through the support of local entrepreneurs, creating local employment opportunities. To ensure that our procurement and supply chain management is in line with our ethical values to meet our customers' needs and expectations. To develop and empower our communities through learnership programmes and bursaries.

NATURAL

To minimise our impact on the environment and its resources and expect our stakeholders to do the same.




Cashbuild
Cashbuild
MELITAH

Our Business Model

Inputs

Financial Capital
- Risk management
- New opportunities
- Strategic planning
- Strong financial position
- Shareholder investments

Human Capital
- Internal recruitment processes
- Training and development
- Discipline
- Employee forums
- Code of Ethics
- Health and Safety
- Transformation
- Industrial relations

Social Capital
- New store openings
- Free local customer deliveries
- Delivery driver programme
- Local brick and block makers
- Glass cutters
- Learnership and bursary programmes

Intellectual Capital
- Experienced Board and Executive Management
- Cashbuild and P&L Hardware brands
- Process aligned IT systems
- Registered trademarks

Manufactured Capital
- Procurement and supply chain
- Product responsibility
- Customer service
- Security and crime prevention
- Growing store footprint
- Local sourcing

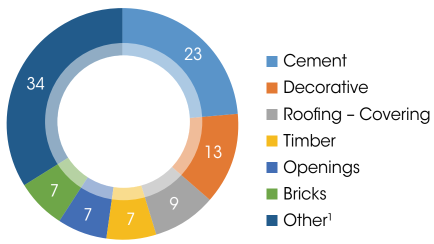
Natural Capital
- Energy and carbon management
- Water conservation
- Waste generation and recycling

Operations

Suppliers
Using local suppliers, as far as possible, we strategically source quality building materials and associated products.

Products
Our product range consists of building materials such as cement, timber, bricks and associated products such as tools, hardware and plumbing.

Primary products (%)



[1] *Other primary products represents sales from products that are similar in nature and individually contributes less than 6% to revenue.*

Stores
Our products are delivered directly to our stores to ensure that we minimise costs and that we are always in stock and ready for business.

Purchase of stock

UN SDGs

Our Business Model

Operations

Customers
Our customers are building contractors, home improvers, farmers, traders and anybody looking for quality building material at the best value.

Online customers
Cashbuild has an e-Commerce and digital sales channel. The Group also has a customer loyalty programme called Cashbuild Shopper.

These are used to drive product-focused campaigns as well as enhance customer service.

Services
In addition to our in-store expertise, advice and assistance, we provide clients with a free local delivery service, an online store, credit services and various loyalty programmes.

Contractors
Cashbuild's policy of free local deliveries provides a value-added service to customers and directly supports local entrepreneurship and employment creation.

P&L Hardware offers a free local delivery service to its customers. These deliveries are done via our own fleet and drivers employed by the business.

National DIY retail network

Outputs

Financial Capital
- Revenue growth
- Cost savings
- New, refurbished and relocated (where necessary) stores
- Informed shareholders
- Wealth created

Human Capital
- Skilled workforce
- Lower staff turnover
- Healthy staff morale
- Minimise injuries
- Increased employment of HDSAs
- Employee safety

Social Capital
- Create local employment opportunities
- Art@Heart (school donations)
- Support entrepreneurs

Intellectual Capital
- Established management team
- Succession plan
- Trusted brands
- Efficient systems that enhance controls and reduce operational risks
- e-Commerce initiatives

Manufactured Capital
- Good quality products at best value
- No "grey" goods
- "Every day best value" – marketing
- Loyal customers
- Number of local jobs created/supported through local sourcing

Natural Capital
- Energy efficiency
- Lower carbon footprint
- Reduced water consumption
- Ensure a clean environment

Outcome

Financial Capital
- Increased profitability
- Market share growth
- Improved shareholder return
- Industry leadership

Human Capital
- Considered employer of choice
- Attract and retain best people
- Staff experience and skilled workforce
- Profit sharing
- Improved HDSA management representation

Social Capital
- Community upliftment
- Encourage entrepreneurship
- Improved brand loyalty
- Good corporate citizenship

Intellectual Capital
- Increased market share
- Considered brand of choice
- Market knowledge and being ahead of the curve in terms of market trends and influences
- Increased sales and customer interaction through various initiatives

Manufactured Capital
- Expanded stores and customer base
- Suppliers with shared ethical values
- Continued safe environment
- Sustainable profits

Natural Capital
- Sustainable business practices

Our Group Structure

Our Organisational Structure

The Group's organisational structure differs from its operational reporting structure. The Group is organised into different operational areas each headed by an Operations Executive, who in turn reports to the Divisional or Operations Director. The Operations Executives, Divisional Director and Operations Director are members of the Executive Management Team.

Our Operational Reporting Structure

Cashbuild

Shane Thoresson, *Operations Director*
Disemelo Masala, *Divisional Director*

OPS 1 – Tyron Myburgh, *Operations Executive*:
Mpumalanga, Limpopo, Gauteng and North West

OPS 2 – Hennie Roos, *Operations Executive:*
Eastern Cape, Gauteng, KwaZulu-Natal, Malawi, Mpumalanga and Zambia

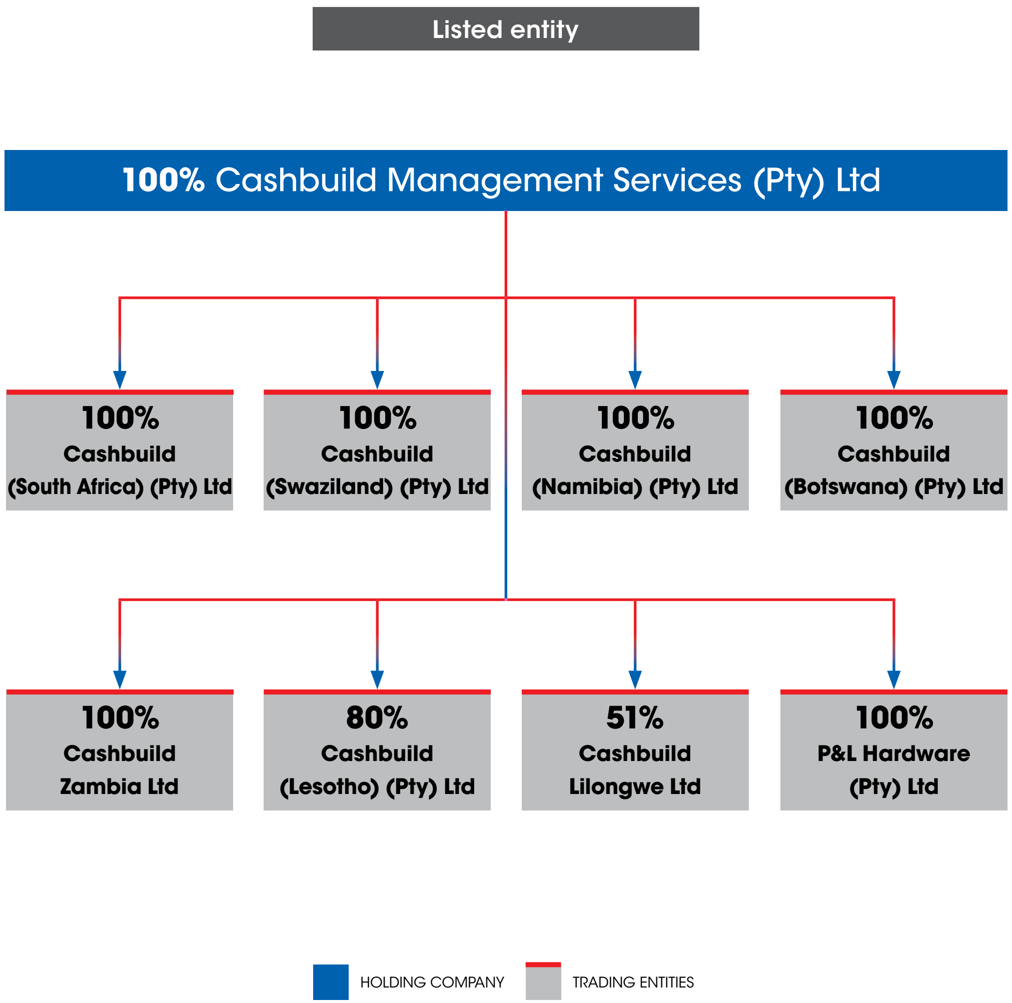
OPS 3 – Willie Dreyer, *Operations Executive:*
Gauteng, Limpopo, Mpumalanga and eSwatini

OPS 4 – Ian Mc Kay, *Operations Executive:*
Botswana, Eastern Cape, Free State, Gauteng, Lesotho, Limpopo, Namibia and North West

OPS 7 – Mark Scholes, *Operations Executive:*
Western Cape, Eastern Cape, North West and Northern Cape

P&L Hardware
Anton Hattingh, *Divisional Director*

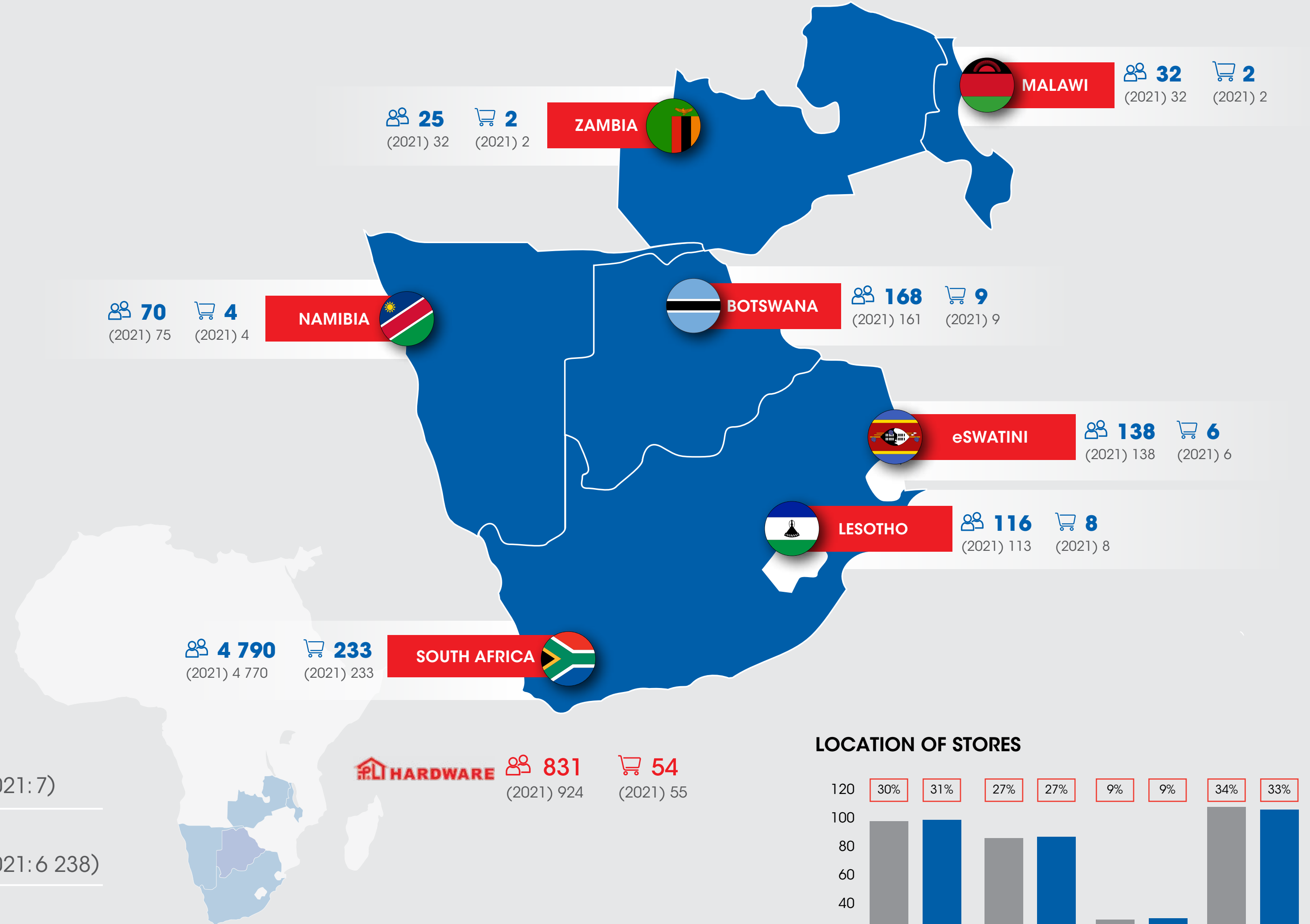
Cashbuild



Our Geographical Footprint

Cashbuild positions its stores to bring quality building materials at best value to communities and strives to enhance the community in which each store trades. Store locations are selected on the basis of in-depth feasibility studies and extensive stakeholder engagements.

We will, for the foreseeable future, continue our strategy of store expansion, relocation and refurbishment, in a controlled manner, after considering our continuously evolving feasibility process.



TOTAL NUMBER OF COUNTRIES:	7	(2021: 7)
TOTAL NUMBER OF EMPLOYEES:	6 170	(2021: 6 238)
TOTAL NUMBER OF STORES:	318	(2021: 319)

LOCATION OF STORES

Our Stakeholders and Related Material Matters

Our stakeholders

Our key stakeholders are identified on the basis of Board deliberations, risk identification and other internal processes, as well as through feedback received at operational management level in the regions in which the Group's stores are located.

The diagram illustrates the various key stakeholders and the type of interaction we have with them.

Cashbuild

SUPPLIERS, SERVICE PROVIDERS, SPECIALISTS AND INDUSTRY PARTNERS

Form of interaction

- Strategic sourcing meetings
- Meetings and correspondence
- Industry conferences and functions

CUSTOMERS AND COMMUNITIES

Form of interaction

- Direct community engagement at store openings
- Marketing surveys
- Customer care and feedback mechanisms
- Website and social media
- Advertisements
- Community participation

EMPLOYEES, LEARNERS, CONTRACTORS AND SUB-CONTRACTORS

Form of interaction

- Employee forums
- Employee surveys
- Executive Management store visits
- Health, safety and wellness forums
- Learnerships and bursaries
- Informal social meetings

LOCAL AND PROVINCIAL GOVERNMENTS AND REGULATORY BODIES (Labour, Health, SARS, etc.)

Form of interaction

- National builders' forums
- Audit and related meetings
- Employment equity plan
- Tax compliance
- Reporting Covid-19 cases

JSE AND OTHER LOCAL AND INTERNATIONAL REGULATORY BODIES

Form of interaction

- Business associations
- Written communications and presentations
- Sponsor presentations
- SENS announcements

SHAREHOLDERS, INVESTORS, ANALYSTS AND MEDIA

Form of interaction

- Final and interim results presentations
- Investor roadshows
- Media interviews
- Annual General Meeting
- Investor relations consultant
- Newspaper articles
- Integrated Report

Our Stakeholders and Related Material Matters

Material matter determination process

Cashbuild defines material matters as those of relevance to address and report on, considering their significance to both the business and its stakeholders and their potential to affect Cashbuild's ability to create value over the short, medium and long term. This allows the Company to evolve its strategy and tailor its reporting to align with the interests and needs of Cashbuild's stakeholders, as well as those of the Group.

An in-depth material matters determination process and an analysis were performed during December 2021 to improve Cashbuild's disclosure/reporting. The review included looking at sector trends, key stakeholder expectations and peer disclosures, in order to identify good practice and common material matters.

Below is a summarised description of the process undertaken.

Research and analysis	Evaluation and review	Prioritising material risks
The research and analysis were undertaken by looking at the following: • Cashbuild's 2021 Integrated Report. • Cashbuild's risk registers. • Global and industry trends and risks. • Peer/related company material matters. • Media search. • Emerging sustainability reporting standards. • Stakeholder interaction.	A materiality workshop was held with Cashbuild's Exco to discuss and evaluate the research and agree on the material matters that impact Cashbuild. As part of the workshop, a cross-check was performed against Cashbuild's strategic objectives, stakeholder matters, risks and capitals used to create value over the short, medium and long term.	The risks identified were linked to Cashbuild's strategic objectives and then grouped into themes. An exercise was then under-taken to prioritise Cashbuild's material matters. The themes were categorised based on management's view of the potential impact that these matters have on Cashbuild and our key stakeholders.

Based on the information obtained during the process, Cashbuild prioritised its material matters and reviewed the ESG landscape from:

- a strategic perspective;
- linking business operations with the broader operating context, and making key connections with relevant ESG matters; and
- suggested alignments with global and industry ESG trends and drivers.

Refer to pages 36 to 41 for the Group's material risks and opportunities.

Our Stakeholders and Related Material Matters

Material matters managed by Cashbuild

The material matters identified are correlated with the Group's materiality determination and stakeholder engagement processes. The material matters that are managed by Cashbuild and which forms part of the Group's strategy are:

1 Financial sustainability and stability

Cashbuild's capacity to generate revenue in response to demand and changing customer expectations is crucial for business success.

For Cashbuild this means the ability to:

- continue to grow revenue in real terms;
- continue to expand the Group's footprint; and
- continue to grow productivity and profits.

Key materiality considerations

Global and industry trends

- The home improvement trend has been declining since the lockdown restrictions were lifted. With the deterioration of the South African infrastructure, the building retail sector is expected to pick up as communities start fixing their own infrastructure, i.e. roads.
- To attract and engage more customers, it is expected that retailers will aim to increase their footprint and attract new customers.

UN SDGs impacted

- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES

Stakeholder needs/ requirements

Investors:

- Investors: Optimisation of Cashbuild's balance sheet, including the assessment of sources of funding and facilities, and planned use of excess capital, remains ongoing.
- The continued execution of P&L Hardware optimisation and integration is crucial to ensure the brand is synonymous with quality.

Suppliers:

- Forecasting and demand – regular forecasting meetings are valuable.

Impact on value

- An increased footprint will have a direct impact on profitability, cost pressures and uncertainty.
- It could also attract customers in higher bands, focused on buying responsible products.
- Sustainable sourcing trends will in turn shape supply chain management.
- The optimisation of the balance sheet will have a direct impact on financial sustainability.
- Competing for visibility in the market and also keeping customers loyal to products and services will have larger impacts on value.

Key stakeholders impacted

- Investors and analysts
- Suppliers
- Employees and contractors
- Regulators

How Cashbuild is reacting to/ managing this material matter

The following actions are considered a priority:

- Work has been completed and the Board has approved a revised dividend policy, while also confirming the future use of Cashbuild's surplus cash.
- Continue to grow store base for both brands. This includes reviewing and critically analysing the existing store base on an ongoing basis, and strives to open, on average, 10 new stores per year.
- Several changes have been implemented at P&L Hardware to address performance. The main change was to the management structure and as a result, P&L Hardware no longer has two Operations Executives nor a Managing Director. P&L Hardware will in future be managed as an operations area.
- Higher LSM customers are attracted via the e-Commerce drive and within the e-Commerce channel, other value-added options will be made available such as exclusive on-line, high-end products and project management services (product and budget management). Future planned enhancements are based around customer requirements and attracting a new customer base.
- Execute in-store rollouts and refurbishments and/or upgrading of stores.
- Actively maintain strong relationships with suppliers.

Our Stakeholders and Related Material Matters

2 Human Capital (Talent)

People are a key resource that Cashbuild deploys. By optimising the return on human capital through talent management i.e. developing a skilled workforce, Cashbuild supports good customer service.

By promoting a diverse and inclusive culture, Cashbuild is also positioned to attract and retain a bigger talent pool, increase employee engagement and trust.

Through diversity, the Group is able to gather new perspectives and innovation for better decision-making and improved performance, yielding stronger results and profits.

For Cashbuild this means the ability to:

- continue to develop a skilled workforce; and
- to prepare staff for changing customer expectations.

Key materiality considerations

Global and industry trends

- Increased digitisation is compelling retailers to relook their strategies, focusing on both customers and people/talent. Retailers are being confronted with not only attracting and retaining customers, but also providing consistent customer experience.
- Retailers are expected to plan and implement digitisation processes for their store level employees to support them in becoming more efficient.

UN SDGs impacted

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

Stakeholder needs/requirements

Investors:

- Ensuring fair wages and remuneration is top of mind and linked to ethical business practice; adopting a common approach to ESG is also seen as important to investors and other stakeholders.

Suppliers:

- Employment of local labour and upskilling of employees is necessary from a procurement perspective.
- Skilled staff and sustainable employment are expected to be in line with empowerment frameworks.

Impact on value

- Retailers are using HR IT systems to enable more effective employee management in terms of monitoring training, promotion opportunities, etc.
- Catering to customer needs and expectations will impact the bottom line, especially in the digitisation era.
- Skills needed at the employee and leader levels have evolved, which in turn shapes training and development of staff, which also has direct links to costs.

How Cashbuild is reacting to/managing this material matter

Cashbuild has already embarked on a company-wide customer service improvement drive focusing on increased awareness and upskilling employees through various training and development programmes.

The Group's OHS initiatives are further supported by monitoring mechanisms.

Continue with learnerships at various levels (NQF 2, 4 and 5) as well as Yes4Youth initiative ensuring we not only meet the Group's skills requirements, but also ensure longer term employability of individuals.

Continue with customer service, values and ethics training. Changing performance appraisal process to focus on required behaviours and competencies for now and future changing environment.

Cashbuild's B-BBEE contribution level and plans to improve this, are actively monitored.

Cashbuild already has a stated objective of employing local labour and, where skills exist, contract services are sourced within the communities we trade in.

Key stakeholders impacted

- Investors and analysts
- Suppliers
- Employees and contractors
- Regulators
- Customers

Our Stakeholders and Related Material Matters

3 Customers

To adapt to the "next normal" in customer experience, Cashbuild must diversify delivery mechanisms by injecting innovation into omnichannel, and online solutions. This, together with the organisation's footprint, will position Cashbuild to fast-track growth.

For Cashbuild this means the ability to:

- prepare for the next normal of the customer experience; and
- expand growth through new channels, for existing and new customers.

Key materiality considerations

Global and industry trends

- To meet changing customer expectations, retailers are expected to forecast market trends, conduct strategic analysis, and use location-based marketing.
- They are also expected to have an integrated view and understanding of consumer behaviours.

UN SDGs impacted

Stakeholder needs/requirements

Investors:

- Cashbuild knows its customers well and as such, offers a service relevant to its customers while pricing remains important.

Suppliers:

- Cashbuild needs to consider loyalty and who is giving them a better margin due to high competition in the rural areas – this requires fair and competitive pricing for customers.

Impact on value

- Linked to supply and demand, improving supplier planning and forecasting could enable suppliers to be more efficient, agile and responsive to change.
- Increased customer base, which will have direct impact on profitability.
- Increased digitisation involves usage of data intelligence, working towards customer centricity, being agile, adding new value propositions, and being innovative, which in turn shapes the dynamics of supply and demand.
- Competing for visibility in the market and also keeping customers hooked on products and services will impact value.

How Cashbuild is reacting to/managing this material matter

By planning to upgrade the current VIC programme, we offer a VIC payment card which can be used across both Cashbuild and P&L Hardware stores. By partnering with respected institutions, their loyalty programmes will give Cashbuild access to a greater pool of loyal customers.

Using data partners to analyse customer profiles, will provide Cashbuild with better information on returning customers, currently at around 30%, which means that returning customers shop close to 4 times a year at Cashbuild. The Cashbuild Shopper profile and average basket value are showing improvements over the current total Group profile. Prize winner shopping patterns also indicate a high frequency of returning to stores to purchase more.

Cashbuild has also implemented a DIY YouTube channel and continues with its social media campaigns to enrich the knowledge of our customers. The focus is towards how to do something to ensure that it is done correctly to prolong use of the solution.

Cashbuild will further investigate actions that will focus on more sustainable products.

Key stakeholders impacted

- Customers
- Suppliers
- Employees and contractors
- Regulators
- Media
- Wider community

Our Stakeholders and Related Material Matters

4 Technology and digitisation

Digital transformation i.e. digitisation, is a priority for future-proofing Cashbuild's business model and enhancing customers' experience.

For Cashbuild this means the ability to:

- utilise digitisation to enhance customer experience;
- use technology and systems to continue process optimisation; and
- manage cyber risk threats.

Key materiality considerations

Global and industry trends

- The retail sector has seen significant transformation from the traditional concept of brick-and-mortar purchase amongst consumers to increased mobile shopping and e-commerce.
- Globally, the introduction of smart technologies correlates to customer needs and expectations, which in turn shapes business models.

UN SDGs impacted

- 4 QUALITY EDUCATION
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Stakeholder needs/requirements

Suppliers:

- Forecasting and product demand can be optimised using technology or digital tools.

Impact on value

- Increased digitisation is expected to attract and engage more customers which will impact profitability.
- Increased digitisation will also impact on sales personnel to assist customers in store. It is expected that the necessary IT infrastructure will require continuous software maintenance and upgrades, which can increase cost pressures and uncertainty. It will also likely increase exposure to cyber security threats.
- Competing for visibility in the market and also keeping customers hooked on products and services will be inevitable.

How Cashbuild is reacting to/managing this material matter

The Group's digital channel focuses on 24/7 availability to customers. Cashbuild's range of products are now available to people in all areas we trade in. Customers can have the "in-store" experience on their phones, thereby being able to purchase without travelling to a store.

The Group uses data analysis to enhance its advertising processes and also to measure advertising activities.

By developing and offering our customers a digital channel, such as Online and Chat commerce, we enhance our customers' own experience via these alternative shopping methods.

Cashbuild continuously investigates system enhancements, such as "mobile checkouts", to better facilitate the customer's "in-store" shopping experience. Additionally, we are upgrading the current customer delivery system to enhance delivery quality to and communication with the customer.

Organic growth in "internet" visibility leads to new, non-traditional Cashbuild customers. We are also working on digital means to enhance methods of directing customers to our stores and digital channel. Our focus on on-line exclusive products remains a priority.

Key stakeholders impacted

- Investors and analysts
- Customers
- Suppliers
- Employees and contractors

Our Stakeholders and Related Material Matters

5 Supply chain management

To prepare Cashbuild's supply chain for the future, the Group aims to understand existing and potential vulnerabilities of the supply chain, including upstream suppliers, and reassess supply networks if and when the need arises.

For Cashbuild this means the ability to:

- understand potential vulnerabilities in the supply chain;
- diversify Cashbuild's supply base;
- manage supply chain transparency and traceability of product(s); and
- implement process automation to streamline procurement.

Key materiality considerations

Global and industry trends

- Global supply chain networks are transitioning through a period of intense change. Covid-19 acted as a catalyst for businesses to review and prioritise strategies around building more resilient supply chains that are fit-for-purpose in the context of increasing geopolitical volatility and pressures around ESG.
- It is expected that retailers will face increasing pressure for transparency regarding their ESG standards and targets, including supply chain management.

UN SDGs impacted

- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

Stakeholder needs/requirements

Investors:

- Sustainability within Cashbuild's supply chain is top of mind.
- The assessment of ESG and OHS risks within supply chain management, together with progress made towards localisation of supply chain should be prioritised.

Suppliers:

- Supply chain and procurement is top of mind, along with the streamlining of waste management.
- Here the aim is ultimately to reduce waste by working toward circularity and managing Cashbuild's environmental footprint.
- This requires strategic partnerships and is linked to responsible sourcing and supplier engagement.

Impact on value

- Developing credible, realistic and measurable ESG commitments that address sustainability, including supply chain, and wider societal issues is essential and will have a longer-term impact on value.
- Rethinking Cashbuild's supply chain/delivery model to meet the demand and expectation of stakeholders will have a direct impact on profitability and long-term viability.

How Cashbuild is reacting to/managing this material matter

Cashbuild now provides supplier forecasting for longer periods due to product supply shortages and delays. Specific forecasts are also considered from specific suppliers.

Cashbuild supports suppliers where they manufacture more eco-friendly products, and where feasible, we adopt these products into our product ranges. Recent examples are an eco-friendly tile and our procurement from an eco-friendly brick plant.

We continuously review both products and packaging with suppliers to reduce waste. An example is nails, which are now supplied in re-usable containers.

Another focus area being considered is improving transparency of our supply chain where we are requiring suppliers to disclose the conditions under which the products are produced in.

Key stakeholders impacted

- Investors and analysts
- Suppliers
- Customers
- Employees and contractors
- Wider community

Our Stakeholders and Related Material Matters

6 Socio-economic impact

Cashbuild creates a wide range of local socio-economic impacts through its operations, its relationships with suppliers, local businesses, customers, and in the wider economy. Direct, indirect and wider impacts like supporting and enabling communities to renovate/build and improve resilience through jobs created or local taxes paid, local businesses supported, and social impact from community partnerships, respectively, are just a few examples of how Cashbuild achieves this.

Importantly, Cashbuild operates within a context, and issues around the impacts of a high unemployment rate, for example, continue to be considered, in order to manage the associated risks like crime or social unrest that could affect Cashbuild's assets and infrastructure.

For Cashbuild this means the ability to:

- make a positive impact through our operations, our relationships with suppliers, local businesses, customers, and in the wider economy;
- create direct, indirect and wider impacts enabling communities to renovate/build; and
- assist in improving resilience through jobs created and local taxes paid.

Key materiality considerations

Global and industry trends

- Like other key sectors, building retailers continue to face challenging stakeholder expectations together with Government regulations seeking to enhance transformation, job creation and taxes paid/received.
- Communities, frustrated with rising unemployment, inequality and poor service delivery, turn increasingly to private sector employers to meet their expectations or resort to crime.
- Organised labour is also seeking to meet its mandate of securing better conditions and higher wages for members from a sector facing other significant challenges.

UN SDGs impacted

- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES

Stakeholder needs/requirements

Investors:

- Remuneration; progress made towards transformation and empowerment within the business; and monitoring and reporting of OHS within Cashbuild's operations are a key focus area.

Suppliers:

- Awareness of the social compact in areas of operation is important – understand your communities, price accordingly given the context, and ensure sustainable employment in line with empowerment frameworks.
- Transformation is a key issue – engage with suppliers to agree on areas of interaction; and focus on employment of local labour and upskilling of employees (transferable skills) from a procurement perspective.

Impact on value

- Stakeholder expectations and Cashbuild's response to them will have a significant impact on legal considerations, and the organisation's social licence to operate, which in turn could impact investment decisions and profitability.
- Supporting communities to renovate/build will have impacts on the Group's bottom line.
- Crime and social unrest exposes the business assets and infrastructure to damage.

How Cashbuild is reacting to/managing this material matter

Cashbuild has a documented 3-year Employment Equity plan with focused developmental plans for identified individuals via our Management and Executive Development Programmes.

Cashbuild will continue to offer bursaries to previously disadvantaged individuals. These individuals are also placed on the Management Development Programme once they have completed their studies.

Cashbuild continues to enforce existing policies relating to local employment. This entails constantly focusing on employing local contractors, wherever possible, during store development projects as well as placing emphasis on existing contractors on store development projects. To enforce upskilling and local development of local labour, evidence has to be provided if sub-contracts are used.

Cashbuild will continue with ongoing training of unemployed people within the areas we trade through its NQF2 learnership and the Yes4Youth programme.

Key stakeholders impacted

- Investors and analysts
- Customers
- Suppliers
- Media
- Employees and contractors
- Wider community
- Regulators

Our Stakeholders and Related Material Matters

7 Product sustainability and responsibility

Distinguishing a "sustainable" product from one that is not is a challenge that extends far beyond the traditional scope of product development.

Considerations include the breadth of scope of sustainability issues, many of which are beyond Cashbuild, or even a supplier's control. A potentially large amount of information is required to evaluate product sustainability; and difficulty in quantifying the societal and ethical aspects of sustainability.

As such, Cashbuild procures regulator quality products (e.g. SABS approved products), products which adhere to predetermined safety and quality standards, and those that were produced by and/or support efficient and renewable energy consumption.

Obtaining risk, quality, health and safety, and sustainability-related information about products is a priority for Cashbuild.

For the Group this means the ability to:

- distinguish a "sustainable" product from one that is not;
- only procure and sell quality products approved, where applicable, by regulators; and
- obtain risk and quality, health and safety, and sustainability-related information about products.

Key materiality considerations

Global and industry trends

- Increased consumer awareness for sustainable products, is expected to add pressure for retailers to improve their sustainability performance.
- Investors are increasingly demanding more action and visibility in terms of ESG performance, and the terms of corporate finance increasingly hinge on the outcome of ESG analysis.
- Retailers will be pressured to pursue actionable outcomes to reduce carbon emissions amongst other goals.

UN SDGs impacted

- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

Stakeholder needs/requirements

Investors:

- Cashbuild's response to ESG risks and impacts that climate change may have on its operations; reporting of targets and metrics associated with waste, water, energy and GHG emissions are top of mind.

Suppliers:

- Continually ensure that product quality and range are relevant across all Cashbuild and P&L Hardware stores.
- Looking for cheaper and sustainable alternatives to packaged products is also a focus area for suppliers.

Impact on value

- Changing consumer behaviour has an impact on demand for products and in turn profitability. Increased demand for sustainable products is expected to have an impact on long-term value.
- Developing credible, realistic and measurable ESG commitments that address sustainability and wider societal responsibilities is essential for value creation.

Key stakeholders impacted

- Investors and analysts
- Customers
- Suppliers
- Regulators

How Cashbuild is reacting to/managing this material matter

Cheaper products are only considered when their purpose and required quality meets the requirements for the intended use. Cashbuild complies with legislation and were one of the few retailers that removed incandescent globes from our range and shelves by the required date.

Cashbuild constantly searches for approved alternative products that are both cheaper and more sustainable, provided that it adheres to both the building regulations, where applicable, and the strategic product range of the Group. Although we are not market leaders with alternative building methods, we ensure that we stay abreast of the latest developments and alternatives for implementation when appropriate.

Where specific standards are required for a product range, i.e. SABS for electrical items, we ensure that we comply. We will not sell non-SABS electrical products. Where possible Cashbuild is moving away from single-use packaging, i.e. nails are now in re-usable containers. Where suppliers are able to move away from solvent-based products such as paint, to water-based, we will actively range such products in our stores and educate customers of the benefits.

All products that require warning labels are monitored to ensure that we comply with all legal requirements.

Cashbuild's management is actively investigating current water, waste and energy emissions and other environmental impacts to establish targets for the future. To ensure a common view and approach to ESG within the Group, this will extend to targets and goals impacting on executive remuneration and incentives in the near future.

Our Stakeholders and Related Material Matters

8 Good governance

A hybrid of consumer and regulatory pressure will require ESG to be integrated into all business processes. Good governance should form the cornerstone of all business decisions and conduct.

Considerations like accountability, transparency, reward i.e. remuneration, responsible citizen participation and policies that promote a strong code of ethics are important.

Within the South African context, good and inclusive governance to combat corruption within Cashbuild's value chain and operating context is also an imperative for the future – Cashbuild's response to breaking the rule of law should remain unwavering and its response to public affairs strategic in order to main the credibility and integrity of the business.

For Cashbuild this means the ability to:

- integrate ESG into all business processes; and
- promote a strong code of ethics through accountability, transparency and appropriate policies.

Key materiality considerations

Global and industry trends

- Globally, retailers are faced with issues relating to ethical supply chains, and logistics impact as well as ethical business and labour practices.
- With increasing digitisation, concerns regarding customer privacy and data security are increasingly dominating the sector.
- Regulatory bodies and associations on both the legislative and industry level are pushing companies to source, develop, package, and distribute products, with sustainability at top of mind driving potential taxes and fees.
- Most retailers don't have visibility at board level of what consumer expectations are around ESG, particularly the governance issues.

UN SDGs impacted

Stakeholder needs/requirements

Investors:

- Continued commitment to King IV™ and corporate governance best practices; governance in terms of policies and measuring; and monitoring KPIs are important.

Suppliers:

- Cashbuild always fulfils its commitment, thus building trust; once a commitment is made, it is important to demonstrate and disclose on performance to ensure transparency.
- Ethics (rules, regulations and "employment issues" is also top of mind for suppliers.

Impact on value

- Environmental and social practices of a firm increasingly affecting consumers choice to buy from retailers, has a direct impact on value.
- Retailers need an intelligent costing solution to support material transparency in a sustainable world.

How Cashbuild is reacting to/ managing this material matter

Continued commitment to King IV™ and corporate governance best practises.

Cashbuild is currently investigating incorporating ESG elements into its Short Term Incentive Scheme for executive management.

Cashbuild ensures remuneration remains market-related through ongoing surveys and benchmarking exercises.

Addressing the wage gap by implementing a different cost-of-living increase model for executive management and directors, who receive a lesser percentage increase than other staff.

Key stakeholders impacted

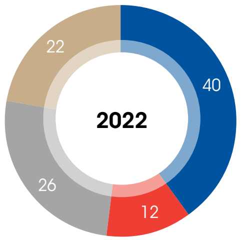
- Customers
- Suppliers
- Employees and contractors
- Wider community
- Regulators
- Media

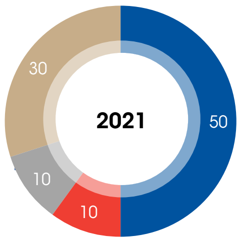
Our Stakeholders and Related Material Matters

Value-Added Statement

A measure of the wealth created by Cashbuild, for various stakeholders, is the amount spent on the cost of goods and services provided, the remuneration paid to its employees, money paid to providers of equity and debt, taxes paid to Government and capital reinvested in the Group.

Wealth distributed and reinvested (%)





	26 June 2022 R'000	% of total	27 June 2021 R'000	% of total
Revenue	**11 145 107**		12 615 629	
Less: Cost of merchandise	**(8 731 649)**		(10 361 704)	
Value-added from trading operations	**2 413 458**		2 253 925	
Interest received from investments	**72 672**		91 327	
Total wealth created	**2 486 130**	**100.0**	2 345 252	100.0
Allocated as follows:				
To employees – salaries and benefits	**995 975**	**40.1**	1 168 588	49.8
To Government – company taxation	**296 726**	**11.9**	239 643	10.2
To providers of capital:	**657 131**	**26.4**	235 345	10.1
– Dividend to shareholders	**651 956**	**26.2**	229 916	9.9
– Interest on borrowings	**68**	**0.0**	24	0.0
– Minorities' interest	**5 107**	**0.2**	5 405	0.2
Wealth distributed	**1 949 832**	**78.4**	1 643 576	70.1
Retained for re-investment in the Group	**536 298**	**21.6**	701 676	29.9
– Depreciation, amortisation and impairment of property	**378 349**	**15.2**	368 352	15.7
– Income retained in the business	**157 949**	**6.4**	333 324	14.2
Total wealth distributed and reinvested	**2 486 130**	**100.0**	2 345 252	100.0

	26 June 2022	% change	27 June 2021
Statistics			
Number of employees	**6 170**	**(1.1)**	6 238
Wealth created per employee (R'000)	**403**	**7.2**	376
Wealth distributed per employee (R'000)	**316**	**20.2**	263
Revenue per employee (R'000)	**1 806**	**(10.7)**	2 022

Our Strategy

Cashbuild has identified a number of strategic business imperatives based on identified risks and opportunities, aimed at maximising the profitability and sustainability of the Group in the medium to long term. Cashbuild continuously re-assesses its short- and medium-term strategy to ensure that the majority of business risks and material matters are addressed.

Our strategic business imperatives

The key strategic initiatives, derived from business strategy, risks and opportunities, approved by the Board are:

- Sustainable customer base and customer loyalty
- Increased market share and continued customer growth
- Stable operating environments
- Internal excellence (people, processes, systems)
- Strategic relationships and partnerships
- Good governance and controls
- Staying ahead of the competition
- Store growth
- Supplier loyalty

What is most important to our stakeholders

- Availability of goods
- Excellent service
- Sustainability of community initiatives
- Good governance and compliance
- Clear and transparent reporting
- Growth of total shareholder returns
- Local employment opportunities
- Development and growth opportunities
- Economic empowerment and transformation
- Free local delivery

Naturally, no organisation operates in isolation and these strategic imperatives are therefore influenced directly and indirectly by the broader macroeconomic environments in which the Group operates. The Group invests significant time and effort to understand the complexities and potential impacts of these environments in order to place itself in the best possible position to deal with future events and the uncertainties that these might create.

Strategy for corporate sustainability

In the broadest possible sense, sustainability is defined by Cashbuild as "maximising the Group's chances of continued profitable existence into the future". More specifically, and borrowing from the established definition of sustainable development, it can be defined as the utilisation of current resources without being detrimental to future generations. For Cashbuild, the concept of sustainability is not limited to the Group's impact on investors, society and the environment, but also includes the impact of social and environmental considerations on the Group's ability to continue sustaining itself and supporting those individuals and organisations that depend on its success.

The value created by the Group is certainly not limited to financial returns, but also includes the somewhat less tangible value that the Group adds through its operations to the communities in which its stores are located, as well as the value that can be created through mitigation of the Group's environmental impacts (for example through emissions reduction initiatives). These various measures of value, and the interdependencies that they represent, all play a significant role in the Group's efforts to grow and develop into the future.

The broader external environment in which the Group operates, including the various macroeconomic and geo-political factors identified elsewhere in this report, will of course influence the Group's attempts to create value for its stakeholders.

In response, Cashbuild will continue to proactively monitor these factors and take the required action, where necessary.

In developing any sustainability-related initiatives, the Board and Executive Management adopt a prudent approach. We ensure that the interests of Cashbuild and any of its key stakeholder groups are carefully considered in the decisions taken or strategies implemented by the Group.

Our Material Risks and Opportunities

Risk governance

The Board takes full responsibility for the governance of risk within the Group. This duty, confirmed in the Board Charter, is discharged by respective oversight committees such as the Audit and Risk Committee, IT Governance Committee and Social and Ethics Committee.

Risk Management, which is an integral component of Risk Governance, is an inherent function performed by all members of the Group's Management in compliance with directives contained in the Risk Management Framework approved by the Board via the Audit and Risk Committee. This function is managed and administered by the Group Risk and Audit Executive who has a dual reporting line to both the Group Chief Executive and the Group Audit and Risk Committee.

The encompassing governance of risk is aligned with the Group's business strategy, core values, Code of Ethics, policies and procedures. This is ensured through the overview function performed by the Audit and Risk Committee which includes an annual review and approval of updates of the Risk Management Framework and Policy, and quarterly assessment of compliance thereto. The Audit and Risk Committee performs oversight on the execution of risk management service delivery as directed by the Risk Management Framework and Policy by:

- Assessing the outcome of risk identification, assessment and reporting.
- Ensuring that an inclusive view of business risks is maintained which includes opportunities in addition to potential hazards and uncertainty impacting on business objectives.
- Ensuring that the approved Group Risk Appetite and Tolerance Framework remains relevant, updated and consistently applied.
- Questioning management's response to identified risks and monitoring progress against applicable action plans.
- Considering the relevance and adequacy of external factors identified as having an influence on business objectives and risks.
- Providing guidance and direction on the execution of risk management principles as contained in the Risk Management Framework and Policy.

Key to the success of Risk Governance is the performance of an independent assessment of the risk management policy, framework, and execution thereof. Such independent assessment is conducted once every 5 years with recommendations for improvement stemming from such assessment receiving the appropriate consideration.

The success of the Group's Risk Governance is evident in the ability to communicate and disclose to stakeholders the extent of identified risks having a potential impact on the business and actions taken to mitigate the likelihood and impact of these risks occurring with due reference given to the approved risk appetite and tolerance framework.

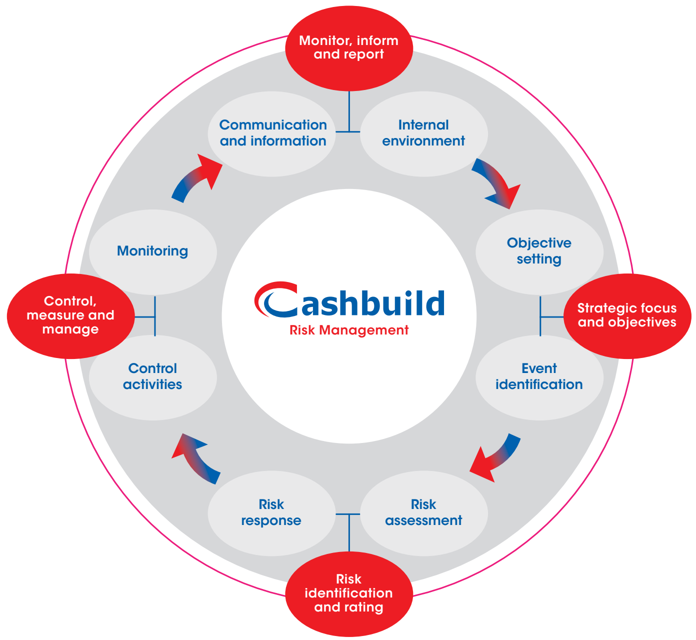
Risk management process and framework

Enterprise Risk Management and Compliance is a formal response to address corporate and external risks that may hamper the achievement of Cashbuild's strategic objectives. Exco takes responsibility for managing Cashbuild's key material risks and its members follow a structured approach on an annual basis to revisit and determine the relevant material matters that could affect Cashbuild's ability to create value.

The Audit and Risk Committee assumes the oversight responsibility in this regard, and as such considers and approves the material risks prior to presenting it to the Board for its endorsement.

The risk management process also prioritised ESG matters, identified by Cashbuild, according to the impact on stakeholders and the impact on Cashbuild.

The ongoing risk management process illustrated on this page is discussed in the Audit and Risk Committee Report on pages 96 to 99 of this Integrated Report.



Our Material Risks and Opportunities

Material risks

The material risks identified are correlated with the Group's materiality determination and stakeholder engagement processes. The Top 10 material risks identified, are reviewed on a monthly basis and managed by Exco. The table below sets out the Group's top risks as at 26 June 2022 and ranks them in order of risk level from highest risk to lowest.

2022	2021	Status	Risk description	Mitigation plan
1	4, 6, 7	↑	IT business objectives and service delivery expectations not met.	• Monitoring of service delivery with timely action taken on any potential non-compliance with Service Level Agreements identified. • Identification and ongoing assessment of alternative and/or back-up service providers. • Service improvement process established with the Service Provider's Executive Management. • Effective IT operational delivery is tracked and is reported on weekly during the Exco Meeting.
2	3	↑	Macro-economic challenges placing strain on the achievement of business objectives.	• Continued monitoring of the macroeconomic indicators and trends. • Adapting business plans to take cognisance of the changing environment. • Focus on core strengths and execution of business models.
3	13	↑	Increased strikes and community unrest events and resultant lost trading days.	• Impact of this risk is successfully managed in co-operation with insurance advisors and related parties. • Continuation of insurance coverage that served Cashbuild well in the aftermath of the July 2021 national unrest. • Continued compliance to safety and security objectives and supporting policy and procedures.
4	9	↑	Exposure to cyber security events.	• Regular review of Information System Management Systems (SMS), processes and controls based on the International Standard ISO/IEC 27001, including an incident response plan. • Maintaining a comprehensive security posture that includes a combination of technologies such as firewalls, endpoint protection, intrusion prevention, access controls and cyber threat and vulnerability monitoring. • Update and maintain settings, processes and controls on a continuous basis. • Continuous programme of increased cyber security awareness and training.
5	-	New	P&L Hardware investment not meeting expected returns.	• Increased involvement of Cashbuild's Exco in the management of P&L Hardware's operations. • Integration of back office processes into the Group's shared services. • Focused review of P&L Hardware's product range to better compete in its chosen market segment.
6	34	↑	Cost vs. income ratios becoming increasingly under pressure with revenue not keeping track with cost increases.	• Sales growth being targeted whilst aggressive cost management is maintained.

Our Material Risks and Opportunities

2022	2021	Status	Risk description	Mitigation plan
7	-	New	Local municipality deterioration combined with poor and unreliable service delivery (particularly to secure the supply of electricity and water).	• Impact of this risk considered during new store feasibility assessments as well as action steps addressing loss-making stores. • Attention is being given to consider solar solution at selected stores to reduce the dependency on electricity supply via municipalities (and to reduce cost). • Effect on sustainable product supply hampered by poor municipal support structures taken into account with forecasting and procurement of key product lines.
8	29	↑	Timely development of identified equity individuals and appointment into senior positions within the business.	• Management development action plans includes EE candidates. • Employment Equity Plan (October 2021 to September 2024) has been reviewed and updated. • Attention is being given in this plan towards achievement of EAP (economically active population) ratios provided by the Department of Labour with due monitoring taking place.
9	19	↑	Sales growth of a number of Cashbuild stores being below expectations.	• A critical care process has been implemented in identified stores. • Cashbuild Shopper promotions and incentives have been implemented at poor performing stores. • Implementation of fighting store policy is taking place in selected stores. • Focused category management is being enforced throughout the business.
10	-	New	Succession of ageing members of executive management.	• An executive development programme is in place to identify and coach leaders of the future. • Each head of department manages this risk in their own department in terms of their staff complement and departmental staff profile. • 33 employees completed an EDP during the current year.

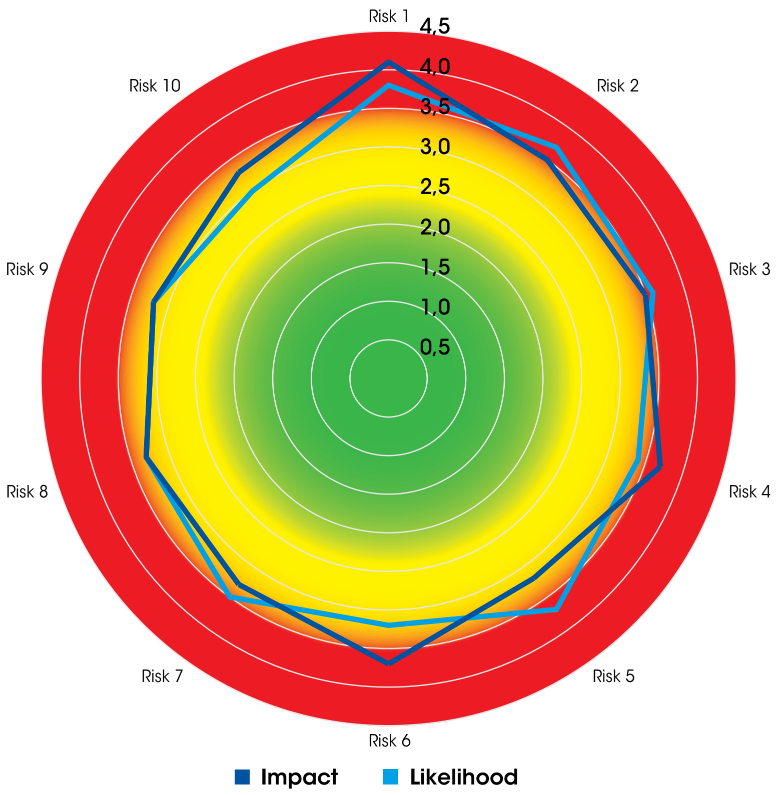
Status	Description
↑	Increased risk priority (probability and likelihood)

The 2021 material risks that are no longer regarded to be one of the Top 10 risks for the Group are:

Risk number	Description
1	Delayed or short payment of suppliers due to the Covid-19 pandemic affecting the opening and functioning of back offices for processing.
2	Impact of Covid-19 on Cashbuild's business.
5	Ineffective supplier deliveries as a result of the impact of Covid-19.
8	Inadequate customer service.
10	Compliance to OHASA.

Our Material Risks and Opportunities

The Top 10 material risk diagram



Ranking	Material risk	Category	Risk Impact	Risk Likelihood	Residual Risk
1	IT business objectives and service delivery expectations not met.	IT	4.1	3.8	15.6
2	Macro-economic challenges placing strain on the achievement of business objectives.	Financial sustainability	3.5	3.7	12.8
3	Increased strikes and community unrest events and resultant lost trading days.	Operational sustainability	3.5	3.6	12.5
4	Exposure to cyber security events.	IT	3.7	3.4	12.5
5	P&L Hardware investment not meeting expected returns.	Financial sustainability	3.2	3.7	11.9
6	Cost vs. income ratios becoming increasingly under pressure with revenue not keeping track with cost increases.	Financial sustainability	3.7	3.2	11.6
7	Local municipality deterioration combined with poor and unreliable service delivery (particularly to secure the supply of electricity and water).	Operational sustainability	3.3	3.5	11.4
8	Timely development of identified equity individuals and appointment of them into senior positions within the business.	Operational sustainability	3.3	3.3	10.8
9	Sales growth of a number of Cashbuild stores being below expectations.	Financial sustainability	3.2	3.2	10.0
10	Succession of ageing members of executive management.	Operational sustainability	3.3	3.0	9.8

High risk
Medium risk
Low risk

Our Material Risks and Opportunities

Macroeconomic challenges and concerns

The following table details the macroeconomic challenges and concerns relevant to Cashbuild's operations and activities, taking into account social and environmental risks as well as key concerns of various stakeholder groups.

Challenges/concerns	Potential impact	Probability	Response	Outcome
Current constrained economic conditions in the areas we trade.	**Med**	**High**	Protect market share with competitive pricing and stringent cost control.	4 new stores opened. 4 Cashbuild and 1 P&L Hardware stores closed. Gross profit margin marginally decreased to 26.3%.
High unemployment in the areas we trade.	**Med**	**High**	By opening new stores, Cashbuild employs between 14 and 20 employees per new store.	765 new employees were employed in the current year.
Macroeconomic developments such as exchange rate volatility, credit rating fluctuations and global economic slowdown.	**Med**	**High**	Monitoring purchase price inflation and imported cement prices.	Purchase price inflation was higher than the prior year. We only procure imported cement from reputable suppliers where local suppliers are not competitive.
Skills shortage (including attraction, retention, and inadequate or sub-standard education and skills development.	**Med**	**High**	Through Cashbuild's training courses as well as Learnership and Bursary Programmes, we uplift and empower our employees who are keen to further their skills and qualifications.	During the current financial year 5 539 (2021: 5 348) employees attended training courses. 33 EDP employees trained. Learners employed: • 46 NQF Level 2 learners • 46 NQF Level 4 learners • 110 Yes-4-Youth learners • 4 Students awarded bursaries
Water and electricity supply interruptions, as well as political instability.	**High**	**High**	Water and electricity supply interruptions continue to hamper trading conditions. This risk increased exponentially with the unrest in KZN and Gauteng in July 2021.	Water tanks and generators have been installed to counter water outages and electricity load shedding. The year under review: • 263 incidents (which includes 36 stores looted in July 2021) compared to 120 in the previous year. • 551 retail days lost compared to 177 in the previous year. • R40.6 million in estimated potential lost sales and damages (excluding July 2021 looted stores) compared to R11.8 million in the previous year. • R20.4 million of property, plant and equipment as well as R136 million of inventory were damaged and lost across the 36 stores looted during the July 2021 unrest. We lost more than 5 600 store trading days due to the July 2021 unrest.

Our Material Risks and Opportunities

Opportunities

Cashbuild's sustainable business model incorporates the identification of opportunities such as store expansion, relocation and refurbishment, customer growth and other opportunities.

The communication models incorporate factors as diverse as regional demographics, specialised retail advertising and corporate branding partnerships, all of which enable the Group to accurately develop, predict and take advantage of market trends, and thereby exceed customer expectations.

Store expansion, relocation and refurbishment

A critical element in the achievement of our strategic objectives is a sustained and sustainable increase in the number of Cashbuild stores, as well as the physical location of each store within its catchment area. The Group plans to open on average 10 new stores per year. These additional stores are approved on the basis of identified locations showing clear potential to meet strict financial and operational criteria. Furthermore, from a human resources perspective, investment in a new store requires significant operational and store management experience to be available within the Group for deployment into new locations.

The Cashbuild store base is reviewed and critically analysed on an ongoing basis, particularly as and when leases are due for renewal, at which time a decision is made on whether to extend the lease, or relocate to a site with greater potential, or when deemed not viable to continue operating from a particular store, not extend the lease and close the store.

With regard to store refurbishments, Cashbuild's strategy is to refurbish and/or upgrade all stores on a rolling six-year basis. During the 2022 financial year 21 stores (2021: 29 stores) were refurbished.

With regard to store relocations, during the 2022 financial year, one Cashbuild store was relocated (2021: five stores). As in the case of new store openings, store relocations are approved on meeting strict financial and operational criteria.

E-Commerce and digital channels

Cashbuild's e-Commerce and digital channel initiatives continue to be very successful, given the demographics of the Group's customers. For more information on these initiatives, refer to page 42 of the Integrated Report.

Rest of Africa expansion strategy

Cashbuild has an Africa expansion strategy, however the process of opening a store cross border remains extremely onerous and time-consuming. The Group operated 31 stores outside of South Africa.

On 31 May 2022, the Board approved management's proposal to close the Zambian operations. The decision was taken due to the continued losses being made after various attempts to make the operations profitable. Necessary processes were initiated as required to ensure operations are effectively wound up by end of September 2022. On 31 July 2022, the Zambia stores were officially closed to the public.

Opportunities to expand further into the rest of Africa will continue to be carefully considered and their viability assessed, as and when they become evident.

Customer growth

Cashbuild's customer model is one that encourages and enables communities to build, renovate, repair and decorate their homes and businesses throughout southern Africa.

The Group prioritises and actively supports the work of local councils and other local government bodies to build schools, clinics and housing in every community in which it trades.

As a result, Cashbuild has become the first-choice retailer of quality branded building materials within these communities. As part of maintaining this position, the Group has developed proven methods of communicating with customers in the most effective manner possible, taking into account geographical, socio-economic and other factors.

These methods are continually being refined and will continue into the future, with particular emphasis being placed on attracting new customers to Cashbuild and encouraging and supporting customers to carry out their own home building and improvements.

The "Be Great" customer service programme, introduced in 2018, continues and aims to improve customer service through positive "word-of-mouth" advertising. This programme enables the Group to improve its service throughout our stores and increase its customer base and continues to provide a delightful experience to our customers.

Our Intellectual Capital

Investment in the Group's Intellectual Capital is intended to ensure that we continue to grow the Group's market share across all regions.

Our brands and trademarks

Our aim is to ensure that our brands are synonymous with quality service and product delivery. Thus, enabling us to be the preferred DIY and building materials retailer in southern Africa whilst growing our customer base.

We own two main brands namely:

Cashbuild

P&L HARDWARE

IT systems

Information technology is critical to the strategic transformation and organisational performance of Cashbuild. The Group strives to ensure that the IT application systems are bespoke, well suited and maintained to adequately support and enhance the Group's operating, reporting and management requirements. The project that was initiated to upgrade the P&L Hardware IT systems has been successfully completed and we can already see a marked difference in their reporting and monitoring of stock levels.

The knowledge and systems that we employ in order to generate returns for our shareholders are key to our business.

E-Commerce and digital channel initiatives

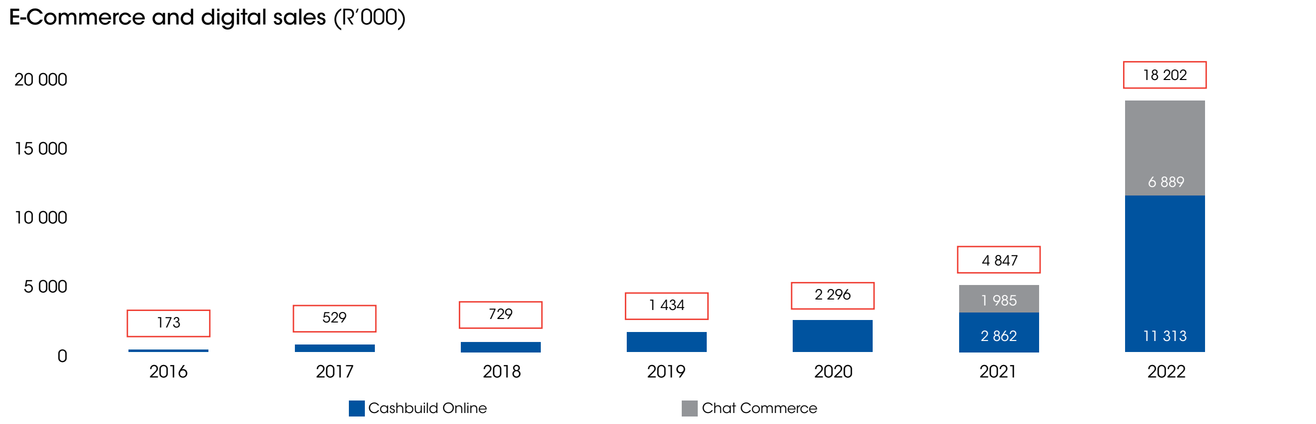
In getting to know our customers better and improve direct communication, Cashbuild launched the Cashbuild Shopper customer loyalty programme in October 2018. This requires customers to provide their cell phone number at point of sale which has allowed us to analyse transactions and conduct focused marketing campaigns.

The Group has close to 5.1 million (2021: 4.0 million) unique cell phone numbers in its Cashbuild Shopper database. This digital platform is used to reward our loyal customers. Each registered Cashbuild Shopper has a chance to win their share of R50 000 on a monthly basis each time they shop at a Cashbuild store. Since inception in October 2018 to date, we have rewarded over 5 400 shoppers to a value of approximately R1.6 million. Reward prizes are increased during December months to further reward our customers.

This, together with the product-focused campaigns, have proven extremely successful, resulting in e-Commerce sales and digital channel sales increasing by 295.4% and 247.0%, respectively, on the 2021 financial year. Revenue from e-Commerce and digital channel sales increased by 275.6% from R4.8 million (2021) to R18.2 million, which equates to 0.16% (2021: 0.04%) of total revenue generated.

All our stores can fulfil a customer order received via our e-Commerce and digital channels. The Group continues to enhance Cashbuild Shopper to better reward our loyal customers with various value-added services and rewards, which are in line with the latest technology and product trends.

The following online sales have been recorded:



Our Manufactured Capital

As Cashbuild does not manufacture any products, its Manufactured Capital focuses on the Group's procurement policies to ensure the quality of the products sold in its stores are manufactured in line with its own values.

Cashbuild strives to do business with companies that conduct their activities in a responsible and ethical manner. This imperative is increasingly driven by the possibility of negative impacts or "risk by association" arising from doing business with companies that act unethically or irresponsibly.

Property

As at 26 June 2022, the Group had 318 stores, consisting of 264 Cashbuild stores and 54 P&L Hardware stores. Of the 318 stores, the Group owns 61 properties with the balance having standard lease agreements in place. Only 56 properties have trading stores on them, with the other properties consisting of other tenants as well as some properties still undeveloped and available for possible future expansion of stores.

Cashbuild has a very specific store model, with most of the stores consisting of the following areas:

- trading: 1 200m²;
- office and ablutions: 130m²;
- yard: 850m²;
- offloading area: 450m²; and
- parking: to suite site with a minimum of 36 bays.

The smaller Cashbuild stores have a trading area of approximately 1 080m².

The P&L Hardware stores have variable store sizes with the following average spaces allocated to:

- trading: 600m²;
- office and ablutions: 50m² to 80m²;
- yard: 850m²; and
- parking: to suite site.

A summary of the property occupied by the Group:

	Units	26 June 2022	27 June 2021	% change
Total floorspace under roof for stores	m²	**477 248**	472 263	1.1
Total land used for stores	m²	**1 398 443**	1 387 607	0.8
Revenue from sales per m²	R	**23 353**	26 713	(12.6)
Retail stores	number	**318**	319	(0.3)
Retail stores in South Africa	number	**286**	287	(0.3)

Procurement and supply chain management

Cashbuild's association with key suppliers has developed over a significant period of time, and is based on communication, trust and a mutually beneficial business relationship. The Group has, up to now, not identified a requirement to develop a quantitative method for assessing the environmental and social sustainability performance of its suppliers, but this will be further investigated as part of Cashbuild's own ESG strategy.

To assist our suppliers, who might have funding requirements, a Supply Chain Finance platform was launched. This allows suppliers to activate early payment at a minimal cost and greatly assist them with working capital management.

EDI is also now widely in use, and this ensures that the cost and time required from order to payment is greatly reduced.

Product responsibility

Cashbuild is not involved in the production or manufacturing process of the products it retails. The Group is committed to sourcing products that comply with applicable building industry standards, such as those developed by the SABS and other relevant certification agencies.

Our Manufactured Capital

In line with Cashbuild's drive to be a responsible retailer, the Group only sources products that comply with legislative requirements related to product labelling, including warning labels. The production of the Champion branded products is outsourced to current suppliers. Cashbuild shares the labelling compliance with the manufacturers. However, Cashbuild collaborates on an ongoing basis with suppliers to ensure compliance in this regard.

In certain instances, particularly regarding products with finite lifespans, such as paint or cement, Cashbuild constantly updates its procurement and inventory management practices to eliminate wastage arising from the disposal of expired products that can no longer be sold.

Regarding customer communication, the Group is considering making use of in-store communication and signage, to both advise customers of inherent risks associated with certain products and to educate customers regarding their proper use. Cashbuild Shopper also allows us to communicate with our customers via SMS messaging. Social media and printed leaflets are the mainstream for communication. Several educational videos are also available to our customers to assist in the correct use of products.

Security, crime prevention and counselling

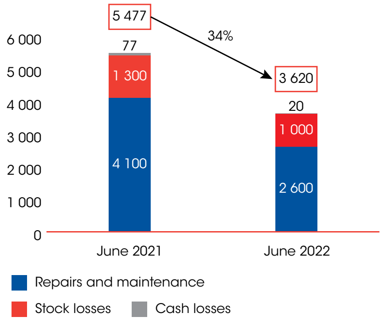
Crime, in particular theft, at Cashbuild stores remains an ongoing challenge and the Group promotes continuous vigilance within stores to combat this issue.

An area of particular emphasis is the prevention of any instances of crime that directly or indirectly affect employees, customers or our community members.

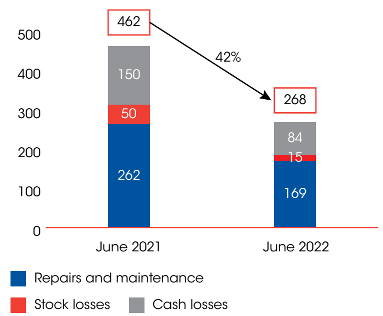
Cashbuild remains committed to offering the victims of such crimes appropriate counselling at both an individual and a Group basis through an external service provider. The majority of crimes committed at the Group's stores during the 2022 financial year included 199 (2021: 163) burglaries totaling R3.6 million (2021: R5.5 million), down 34%, and 12 (2021: 22) armed robberies totaling R0.3 million (2021: R0.5 million), down 42%. As can be seen and demonstrated in the graphs provided, Cashbuild continues to improve security and processes around protecting our people and assets, thereby limiting damages.

Losses associated with burglaries and armed robberies

Burglaries (R'000)



Armed robberies (R'000)



During the year, 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, R9 million for additional operational costs and R100 million for business interruption to its respective insurers. The insurance recovery claims have been recognised in cost of sales (R143 million) and other income (R181 million). The Group has received payments for all claims relating to asset losses of R224 million. An interim payment of R50 million was received on 30 April 2022 for a business interruption claim of R100 million.

Cashbuild subscribes to an anonymous tip-off service line where third parties and employees can report incidents of theft, fraud, mismanagement or unauthorised expenditure.

All tip-offs are investigated to identify their root causes and address the issues reported. The status of tip-offs logged is administered by Cashbuild's Group Risk Management department with regular updates provided to the Executive Management Team and quarterly reporting to the Social and Ethics Committee. During the past financial year, 102 (2021: 116) such incidents were reported, with each of these being directly addressed by the Group and the appropriate disciplinary action being implemented where warranted.

This issue is also linked to the rate of employee turnover within Cashbuild. In the reporting year, a total of 447 (2021: 569) employees were dismissed across Cashbuild's operations, with the majority of these dismissals related to incidents of theft or corruption.

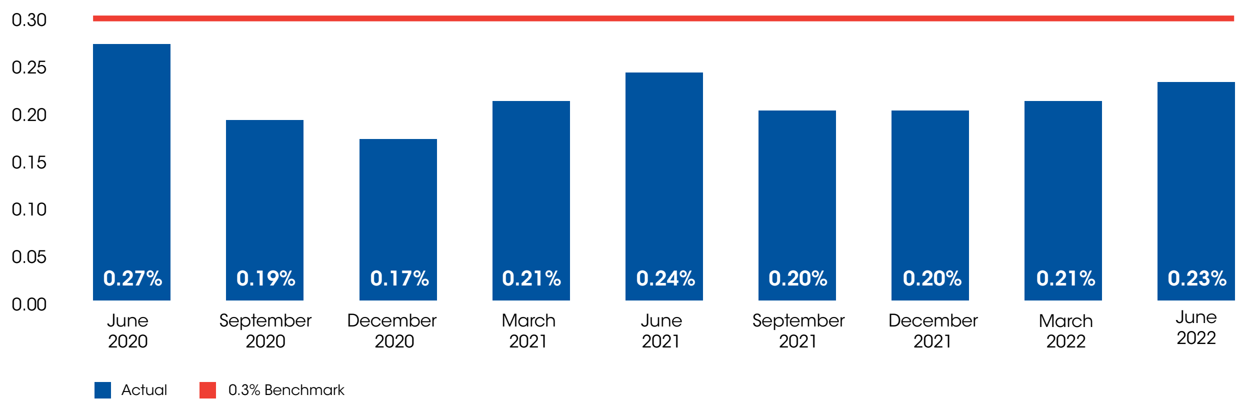
The Group outsources security personnel where needed and is not aware of any human rights violations committed by security personnel in the execution of their responsibilities.

During the 2022 financial year, Cashbuild had 263 (2021: 120) incidents of community unrest (including 36 looted stores in July 2021), which resulted in some of our stores being affected for a total of 551 (2021: 177) trading days (excluding July 2021 looted stores) throughout the course of the year. Of these affected trading days, stores were closed for 304 store days (2021: 62 days). Trading days affected resulted in an estimated loss in sales and damages of R40.6 million (2021: R11.8 million), excluding July 2021 looted stores.

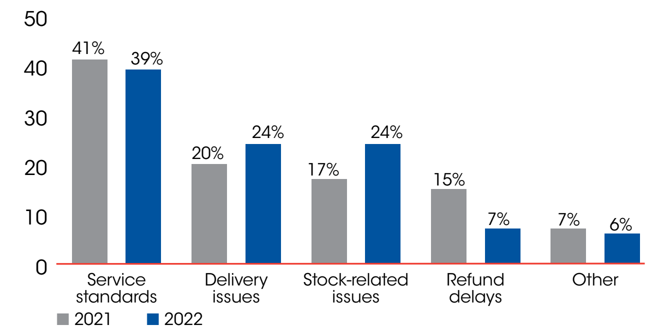
An area that Cashbuild prides itself on is the management of shrinkage risk (defined as stock losses due to damages and theft). Cashbuild Group has an objective to manage this risk and minimise shrinkage losses to below 0.3% of sales. This trend has been successfully managed to a level of 0.23% (2021: 0.24%).

Our Manufactured Capital

Shrinkage (defined as stock losses due to damages and theft)



Nature of complaints (as a % of total complaints)



Customer complaints

During the strict Covid-19 lockdowns last year, Cashbuild experienced an unprecedented increase in customer complaints as a result of the higher demand for products whilst experiencing shortages in some of the major product categories stocked.

With store operations returning to the more "normal" way of operating, a 35.8% decline was experienced in customer complaints from 771 (2021) to 495 this year. Customer complaints classified as "service-related" was the lowest it has been in five years and our staff should be commended.

Cashbuild also receives informal feedback in-store from customers as the Divisional Manager's details are displayed in-store to allow customers to contact them directly with service- and customer-related issues.

Below is a summary of the formal complaints received through our customer care hotline during the year under review:

	Unit of measure	2022	2021	2020	2019	2018
Formal customer complaints	number	**495**	771	502	400	410
Transactions	'000	**15 886**	19 672	16 973	18 107	17 959
Customer complaints per 1 000 transactions	number	**0.031**	0.039	0.030	0.022	0.023
Poor service customer complaints	number	**176**	247	256	184	180
Poor service customer complaints per employee	number	**0.029**	0.040	0.041	0.029	0.029
Poor service customer complaints per 1 000 transactions	number	**0.011**	0.013	0.015	0.010	0.010
Product returns from customers	R'm	**354**	416	344	400	389
Return value per transaction	Rand	**22**	21	20	22	22

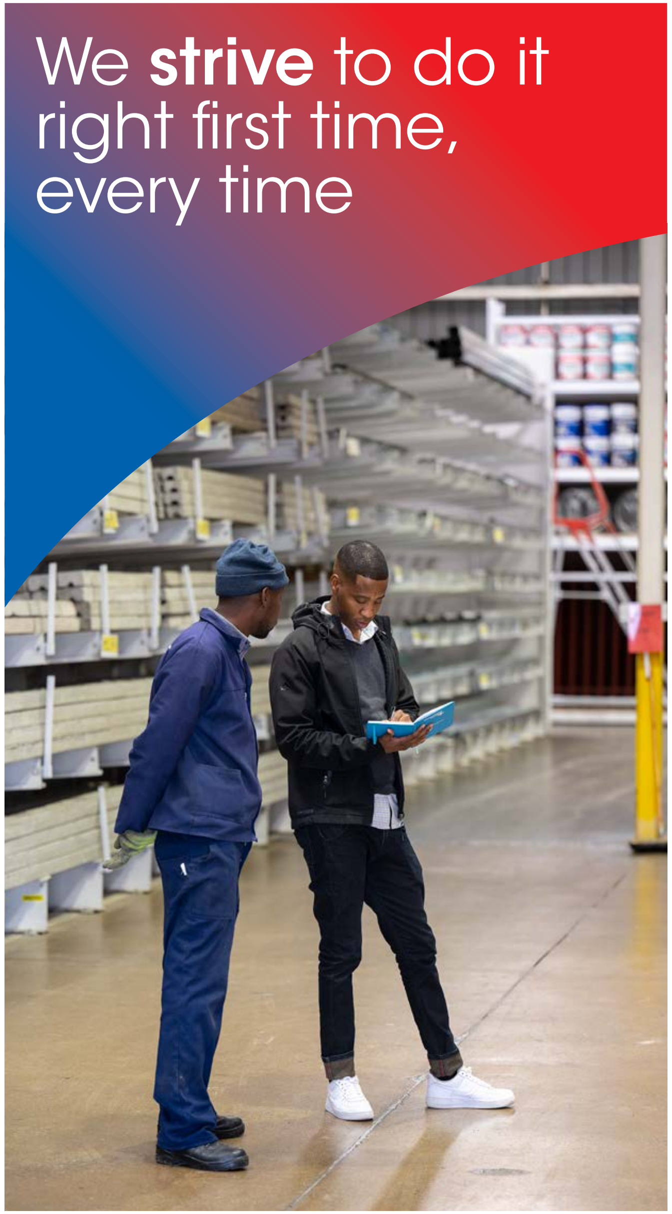
3 ESG REPORT

"Cashbuild subscribes to the highest ethical standards of business practices and has a well-entrenched and defined business philosophy around its customers, staff, business partners, systems and finances. The philosophy is underpinned by the Group's vision, mission, and values, as well as The Cashbuild Way.

The value drivers for enhanced sustainability performance and disclosure are ultimately to assist with managing both the financial and non-financial risks of the Group, improving productivity as well as contributing to the Group's sustainable growth to ensure that solid stakeholder returns are achieved."

Dr DSS Lushaba
Social and Ethics Committee Chair

Social and Ethics Committee Report



Dear stakeholders,

Cashbuild subscribes to the highest ethical standards of business practices and has a well-entrenched and defined business philosophy around its customers, staff, business partners, systems and finances. The philosophy is underpinned by the Group's vision, mission, and values, as well as The Cashbuild Way.

Cashbuild's approach to sustainability

Cashbuild reports its corporate sustainability in terms of the Six Capitals as set out in the International <IR> Framework, as well as the UN SDGs.

The underlying objective of reporting using the Six Capitals is to ensure that Cashbuild focuses the appropriate degree of attention on each of these areas, considering the impact of each aspect on the Group's performance, as well as the influence that the Group has on its stakeholders in each area. This in turn ensures that Cashbuild maximises its opportunities for sustained financial and non-financial success in the short, medium and long term.

On 14 June 2022, the JSE released its Sustainability and Climate Disclosure Guidance that aims to promote transparency and good governance, as well as guide listed companies on best practice in ESG disclosure. This guideline is voluntary and Cashbuild will incorporate, where applicable, the information proposed to adhere to the Sustainability and Climate Disclosure Guidance for the year ending June 2023. However, where available information already exists, Cashbuild has disclosed the necessary data in the current financial year.

In the complex southern African environment in which Cashbuild operates, many valuable lessons have been learnt over the Group's history, spanning over more than 40 years.

The sustainability policies and practices which have been adopted and implemented by the Group, of which our Executive Managers, who have the greatest understanding of the nuances of the communities in which their stores operate, have proven to be one of the Group's greatest advantages. This has significantly assisted in risk mitigation during the establishment of Cashbuild's operations in new, unknown, and often challenging environments.

The value drivers for enhanced sustainability performance and disclosure are ultimately to assist with managing both the financial and non-financial risks of the Group, improving productivity as well as contributing to the Group's sustainable growth to ensure that solid stakeholder returns are achieved.

The value drivers are summarised as follows:

Return on equity or capital			
	Risk Management	• Operational and regulatory risk • Reputational risk • Supply chain risk • Leadership and adaptability	Measurable reduction in exposure to sustainability-related risks to revenue and reputation
	Productivity	• Operational efficiency • Human capital management • Reputation pricing power	Total cost saving + avoidance from sustainability-related initiatives
	Growth	• New markets and geographies • New customers and market share • Product and service innovation • Long-term strategy	Revenue growth from sustainability-enhanced or advanced products and services

Social and Ethics Committee Report

Cashbuild's management approach for mutually beneficial sustainability initiatives can be summarised as follows:

- Direct linkage to the Group's strategic objectives (i.e. providing tangible benefits to both the Group and its stakeholders), or directly addressing strategic risks and/or opportunities.
- Association with reputable suppliers who share similar values and principles.
- Influencing the Group's value chain (upstream and downstream).
- Investing holistically and in line with strategic objectives, rather than based on charity or philanthropy.
- Flexibility within the Group's sustainability model, so as to evolve as required and rapidly implement lessons learnt.
- Sensitivity to and respect for cultural nuances, particularly in communication with different stakeholder groups.
- The development of strong long-term relationships with all stakeholders and partner communities, and effective engagement to understand their issues and concerns.
- Displaying genuine responsible corporate citizenship with respect to all elements of ESG and influencing other organisations to do the same.

Social and Ethics Committee (SECOM)

Chairperson

Dr DSS Lushaba

Members

M Bosman (Ms) (effective 1 August 2021)
WF de Jager
AJ Mokgwatsane (effective 1 August 2021)
WP van Aswegen

Independence

During the year under review, three SECOM members were independent Non-executive Directors. As social and ethics behaviour are integral to The Cashbuild Way, the Group is comfortable with the composition of SECOM.

Meetings

Four times per annum

Role and function

The SECOM is a committee of the Board and its role is governed by Terms of Reference approved by the Board. These Terms of Reference are subject to an annual review by the SECOM and approval by the Board.

The SECOM's main objective is to assist the Board in monitoring the Group's performance as a good and responsible corporate citizen, thereby helping the Board to achieve one of its important values, namely doing business ethically. To do this, the SECOM monitors the sustainable development practices of the Group. It also monitors relevant legislation, legal requirements and prevailing codes of best practice relating to social and economic development, good corporate citizenship, labour and employment, the environment, health and public safety, and consumer relationships.

Responsibilities

The SECOM is responsible for developing and reviewing the Group's policies with regard to its commitment to governance and reporting of sustainable development performance, as well as making recommendations to management and/or the Board in this regard.

Assurance

This report is prepared in accordance with the requirements of the Companies Act and describes how the SECOM has discharged its statutory duties in terms of the Companies Act and the additional duties assigned to it by the Board in respect of the financial year ended 26 June 2022. SECOM is satisfied that it has fulfilled all its duties during the year under review and has made progress in formalising all relevant policies and implementing identified plans.

Assurances and verifications

Please refer to page 54 for a comprehensive list on the sections within the Integrated Report that has been assured and verified by external parties.

Activities undertaken by SECOM during the year

During the year, the SECOM reviewed, confirmed and improved (where required) the Group's:

- Code of Business Conduct and Ethics;
- Transformation Strategy, including the submission of the Employment Equity Report;
- Equality and Diversity Policy;
- Stakeholder Engagement Policy;
- Security and Crime Prevention Policy;
- Fraud Prevention Policy, including guidelines on Gifts;
- Corporate Social Investment Policy;
- Occupational Health and Safety Policy;
- Public and Investor Relations Policy; and
- Legislative Compliance.

Social and Ethics Committee Report

Policies and procedures were established to fulfil the requirements of POPIA which was enacted with effect from 1 July 2020.
The SECOM is also responsible for annually revising or determining, in conjunction with senior management, the Group's material sustainability issues.

In the execution of its statutory duties, the SECOM monitors the Group's activities, with regard to matters relating to:

- Social and economic development, including the Group's standing in terms of the goals and purposes of:
  - the 10 principles set out in the UN Global Compact Principles;
  - the 17 principles as set out in the UN SDGs;
  - the OECD (Organisation for Economic Co-operation and Development) recommendations regarding corruption;
  - Skills Development Act;
  - the Employment Equity Act; and
  - the Broad-Based Black Economic Empowerment Act.
- Good corporate citizenship, including the Group's:
  - promotion of equality, prevention of unfair discrimination and reduction of corruption;
  - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
  - record of sponsorships, donations, and charitable giving.
- The environment, health, and public safety, including the impact of the Group's activities and of its products or services.
- Stakeholder engagement and consumer relationships, including the Group's advertising, public relations, investor relations and compliance with consumer protection laws.
- Labour and employment, including:
  - the Group's standing in terms of the International Labour Organisation protocol on decent work and working conditions; and
  - the Group's employment relationships, and its contribution towards the educational development of its employees.

In fulfilling its functions, the SECOM has received and reviewed reports on:

Labour and employment practices

There have been no incidents of human rights abuses reported during the year under review.

The SECOM reviewed the employee headcount, progress of employment initiatives undertaken during the year, employment equity reporting, skills development reporting and legislative updates. Reports on Employment Equity were submitted timely to the Department of Labour.

The three-year Employment Equity Plans for Cashbuild for the period October 2021 to September 2024 and for P&L Hardware for the period April 2021 to March 2024, were reviewed and monitored by the SECOM.

Cashbuild has appointed BEE123, an end-to-end B-BBEE solutions provider, to assist with the Group's supplier development programme.

Covid-19 protocols

Covid-19 protocols were adhered to in terms of Government legislation during the financial year. Where an employee tests positive for Covid-19, detailed procedures take effect, which include the employee going into isolation for the prescribed time period. Risk assessments are also performed to identify other employees who may potentially have been exposed to the Covid-positive person. Where required, they also have to go into isolation and monitor for any symptoms. A deep-clean is immediately commissioned to sanitize the store or work area to try and prevent the spread of the disease. The store is opened for trade as soon as practicably possible, with staff from neighbouring stores being utilised to fill roles of staff who are recovering. Cashbuild staff were exposed to 569 reported Covid-19 cases (2021: 358) during the year under review, with zero-related deaths (2021: 1 death).

The leave policies have been updated to ensure that the minimum amount of unpaid leave that an employee is required to take when tested positive for Covid-19, is sufficient.

Social and Ethics Committee Report

Social and Ethics Committee Report

Whilst vaccinations were not made compulsory, a vaccination incentive was introduced where staff received R20.00 airtime for each vaccine received, including booster vaccines.

Security and crime prevention

Cashbuild remained vigilant in maintaining compliance to policies and procedures which together with its Code of Ethics and core values form the basis of its crime prevention drive.

Crime, in particular theft, at Cashbuild stores remains an ongoing challenge and the Group promotes continuous vigilance within stores to combat this issue.

An area of particular emphasis is the prevention of any instances of crime that directly or indirectly affect employees, customers or our community members.

For more detail on security and crime prevention for the Group, please refer to page 44 of the Integrated Report.

Transformation

The SECOM reviewed the Group's performance against the B-BBEE codes. Cashbuild is reviewed and measured under the Construction Sector as opposed to the generic codes.

During the year, the Group has formulated action plans and targets for the various elements of the B-BBEE Scorecard with particular emphasis on Preferential Procurement and Enterprise & Supplier Development areas.

Corporate Social Investment

The Group's CSI strategy was revisited to ascertain areas of focus and a revised plan was approved. The expenditure on planned initiatives during the year was assessed and found to be satisfactory.

Cashbuild registered with the Youth Employment Services (Yes-4-Youth) initiative and employed 110 eligible persons in the 2021/2022 financial year of which 53 were offered full time employment subsequent to their one-year work contract expiring. A further 120 Yes-4-Youth employees were taken on in October 2021.

The Group remains committed to positively impacting the lives of people in communities in which it trades. In the current year, Cashbuild made various donations, both monetary and in time, through the Cashbuild Give-a-Brick Trust and directly to beneficiaries identified in the various communities where our business operates.

Anti-corruption, ethics and compliance

During the year, the SECOM received various reports on ethics and compliance, and it was further noted that relevant information is being communicated to all employees through workshops and have been incorporated into The Cashbuild Way. Additionally, the External Auditor provided feedback on how they ensure quality control within their operations and ensure that the highest ethical standards are achieved and maintained.

OHASA

Compliance and Incident Reports were reviewed at all meetings and incidents were recorded and appropriately dealt with.

Customer relationships

The SECOM received and reviewed reports on the Group's advertising and public relations activities together with stakeholder relations initiatives. Analysts and customer feedback, including complaints, were also reviewed and plans to correct issues raised and implemented.

For further details on formal customer complaints, please refer to page 45 of the Integrated Report.

Legislation

An update of legislative compliance is provided to the SECOM at quarterly meetings, incorporating relevant acts and legislation of neighbouring countries in which Cashbuild trades. The Cashbuild Compliance Officer conducts compliance adequacy assessments to ensure that all legislation affecting the Group is periodically monitored and remedial actions implemented where deemed necessary.

On occasion, the SECOM will draw matters within its mandate to the attention of the Board and report to the shareholders at the Annual General Meeting on the matters within its mandate.

Diversity, inclusion and gender equality

Cashbuild's approach towards achieving gender equality is guided by the principle of fairness which incorporates acceptance of equal and inalienable rights of all women and men as defined in the Bill of Rights of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). Gender equality concerns both women and men. It involves working with both to ensure equitable behaviours are practiced at home and in the workplace. Genuine equality cannot be measured by parity in numbers, but rather by improving overall quality of life so that equality is achieved without sacrificing gains for males or females.

Our core values and fundamental principles of good governance as well as the rule of law, form the basis when assessing gender equality to ensure that we treat everyone with respect and understanding to ultimately motivate economic and social development.

In terms of diversity, the Group will continue to develop and promote HDSAs through its development programmes and on-the-job training. Cashbuild recognises that there is strength in diversity and that this will contribute towards a successful and sustainable organisation in the future.

Social and Ethics Committee Report

Assessment

The SECOM is satisfied that it has fulfilled all its duties during the year under review and has made significant progress in formalising or improving all relevant policies and implementing identified plans. Targets for certain ESG initiatives will be assessed during the next financial year in accordance with good practices for the industry we trade in.

Dr DSS Lushaba
Social and Ethics Committee Chair

30 August 2022

Assurances

Although this Integrated Report has not been independently assured as a whole, the following external assurances and verifications were received from the providers listed in the table below:

Compliance category	External assurance and verification provider
B-BBEE Scorecard	Empowerdex
Finance	PricewaterhouseCoopers Inc. provides auditing, tax and advisory services. For the Independent Auditor's Report refer to page 106.
Carbon tax	COVA Advisory
ESG	IRAS provided guidance in terms of the disclosure in the ESG Report contained in the Integrated Report during the year. SANAS B-rating for energy efficiency received for Cashbuild's Support Office.
Health and safety	Health and safety are a key focus area on which verification is provided by Cashbuild Internal Audit. Additional, albeit limited, assurance together with advisory services is provided by SHE Consultants (Scott Safe).
IT	IT Internal Audit is outsourced to Ernst & Young Inc. (EY). Assurance is provided by EY on risk-based key focus areas included in a three-year rolling Internal Audit Plan. BCX provides IT support services.
JSE Listings Requirements	Nedbank CIB ensures that Cashbuild complies with the JSE Listings Requirements.
Legal	Webber Wentzel Incorporated and Van der Vyver Incorporated provide legal services for contractual agreements. Exclaim Innovations & Solutions provides software to perform internal legal reviews performed by the Compliance Officer on relevant pieces of legislation.
Payment Card Industry (PCI) Data Security Standard	Galix Networking (Pty) Ltd provides attestation annually of compliance for merchants.

Non-compliance issues and recommendations arising from audits or reports from external advisers are managed closely to ensure compliance is achieved and maintained through management interventions.

UN Sustainable Development Goals

During the financial year ended 26 June 2022, Cashbuild assessed its operational and sustainable development processes as well as its CSI initiatives against 17 of the UN SDGs. In line with the outcome of this analysis, and in improving our reporting journey and alignment with the UN SDGs, we have narrowed our scope this year to include only those UN SGDs that are deemed relevant to the Group, as mapped against the targets relating to these specific UN SDGs.

Cashbuild is committed to sustainable operational practices to ensure that our operations contribute to the upliftment of people and places.

We do believe that our CSI initiatives continue to be aligned to several other UN SDGs as outlined:

SUSTAINABLE DEVELOPMENT GOALS

Environmental Initiatives

As a responsible corporate citizen, Cashbuild recognises the need to minimise its environmental impacts through whatever available and financially viable means, so as to maximise both the economic and non-economic value generated by the Group for key stakeholder groups.

Cashbuild has identified energy consumption as its principal environmental issue. The Group continues to reduce energy consumption across its operations, at individual store-, Corporate Office- and Support Office-level, by 50%, by site. In addition, the Group is investing in renewable energy solutions at certain stores as well as at the Corporate and Support Offices.

The Group is in the process of finalising an ESG framework which will outline key environmental impact areas, goals and metrics to be set. Where applicable, the goals and metrics will be linked to the relevant executive management team member as part of his/her performance evaluation in determining short-term incentives.

Energy and carbon management

In all its operations, Cashbuild is primarily dependent on electricity supplied by national or municipal electricity generation utilities. As a result, the Group has historically found itself constantly subject to electricity supply interruptions, which remains a challenge, and price increases. To minimise disruptions in operations, each Cashbuild store is equipped with an auto start generator which is tested at least once a week.

In regard to Cashbuild's carbon footprint, the overwhelming bulk of the electricity supplied by the national power utility to Cashbuild stores is generated from low grade coal, resulting in significant inefficiencies in the generation process and consequently, high levels of carbon emissions per kWh consumed by the Group.

The stores open at 7:00 and close at 18:00 weekdays and open on weekends. The nature of this timetable means that the electricity usage during peak periods is limited, especially in the evenings as the peak period falls between 18:00 to 20:00. Furthermore, a large contributor to store usage is lighting and Cashbuild has been able to reduce store consumption by installing energy efficient LED lighting in the majority of its stores. P&L Hardware has also commenced installing energy efficient LED lighting in their stores.

Electricity usage

In accordance with the Group's goal of improving energy efficiency, Cashbuild has rolled out energy efficient LED lighting to 14 existing stores during the financial year, with an average energy reduction in lighting of 40% to 50%.

As at 26 June 2022, 245 stores (June 2021: 231 stores) had been retro-fitted with energy saving High Bay LED fittings. In terms of the SANAS rating, Cashbuild's Support Office received a B-rating, which is a very good energy efficiency rating. As Cashbuild's Corporate Office was only completed during the 2022 financial year, it will only be rated next year.

The Group has commenced with recording electricity usage at each of its stores and should be in a position to report on the consolidated electricity usage and savings achieved for the year ending June 2023.

The Group is in the process of identifying solar suppliers to enable selected stores, Corporate and Support Offices to be less reliant on the electricity-grid and to ensure less disruption in trading during load shedding.

All new stores are currently specified to receive energy efficient LED light fittings from the start to ensure that the new stores are electricity-efficient.

Carbon footprint assessment

The Carbon Tax Act outlines the structure to determine the carbon tax liability of an entity which is based on activities which result in the release of GHG (Greenhouse Gas) emissions. The schedules in the Act outline the minimum thresholds for these activities according to the National Greenhouse Gas Emission Reporting Regulations (NGERS) (2017) as well as the total permissible tax-free allowances for these activities.

The threshold stipulated in the regulations for stationary combustion installations is 10 MWth. This means that if the combined energy input of the generators under the Group's control exceeds the 10 MWth, then Cashbuild is required to report the emission from these installations to the Department of Environment, Forestry and Fisheries (DEFF).

Cashbuild's activities were reassessed in the year under review to determine whether Cashbuild still exceeds the threshold and whether the Group is required to maintain its registration for carbon tax. Cashbuild has a diesel generator installed at each of its stores across the country and at its Corporate and Support Offices. Although we have 24 different generator models throughout the country, we are in the process of standardising to a specific generator model, based on efficiency and spares availability.

Environmental Initiatives

Cashbuild's total installed capacity was calculated to be 12.91 MWth (2021:11.58MWth). Due to the Group exceeding the 10MWth threshold, Cashbuild continued to report its GHG emissions to the DEFF via the South African Greenhouse Gas Emissions Reporting System (SAGERS). GHG emissions were submitted by Cashbuild on 30 March 2022. The Group's total emissions were calculated to be 404.91 tonnes (2021: 533.26 tonnes) of CO_2e (carbon dioxide equivalent). It must be noted that the CO_2e calculations for the DA 180 environmental levy are for a calendar year, namely from January to December. The reasons why the emissions are down is due to lower units of diesel consumed compared to the prior year, albeit at much higher average cost per litre over the past two years as well as that the frequent occurrences of load shedding only started at the beginning of 2022, which is not reflected in the CO_2e calculations for the financial year ended 26 June 2022. Cashbuild registered and submitted its DA180 environmental levy form with SARS and renewed its carbon tax license in November 2021. Cashbuild had a carbon tax liability of zero given that the only emissions generated are from diesel, which has already been taxed and included in the pump price of diesel.

Transportation

Cashbuild stores

The distribution of products to the network of Cashbuild stores is the responsibility of the Group's suppliers, and is in most instances outsourced to specialist logistics and transportation companies. In this regard, Cashbuild has implemented a number of practices with its suppliers, aimed at optimising transportation efficiencies and therefore, minimising the respective carbon footprints of these suppliers.

The services provided by delivery drivers subcontracted to deliver products to customers presents a minimal opportunity for the Group to introduce or apply improvement interventions. The delivery drivers are not employed by Cashbuild, which makes the measurement of their carbon footprint difficult. However, Cashbuild will be looking into a smart app whereby all deliveries made on behalf of Cashbuild is logged and monitored.

Cashbuild already assists the drivers in minimising their emissions through effective route planning and scheduling of deliveries. For the year under review, Cashbuild had 332 (2021: 348) drivers across southern Africa.

P&L Hardware stores

P&L Hardware makes use of the same suppliers in 95% of the cases, smaller local suppliers are used such as brick suppliers to support local businesses and reduce the transport cost. This enables P&L Hardware to be more competitive in the market.

In addition, P&L Hardware also has its own fleet of four-tonne and eight-tonne trucks as well as LDVs or bakkies that transport smaller loads. P&L Hardware has an internal fleet department that manages its fleet and strives to offer a 24-to-48-hour delivery service and combine loads where possible to reduce multiple deliveries in the same areas, thus reducing costs. The vehicles are well maintained and serviced at the appropriate and recommended service intervals, eliminating excess carbon emissions.

Water conservation

Cashbuild acknowledges that it operates in countries that are considered water scarce. Given the nature of its operations, Cashbuild does not have a material impact on freshwater withdrawal. The Group is committed to addressing South Africa's water scarcity in the following ways:

- for the stores that regularly experience water outages, water storage tanks are installed to ensure continuous supply to the stores; and
- the Corporate and Support Offices have a 10 000-litre water supply tank to ensure that in the case of water interruptions, the bathroom facilities can be used.

The Group is cognisant of the fact that the construction industry, on which its core business relies, is particularly water intensive, in both the upstream and downstream components of the value chain. Cashbuild works with suppliers and customers to minimise the water footprint of their activities, but given the nature of the business, the opportunities for meaningful interventions remain limited.

The failure by municipalities to timeously read water meters results in delays in identifying water leaks or losses. To safeguard against this, a pilot project for remote water metering has been instituted at the Greenstone store to monitor consumption and reduce losses. This initiative has resulted in a 50% reduction in water use/loss to date. The initiative will be rolled out to other stores over time.

Waste generation and recycling

Cashbuild does not currently measure the volume of waste generated in its operations. However, as a matter of policy, the Group contracts with responsible waste collection agencies (whether public or private) to remove, recycle and dispose of waste, mostly bulk packaging materials that are generated, particularly at our stores. Our stores in South Africa make use of biodegradable plastic shopping bags, with the aim of reducing waste to landfill, which is becoming a critical issue in South Africa given the lack of landfill space in the majority of local municipalities.

At the Corporate and Support Offices, used paper is confidentially shredded through outsource partners and pulped, and the proceeds from this process are donated to various charity organisations by the Group. Other recycling initiatives are in place.

As a retail operation, Cashbuild's opportunities to meaningfully influence the environmental impacts arising from either the manufacture or application of its products are limited. However, Cashbuild remains committed to making full use of those opportunities that do present themselves to affect positive changes particularly in the following areas:

- the circular economy;
- energy efficiency;
- greenhouse gas emissions reductions;
- water conservation;
- waste management;
- product stewardship (in both manufacture and disposal); and
- biodiversity conservation.

Social Investment

Cashbuild's Human Capital strategy is integral to the Group's overall sustainability strategy and actively contributes to value creation for key stakeholders in the short-, medium- and long-term.

The Group's mature procedures and processes in this area, in particular The Cashbuild Way, drive institutional imperatives of internal excellence, entrepreneurship and innovation.

The Group established a variety of Social Capital initiatives to create support, involvement and commitment from the communities in which the Group's stores are located. We focus on recruiting local talent into all our stores from the regions in which we trade.

Through investment in our Human Capital, we ultimately will enhance our Intellectual Capital where we support HDSAs through a Bursary Programme, learnerships, as well as a variety of other initiatives.

Our Covid-19 Health and Safety Guidelines and Protocols

Covid-19 hygiene protocols have been adhered to throughout the business in line with Government guidelines, which included social distancing, the wearing of masks, regular washing of hands as well as temperature control. Where an employee tests positive for Covid-19, detailed procedures take effect, which include the employee going into isolation for the prescribed time period. Risk assessments are also performed to identify other employees who may potentially have been exposed to the Covid-positive person. Where required, they also have to go into isolation and monitor for any symptoms.
A deep-clean is immediately commissioned to sanitise the store or work area to try and prevent the spread of the disease. The store is opened for trade as soon as practicably possible, with staff from neighbouring stores being utilised to fill roles of staff who are recovering.

Risk assessments were implemented and all stores have a Compliance Officer that monitors Covid-positive cases as well as adhering to the Group's Covid health and safety protocols. As far as possible, the health and safety protocols for our employees, customers and suppliers are upheld when on our premises and/or in our stores.

Our employees

The recognition and reward of employees is a key component of Cashbuild's pursuit of employee excellence. Our employee share schemes, the Cashbuild Empowerment Trust and the Operations Management Member Trust are incentive schemes aimed at encouraging excellence and teamwork at all levels of the Group, while at the same time financially empowering employees, encouraging loyalty and improving retention.

Cashbuild acknowledges and rewards exceptional performance throughout the Group. At store level, each manager identifies and recognises an 'Employee of the Month'. At the annual Cashbuild Hall of Fame awards event, employees are financially rewarded for extended length of service (in excess of 20, 30 and 40 years) as well as for exceptional performance by individuals and teams. At the awards ceremony, the Group recognises, based on internal criteria covering growth in profits, expense management and controls, audited financial results and growth in new stores amongst others, the top five Store Managers and top three Divisional Managers.

Recruitment and succession planning is based on an eighteen-month view which considers internal development and planned store growth and is closely aligned to the Group's transformation objectives and short- to medium-term growth strategies. This ensures the necessary Human Capital to successfully execute its ongoing programme of store expansion and development.

The Group's HR policies can be summarised as follows:

- We employ directly and locally where each of our stores are located.
- We make extensive use of decentralised employee forums to promote fair internal growth and development, with significant support from our Social and Ethics Committee as well as Corporate and Support Offices driving a transformation agenda.
- We provide ongoing opportunities for training through our internal skills development and learnership programmes, with the firm intention that once qualified, learners will be absorbed into the Group as permanent employees.

As at 26 June 2022, Cashbuild employed, on a permanent basis, 6 170 (June 2021: 6 238) individuals across the Group. These individuals have clearly demonstrated that they constantly strive to understand and meet their customers' needs, and they are the right people for Cashbuild.

The Group's Employee Forum Steering Committee continues to facilitate harmonious working relationships within the Group by providing a formal communication structure between management and employees.

The Group has 23 (June 2021: 19) full-time HR employees who are responsible for supporting line managers in (and holding them accountable for) the ongoing training and development of all employees. We are extremely proud of the success that has been achieved by the growing wealth of enthusiastic, committed and capable talent that the Group has attracted and retained over many years, at all levels of the business.

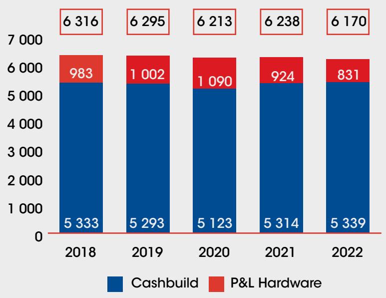
The ongoing promotion of continued adherence to The Cashbuild Way, as well as various incentive and reward schemes based on revenue and profit growth, have all resulted in improved employee productivity and retention.

Social Investment

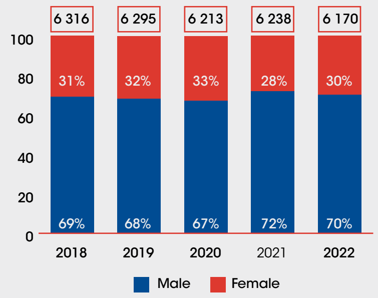
Employment statistics

for the year ended 26 June 2022

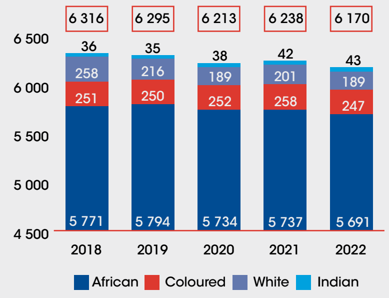
Total employees



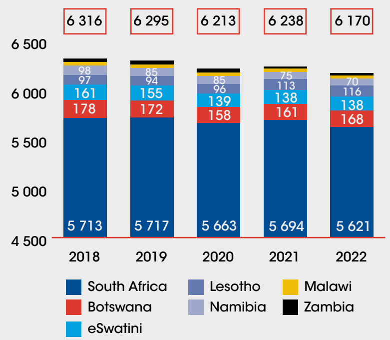
Employees by gender



Employees by ethnic group



Employees by geography



Human capital challenges

Cashbuild continues to be affected by the general skills shortage in the country's labour market, and the resulting challenges related to employee retention.

Cashbuild's policy of promotion of staff from within, aimed at creating and maintaining an organisational culture based on employee loyalty and growth, has to some degree inhibited the Group's ability to transform the structures of the Cashbuild Corporate and Support Offices due to low staff turnover. To address this issue, the Group's medium- to long-term HR strategy directs significant levels of investment into the development of the current employee base to fill vacancies as they arise over time.

A detailed transformation and succession strategy relating to Executive Directors, Executive Management and key personnel has been developed. This strategy is reviewed and updated on a regular basis. All Executive Directors, Executive Management and key personnel have identified back-ups for any short-term or unforeseen absences.

Cashbuild's influence over suppliers regarding their respective transformation programmes is limited and considered adequate at these levels.

The retrenchments that took place were as a result of the looting that took place in July 2021 as well as some store closures and restructuring of the P&L Support Office where staff were unable to accept transfers to other stores or locations within the Group.

Employee training and development

Cashbuild staff members undergo training courses in areas such as customer service, management, role-specific functional training and product knowledge enhancement.

Cashbuild is an accredited training provider with the Wholesale & Retail SETA. A total of 92 (2021: 294) learnerships were offered to employed and unemployed individuals across the Group. In addition, 5 539 (2021: 5 348) employees were trained in their positions as well as in back-up roles to mitigate the risk of unforeseen absences by key staff. The total cost of training was R7.5 million (2021: R9.8 million). The reduction in training expenditure and number of learnerships offered was as a result of the Covid-19 pandemic. However, training and development was not compromised with the introduction of a blended learning framework using a combination of e-learning, online discussion boards and on-the-job training and development.

Learnership programmes

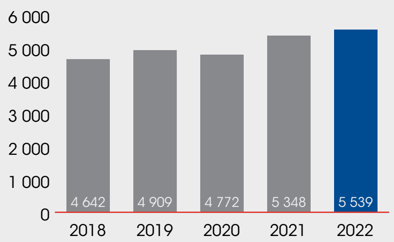
Cashbuild's learnership programme is implemented through the Wholesale and Retail SETA and is intended to support staff continuity and succession planning.

To date, 1 625 learnerships have been successfully completed within the Group. As at the end of the 2022 financial year, 97 of these learners are still employed within the Group.

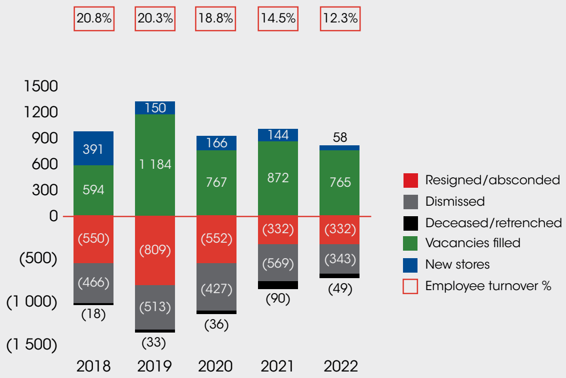
Cashbuild also registered with the Youth Employment Services (Yes-4-Youth) initiative and employed 110 eligible persons in the 2022 financial year of which 53 were offered full time employment subsequent to their one-year work contract expiring. A further 120 Yes-4-Youth employees were taken on in October 2021. A total of 92 (2021: 294) learnerships were offered to employed and unemployed individuals across the Group.

Social Investment

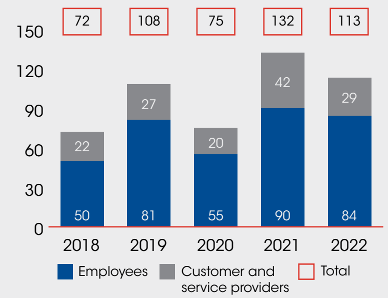
Employees trained



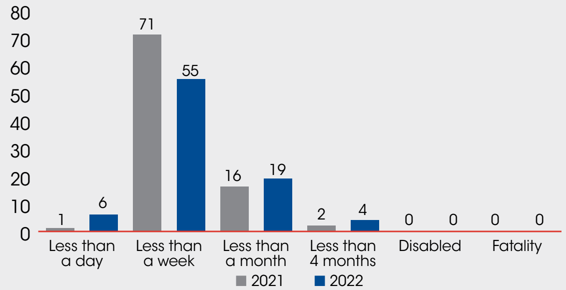
Employee turnover



Reported injuries[1]



Seriousness of employee incidents, measured in terms of recovery period[1]



[1] *The injuries reported and seriousness of employee incidents, which are measured in terms of the recovery period, are not measured in terms of the OHASA guidelines for injury reporting.*

The table below illustrates the learnerships granted during the current year:

NQF	2022	2021
Level 2	**46**	92
Level 3	**–**	62
Level 4	**46**	115
Level 5	**–**	25
Total	**92**	294

The reduction in learnerships offered was as a result of the lockdowns implemented due to the Covid-19 pandemic and the resultant inability to maintain all training initiatives.

Bursaries

In 2014, Cashbuild established a Bursary Programme extended to the children of HDSAs. The bursary includes all tuition, books and accommodation, and where required, a monthly allowance. In addition, Cashbuild guarantees employment to its bursars on successful completion of their studies. Cashbuild will continue to spend approximately R1 million per annum on its bursary programme. Fourteen (14) students have been put in the programme since inception, 12 have passed, and two have failed to complete the course. Due to the Covid-19 pandemic as well as unrest at various institutions, no bursaries were offered during the 2021 academic year. However, four bursaries were awarded for the 2022 academic year.

Occupational health and safety

Cashbuild considers occupational health and safety to be a direct responsibility of all management representatives within the Group, including the office of the Chief Executive. The Group's policies and practices in this area are enforced at all levels and across all operational areas, through intensive and ongoing training as well as retaining an external service partner possessing specialist health and safety skills.

Health and safety representatives, with at least one appropriately trained and qualified first aid provider, are appointed for each store and nine representatives have been appointed to perform the function at the Corporate and Support Offices. The Group also strictly adheres to appropriate regulatory requirements and OHASA guidelines regarding the availability of medical and first aid supplies at Cashbuild stores as well as the Corporate and Support Offices.

Injuries in the year totalled 113 (2021: 132) and largely impacted our staff, mainly as a result of non-compliance to Cashbuild's OHASA policy. Appropriate disciplinary action was taken against these staff members. The decrease in the incidents reported is driven by the Group encouraging awareness through weekly communication via the CB Mail, an increased drive and focus by the Executive Management Team to ensure that there is compliance with regards to reporting of such incidents and improved collaboration between our insurers and the Group Risk Management Department, ensuring that all incidents are logged with the insurers and recorded internally. No incidents were identified where the Group deviated from its legal or regulatory responsibilities.

The seriousness of employee incidents is measured by the recovery period. The injuries did not result in any disruption or any downtime to our operations and there were no permanent disabilities or fatalities as a result of these reported injuries.

Cashbuild is committed to continued improvement in this area, and to maintaining a safe working environment for its employees, customers and service providers.

Social Investment

Ethics

Our culture of ethics and integrity defines who we are as a Group, and how we as colleagues treat each other, our customers and our suppliers. Our business success rests on a foundation of values – upholding integrity, serving our customers, growing our people and accepting responsibility – and our reputation depends on us continuing to make the right choices, every day. Our values set us apart from others and have become a competitive advantage that we can never compromise in our actions and decisions. Our Code of Ethics contains principles that provide guidance for our behaviour.

As a team, it is our responsibility to continue building on our already strong ethical foundation and retain and further enhance Cashbuild's standing as an excellent and highly ethical organisation. With this in mind, an ethics awareness and a diversity management training programme is in place to increase support and enhance the ethics within the Group.

Each store, Corporate and Support Offices facilitates communication and training programmes for employees on values, standards and compliance to procedures. Proficiency in these areas is taken into consideration when assessing the suitability of prospective employees and candidates for promotion and in delegating discretionary authority. Cashbuild has a zero-tolerance approach towards fraud, theft, corruption, illegal behaviour, and non-compliance to our ethical standards as recorded in our philosophy, values, and The Cashbuild Way.

Any employee found behaving in a manner contrary to our ethical standards is subject to disciplinary proceedings, which may lead to dismissal from the Group.

Compliance with The Cashbuild Way is monitored through our Internal Audit function. Frequency of audits at stores is based on quarterly updated risk status associated with each store. High risk stores are audited four times per annum, medium risk stores three times per annum, and low risk stores twice per annum. A similar risk-based approach is applied at the Corporate and Support Offices with high-risk business support focus areas audited twice per annum, medium risk focus areas once per annum and low risk focus areas once during every eighteen to twenty four month period. Cashbuild has contracted Tip-offs Anonymous, which provides a secure system for the reporting of unethical or risky behaviour. All tip-offs logged are investigated and action taken to address any instances of non-compliance.

Acceptance of gifts from third parties is governed by a policy requiring detailed declaration and approval that is targeted towards removing any potential conflicts of interest.

The directors are fully committed to the ethical principles entrenched in the Group and supports unwavering enforcement thereof.

Transformation and B-BBEE

Cashbuild remains fully committed to the principles and practices of empowerment and transformation. The broad geographical footprint of our stores provides us with a richly diverse workforce.

Cashbuild is an equal opportunity employer, promoting non-discrimination and fair and equal treatment in all employment and HR practices, in line with the Group's commitment to the UN Global Compact Principles as well as the UN SDGs.

As at 26 June 2022, the Group had 626 (2021: 541) HDSAs in management level positions, which equates to 88.0% (2021: 80.6%) of management level employees.

	Race				
Occupational level	African	Coloured	Indian	White	**Total**
Top Management	1	–	–	5	**6**
Senior Management	1	–	–	10	**11**
Professionally Qualified	35	6	7	57	**105**
Skilled Technical	558	47	27	84	**716**
Semi-skilled	4 996	193	8	31	**5 228**
Unskilled	100	1	1	2	**104**
Grand total	**5 691**	**247**	**43**	**189**	**6 170**

This table is as per legislated Employment Equity reporting for Cashbuild South Africa (Pty) Ltd and P&L Hardware (Pty) Ltd and excludes neighbouring countries.

Cashbuild continues to give preference to local suppliers drawn from the areas in which stores are located, and is constantly increasing its support for targeted B-BBEE initiatives. The Group also continues to develop and implement the HR strategies necessary to drive internal cultural change, transformation and wealth creation amongst employees.

Cashbuild's B-BBEE rating is a Level 7 (2021: Level 6) on the Construction sector scorecard. P&L Hardware is rated as a non-compliant supplier. Strategies have been put in place to improve on this rating over the short term. The Group has put a supplier and enterprise development improvement strategy in place. The Group has also implemented a three-year skills development plan to continue with learnerships, the Yes-4-Youth programme and is implementing an EE aligned and targeted recruitment plan, particularly, at management level. Cashbuild is committed to economic empowerment and plans to continually improve its transformation efforts.

Industrial relations

Union membership within the Group is 3.10% (2021: 3.23%). Discussions regarding remuneration, working conditions and other relevant issues take place primarily through the Group's Employee Forum. For more information regarding the role, function and composition of this Forum, refer to page 78 of this Report.

Social Investment

Cashbuild manages its industrial relations internally and we use outsourced service providers for any specialist or technical advice.

Cashbuild follows the principles of the International Labour Organisation protocol on decent work and working conditions. It involves opportunities for work that is productive and derives a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

Cashbuild subscribes to the UN Global Compact Principles.

Communication with employees takes place through a number of channels, including the monthly Employee Forum meetings, weekly CB-mails, weekly P&L Hardware news via email, and through the intranet, with all this being aimed at informing employees of developments taking place within the Group.

Gender equality

Cashbuild's policy and goal towards achieving gender equality is guided by a vision of fairness and acknowledges the principle that gender plays no part in merit and will actively manage its HR development to ensure women and men have equal opportunity to participate in management at all levels. Cashbuild's female to male ratio improved from 28.1%:71.9% in 2021 to 29.7%:70.3% in 2022.

Neither women nor men can be considered as a homogenous group and individual capabilities will drive advancement. Women and men have different skill sets whereby either or both can be developed for the advancement of the Group. However, our policy acknowledges that the means of developing various gender skills may require different emphasis and practices. Cashbuild rejects any form of unfair discrimination based on gender in the Group. Refer to the Group's website for the Gender Equality Policy.

Other UN guidelines and principles

In line with its commitment to the UN Global Compact Principles and the UN SDGs, the Group has a zero-tolerance policy with regard to child labour and forced or compulsory labour amongst the delivery contractors, delivery drivers and suppliers that the Group conducts business with.

Our community involvement

Our store locations are right in the middle of communities, and our CSI and SED initiatives aim to improve our surrounding areas where our stores are located. Community support is part of the Company's DNA, hence the focus of our CSI and SED initiatives.

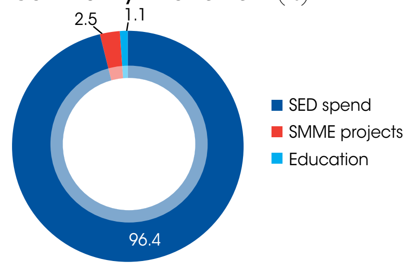
We have committed to several CSI, supplier development and entrepreneurial support initiatives, mainly focused on creating tangible mutual benefits. The growth in our Financial Capital allows us to invest more in our Social Capital. Our Human Capital is affected by these CSI and SED initiatives as it enhances the communities in which our employees live and where their children go to school. By investing in our delivery driver employment initiative, Social Capital is enhanced.

Cashbuild's total CSI and SED spend, which includes donations and social upliftment projects, amounted to R181.2 million (2021: R175.0 million), a 3.6% increase from the prior year.

The amount was spent as follows:

		% change	June 2022	June 2021
Number of schools contributed to		100.0	**224**	–
Value of school donations	R'000	100.0	**2 047**	–
SMME projects	R'000	82.7	**4 498**	2 462
Payments to delivery drivers	R'000	1.3	**174 700**	172 500
Total CSI and SED spend	R'000	3.6	**181 245**	174 962

The categories that were supported were as follows:



CSI and SED

A significant trigger point for many of these CSI and SED initiatives is the opening of new, relocation of existing, or the re-opening of refurbished stores. During each such event, an established sequence of activities takes place to provide maximum benefit for Cashbuild and the surrounding communities. Local community leaders are actively engaged by store management before and following the store opening.

As Covid-19 restrictions were being lifted throughout the 2022 financial year, Cashbuild's CSI and SED spend on various initiatives increased by 82.7% to R4.5 million.

Social Investment

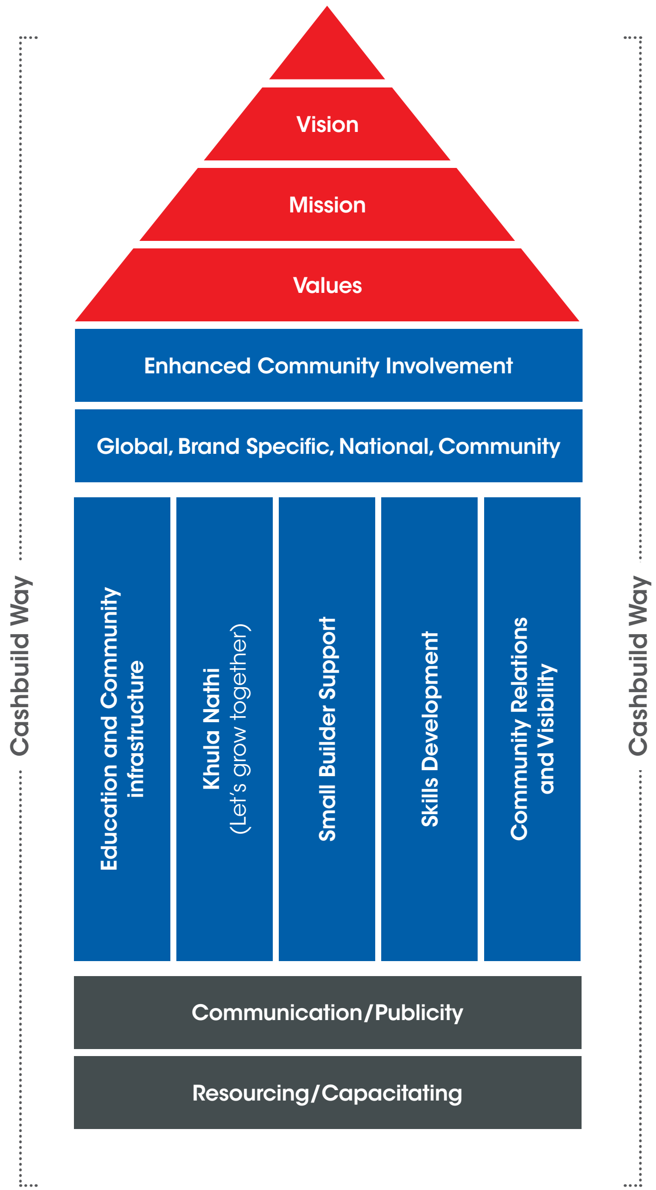
Cashbuild

Four years ago, Cashbuild developed and implemented a new streamlined CSI and SED strategy, which is now beginning to bear fruit.

The pillars of our CSI and SED strategy, which anchor our Group strategy, are complemented by a focus on education and community infrastructure, small builder support, skills development as well as impactful community relations and visibility initiatives that seek to leave a lasting legacy in communities where we trade.

Our newly built Mabopane Local Enterprise Centre is tenanted by seven small businesses drawn from the communities of Mabopane and Soshanguve. This is a significant milestone for Cashbuild in Mabopane as it fulfils the Group's stated mission to invest in communities where we trade. Our investment in Mabopane extends beyond just the building, but we have now provided training to the centre's tenants. The training was focused on ensuring that these tenants are equipped with the requisite skills and know-how to operate sustainable and viable businesses. This is in line with South Africa's National Development Plan (NDP). The plan envisages the creation of employment opportunities in this country. Small businesses must be supported and aided as this will create a thriving economy. The plan observes that SMME firms will play an important role in employment creation. Our efforts to create thriving local enterprises through our Khula Nathi programme is aligned with the country's national goals and we believe that it will play a role in helping the country achieve its stated objectives.

Our efforts to provide skills and know-how to the local enterprise were highlighted through workshops aimed at small, locally based Brick and Block Makers. This is step one towards our planned supplier development programme. Whilst we may not assist everyone who needs assistance with their small local-based block yards, we can ensure everyone has the correct information that they can use it to build their own business. During this reporting period, we hosted workshops in Daveyton, Tonga, Dwarsloop and Lichtenberg. The half-day workshops are typically attended by about ten local entrepreneurs and have relevant industry experts as speakers delivering meaningful content-rich talks.



Measuring our impact is probably the most critical aspect of our work. It links our set strategic objectives to our desired long-term goals. Impact measurement and monitoring help us direct our efforts into making the desired impact, refine our thinking and act as an expectation management tool. Impact monitoring further helps stakeholders develop a shared understanding of what we are trying to accomplish. Authentic change happens when our work is aligned with long-term goals, and authentic change is our final goal. This renewed focus on impact measurement helps us frame our thinking as we engage with communities and other partners because it acts as an evaluation tool for new projects and informs our planning for social intervention programmes. The road toward our final goal is usually long and complex. To arrive at our final destination, we must make many stops, take many steps, and overcome many challenges as we meander towards our final destination. This is our pathway of change. Certain preconditions must be met and therefore must exist, enablers must be in place as a signpost, and specific indicators must show that we are on the right path towards our final goal. On its own, our work as Cashbuild may not lead to the final destination, but our planned interventions must establish the preconditions necessary to arrive at our final goal.

Cashbuild continues to emphasise the impact of these CSI programmes. Mechanism and methodology are being applied to ensure that we do not get involved in CSI initiatives to tick the box. Still, there should be a demonstrable impact, and the real benefit must accrue to the host communities. Impact and long-term sustainability are fundamental principles guiding our community investment. To this end and to demonstrate this intent, Cashbuild continues to assist the community of Soweto in maintaining the soccer field donated three years ago. This involves maintenance and stipend paid to the two groundskeepers employed by the community to keep the facility in good order. Our efforts to create a thriving place are bearing fruit. In the township of Soweto, we set out to create a quality soccer pitch for local soccer teams and players, enabling the production of future sports stars whilst

Social Investment

keeping young people creatively engaged. More than 500 soccer matches have been played at this facility. The outdoor gym is very popular with all age groups, especially elderly ladies, to the point of being oversubscribed. Another exciting project launched during this reporting period is Sporting Chance. This is a programme where we donate sports kits to community-based teams. This is part of Cashbuild's effort to get young people off the street and onto the playing fields. During this reporting period, we donated 16 sports kits to clubs across the country, from Cape Town to Thohoyandou.

Our programmes to support glass cutters, delivery truck drivers, brick and block makers and building local enterprise spaces are vital in expanding and growing local economies. This helps create more employment opportunities as we redraw the contours of the social landscape from ubiquitous poverty and chronic joblessness to hope, economic vitality and a montage of other possibilities. The creation of thriving local enterprises is a force for social good whose fruits are harvested not only by Cashbuild but also by communities near our stores.

In 2018 Cashbuild was approached by Old Mutual to partner with the financial services group in a project to renovate five schools in Jane Furse, Sekhukhune District of Limpopo. Our partnership with Old Mutual has seen these schools' infrastructure improved to meet standards set by the Department of Education. This project benefited more than 4 000 school children in five different schools. Our investment in education is in line with the NDP. Chapter 9 of the NDP states that education, training and innovation are central to South Africa's long-term development. They are core elements in eliminating poverty and reducing inequality and the foundations of an equal society. Education empowers people to define their identity, take control of their lives, raise healthy families, take part confidently in developing a just society, and play an effective role in the politics and governance of their communities. Cashbuild is an important member of society and our investment seeks to better our communities and therefore our country.

Despite the limitations introduced by Covid-19 and associated lockdowns, Cashbuild continues celebrating International Mandela Day. During this reporting period and as part of this Day's celebration, we donated building materials for the renovation of a school in Malamulele in Limpopo. Khanani Primary School is situated in Menele Village, a poor community with few proper classes. Most of the parents work as domestic workers or are unemployed and depend on social grants from the Government. We donated building material to refurbish 11 classrooms, an administration block and an outside kitchen. This was done through a joint effort with the Limpopo Department of Education, which sourced a contractor to renovate the school. Due to Covid-19 and its associated Government lockdown regulations, Cashbuild's contribution was limited to only building material donations. There was no Cashbuild staff involvement as is the norm with the Nelson Mandela Day where the world gets to celebrate our international icon. The pandemic, which has enveloped the globe and paralysed the healthcare systems whilst crippling the global economy, has affected communities where we trade most profoundly. Whilst the temptation is to give handouts during this period as the unemployment and poverty levels rise, our focus remains on giving people a leg-up, not handouts. In Zebediela, we assisted the community in sustaining themselves through a community garden. This was in the form of garden tools needed to kickstart their vegetable garden in nearby schools. The project promoter is a youth non-governmental organisation founded by unemployed agriculture and urban planning graduates named Harvest. They have established a community garden with their knowledge and skill and their community garden at Phase One Mathibela Village at the Sekutupu Primary School and Mabolepu Secondary School. This project and similar work done in previous years will form a significant focus for Cashbuild as we try to improve the livelihoods of the communities we trade in.

P&L Hardware

P&L Hardware developed the Helping Hearts initiative that is similarly focused on education with focus placed on pre-primary schools. The initiative offers pre-printed colouring books and crayons provided to selected or area specific pre-schools as part of the launch of new, relocated and refurbished stores. P&L Hardware is fully prepared to kick-off with this exiting initiative that will take place with the opening of the new KwaThema store that has unfortunately been delayed. Similar to the Cashbuild Art@Heart initiative, celebratory functions, store accounts and donation signage will be provided to winning pre-schools as part of this upliftment programme.

Under the P&L Hardware Helping Hearts range of initiative programmes, Community Hero's was launched on 1 July 2022. This is a social media driven initiative that involves community members that we trade with, making this a community involvement programme for the community, by the community. It is a weekly incentive programme that we believe will entrench P&L Hardware as an active community member and will entrench our commitment that we have built-up over the past 40 years.

Case Studies

Hoza's Plant Hire, a local SMME trading at Mabopane Local Enterprise Centre

Hoza's Plant Hire is a business that hires tools, grinders, cut-off saws, drills, etc.

Ayanda Hoza, owner of Hoza's Plant Hire, said: "I would like to express our sincere gratitude for being part of this amazing project. We look forward to growing our operation on the premises. It's been a long journey, and we appreciate every effort and careful planning to ensure our business' safety and security.

The future is indeed in our hands, and we will use the opportunity as efficiently as possible; thank you!"

Kalafong Primary School – 565 learners

An existing block that was not very conducive to learning at the Kalafong Primary School, was converted into two classrooms which can also be used as a hall that accommodate functions and meetings for a large number of attendees. Kalafong Primary School now has paving around the only water tap on-site, creating better water run-off and no muddy conditions around the tap. This school obtained a new toilet block, and the two existing ones were upgraded to their full potential.

Ms Bogopa Dimakatso, Principal of the Kalafong Primary School, commented: "The renovations project led to a great improvement to the school since the school is very old and the buildings are not in a good condition for teaching and learning. Teaching is so easy these days, especially because the classes have electricity, and some of the equipment no longer needs to be moved from one class to another, e.g., projectors. Our kids enjoy their reading in a very beautiful and colourful library, and the classrooms look so fresh."

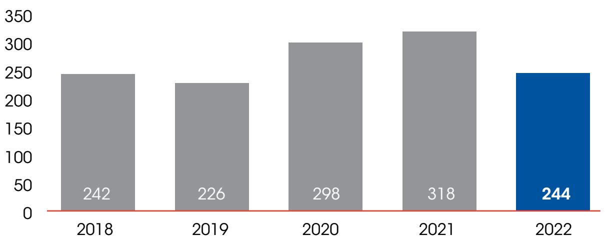
Social Investment

Opportunities for local artisans

The Group remains committed to its programme of supporting local artisans and entrepreneurs, including brick makers, glass cutters and glazers. This programme offers entrepreneurs the opportunity to produce products such as bricks, blocks and lintels, which are purchased and re-sold by Cashbuild. It also offers glass cutters and glazers the chance to work rent-free on Cashbuild premises.

This year Cashbuild has entered into a ground-breaking agreement with BEE123. The deal will see several local small black enterprises receive structured assistance, and the benefits will be realised in the coming years.

Number of glass cutters



Store openings and relocations

In the year under review, four (June 2021: 10) new stores were opened, which is below our targeted store openings in a year. The reason for this was that Cashbuild focused on renovating, and in some cases "rebuilding", the stores extensively damaged during the unrest in July 2021. As a result, 21 stores were refurbished during the year under review.

These new stores created between 14 and 20 new local employment opportunities per store opening.

For every new store we empower our communities in the following ways:

- new staff employed (58 people were employed in our four new stores during this financial year);
- local delivery drivers formally contracted by Cashbuild are provided with support in the development of their own enterprises; and
- local artisans (glass cutters, brick makers etc.) are trained and supported in the establishment and development of their own enterprises, either on the Cashbuild premises, or in close proximity to stores.

P&L Hardware opened no new stores during the period under review.

For every new, relocated and refurbished store opened, Cashbuild:

- donates R120 000 worth of building materials to various schools in the neighbouring community;
- awards, through the Group's Art@Heart programme, prizes to local scholars. Their artwork is displayed in the store for a period of six years; and
- actively engages, through the store management team, the local community leaders prior to and following the store opening.

P&L Hardware will be donating R26 000 through store accounts to the pre-primary schools, with the actual events costing the company more than R84 000 to host such an event. Other items making up the costs is packs for the children, school signage, and entertainment costs for the day.

The children's artwork, by means of a colouring-in book provided to them, will be displayed at the store for a period of three years.

Indigenous rights

The Group is committed to community engagement and makes every effort to respect and collaborate with local leadership structures, both elected and traditional (where relevant). In this regard, Cashbuild is not aware of any incidents of violation of indigenous rights, across any of its operations and in particular during the establishment of new stores, during the reporting period.

We employed 765 new employees in our stores to fill vacancies due to staff turnover and the total number of staff is marginally down on the previous year due to the closure of five stores.

Delivery driver contractors

Cashbuild's policy of free local deliveries provides a value-added service to customers and directly supports local entrepreneurship and employment creation. As at the end of the financial year, 332 (2021: 348) delivery drivers were contracted across the Group's stores. For this service Cashbuild spent R174.7 million (2021: R172.5 million), an increase of 1.3%.

P&L Hardware offers a free local delivery service to its customers. These deliveries are done via our own fleet and drivers employed by the company. We have an active drive to increase our delivery services to a company benchmark of 25% deliveries to sales as well as transactions concluded per store.

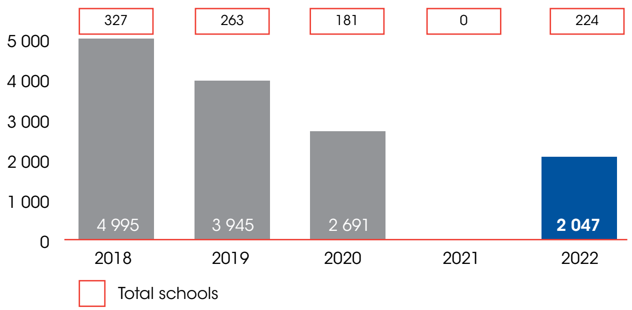
Social Investment

School donations

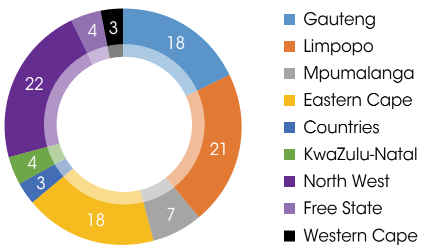
Cashbuild has, in conjunction with new store openings and/or re-openings, conducted a programme of donations of building materials to schools in each community in which such an opening or relaunch takes place. Access to these building materials is strictly controlled by the Cashbuild Store Manager, in order to ensure that they are used for the intended school improvement purpose. Since the inception of the programme, Cashbuild has donated building materials worth R48.5 million to 3 765 schools.

During the various Covid-19 lockdowns for the financial years ended 2020 and 2021, no school donations were made. We only started making donations to schools towards the end of the Third Quarter of the financial year ended 26 June 2022 when all Covid-19 restrictions were lifted.

School contributions (R'000)



School contributions by province and country (%)



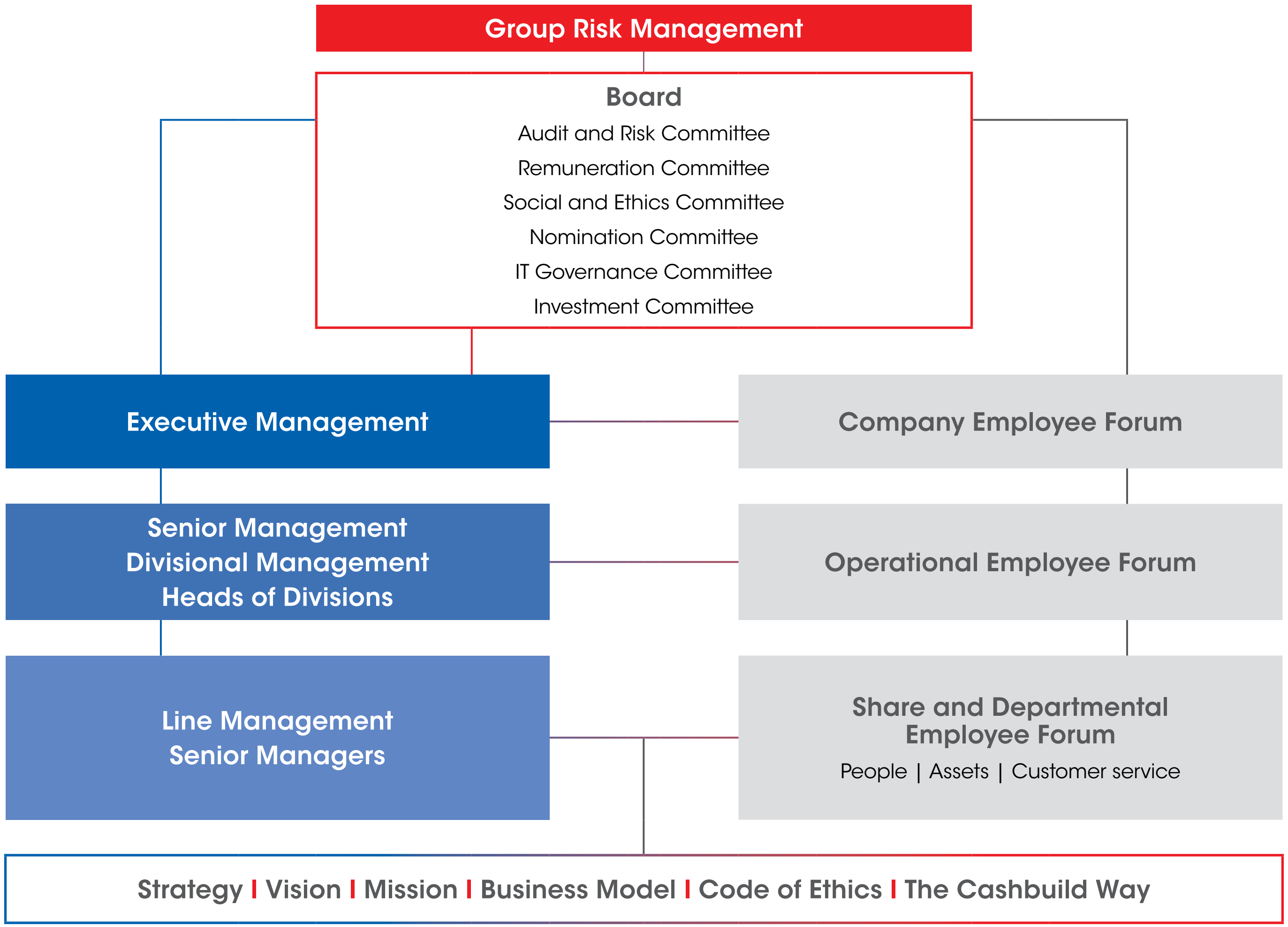
Governance

We believe that our governance practices are sound and comply with the JSE Listings Requirements, King IV™ as well as guidelines provided by the IIRC's International <IR> Framework in terms of reporting according to the Six Capitals.

There are no material changes to the contents of the governance section of the Integrated Report compared to the 2021 Integrated Report other than enhancements made.

Cashbuild endorses and continuously assesses the principles of King IV™ and, where applicable, tailors these as appropriate to the organisation.

Governance Framework and Structure at a Glance



Governance

King IV™ Application Assessment

The assessment of compliance against King IV™ Principles is available on the Cashbuild website.

The principles are:

	Description
1	Ethical leadership – The governing body should lead ethically and effectively.
2	Organisational values, ethics and culture – The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.
3	Responsible corporate citizenship – The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.
4	Strategy implementation and performance – The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.
5	Reports and disclosure – The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.
6	Primary role and responsibility of the governing body – The governing body should serve as the focal point and custodian of corporate governance in the organisation.
7	Composition of the governing body – The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.
8	Committees of the governing body – The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and the effective discharge of its duties.
9	Performance evaluations – The governing body should ensure that the evaluation of its performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.
10	Delegation to management – The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

	Description
11	Risk governance – The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.
12	Technology and IT governance – The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.
13	Compliance governance – The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.
14	Remuneration governance – The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.
15	Assurance – The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.
16	Stakeholders – In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

Governance

Board of Directors

Board responsibilities

The Board is accountable and responsible for the performance and affairs of the Group. The terms of reference outlining its responsibilities are contained in the Board Charter. The Board takes responsibility for guiding and monitoring compliance with all applicable laws, regulations and codes of business practice, maintains oversight over compliance and risk management, but delegates operational control to management.

The Board has delegated relevant matters to the Executive Directors and senior management based on detailed authority levels and believes it has full and effective control over the Group and oversight of management activities. The Board meets on a quarterly basis. All directors are encouraged to attend each meeting.

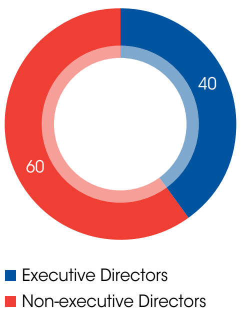
The directors are bound by, and comply with, the JSE Listings Requirements.

Board composition

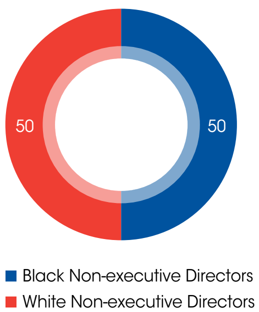
The Board operates a unitary board structure comprising four Executive and six Independent Non-executive Directors. The Chairman of the Board is an Independent Non-executive Director and the role of Chairman and Chief Executive is separated. The Nomination Committee reviews the composition of the Board annually, in accordance with the King IV™ recommendations and it considers the number of directors, and the collective knowledge, skills and experience required for conducting the business of the Board. The Nomination Committee is satisfied with the composition of the Board and its committees. The Non-executive Directors, who are trained and experienced, bring insight and expertise to Board deliberations. There is a policy in place which ensures a clear balance of power and authority at Board level and that no one director has unfettered powers of decision-making.

The Board acknowledges its responsibility towards equality and diversity at Board level. Cashbuild strives for a diversified Board that is not dominated by a specific grouping, be it race, gender or age, with due consideration of the Equity and Diversity Policy.

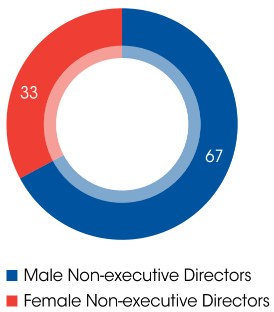
Directors (%)



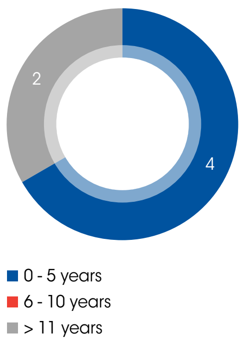
Demographics (%)



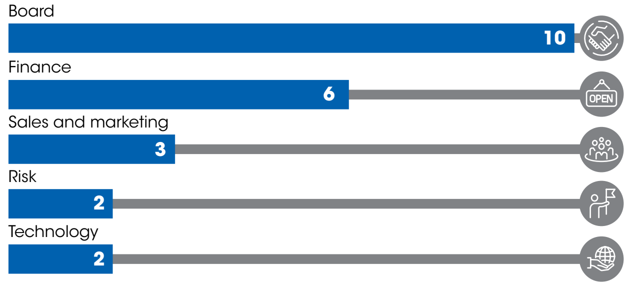
Gender (%)

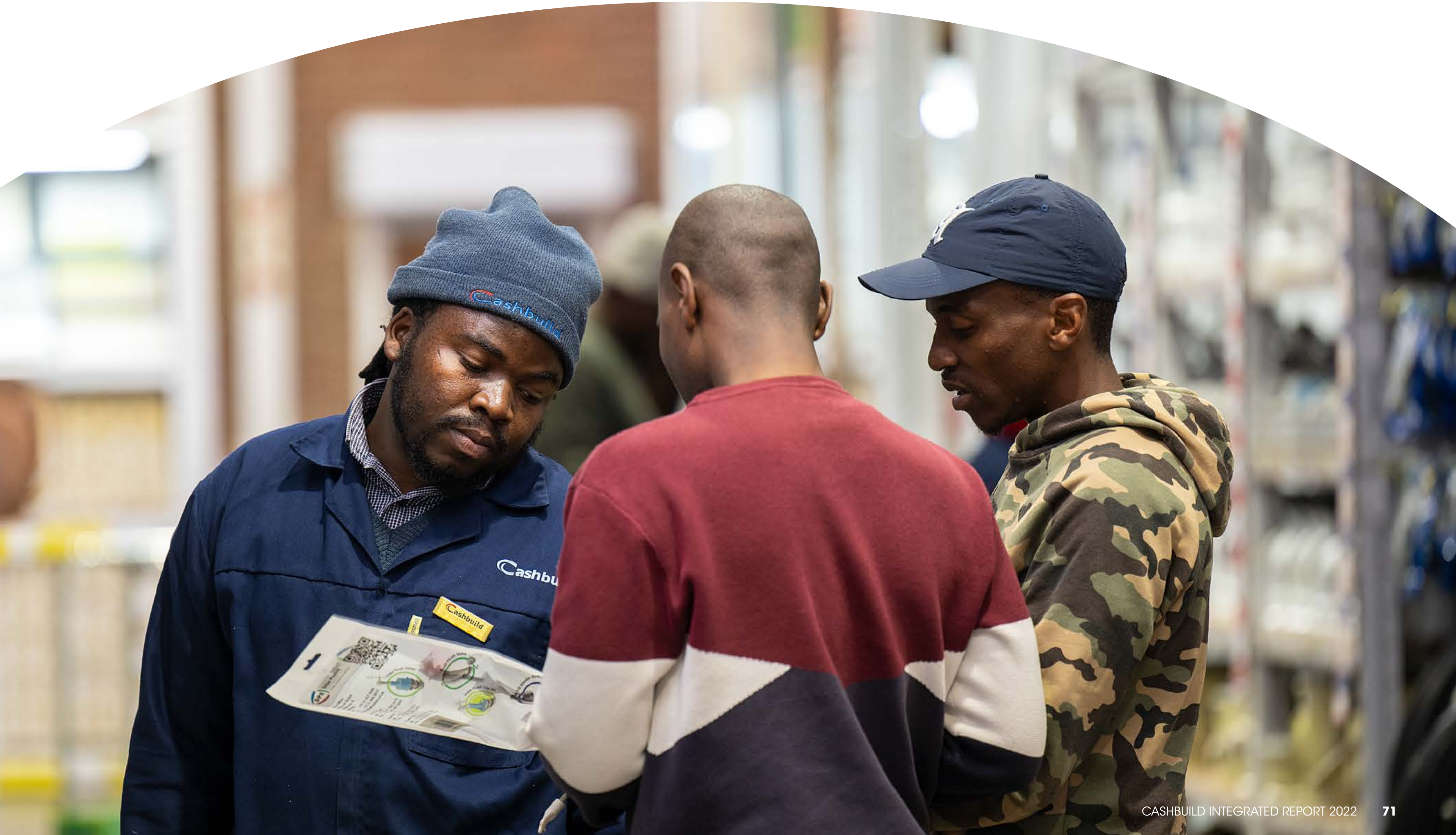


Non-executive Director tenures (%)



Director experience




Cashbuild

Governance

Board of Directors

Executive Directors

WF de Jager [51]

Chief Executive

CA(SA)

1 December 2004

Werner obtained his CA(SA) qualification in 1994 and completed his articles with PwC. He joined Cashbuild on 1 December 2004 as Financial Director. Prior to joining Cashbuild, he worked in the retail industry where he gained invaluable knowledge. On 1 March 2011, he was appointed Marketing and Procurement Director and on 1 March 2012, Chief Executive of the Group. Werner is a board member of the Global Home Improvement Network.

AE Prowse [58]

Group Financial Director

CA(SA)

1 March 2011

Etienne obtained his CA(SA) qualification in 1990 and completed his articles at Deloitte. He gained experience in various industries and joined Cashbuild in June 2005 as Financial Controller. He was appointed as the Group Financial Director of Cashbuild on 1 March 2011.

SA Thoresson [59]

Operations Director

27 March 2007

Shane joined Cashbuild on 22 August 2005 and has over 30 years of operations experience in the retail sector, over 20 years of which was in sub-Saharan African countries. He has worked for well-respected retail companies such as Woolworths, Foschini and the Mr Price Group.

WP van Aswegen [55]

Commercial and Marketing Director

CA(SA)

2 April 2018

Wimpie obtained his CA(SA) qualification and completed his articles at PwC. Wimpie joined Cashbuild in April 2008 as General Manager Creditors. In 2010 he became Procurement Executive. He was appointed as the Commercial and Marketing Director of Cashbuild on 2 April 2018.

AGW Knock [71]

Chairperson of the Board and the Nomination Committee

Pr Eng (ret), BSc (Eng) (Wits), MSc (Eng) (Wits), MDP (Cape Town)

1 July 2011

Alistair is a former board member of the Mining SETA, Chairman of the SAP African User Group NPO and the Minerals and Mining Standards Generating Body as well as Council Member of the Association of Mine Managers. He was appointed as Chairman of the Board effective 3 September 2019.

Board of Directors

Non-executive Directors

M Bosman (Mr) 65

Chairperson of the Audit and Risk Committee and of the Investment Committee

B.Acc (Hons) (SU), CA(SA)

1 March 2019

Marius was with the Shoprite group for more than 25 years, serving on the boards of the material subsidiaries and served as Shoprite Holdings' Chief Financial Officer from 2014 until his retirement in July 2018.

M Bosman (Ms) 51

B.Acc (Hons) (UJ), CA(SA)

1 August 2021

Melanie runs a consulting practice focused on the financial services. She is also a non-executive director of Escap SOC Limited (a subsidiary of Eskom), Land Bank Insurance Company and Land Bank Life Insurance Company SOC Limited, as well as an independent member of the Audit Committee of the Discovery Health Medical Scheme. She is a former board member of Credit Guarantee Insurance Corporation of Africa.

DSS Lushaba (Dr) 56

Chairperson of the Social and Ethics Committee and of the Remuneration Committee

BSc (Hons) (Zululand), MBA (Wales), DBA (UKZN), CD (SA)

1 July 2011

Simo is a Governance Specialist at the Institute of Directors of South Africa where he performs board assessments and director development programmes. He has 22 years of boardroom experience in different industries including mining, technology, waste management, sporting bodies and water utilities. His other directorships include GVSC (Pty) Ltd and Cricket South Africa. He worked for Transnet, Rand Water and Lonmin.

AJ Mokgwatsane 44

Integrated Marketing and Communications Diploma (AAA School of Advertising)

1 August 2021

Abey is the Group Chief Marketing Officer of Investec. His previous roles include that of Managing Executive: Brand and Communications of the Vodacom Group, CEO of Ogilvy South Africa, CEO of VWV Group, Group Marketing Manager of South African Breweries, and member of the Vodacom Foundation Board.

GM Tapon Njamo 44

Chairperson of the IT Governance Committee

BCom (UCT), CA(SA)

2 April 2018

Gloria completed her articles with PwC in 2004. She has over 15 years' leadership experience with working knowledge of operations in over 10 African countries. She has worked for JP Morgan, Woolworths Financial Services, Sturrock Grindrod Maritime, and GE Transportation Africa. She is currently the Head of Investor Relations at Santam.

Governance

Board appointments

The appointment of new directors is approved by the Board as a whole on the recommendation of the Nomination Committee. Directors are appointed through a formal and transparent process, outlined in the Board Charter, which includes the identification of suitable candidates and conducting background verifications prior to nominations. Executive Director appointments are formalised through an agreed contract of service between the Company and the director.

Directors have been and will be nominated based on their calibre, knowledge, experience and the impact they are expected to have, as well as the time and attention they can devote to their roles. New directors are taken through an induction programme and are provided with all the necessary background and information to familiarise them with issues affecting the Board.

Board meetings

The Board met five times during the year. The Chairman of the Board and the Chief Executive meet monthly. A strategy meeting involving all members of the Board is held annually. The Chairman of the Board and the Chief Executive, in consultation with the Company Secretary, takes responsibility for setting the agenda for each Board meeting. Board meetings are scheduled well in advance and management ensures that Board members are timeously provided with all the relevant information and facts necessary to enable them to meet their objectives and make well-informed decisions.

Board and Board Committee meetings attendance:

	Board	Audit and Risk Committee	Remuneration Committee	Social and Ethics Committee	IT Governance Committee	Investment Committee	Nomination Committee
Non-executive							
AGW Knock[1]	C - 5/5	I - 4/4	M - 3/3	I - 4/4	M - 4/4	M1 - 1/1	M - 2/2
M Bosman (Mr)	M - 5/5	C - 4/4	-	-	-	C - 2/3[2]	M - 2/2
M Bosman[3] (Ms)	M - 5/5	M - 4/4	-	M - 4/4	-	-	-
DSS Lushaba	M - 5/5	M - 4/4	C - 3/3	C - 4/4	-	-	-
AJ Mokgwatsane[4]	M - 5/5	I - 1/1	-	M - 4/4	M - 4/4	-	-
GM Tapon Njamo	M - 5/5	M - 4/4	M - 3/3	-	C - 4/4	M - 3/3	-
Executive							
WF de Jager	M - 5/5	I - 4/4	I - 3/3	M - 4/4	M - 4/4	M - 3/3	I - 2/2
AE Prowse	M - 5/5	I - 4/4	I - 3/3	-	M - 4/4	M - 3/3	-
SA Thoresson	M - 5/5	I - 4/4	-	-	I - 4/4	-	-
WP van Aswegen	M - 5/5	I - 4/4	-	M - 4/4	I - 4/4	I - 1/1	-

1 *Alistair Knock was co-opted as a member of the Investment Committee for a fixed period for the review and consideration of the TBC acquisition.*
2 *For the one meeting not attended, he was consulted telephonically and provided his inputs on the matter under discussion.*
3 *Appointed as Member of Social and Ethics Committee and Audit and Risk Committee with effect from 1 August 2021.*
4 *Appointed as Member of Social and Ethics Committee and IT Governance Committee with effect from 1 August 2021.*

C *Chairperson of the Board/Committee*
M *Member of the Board/Committee*
I *Attendance by invitation*

Independence of directors

King IV™ requires the Board to holistically review the independence of Non-executive Directors. The Board conducted the review for the financial year and was satisfied that all of the Non-executive Directors are independent of the Company. The matter of independence of directors is addressed during the recruitment process and revisited annually when directors are required to declare any conflict of interests. No conflict of interest or any factor hampering independence of any director has been identified during the 2022 financial year.

Governance

Board and committee performance evaluation

Cashbuild undertakes an annual Board evaluation, as recommended by King IV™. During the year under review, the internal evaluation process was conducted as follows:

- By the Chairpersons of the various Committees, using questionnaires completed by each member and attendee. The results of which were deliberated upon at each relevant committee, and presented to the Board for its consideration.
- By the Chairman of the Board using questionnaires completed by each member on the Board. The results of which were presented to the Board for its consideration.
- Through one-on-one discussions between the Chairman of the Board and each member of the Board. The results of which were reported on formally to the Board for consideration.
- By Board members (excluding the Chairman), evaluating the performance of the Chairman. The results of which were formally reported to the Board by the Chairman of the Remuneration Committee.

Each of the performance assessments indicated that the Board, its Committees, its members and its Chairman were performing their duties and responsibilities effectively and efficiently.

Directors' appointments and rotation

In terms of the MOI, one third of the Non-executive Directors retire by rotation every year and, if eligible and available, offer themselves for re-election by the shareholders at the Annual General Meeting. Amongst other matters, the Board considers the performance of each director due for re-election at the Annual General Meeting. Directors appointed during the financial year are required to be ratified by the shareholders at the first Annual General Meeting after their appointment. The details of the directors due for re-election, and directors appointed during the year are as reflected in the Notice of Annual General Meeting to be held on 28 November 2022.

The Board applies its Gender and Diversity Policy in filling directorship positions with a view of ensuring a balance of gender, race and ethnic diversity on the Board. Cashbuild reviewed its Board Gender and Diversity Policy during the 2022 financial year and reaffirmed its voluntary target as being that the Board should not be dominated by a specific grouping, be it race, gender or age.

Conflicts of interest and other directorships

The directors declare actual, potential and perceived conflicts of interest to their fellow directors and ensure that the declarations are included in the minutes of Board meetings. They also recuse themselves from the relevant Board meeting while their fellow directors deliberate on the specific matter.

Executive Directors do not hold directorships outside the Group and participate in various industry bodies and associations in different capacities. The Board believes that other directorships held by Non-executive Directors do not affect their ability to fully discharge their responsibilities as Cashbuild directors. Details of other directorships held by Cashbuild directors are provided on pages 72 and 73 of this Report.

Share dealings

The Company has a share dealings policy requiring all directors, management, prescribed officers and the Company Secretary to obtain prior written clearance from the Chairman (or the respective delegated individual) to deal in the Company's shares. Should the Chairman wish to deal in Cashbuild shares, he will in turn require prior written clearance from the Chair of the Audit and Risk Committee. Closed periods (as defined in the JSE Listings Requirements) are observed as prescribed. During these periods, the directors, management and employees are not permitted to deal in the Company's securities. Additional closed periods are enforced when the Group commences with a corporate activity and where a cautionary announcement (as defined in the JSE Listings Requirements) is published.

Legal compliance and compliance with applicable laws

The Board takes full responsibility for legislative and regulatory compliance in the Group. There were no cases of material legislative or regulatory non-compliance during the year and no penalty sanctions were imposed on the Group or any of its directors or officers during the year.

Cashbuild is:

- in compliance with the provisions of the Companies Act or laws of establishment, specifically relating to its incorporation; and
- operating in conformity with its MOI and/or relevant constitutional documents.

Access to information

Directors have full and unrestricted access to all relevant Company information. Non-executive Directors enjoy unrestricted access to the Executive Management Team and frequently meet with the Executive Management to discuss Group affairs. All directors have unrestricted access to independent professional advice at the Company's expense, by arrangement with the Group Financial Director and the approval of the Chief Executive.

Company Secretary

The Company Secretary provides guidance to the Board as a whole and to individual directors, in the ordinary course of the discharge of their responsibilities.

The Company Secretary is empowered to fulfil his duties and the Board is satisfied that the responsibilities of the Company Secretary are exercised in a meaningful and competent manner. The Company Secretary is not a director of the Company and maintains an arms-length relationship with the Board.

The Company Secretary is Mr T Nengovhela. The Board considered his competence, qualifications and experience at its meeting held on 30 August 2022, and is satisfied that he is competent and has the appropriate qualifications and experience to serve as the Company Secretary.

Governance

Board Committees

The directors have delegated specific functions to committees to assist the Board in meeting its oversight responsibilities. The committees all have documented mandates which are reviewed annually. The Chairman of each committee reports back to the Board on matters discussed in the committees at every Board meeting.

The Board has six committees, namely the:

- Audit and Risk Committee;
- Remuneration Committee;
- Nomination Committee;
- Social and Ethics Committee;
- IT Governance Committee; and
- Investment Committee.

All of the committees are chaired by an Independent Non-executive Director and operate in accordance with their respective terms of reference which are approved by the Board. The committees operate independently and report to the Board. Each committee is evaluated annually by its Chairperson using questionnaires completed by each member of the committee and reports the outcomes thereof to the Board.

Audit and Risk Committee

Audit and Risk Committee Members: Mr M Bosman (Chair); Ms M Bosman; Dr DSS Lushaba and Ms GM Tapon Njamo

Ms M Bosman was appointed as a member of the Audit and Risk Committee effective 1 August 2021.

In terms of the Companies Act, the members of the Audit and Risk Committee were individually elected at the Annual General Meeting on 29 November 2021. All Members of the Committee are standing for election at the Annual General Meeting to be held on 28 November 2022.

The Audit and Risk Committee appointed Deloitte as the new auditor in terms of the Mandatory Audit Firm Rotation ("MAFR"). The Group will therefore be compliant by 30 June 2023. The Committee will make a recommendation at the Annual General Meeting to be held on 28 November 2022.

The Audit and Risk Committee performs its statutory duties in accordance with section 94(7) of the Companies Act. Further details of the role, responsibilities and functions of the Audit and Risk Committee are set out in the Audit and Risk Committee Report on pages 96 to 99 of this Integrated Report.

Remuneration Committee

Members: Dr DSS Lushaba (Chair); Mr AGW Knock and Ms GM Tapon Njamo

The Remuneration Committee is responsible for providing an overview and oversight of the Remuneration Policy and related processes in meeting the strategy of the business. The scope of this responsibility includes incentive schemes, the pension fund, and medical aids associated with Cashbuild.

Further details pertaining to the responsibilities and functions of the Remuneration Committee are set out in the Remuneration Report on page 80 of the Integrated Report.

Nomination Committee

Members: Mr AGW Knock (Chair) and Mr M Bosman

The Nomination Committee is responsible for developing selection criteria and identifying appropriate candidates for appointment to the Board.

Further details of the role, responsibility and functions of the Nomination Committee are set out in the Nomination Committee Report on page 90 of the Integrated Report.

Social and Ethics Committee

Members: Dr DSS Lushaba (Chair); Ms M Bosman; Mr AJ Mokgwatsane; Mr WF de Jager and Mr WP van Aswegen

Ms M Bosman and Mr AJ Mokgwatswane were appointed as members of the Social and Ethics Committee effective 1 August 2021.

The Social and Ethics Committee operates in terms of section 72(8) of the Companies Act. The details pertaining to the Committee's duties, responsibilities and functions are set out in the Social and Ethics Committee Report on pages 48 to 53 of this Integrated Report.

IT Governance Committee

Members: Ms GM Tapon Njamo (Chairman); Mr AGW Knock; Mr AJ Mokgwatsane; Mr AE Prowse and Mr WF de Jager

Mr AJ Mokgwatsane was appointed as a member of the IT Governance Committee effective 1 August 2021.

The details pertaining to the responsibilities and functions of the IT Governance Committee are set out in the IT Governance Committee Report on page 89 of this Integrated Report.

Investment Committee

Members: Mr M Bosman (Chair); Ms GM Tapon Njamo; Mr WF de Jager and Mr AE Prowse

Ms GM Tapon Njamo was appointed as a member of the Investment Committee effective 1 August 2021.

The Investment Committee is responsible for assessing investment opportunities to ensure that the Group makes sound capital investments taking into account all risks pertaining to such transactions.

Governance

Executive Management

Executive Management responsibility

Authority has been granted by the Board to the Chief Executive, supported by the Executive Management Team, to determine and implement Group strategy. The Board is apprised of progress through Board meetings and communication with management.

Formal Executive Management Team meetings chaired by the Chief Executive are held once a week (every Monday) with members of the Executive Management Team invited on an "as required" basis to monitor and review progress and achievement of business objectives, which includes the appropriate discharge of corporate governance responsibilities in all areas of the business.

The Cashbuild Executive Management Team takes full responsibility for corporate governance within the Group and consists of Executive Directors and the following members:

Executive Management of Cashbuild

Samantha Bowen
Procurement Executive

Peter Champion
Human Resource Executive

Willie Dreyer
Operations Executive

André Havenga
Risk and Audit Executive

Disemelo Masala
Divisional Director

Zandile Matolo
Financial Director Cashbuild

Ian Mc Kay
Operations Executive

Gillian Mead
Finance Shared Services Executive

Tyron Myburgh
Operations Executive

Attie Nel
Procurement Executive

Hennie Roos
Operations Executive

Mark Scholes
Operations Executive

Hennie Steenberg
IT Executive

Roger Wentzel
Store Development Executive

Executive Management of P&L Hardware

Anton Hattingh
Divisional Director

Daniela Tatsis
Financial Director P&L Hardware

Jacques van Deventer
Store Development and Marketing Manager

Takie Nengovhela
Company Secretary

Governance

Succession/emergency planning and continuity of management

The Board regularly participates in the review of succession and/or emergency planning for key senior executive positions. The directors periodically discuss succession planning and are re-evaluating that, in the event of any executive and senior management transition, plans are in place to ensure a smooth transition.

No member of the Executive Management Team has given an indication of his/her intention to resign or retire between 26 June 2022 and the date of this Report.

Prescribed officers

Prescribed officers are defined as Cashbuild employees who:

- report to the Operations Director and/or are in charge of an operational business unit; and
- exercise general management control over members of Cashbuild senior management; or
- have general management control over a significant portion of Cashbuild's business defined; and
- are eligible for appointment as a director or prescribed officer in terms of section 69 of the Companies Act.

The prescribed officers during the period were Ms DS Masala and Mr A Hattingh.

Employee Forum

Employee Forum structure

Cashbuild's Employee Forum structure allows Store Representatives more direct access to the Senior and Executive Management Team.

Role of the Employee Forum

Employee Forum meetings are established to facilitate interaction and consultation between management and employees in the workplace. The role of the Store Employee Forum is to discuss and reach agreement on store and departmental specific issues with regards to operational results, shrinkage results, audit results, customer service issues, training needs, staff scheduling, succession planning, and general issues of concern raised by employees within the store or department.

The role of the Group Steering Committee is to ensure store forums are functioning effectively, discuss Group specific issues and any general issues of concern raised by employees within divisions but not resolved at divisional level are dealt with. This committee monitors, implements and ensures the achievement of agreed strategies.

It also forms the Training Committee for the Group to identify consolidated training needs in line with its strategy. The forum monitors implementation and achievement of agreed strategies, and forms the Group Employment Equity Committee to be consulted with by the Group as required by the Employment Equity Act. Employee Forums form an integral part of Cashbuild Governance Framework and aim to optimise the governance relationship between Cashbuild management and staff.

The Cashbuild Employee Forum constitutes the principal means of communication between employees and the Executive Management Team.

In addition, various mechanisms exist for employees and other stakeholders to engage directly with members of the Board (particularly non-executive). The most direct of these is the Group's Annual General Meeting. In extraordinary circumstances however, the possibility exists for stakeholders to engage directly with Non-executive Directors.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Remuneration Report

The Remuneration Committee (the Remco) strives to ensure that our Executive Directors through to our staff are fairly remunerated to ensure that we retain competent skills within the Group.

Remco

Chairperson

Dr DSS Lushaba

Members

AGW Knock; GM Tapon Njamo

Independence

All Remco members are Independent Non-executive Directors

Meetings

Three times per annum

Role and function

The Remco's role is delegated to it by the Board to ensure that:

- the Remuneration Policy is kept current;
- remuneration packages are in line with industry norm; and
- criteria for performance measurement and remuneration packages for Cashbuild's Executive Management team is maintained and updated.

In addition, the Remco:

- facilitates a transparent process of performance review and evaluation for Executive Directors on behalf of the Board;
- ensures that remuneration, in particular as it relates to Executive Management, is motivated by the dual criteria of delivering sustainable financial return to shareholders and the recognition and reward for outstanding performance; and
- ensures that executive compensation is linked to the achievement of both the organisation's financial and non-financial goals.

Responsibilities

The Remco's responsibilities include:

- that all positions are graded using the Patterson grading methodology;
- remuneration packages are benchmarked every three years by way of formal salary surveys using external remuneration specialists;
- Cashbuild's policy is to remunerate staff at the 50th percentile, with scarce skills being pitched at the 75th percentile; and
- that the Executive Directors' remuneration mix, in respect of "guaranteed pay" and "non-guaranteed/variable pay", is appropriate, so as to align the directors' interests with those of shareholders.

Assurance

The Remco is governed by good corporate governance principles and the Group's value statement. The Members of the Committee hereby confirm that they were diligent in exercising their duties of care and skill and that they have taken reasonable steps to ensure that they performed their duties in accordance with the Committee's mandate.

In terms of King IV™, the Company should obtain the endorsement of its shareholders pertaining to the Company's Remuneration Policy and the Implementation Report of this policy at the Annual General Meeting. If more than 25% of the total votes cast by the shareholders, present and by proxy, are against either resolution, the Company will issue an announcement on SENS inviting shareholders who voted against the Resolutions to meet with the Members of the Committee. The process to be followed will be set out in a SENS announcement (if applicable).

The Company's Remuneration Policy has remained consistent in all material respects with the prior year.

The Company's Remuneration Policy and Implementation Report received support from the shareholders at the most recent and prior Annual General Meetings as follows:

Percentage of "For" votes	29 November 2021	30 November 2020
Endorsement of the Remuneration Policy	**87.9%**	92.2%
Endorsement of the implementation of the Remuneration Policy	**88.0%**	92.3%

For the year, the Company remains open to engaging on "votes against" resolutions, on the basis of publicly available information.

Activities undertaken by the Remco during the year

During the year under review, the Remco reviewed the Remuneration Policy to ensure that it is aligned with applicable regulations and remuneration principles contained in the Group's value statement as well as corporate governance guidelines.

The Remuneration Report is aligned to the King IV™ Principles to articulate and demonstrate the link between strategy, value creation, performance and remuneration.

The Remco also reviewed the remuneration packages and structure of executives to ensure that they are competitive in the market and are aligned with shareholders' interests as well as with the Group's strategy and performance.

Remuneration Report

SECTION A

Remuneration Policy

In order to achieve the Group strategy and maintain the high performance expected of individuals within Cashbuild, the attraction, motivation and retention of staff at all levels is critical. Reward and recognition play an important role in the achievement of these objectives. All permanent employees potentially qualify for two salary increases per annum. The first one being in July of each year, aligned to the financial year, where an annual cost-of-living increase is given to all staff, irrespective of individual performance.

The average CPI percentage over the preceding 12 months plus an agreed factor is used as the basis for the calculation of the annual cost-of-living increase. This formula and final percentage cost-of-living increase is discussed with and agreed to by the Group Employee Forum. This year, the cost-of-living increase was implemented in July 2021.

The second potential salary increase is given over and above the annual cost-of-living increase, as agreed to with the Cashbuild Employee Forum. This rewards exceptional performance by individuals by means of a secondary salary increase in October and is based on agreed performance parameters. This increase varies between 1% and 3% for those that qualify.

In addition, there are monthly and quarterly bonuses that employees at stores can earn, based on store and divisional performance. An annual bonus is available to all store and divisional management, based on their areas' performance with Corporate Office and Support Office staff as well as Executive Management qualifying for annual bonuses based on the Group's results and performance.

Executive Employee Contracts

All Executive Directors and managers have employment contracts requiring one month's notice of resignation and do not contain any restraint of trade clauses in the ordinary course of business.

The Group has implemented a Malus and Clawback Policy during the financial year, the salient features of which are that the Policy forms part of the Group's Remuneration Policy and allows for the adjustment, reduction or recoupment of the variable incentive remuneration benefits awarded to participants, and sets out the circumstances where the Remco may:

- adjust or cancel benefits that have been awarded to participants before vesting and/or settlement of the award (Malus): and/or
- recover the cash value of the benefits or variable pay from participants after they have vested or settled to the participant (Clawback). The Clawback period is up to three years after the vesting or settlement of an incentive remuneration award.

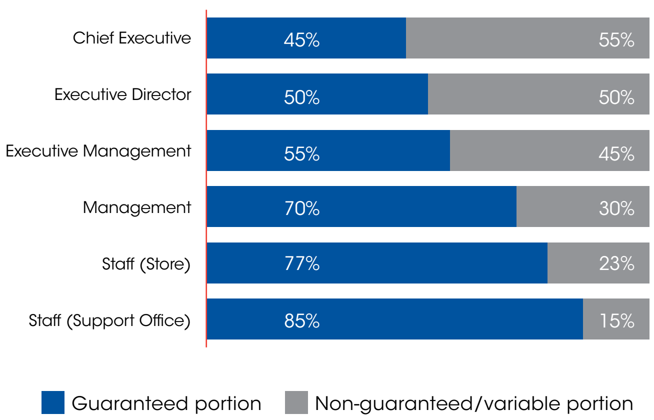
Remuneration Structure

Remuneration in the Group is structured between guaranteed and non-guaranteed or variable pay and the balance between these categories varies depending on the employee's Patterson grading within the organisation. Guaranteed pay consists of basic pay, allowances and employee benefits whilst the components of non-guaranteed pay consist of short-term incentives (STI), the bonus scheme for all staff and long-term incentives (LTI) comprising the Cashbuild Empowerment Trust, the Cashbuild Operations Management Member Trust and the Forfeitable Share Plan (FSP).

There are specific contract workers in the operations environment of the business whose remuneration structure consists of a base pay and performance-based commission.

The chart indicates the components of the remuneration structure for various roles of employees in the Group.

Remuneration Structure



Remuneration Report

Guaranteed Pay

Basic Salary

Management and staff are paid on a cost-to-company basis. The guaranteed cost-to-company package for all employees is set in line with the three-yearly salary survey conducted by an external remuneration specialist. The next survey is scheduled for the 2023 financial year.

Executive Directors and senior management packages are benchmarked against medium-sized market capitalisation companies on the JSE.

The rationale behind this benchmarking exercise is the retention of key members of the Company's Executive Directors and senior management.

The sustainability of the business is paramount in determining remuneration. The Board is satisfied that the current structure of remuneration for Executive Directors and senior management does not encourage increased or undue risk taking.

Details of all executive and Non-executive Directors' remuneration are detailed on page 85 of this Report.

The set performance of the Chief Executive is assessed against pre-defined performance criteria, by the Chairman and the Remuneration Committee, while the performance of Executive Directors and senior managers is evaluated against similar performance criteria set by the Chief Executive and reviewed by the Remuneration Committee. Any increases given over and above the July cost-of-living increase are directly related to the individual's performance as well as market remuneration levels.

Retirement Funds

Membership of the retirement fund is compulsory for all employees. The retirement fund is part of the Alexander Forbes Umbrella Fund. The fund has performed well in comparison to other such funds and benchmarks set. The fund is managed by a management committee that meets twice a year and consists of 50% employer and 50% employee elected representatives. In order to facilitate financial decision-making aligned to Group policies, the Group's Board Chairman, Chief Executive and Group Financial Director are employer elected members of this committee.

The P&L Hardware provident fund forms part of the Alexander Forbes Umbrella Fund, and benefits are aligned to those of the Group's.

Medical Aid

Membership of the medical aid scheme is voluntary. The medical aid schemes offered to the Group's employees are Discovery and Momentum. Approximately 2% of employees have elected to join these medical schemes and this level is consistent with that of the prior year.

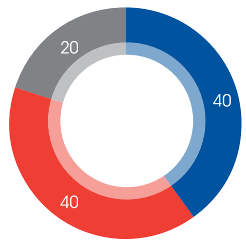
The sourcing of affordable health care, and the promotion of membership in medical schemes by employees remains a focus area. However, most staff, particularly in South Africa, have opted to not belong to the medical schemes on offer unless subsidised by the Group.

Short-Term Incentive Scheme (STI)

Operations management and staff participate in a monthly, quarterly and annual STI scheme which is directly related to the financial performance of their operating unit.

The criteria for these awards relate to sales, transaction and gross contribution targets. The Executive Directors' targets are set on the Group's performance. Management and staff targets are set on either Cashbuild or P&L Hardware performance depending on the area of responsibility. Once the criterion has been met and dependent on the occupational level, an incentive of between 9% and 50% of annual cost-to-company for employees is calculated, with stretch performance targets set allowing this to increase to 17% and 90%, respectively.

Composition of STI (%)



Financial objectives
Revenue
Gross profit
Profit before tax
2022 STI Awarded
Directorate – No
Cashbuild – No
P&L Hardware – No

Non-financial objectives
Project-based achievements predetermined for each individual during the year – provided the Group meets the profit before tax target
2022 STI Awarded – No

Personal objectives
Personal objectives set for each individual
2022 STI Awarded
This component is payable on individual achievement of agreed objectives irrespective of the Group's financial criteria set

Remuneration Report

Cashbuild Empowerment Trust

The philosophy of having all staff share in the success of the Group, and in so doing create a sense of belonging and ownership, is embodied in the Cashbuild Empowerment Trust to which all permanent staff, irrespective of seniority or length of service, belong. Additionally, it aligns the goals of staff with those of the shareholders.

This Trust owns 1 764 999 shares, 7.06% of the issued share capital at 26 June 2022, unchanged from 2021.

Dividends are paid twice per year to all members of the Trust on an equal basis. In the last financial year, a total of R49.4 million (2021: R17.2 million) was paid and shared between all permanent members of staff. Since inception in 2005, the Trust has disbursed a total of R334.6 million to staff.

Store Operations Management Member Trust

The Store Operations Management Member Trust was established in 2011. Its objectives are to:

- promote the continued growth and profitability of stores within the Group, and the growth of the Group, by recognising and rewarding qualifying members;
- empower and retain management members in the Group;
- foster an ethical mindset of ownership, responsibility and accountability within the Group; and
- promote Black Economic Empowerment and increase broad-based and effective participation in the Group by HDSAs.

This Trust pertains to management of stores, divisions and operational areas achieving predetermined targets for the financial year as set out in the trust deed. The managers of these areas receive a share of profits in excess of predetermined targets generated by their store, division or operations area, divided equally into cash and shares. The share portion will vest on the third anniversary of the financial year in which these were awarded, on condition that the employee is still employed by Cashbuild at the time of vesting. Dividends accrue to the individual from date of award.

Since inception in 2011, a total of R80.4 million has been earned by 328 store managers and divisional managers.

Scheme	Number of shares	Share and cash value	Employees qualified
2022	**4 337**	**R2.2 million**	**13**
2021	85 617	R47.4 million	123
2020	2 580	R0.7 million	7
2019	9 007	R5.1 million	27
2018	4 996	R3.2 million	21
2017	1 594	R1.1 million	16
2016	13 343	R9.5 million	56
2015	9 685	R5.8 million	35
2014	3 524	R1.2 million	8
2013	2 980	R0.2 million	3
2012	16 760	R4.0 million	19
Total	**154 423**	**R80.4 million**	**328**

Long-Term Incentive Scheme (LTI)

In line with local and global best practice, as approved by shareholders in 2015, Cashbuild has a share incentive plan, namely the Cashbuild Forfeitable Share Plan ("FSP") for Executive Directors, senior management and management at D2 Paterson grading and above.

Under the FSP, participants become owners of the performance shares and/or retention shares from the award date and immediately benefit from dividends and have shareholder voting rights in respect of the performance shares and/or retention shares over the vesting period. The shares cannot be disposed of by the participants prior to the vesting date and will be subject to forfeiture conditions until the vesting date.

The number of performance shares awarded to a participant is based on the participant's annual salary and grade.

Remuneration Report

The vesting of performance shares is subject to predetermined performance conditions and the employment conditions. The performance conditions are utilised as follows:

Criteria	Weighting of LTI	Threshold (30% vesting)	Target (100% vesting)
EPS	**50%**	**CPI +2% p.a. (i.e. 2% real growth p.a.)**	**CPI +10% p.a. (i.e. 10% real growth p.a.)**
Relative TSR	**30%**	**Median of peers***	**Upper quartile of peers***
ROCE	**20%**	**Cashbuild WACC**	**Cashbuild WACC +10% p.a.**
Total	**100%**		

* *Based on the constituents of the INDI+25 as at the award date.*

Linear vesting will be applied for performance between the above levels provided threshold has been achieved. The Remuneration Committee will set appropriate performance conditions, performance periods, employment conditions and employment periods as relevant for each award taking into account the business environment at the time of making the awards. These will be conveyed to the participant in their award letter. The rules of the FSP are flexible in order to allow for settlement in any of the following manners:

- by way of a market purchase of shares;
- use of treasury shares; or
- issue of shares.

The employer companies, as regulated by the recharge policy, remain responsible to procure the settlement of shares under the FSP to the participants employed by them at all times, at the expense and cost of the employer companies. In order to affect any forfeiture of awards, performance shares and retention shares are held by an escrow agent on behalf of the participants until the vesting date.

The maximum aggregate number of shares which may at any time be allocated in respect of this FSP together with the Group's existing share scheme to all participants shall not exceed 5% of the issued shares.

The maximum number of shares allocated to any participant in respect of all vested and unvested awards under the FSP together with the Group's existing share scheme shall not exceed 0.5% of the issued shares.

Limits apply to shares allocated in total over multiple award years, it is still not envisaged that any limits will be exceeded in the foreseeable future.

The Remuneration Committee may alter or vary the rules of the FSP as it deems fit. However, in the following instances, the FSP may not be amended without the prior approval of the JSE and a resolution by the shareholders of 75% of the voting rights:

- the category of persons who are eligible for participation in the FSP;
- the number of shares which may be utilised for the purpose of the FSP;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, settlement or vesting of an award;
- the voting, dividend, transfer and other rights attached to the awards, including those arising on liquidation of the Group;
- the adjustment of awards in the event of a variation of capital of the Group or a change of control of the Group; and
- the procedure to be adopted in respect of the vesting.

Remuneration Report

SECTION B

Remuneration

The remuneration of the Executive Directors and prescribed officers who served during the year under review was as follows:

R'000	Year	Basic salary	Bonus[1]	Shares vesting value	Expenses and travel allowance	Medical benefits	Company's pension scheme contributions	Total
Executive Directors								
WF de Jager	**2022**	**6 164**	**706**	**2 516**	**116**	**234**	**577**	**10 313**
	2021	5 742	6 184	247	100	200	536	13 009
AE Prowse	**2022**	**3 614**	**281**	**1 730**	**134**	**–**	**277**	**6 036**
	2021	3 428	2 923	165	137	–	263	6 916
SA Thoresson	**2022**	**3 269**	**255**	**1 573**	**131**	**–**	**287**	**5 515**
	2021	3 071	2 688	151	146	–	273	6 329
WP van Aswegen	**2022**	**3 066**	**248**	**1 326**	**200**	**–**	**290**	**5 130**
	2021	2 603	2 254	97	180	–	249	5 383
A Hattingh[2]	**2022**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2021	1 125	–	–	21	–	103	1 249
Total	**2022**	**16 113**	**1 490**	**7 145**	**581**	**234**	**1 431**	**26 994**
	2021	15 969	14 049	660	584	200	1 424	32 886
Prescribed officers								
A Hattingh[2]	**2022**	**2 894**	**110**	**1 361**	**50**	**–**	**264**	**4 679**
	2021	1 622	1 795	99	30	–	148	3 694
DS Masala	**2022**	**2 021**	**175**	**734**	**120**	**138**	**214**	**3 402**
	2021	1 922	1 838	74	140	124	204	4 302
Total	**2022**	**4 915**	**285**	**2 095**	**170**	**138**	**478**	**8 081**
	2021	3 544	3 633	173	170	124	352	7 996

[1] *Bonus accrued for the current year.*
[2] *Resigned as a Director and appointed as a prescribed officer with effect from 30 November 2020.*

Non-executive Directors

Non-executive Director fees are recommended by the Remuneration Committee, supported by the Board, and approved at the Annual General Meeting. Non-executive Directors are remunerated based on an annual retainer; per Board and Board Committee meeting attendance; and per hour for *ad hoc* governance meetings, dependent on the seniority of the committee and their position as member or chairperson.

The fees paid to the Non-executive Directors who served during the year under review are as follows:

Non-executive Directors	2022 R'000	2021 R'000
M Bosman (Mr)	**944**	475
M Bosman (Mrs)[1]	**711**	–
AGW Knock	**1 116**	728
Dr DSS Lushaba	**958**	598
AJ Mokgatswane[1]	**518**	–
GM Tapon Njamo	**856**	541
HH Hickey[2]	**–**	580
NV Simamane[3]	**–**	199
Total	**5 103**	3 121

[1] *Appointed 1 August 2021.*
[2] *Resigned effective 31 May 2021.*
[3] *Retired effective 30 November 2020.*

Remuneration Report

FSP Shares Awarded to Directors and Prescribed Officers

The table sets out the FSP awards granted to the Executive Directors and prescribed officers since inception of the FSP.

Executive Director	Scheme	Vesting date	Share price Rand	Awarded R'000	Vested R'000	Forfeited R'000	Balance at 26 June 2022 R'000	Number of shares at 26 June 2022
WF de Jager	Scheme 1	27/09/2019	408.37	3 467	693	2 774	–	–
	Scheme 2	04/12/2020	383.20	3 727	377	3 350	–	–
	Scheme 3	01/10/2021	285.06	4 579	2 516	2 063	–	–
	Scheme 4	07/10/2022	236.78	5 303	–	–	5 303	22 395
	Scheme 5	09/10/2023	219.44	6 114	–	–	6 114	27 860
	Scheme 6	04/10/2024	255.77	6 358	–	–	6 358	24 859
Total				29 548	3 586	8 187	17 775	75 114
AE Prowse	Scheme 1	27/09/2019	408.37	2 311	462	1 849	–	–
	Scheme 2	04/12/2020	383.20	2 485	251	2 234	–	–
	Scheme 3	01/10/2021	285.06	3 148	1 730	1 418	–	–
	Scheme 4	07/10/2022	236.78	3 306	–	–	3 306	13 961
	Scheme 5	09/10/2023	219.44	3 471	–	–	3 471	15 817
	Scheme 6	04/10/2024	255.77	3 610	–	–	3 610	14 113
Total				18 331	2 443	5 501	10 387	43 891
SA Thoresson	Scheme 1	27/09/2019	408.37	2 119	424	1 695	–	–
	Scheme 2	04/12/2020	383.20	2 277	230	2 047	–	–
	Scheme 3	01/10/2021	285.06	2 862	1 573	1 289	–	–
	Scheme 4	07/10/2022	236.78	3 005	–	–	3 005	12 692
	Scheme 5	09/10/2023	219.44	3 155	–	–	3 155	14 379
	Scheme 6	04/10/2024	255.77	3 282	–	–	3 282	12 830
Total				16 700	2 227	5 031	9 442	39 901

Remuneration Report

Executive Director	Scheme	Vesting date	Share price Rand	Awarded R'000	Vested R'000	Forfeited R'000	Balance at 26 June 2022 R'000	Number of shares at 26 June 2022
WP van Aswegen	Scheme 1	27/09/2019	408.37	1 356	271	1 085	–	–
	Scheme 2	04/12/2020	383.20	1 458	148	1 310	–	–
	Scheme 3	01/10/2021	285.06	2 413	1 326	1 087	–	–
	Scheme 4	07/10/2022	236.78	2 534	–	–	2 534	10 702
	Scheme 5	09/10/2023	219.44	2 661	–	–	2 661	12 124
	Scheme 6	04/10/2024	255.77	3 182	–	–	3 182	12 442
Total				13 604	1 745	3 482	8 377	35 268
Total Executive Directors				78 183	10 001	22 201	45 981	194 174
A Hattingh	Scheme 1	27/09/2019	408.37	1 391	278	1 113	–	–
	Scheme 2	04/12/2020	383.20	1 495	151	1 344	–	–
	Scheme 3	01/10/2021	285.06	2 477	1 361	1 116	–	–
	Scheme 4	07/10/2022	236.78	2 600	–	–	2 600	10 981
	Scheme 5	09/10/2023	219.44	2 730	–	–	2 730	12 441
	Scheme 6	04/10/2024	255.77	2 839	–	–	2 839	11 101
Total				13 532	1 790	3 573	8 169	34 523
DS Masala	Scheme 1	27/09/2019	408.37	1 034	207	827	–	–
	Scheme 2	04/12/2020	383.20	1 111	112	999	–	–
	Scheme 3	01/10/2021	285.06	1 336	734	602	–	–
	Scheme 4	07/10/2022	236.78	1 484	–	–	1 484	6 268
	Scheme 5	09/10/2023	219.44	1 558	–	–	1 558	7 102
	Scheme 6	04/10/2024	255.77	1 621	–	–	1 621	6 337
Total				8 144	1 053	2 428	4 663	19 707
Total prescribed officers				21 676	2 843	6 001	12 832	54 230
Grand total				99 859	12 844	28 202	58 813	248 404

^ These shares are subject to forfeiture restrictions based on the Group's performance.

Remuneration Report

Interests of Directors in the Share Capital of Cashbuild

The aggregate beneficial holdings of the directors of the Company and their immediate families in the issued ordinary shares of the Company are detailed below. There have been no changes in these shareholdings between 26 June 2022 and the date of approval of this report.

	Number of shares held			
	26 June 2022		27 June 2021	
	Direct	Indirect	Direct	Indirect
Beneficial				
WF de Jager	**13 548**	**–**	3 681	–
AJ Mokgwatsane	**1 135**	**–**	–	–
AE Prowse	**9 701**	**10 000**	2 287	10 000
SA Thoresson	**7 806**	**–**	1 639	–
WP van Aswegen	**6 249**	**–**	1 049	–
Total	**38 439**	**10 000**	**8 656**	**10 000**

There are no interests held by associates, and no non-beneficial shareholdings for the abovementioned directors.

Dr DSS Lushaba
Remuneration Committee Chair

30 August 2022

Information and Technology Governance Report

Information Technology is critical to the strategic transformation and organisational performance of Cashbuild. The Information and Technology Governance Committee (ITGov) strives to ensure that the IT application systems are well suited and maintained to adequately support and enhance the Group's strategic objectives.

ITGov

Chairperson

GM Tapon Njamo

Members

AGW Knock; AJ Mokgwatsane (effective 1 August 2021); WF de Jager; AE Prowse

Independence

Three of the ITGov members are Independent Non-executive Directors. As this is a committee of the Board and integral to the day-to-day operations of the Group, the Board is comfortable with the composition of the ITGov.

Meetings

Four times per annum

Role and function

The ITGov assists the Board in monitoring Cashbuild's governance and risk management of its responsibilities of the IT infrastructure.

Responsibilities

ITGov is responsible for the oversight of:

- the governance of Cashbuild's IT projects;
- the strategic alignment of IT with the business including collaboration of IT solutions to enable the business to achieve its objectives;
- the value delivery of IT focusing on optimising expenditure and proving the value of IT;
- risk management addressing the identification, assessment, monitoring and tracking of IT projects and Group-wide IT risks;
- IT resource management, which includes optimising IT knowledge and infrastructure; and
- business continuity management (BCM) plans formulated and validated through testing of the IT service continuity process.

Assurance

This report is prepared in accordance with the requirements of the Companies Act and describes how the ITGov has discharged its statutory duties in terms of the Companies Act and the additional duties assigned to it by the Board in respect of the financial year ended 26 June 2022. The ITGov is satisfied that it has fulfilled all its duties during the year under review and has made further progress in formalising all relevant policies and implementing identified plans.

Activities undertaken by ITGov during the year

During the year under review, the ITGov:

- continued monitoring the achievement of its objectives at its meetings held quarterly as IT governance is an integral part of Cashbuild's business;
- ensured that the appropriate IT risks and related business objectives were properly addressed;
- monitored the execution of the establishment of the rolling three-year IT Audit Plan identified during ongoing IT risk assessments conducted by the IT audit function, a service currently outsourced to Ernst & Young;
- continued to evaluate the best means of monitoring cyber-crime trends and the appropriate application of defenses to mitigate risks and threats;
- monitored the continued improvement of Cashbuild's cyber risk awareness and resilience;
- monitored the performance of the IT Project Management Office that serves to ensure effective management of IT project deliverables that are presented quarterly to the ITGov to ensure that the IT projects deliver value to the business for the benefit of improved client experience and are linked to the business strategy;
- continuously refined and improved Cashbuild's integrated Active Retail and SAP All-in-One solutions. Business imperative items received continued and focused attention including daily balancing of transactional data between Active Retail and SAP;
- monitored the execution of the IT Strategy and ensuring alignment to the Group's Business Strategy;
- monitored the performance and improvement of key IT service delivery components, ensuring alignment to the Group's IT services requirements;
- continued monitoring of the requirements for PCI Compliance, thereby ensuring that card holder data is effectively secured to prevent unauthorised dissemination of information;
- agreed to defer the execution of the annual Disaster Recovery fail-over tests to a later date in 2022 to accommodate the implementation of business-critical enhancements;
- monitored the planning of the schedule associated with the SAP S4/HANA roadmap;
- monitored the adequacy of the toolsets and virtual applications which empower personnel to work efficiently within the structure of a hybrid working environment; and
- monitored the continued guidance and education of personnel regarding the risks relating to data privacy and security awareness.

GM Tapon Njamo
Information and Technology Governance Committee Chair
30 August 2022

Nomination Committee Report

The Nomination Committee (the Nomco) has an independent role and ensures that the Board has the appropriate composition; that directors are appointed through a formal process; that directors' induction and the ongoing training and development of directors takes place; and that formal succession (and emergency) plans for the Board, Chief Executive, Executive Directors and Executive Management are in place.

NOMCO

Chairperson

AGW Knock

Members

M Bosman (Mr)

Independence

All committee members are Independent Non-executive Directors.

Meetings

At least two per annum

Responsibilities

The Nomco's responsibilities include:

- Recommendations to the Board on the appointment and re-appointment of Executive and Non-executive Directors; including the assessment of the appropriate balance between Executive and Non-executive Directors.
- Ensuring the establishment of a formal process for the appointment of Non-executive Directors, the Chief Executive and the Group Financial Director.
- Annually reviewing the independence of Non-executive Directors, taking into account all applicable corporate governance requirements.
- Assessing succession planning at Executive and Senior Management levels. The Chief Executive, in consultation with the committee, is responsible for ensuring that adequate succession (and emergency) plans are in place.
- From time-to-time, reviewing the Board structure, size and composition.
- Recommendation of the directors retiring by rotation for re-election at the Annual General Meeting.
- Overseeing the development of a formal induction programme for new directors and a continuous development programme for directors.

Assurance

The Nomco is governed by good corporate governance principles and the Group's value statement. The Members of the Nomco hereby confirm that they were diligent in exercising their duties of due care and skill and that they have taken reasonable steps to ensure that they performed their duties in accordance with the Committee's mandate.

Activities undertaken by the Nomco during the year

The Nomco reviewed amongst others:

- emergency plans for the positions of Chief Executive, Group Financial Director, Commercial and Marketing Director, Operations Directors, Executive Management and satisfied itself, and the Board, that adequate plans were in place in this regard;
- the Board and Chairman succession plans and recommended them to the Board for adoption; and
- the Group's policy on diversity and satisfied itself of its adequacy and relevance.

AGW Knock
Nomination Committee Chair

30 August 2022

4 ANNUAL FINANCIAL STATEMENTS

"Even though the trading performance is down from the record year experienced by the Group in 2021, we managed to control our costs exceptionally well.

Cash flow was also down on the prior year as we invested in stock to counter supply chain disruptions brought on by the Covid-pandemic, looting in KZN and Gauteng as well as paying a higher 2021 final dividend in this financial year.

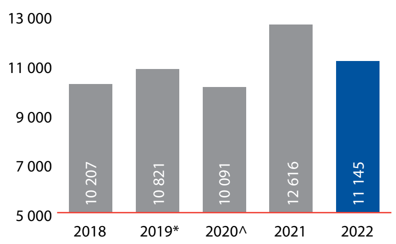
Our balance sheet remains strong and we were able to improve our dividend cover policy from 2.0 times to 1.5 times."

Etienne Prowse
Group Financial Director

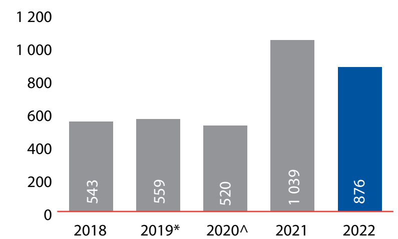
Five-Year Performance Review

The management of Cashbuild's Financial Capital is pivotal to the sustainability of the Group in order to generate continued profits which enables Cashbuild to utilise funds towards expansion and growth of the business. The growth of Financial Capital is dependent on all of the other Capitals functioning optimally.

Revenue (Rm)



Operating profit (Rm)



Year ended June		2022	2021	2020	2019	2018
		52 weeks	52 weeks	52 weeks	53 weeks	52 weeks
Group Income Statement						
Revenue	R'm	**11 145**	12 616	10 091	10 821	10 207
Profit before tax	R'm	**787**	968	394	613	594
Earnings attributable to owners of the Company	R'm	**474**	665	267	427	421
Group Statement of Financial Position						
Total assets	R'm	**6 637**	7 332	6 346	3 995	4 300
Total equity	R'm	**2 365**	2 588	2 155	2 187	1 917
Total liabilities	R'm	**4 272**	4 744	4 191	1 807	2 383
Group Cash Flow						
Net cash from operations	R'm	**846**	1 506	2 108	(42)	609
Working capital movements	R'm	**(389)**	102	1 242	(532)	71
Capital investment	R'm	**(263)**	(196)	(171)	(196)	(302)
Key performance statistics						
Returns and profitability						
Revenue per employee	R'000	**1 806**	2 022	1 624	1 719	1 616
Operating profit margin	%	**7.9**	8.2	5.2	5.2	5.3
Profit before tax margin	%	**7.1**	7.7	3.9	5.7	5.8
Profit before tax per employee	R'000	**128**	155	63	97	94
Basic EPS	cents	**2 095**	2 936	1 177	1 881	1 852
Basic HEPS	cents	**1 929**	2 873	1 138	1 910	1 867
Total dividend per share	cents	**1 264**	2 935	707	855	842
NAV per share^	cents	**9 350**	10 212	8 470	8 636	7 561
Return on shareholders' funds	%	**19.4**	20.4	14.2	20.8	23.4
Return on average capital employed	%	**35.4**	37.5	15.0	24.1	23.7
Total asset return	%	**12.5**	15.2	10.1	13.5	13.8
Total assets per employee	R'000	**1 076**	1 175	1 021	638	681
Solvency and liquidity						
Dividend payout ratio	%	**67**	100	50	50	50
Current ratio	times	**1.3**	0.9	1.2	1.2	1.2
Total liabilities to total shareholders' funds	times	**1.8**	1.9	2.0	0.8	1.3
Interest-free liabilities to total assets	times	**0.6**	0.6	0.7	0.5	0.6
Share performance						
Market value per share						
– At year end	cents	**25 744**	27 700	14 200	26 715	31 439
– Highest (year to June)	cents	**31 189**	34 599	28 200	30 900	50 477
– Lowest (year to June)	cents	**22 355**	13 501	10 101	24 500	31 000
PE ratio at year end	times	**12.3**	9.4	13.3	15.6	18.7
Market capitalisation – at year end	R'm	**6 433**	6 922	3 548	6 676	7 857
Volume traded (year to June)	'000	**10 103**	9 551	14 543	8 150	7 120
Weighted number of shares	'000	**22 621**	22 642	22 722	22 716	22 711
Issued shares at end of June	'000	**24 990**	24 990	24 990	24 990	24 990
Other statistics						
Number of employees		**6 170**	6 238	6 213	6 295	6 316
Number of stores		**318**	319	318	315	318

^ Based on ordinary number of shares in issue

Directors' Responsibilities and Approvals

The directors are required in terms of the Companies Act, No. 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the Group's Annual Consolidated and Separate Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Group's Consolidated and Separate Financial Statements fairly present the state of affairs of the Group as at the end of the reporting period and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditor is engaged to express an independent opinion on the Group's Consolidated and Separate Financial Statements.

The Group's Annual Consolidated and Separate Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. The Group endeavours to minimise operating risk by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors of the company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The directors have reviewed the Group's cash flow forecasts for the period up to 26 June 2023 and, in light of this review and the current financial position, they are satisfied that the Group had access to adequate resources to continue in operational existence for the foreseeable future.

The Group's Annual Consolidated and Separate Financial Statements set out on pages 114 to 177, which have been prepared on the going concern basis under the supervision of the Group Financial Director, Mr A E Prowse CA(SA), were approved by the Board of Directors on 30 August 2022 and were signed on their behalf by:

Alistair Knock
Chairman

Werner de Jager
Chief Executive

30 August 2022

Audit and Risk Committee Report

Introduction

The Audit and Risk Committee has pleasure in submitting this report, as required by section 94 of the South African Companies Act, No. 71 of 2008, as amended and the JSE Listings Requirements. The Audit and Risk Committee acts for the Company and all its subsidiaries and is accountable to the Board and the shareholders. It operates within a documented terms of reference and complies with all relevant legislation, regulations and governance codes and executes its duties in terms of the requirements of the King Report on Corporate Governance.

The performance of the Audit and Risk Committee is evaluated against its terms of reference on an annual basis and the Committee was assessed to be working satisfactory and effectively during the current year.

The Audit and Risk Committee consists of four independent non-executive directors:

M Bosman (Mr) (Chairperson)
M Bosman (Ms)
Dr DSS Lushaba
GM Tapon Njamo

Meetings held by the Audit and Risk Committee

The Committee held four meetings during the year under review. Attendance has been set out on page 102 of the Integrated Report.

The internal and external auditors also attended all of the Committee meetings during the year ended 26 June 2022 and reported their activities and findings at these meetings. The Chairperson of the Board, Executive Directors and relevant Senior Managers attended these meetings.

Each Audit and Risk Committee meeting concludes with a confidential meeting between the Committee Members, Non-Executive Directors and the Internal and External auditors, as well as another confidential meeting held with the Chief Executive and Group Financial Director. The Committee chairperson also meets separately with external and internal auditors between committee meetings.

Functions of the Committee

Responsibilities and duties

The Audit and Risk Committee fulfils its responsibilities and duties as set out in its terms of reference.

The oversight role of the Audit and Risk Committee includes:

- reviewing the interim and year-end financial statements and Integrated Report and making recommendations to the Board;
- reviewing the external audit reports, relating to the review of the interim financial statements and audit of year-end financial statements;
- assessing the external auditor's independence and performance;
- approving the audit fees in respect of both the interim review and year-end audit;
- specifying guidelines and authorising contract conditions for the award of non-audit services to the external auditors;
- reviewing the internal audit and risk management reports and making recommendations to the Board, where necessary;
- ensuring that a combined assurance model has been applied to provide a co-ordinated approach to all assurance activities;
- evaluating the appropriateness and effectiveness of risk management, internal controls and the governance processes;
- dealing with concerns relating to accounting practices, internal audit, the audit or content of Annual Consolidated and Separate Financial Statements and internal financial controls; and
- reviewing the solvency and liquidity tests and going-concern statements and recommending proposals to the Board in respect of interim and final dividends.

Audit and Risk Committee Report

Functions of the Committee continued

External auditor

Independence

During the period under review, the Audit and Risk Committee reviewed the independence of the auditor.

PricewaterhouseCoopers Incorporated (PwC) was the Group's external auditor with Mr AJ Rossouw as the independent individual registered auditor. The Committee satisfied itself of PwC's independence before recommending its re-election to the shareholders with the prior support of the Board.

The independence assessment was made after considering the following:

- confirmation from the external auditor that all their partners, team members, or their immediate family, do not hold any direct or indirect financial interest or have any material business relationship with Cashbuild. The external auditors also confirmed that they have internal monitoring procedures to ensure their independence;
- the auditor does not, other than in their capacity as external auditors for rendering permitted non-audit services, receive any remuneration or other benefits from Cashbuild;
- the auditor's independence was not prejudiced as a result of any previous appointment as auditor. In addition, an audit partner rotation process is in place in accordance with the relevant legal and regulatory requirements;
- the criteria specified for independence by the Independent Regulatory Board for Auditors;
- the audit firm and the designated auditor are accredited with the JSE; and
- PwC submitted reports relating to quality assessment reviews undertaken internally and by the Independent Regulatory Board for Auditors and the Public Company Accounting Oversight Board, together with progress on any remedial actions necessary. There are no significant matters to report to the shareholders in this regard.

The re-appointment of PwC as external auditor and Mr AJ Rossouw as the independent individual registered auditor of the Group was confirmed by the shareholders at the Annual General Meeting held on 29 November 2021.

The Audit and Risk Committee, after completing a formal mandatory auditor rotation evaluation process recommends the appointment of Deloitte as external auditor for the 2023 financial year. Deloitte, in preparation for its appointment and to ensure a smooth transition, has been shadowing PwC during the 2022 financial year's audit of the year-end results. The appointment of Deloitte as external auditor will be put to a shareholders vote at the Annual General Meeting in November 2022.

External audit fees

The Audit and Risk Committee:

- determined, in consultation with management, the interim review and audit fee and engagement terms for the external auditors for the June 2022 financial year;
- reviewed and approved the non-audit services fees for the period under review and ensured that the fees were within limit and in line with the non-audit services policy; and
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services.

External audit performance

The Audit and Risk Committee:

- reviewed and approved the external audit plan, ensuring that material risk areas were included, and that coverage of the significant business processes were acceptable; and
- reviewed the external audit reports and managements' response, and considered their effect on the financial statements and internal financial controls.

The Committee confirms that the external auditor has functioned in accordance with the committee's terms of reference for the year ended 26 June 2022.

Key audit matters

The Audit and Risk Committee has considered the matters noted in the independent auditor's report and reviewed the process followed by the auditor. Discussions have taken place with management, and the Committee is satisfied that the procedures followed by management are appropriate to address the matters noted, being the accuracy of supplier rebates.

Financial statements

Responsibility

The Committee reviewed the Annual Consolidated and Separate Financial Statements, including the public announcements of the Group's financial results for the year ended 26 June 2022, and made recommendations to the Board for their approval. During its review, the Committee:

- took appropriate steps to ensure that the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS);
- considered the appropriateness of accounting policies and disclosures made; and
- completed a detailed review of the going concern assumption, confirming that it was appropriate in the preparation of the financial statements.

The Committee was not required to deal with any complaints relating to accounting practices, Internal Audit, the content and audit of the financial statements, nor the internal financial controls and related matters.

Expertise and experience of Group Financial Director

As required by JSE Listings Requirement 3.84(h), the Audit and Risk Committee has satisfied itself that the Group Financial Director, Mr A E Prowse, has the appropriate expertise and experience to meet the responsibilities of his appointed position as required by the JSE Listings Requirements.

Audit and Risk Committee Report

Functions of the Committee continued

Adequacy of finance function

The Audit and Risk Committee has considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

Quality of earnings

The reconciliation between attributable earnings and headline earnings is set out in note 28 of the Annual Consolidated and Separate Financial Statements.

Internal controls

The Cashbuild Way

Internal controls within Cashbuild are based on established policies and procedures contained in The Cashbuild Way policies and procedures. The Cashbuild Way is aligned with ISO 9001 principles and provides an uniform Company-wide standard regarding the defining, implementation and maintenance of policies, procedures and templates within all Cashbuild support and operational areas. Internal controls as contained in The Cashbuild Way are communicated throughout the Group and form the baseline of training provided to staff members.

Internal Audit team

The internal audit function within the Cashbuild Group consists of a team of 30 members with three auditors and an internal audit manager dedicated to support-office based audits, and 21 auditors dedicated to the auditing of key processes at stores. Two internal audit managers and three senior internal auditors take responsibility for quality assurance within the internal audit function. A Senior Internal Auditor assists the Audit and Risk Executive with monitoring and reporting on Issues Management (e.g. tip-offs, burglaries and robberies, OHASA incidents etc.). Cashbuild's Risk and Audit Executive reports administratively to the Chief Executive with a functional reporting line to the Chairman of the Audit and Risk Committee. Internal Audit results are reported to the Audit and Risk Committee with emphasis placed on areas of high risk requiring management attention as identified in terms of non-compliance to key controls.

Internal Audit approach and methodology

Cashbuild's internal audit approach and methodology is risk based in that key controls addressing identified business control risks are the focus areas driving Internal Audit service delivery. Cashbuild has a 95% target for compliance to key controls designed to mitigate business risk and diligently monitors achievement of this target through review and follow up of internal audit results. Detailed audit results are shared with store and line management for follow-up and correction.

In terms of the King Report on Corporate Governance, Internal Audit provides a written assessment on the effectiveness of the Group's system of internal control and risk management. This assessment is addressed specifically to the Audit and Risk Committee.

Service delivery by the Group Risk Management department, which includes risk management, issues management and internal audit, aims to achieve the following best practice guidelines during performance of its internal control assessment process:

- identify strategic, sustainability, operational, compliance and financial objectives;
- assess risks that prevent the achievement of these objectives; and
- perform tests and gather evidence relating to the internal controls in place to manage these risks and the adequacy and effectiveness of such internal controls.

The content of the quarterly Audit and Risk Committee reports are designed in such a way as to provide the necessary information to members of the Audit and Risk Committee to obtain a level of assurance on the Group's system of internal control and risk management. In order to do this, the content of each quarterly Audit and Risk Committee report is aimed at providing the reader with enough information on the following topics:

- the scope of internal auditing activities, which includes the appropriate level and quality of work based on the Group's risks;
- the cycle on which audit plans are based;
- consideration of the control components and limitations of control;
- the status of follow-up activities;
- a discussion of serious problems and solutions; and
- the overall assessment statement for the period.

Risk management

The Board is responsible for risk governance within the Group. Responsibility for the monitoring thereof has been allocated to the Audit and Risk Committee.

Cashbuild management is responsible for the design, implementation and maintenance of a risk management approach, methodology and systems. Monitoring of the status of risks is the responsibility of management risk owners. Formalised monitoring and updating on the status of risks by the Executive Management team takes place on a quarterly basis during scheduled Group risk management review workshops.

Integrated Report

The Committee fulfils an oversight role regarding Cashbuild's Integrated Report and the reporting process. Accordingly, it has considered and assessed the consistency with operational, financial and other information known to the Audit and Risk Committee members, as well as the Annual Consolidated and Separate Financial Statements.

Audit and Risk Committee Report

Combined assurance

Cashbuild's combined assurance framework has the objective of aligning assurance processes and assurance service delivery throughout the Group to maximise risk and governance oversight and control efficiencies, and optimise overall assurance to the Audit and Risk committee. This is achieved through effective coordination across management being the first line of defence and assurance providers (internal and external to the Group) being the second and third lines of defence.

Internal Assurance Activities (second line of defence) such as maintenance of policies and procedures contained in the Cashbuild Way, training of staff, oversight and risk management performance and reporting remains the responsibility of management. Internal controls within Cashbuild are based on established policies and procedures contained in The Cashbuild Way. The Cashbuild Way is aligned with ISO 9001 principles and provides a uniform Company-wide standard regarding the defining, implementation and maintenance of policies, procedures and templates within all Cashbuild support and operational areas. Internal controls as contained in The Cashbuild Way are communicated throughout the Group and form the baseline of training provided to staff members.

The third line of defence refers to Independent Assurance Activities providing independent and objective assurance of the overall adequacy and effectiveness of risk management, governance and internal control within Cashbuild. This is predominantly the role of internal audit, external audit and other credible assurance providers. Oversight Committees, such as the Audit & Risk Committee, are appropriately mandated to perform an oversight of the efficiency and effectiveness of Risk Management, Internal Control and Combined Assurance processes or elements thereof in Cashbuild, and has the duty of keeping the Board informed of the status thereof. This mandated responsibility is duly executed by the Audit and Risk Committee.

Financial statements

The Directors' Report is set out in pages 101 to 105.

External audit

The Independent Auditor's Report is set out on pages 106 to 113.

Quality

PwC submitted reports relating to quality assessment reviews undertaken internally and by the Independent Regulatory Board for Auditors (IRBA) and the Public Company Accounting Oversight Board, together with progress on any remedial actions necessary for the 2022 interim period and year-end.

The Audit and Risk Committee reviewed the following in terms of the Listings Requirements:

- A summary report of the most recent IRBA inspection policy report and decision letter from IRBA, the findings report and a copy of the proposed remedial action plan;
- A summary of the information on the designated auditor, Mr AJ Rossouw, the results of which were satisfactory;
- The JSE accreditation letter from the firm which included the designated auditor;
- The IRBA letters for the latest reviews of the firm (2021); and
- The PwC Commitment to Audit Quality document.

The Audit and Risk Committee concluded that there were no matters of concern raised during the year under review.

Key audit matters

The Audit and Risk Committee has considered the matters noted in the independent auditor's report and reviewed the process followed by the auditor.

The Key audit matter is "accuracy of supplier rebates" which is a continuous focus for the Audit and Risk Committee. The Committee agrees that the processes followed by the external auditors are appropriate and that management have appropriately accounted for this.

The processes followed included discussions with management, understanding of the process, consideration of procedures followed and review of the final report. Confirmation of the appropriate reporting is then obtained from the external auditors as a final procedure.

Internal audit

Considering all of these factors set out in the Internal control and Risk management paragraphs above, the following assessment statement is presented by Cashbuild's Internal Audit: "Work performed by the Cashbuild Group Risk Management Department during the current reporting period (July 2021 to June 2022) supports the assertion that Cashbuild's system of internal controls and risk management is effective, and that any serious problem and/or concern identified by the Group Risk Management Department during performance of its risk management, issues management and internal audit duties are reported on in the quarterly Audit and Risk Committee Reports".

On behalf of the Audit and Risk Committee

M Bosman (Mr)
Audit and Risk Committee Chairperson

30 August 2022

Chief Executive and Group Financial Director's Certificate

In terms of section 3.84(k) of the JSE Listings Requirements, each of the directors, whose names are stated below, hereby confirm that:

a) the Annual Financial Statements set out on pages 114 to 177, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;

c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the Financial Statements of the issuer;

d) the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

e) where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any the deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

f) we are not aware of any fraud involving directors.

WF de Jager
Chief Executive

AE Prowse
Group Financial Director

30 August 2022

Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act, I certify that the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

T Nengovhela
Company Secretary

30 August 2022

Directors' Report

The directors have pleasure in submitting their report on the Annual Consolidated and Separate Financial Statements of Cashbuild Limited for the year ended 26 June 2022.

1. Nature of the business

Cashbuild is southern Africa's leading retailer of quality building materials and associated products, selling direct to a cash-paying customer base through our chain of stores (318 at the end of this financial year 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.

2. Financial highlights

Revenue for the year decreased by 12%. Revenue for stores in existence prior to July 2020 (pre-existing stores – 304 stores) decreased by 13% and our 14 new stores contributed 1% growth. Gross profit decreased by 14% with gross profit margin percentage decreasing from 26.9% to 26.3%. Selling price inflation was 7.2% at the end of June 2022 when compared to June 2021.

Operating expenses, including new stores, were well controlled in line with the revenue decline, decreasing by 13% (existing stores reduced by 15% and new stores contributed a 2% increase) resulting in the operating profit decreasing by 16%. Basic earnings per share decreased by 29% with headline earnings per share also decreasing by 33% from the prior year.

The effective tax rate of 39% for the year is higher than the prior year, due to withholding taxes on foreign country dividends declared during the year.

Cash and cash equivalents decreased to R1 939 million due to the 2021 higher final dividend paid during the year. Stock levels, including new stores have decreased by 2% with stockholding at 81 days (June 2021: 74 days) at year end. Net asset value per share decreased by 8%, from 10 212 cents (June 2021) to 9 350 cents.

During the year, Cashbuild opened 4 new Cashbuild stores, refurbished 21 Cashbuild stores and relocated 1 Cashbuild store. During the financial year, 4 Cashbuild and 1 P&L Hardware stores were closed. The closures relate to the looting that occurred during July 2021 and two continuous non-performing stores. Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, after considering its continuously evolving feasibility process.

3. Reporting period

The Group adopts the retail accounting calendar, which comprises the reporting year ending on the last Sunday of the month June 2022: 26 June 2022 (52 weeks); 27 June 2021 (52 weeks).

4. Share capital

There were no changes to the authorised or issued share capital during the period under review.

5. Dividends

The Board has declared a final dividend (No. 59) of 677 cents (June 2021: 2 211 cents) per ordinary share, out of income reserves to all shareholders of Cashbuild Limited. This is based on the updated Group dividend cover policy of 1.5 times. The dividend per share is calculated based on 24 989 811 (June 2021: 24 989 811) shares in issue at the date of the dividend declaration. The net local dividend amount is 541.6 cents per share for shareholders liable to pay Dividends Tax and 677 cents per share for shareholders exempt from paying Dividends Tax. The total dividend for the year amounts to 1 264 cents (June 2021: 2 935 cents). Local Dividends Tax is 20%

The relevant dates for the declaration are as follows: Date dividend declared: Tuesday, 30 August 2022; Last day to trade "CUM" the dividend: Tuesday, 20 September 2022; Date to commence trading "EX" the dividend: Wednesday, 21 September 2022; Record date: Friday, 23 September 2022; Date of payment: Monday, 26 September 2022. Share certificates may not be dematerialised or rematerialised between Wednesday, 21 September 2022 and Friday, 23 September 2022, both dates inclusive.

Directors' Report

6. Directorate

The directors in office at the date of this report are as follows:

WF de Jager (51)	Chief Executive, CA(SA)	Executive
AE Prowse (58)	Group Financial Director, CA(SA)	Executive
SA Thoresson (59)	Operations Director	Executive
WP van Aswegen (55)	Commercial and Marketing Director, CA(SA)	Executive
M Bosman (Mr) (65)	CA(SA)	Independent non-executive
M Bosman (Ms) (51)*	CA(SA)	Independent non-executive
AGW Knock (71)	Chairman, BSc Eng (Hons); MSc (Engineering); MDP	Independent non-executive
Dr DSS Lushaba (56)	BSc Advanced Biochemistry (Hons), MBA, DBA, CD(SA)	Independent non-executive
AJ Mokgwatsane (44)*	Diploma in Integrated Marketing and Communication	Independent non-executive
GM Tapon Njamo (44)	CA(SA)	Independent non-executive

**Appointed as a director effective 1 August 2021.*

Details of the directors' remuneration are set out under note 39 of the financial statements.

7. Board committees and attendance

Name	Notes	Board	Audit and Risk Committee	Remuneration Committee	Social and Ethics Committee	IT Governance Committee	Investment Committee	Nomination Committee
Non-executive								
AGW Knock	1	C - 5/5	I - 4/4	M - 3/3	I - 4/4	M - 4/4	M - 1/1	C - 2/2
M Bosman (Ms)	2	M - 5/5	M - 4/4	-	M - 4/4	-	-	-
M Bosman (Mr)	3	M - 5/5	C - 4/4	-	-	-	C - 2/3	M - 2/2
DSS Lushaba		M - 5/5	M - 4/4	C - 3/3	C - 4/4	-	-	-
AJ Mokgwatsane	4	M - 5/5	I - 1/1	-	M - 4/4	M - 4/4	-	-
GM Tapon Njamo		M - 5/5	M - 4/4	M - 3/3	-	C - 4/4	M - 3/3	-
Executive								
WF de Jager		M - 5/5	I - 4/4	I - 3/3	M - 4/4	M - 4/4	M - 3/3	I - 2/2
AE Prowse		M - 5/5	I - 4/4	I - 3/3	-	M - 4/4	M - 3/3	-
SA Thoresson		M - 5/5	I - 4/4	-	-	I - 4/4	-	-
WP van Aswegen		M - 5/5	I - 4/4	-	M - 4/4	I - 4/4	I - 1/1	-

Legend

C Chairperson of the Board/Committee
M Member of the Board/Committee
I Attendance by invitation
1 Co-opted as a member of the Investment Committee for a fixed period for the review and consideration of the TBC acquisition.
2 Appointed as member of the Board, Audit & Risk Committee and Social & Ethics Committee with effect from 1 August 2021.
3 For the one meeting not attended, he was consulted telephonically and provided his inputs on the matter under discussion.
4 Appointed as member of the Board, Social & Ethics Committee and IT Governance Committee with effect from 1 August 2021.

Directors' Report

8. Interests in subsidiaries and other investments

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the Annual Consolidated and Separate Financial Statements in notes 7 and 10.

9. Directors' interests in contracts

During the financial year, no contracts were entered into whereby directors or officers of the group had an interest and which significantly affected the business of the Group.

10. Borrowing powers

In terms of the Memorandum of Incorporation of Cashbuild Limited, borrowing powers are unrestricted. Flexible term general banking facilities available are R515 million (June 2021: R480 million) with various banks. See note 38.

11. Events after the reporting period

On 31 May, 2022, the board of directors approved management's proposal to close the Zambian operations. The decision was taken due to the continued losses being made after various attempts to make the operations profitable. Necessary processes were initiated as required to ensure operations are effectively wound up by end of September 2022.
On 31 July 2022, the Zambia stores were officially closed to the public. The remaining period will be used to restore the stores back to their acceptable condition as required by the lease agreements. Property, plant and equipment has either been sold to third parties or to Cashbuild South Africa. Long term assets associated will only qualify as held for sale when the operations have been completely closed and become available for sale.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

12. Civil unrest and looting

During the year, July 2021, 36 (32 Cashbuild and 4 P&L Hardware) stores across the Group were impacted by the unrest and looting. 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, R9 million for additional operational costs as well as R100 million for business interruption to its respective insurers.

The insurance recovery claims have been recognised in cost of sales (R143 million) and other income (R181 million). The Group has received payments for all claims relating to asset losses of R224 million. An interim payment of R50 million was received on 30 April 2022 for business interruption claim of R100 million. Of the 36 stores looted, 28 have since re-opened, 3 permanently closed and the remaining 5 are either in process of being rebuilt or under consideration for closure.

For illustrative purposes, the summary Consolidated Income Statements table below has been presented on a comparative basis to highlight the civil unrest and looting effects on the current and prior year. 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.

Directors' Report

12. Civil unrest and looting continued

		June 2022				June 2021		
Figures in Rand thousand		Statutory results*	Looted stores	Excluding looted stores	Variance (%)	Excluding looted stores	Looted stores	Statutory results*
Revenue		**11 145 107**	**672 423**	**10 472 684**	**(7)**	11 223 476	1 392 153	12 615 629
Cost of sales		**(8 216 677)**	**(488 992)**	**(7 727 685)**	**(6)**	(8 192 355)	(1 033 659)	(9 226 014)
Gross profit		**2 928 430**	**183 431**	**2 744 999**	**(9)**	3 031 121	358 494	3 389 615
Gross profit	(%)	**26.3**	**27.3**	**26.2**		27.0	25.8	26.9
Other income		**213 971**	**180 705**	**33 266**	**(2)**	33 984	–	33 984
Selling and marketing expenses		**(1 912 972)**	**(194 986)**	**(1 717 986)**	**(3)**	(1 774 554)	(221 327)	(1 995 881)
Administrative expenses		**(325 713)**	**–**	**(325 713)**	**(16)**	(385 536)	–	(385 536)
Other operating expenses		**(27 995)**	**(29 575)**	**1 580**	**(>100)**	(3 363)	–	(3 363)
Operating profit		**875 721**	**139 575**	**736 146**	**(18)**	901 652	137 167	1 038 819
Operating profit	(%)	**7.9**		**7.0**		8.0		8.2
Attributable earnings		**473 849**	**84 547**	**389 302**	**(33)**	582 067	82 615	664 682
Earnings per share		**2 094,7**		**1 721,0**	**(33)**	2 570,8		2 935,7
Headline earnings per share		**1 929,4**		**1 718,4**	**(31)**	2 507,8		2 872,6

** The statutory results are the results included in the Consolidate Income Statement which includes the impact of civil unrest and looting.*

The impact of the civil unrest and looting on the Consolidated Financial Statements can be summarised as follow:

	Notes	June 2022
Income Statement		
Other operating expenses: Impairment of property, plant and equipment	24	**(20 384)**
Other operating expenses: Additional operational costs from looting	24	**(9 191)**
Cost of sales: Loss on inventory write-down	22	**(136 110)**
Other income: Insurance recovery on additional operational costs from looting	23	**9 191**
Other income: Insurance recovery on property, plant and equipment	23	**71 514**
Cost of sales: Insurance recovery on inventory	22	**142 276**
Other income: Insurance recovery on income loss and costs incurred during the business interruption	23	**100 000**
Statement of Financial Position		
Property, plant and equipment written off	4	**(20 384)**
Inventory written off	12	**(136 110)**
Insurance Debtor recognised	13	**69 347**

Directors' Report

13. Prospects

Group revenue for the six weeks subsequent to period end is 3% lower than the prior year's comparative six week period. Management expects trading conditions to remain challenging. This information has not been reviewed nor audited by the Company's auditor.

14. Going concern

The directors have assessed the cash flow forecast for the period up to 26 June 2023 and conclude that the Group will be able to continue as a going concern. All proposed financing arrangements and capital expenditures are evaluated and monitored to assess the impact on the Group's ability to meet their obligations. Detailed solvency and liquidity analysis are performed when entering into new financial arrangements and when dividends are declared to ensure the capital base of the Group is not adversely impacted.

15. Auditor

PricewaterhouseCoopers Inc. was the auditor for the Company and its subsidiaries for the year ended 26 June 2022. The appointment of Deloitte as external auditor will be put to a shareholders vote at the Annual General Meeting in November 2022.

16. Secretary

The Company Secretary is Mr Takalani Nengovhela.

Independent Auditor's Report

pwc

Independent auditor's report

To the Shareholders of Cashbuild Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Cashbuild Limited (the Company) and its subsidiaries (together the Group) as at 26 June 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Cashbuild Limited's consolidated and separate financial statements set out on pages 114 to 177 comprise:

- the consolidated and separate statements of financial position as at 26 June 2022;
- the consolidated and separate income statements for the period then ended;
- the consolidated and separate statements of comprehensive income for the period then ended;
- the consolidated and separate statements of changes in equity for the period then ended;
- the consolidated and separate statements of cash flows for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Independent Auditor's Report

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview

<table>
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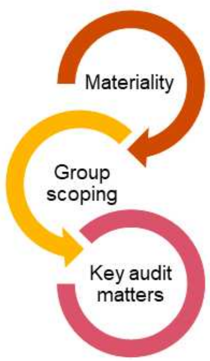
<td rowspan="3">
</td>
<td>Overall group materiality

• Overall group materiality:R111,5 million, which represents 1% of consolidated revenue.</td>
</tr>
<tr>
<td>Group audit scope

• Our audit included a full scope audit of the Cashbuild South Africa and the P&L Hardware operating segments, based on their respective financial significance to the Group. A combination of analytical review procedures and specific procedures were performed over the remaining components.</td>
</tr>
<tr>
<td>Key audit matters

• Accuracy of the supplier rebate adjustment and debtors.</td>
</tr>
</table>

Independent Auditor's Report

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R111,5 million
How we determined it	1% of consolidated revenue
Rationale for the materiality benchmark applied	We chose consolidated revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users of the consolidated financial statements, as it is the key driver of the Group's business We chose 1% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using revenue as a benchmark in calculating materiality.

Independent Auditor's Report

pwc

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements comprise a consolidation of 22 components, which include the Group's retail business, joint arrangements, property companies and trusts.

Our audit included full scope audits of the Cashbuild South Africa and the P&L Hardware operating segments, based on their respective financial significance to the Group. A combination of analytical review procedures and specific procedures were performed over the remaining components. All testing was performed centrally by the group audit team. By performing the procedures outlined above, we obtained sufficient appropriate audit evidence regarding the consolidated financial statements of the Group to provide a basis of our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit mater	***How our audit addressed the key audit matter***
Accuracy of supplier rebate adjustment and debtors The Group has trade agreements with suppliers whereby rebates are provided and advertising income is earned based on purchases made from the suppliers and are calculated either as a percentage of purchases or on volume (collectively referred to as supplier rebates). Refer to note 13: 'Trade and other Receivables', to the consolidated financial statements. Supplier rebates are accounted for as a reduction in the cost of inventories and result in a reduction of cost of sales when inventories are sold. Refer to accounting policy note 1.18: 'Cost of sales' to the consolidated financial statements.	We obtained a detailed understanding of the supplier rebate process through discussion with management and inspection of the underlying transaction documents. We evaluated the design and implementation of controls that the Group has established over supplier rebates. We agreed the rebate adjustment calculated by the rebate system to the rebate adjustment recognised in Enterprise Resource Planning system ("ERP") and noted no material differences. We recalculated the supplier rebate adjustment recognised in ERP by using computer assisted audit techniques. As part of our

Independent Auditor's Report

Supplier arrangements contain contract specific considerations in relation to the calculation of supplier rebates. These may include:

- Volumes and/or value of purchases;
- Specified items which are excluded from the purchases on which the rebate adjustment is calculated;
- Period covered; and
- Contractual supplier rebate percentage applied to purchases from each supplier.

The calculation of the value of supplier rebates will include the determination of the apportionment thereof between inventories sold and those that remain on hand at period end as unrealised.

We considered the accuracy of the supplier rebate adjustment and debtors to be a matter of most significance to the current period audit because the calculation thereof includes a number of contract specific considerations and a potential error in the calculation could result in a material misstatement of the consolidated financial statements.

recalculation, we agreed the volume and/or value of purchases as appropriate, the specified items which are excluded from the purchases on which rebate adjustment is calculated, the period in which the rebate adjustment was recognised, and the contractual supplier rebate percentage applied to purchases from each supplier to the rebate agreements. We noted no material differences.

On a sample basis, we performed the following procedures, with no material differences noted, to test the inputs used in the calculation of supplier rebates:

- Agreed cash receipts of supplier rebates earned per the bank statements to the supplier rebates recognised in ERP in the current period;
- Agreed deductions of supplier rebates from payments to suppliers per the creditor statements to the supplier rebates recognised in ERP in the current period;
- Obtained confirmation from suppliers of the total supplier rebates earned by the Group for the period and the underlying supplier rebate calculation data, including volumes and/or value of purchases during the period, as well as the supplier rebate percentage applicable, and compared all details on the confirmations to the accounting records on ERP; and
- Agreed the supplier rebate percentages as obtained from the supplier master files from ERP to signed contracts with suppliers.

Supplier rebates included as a reduction in the cost of inventories were tested by recalculating management's unrealised supplier rebate calculation. We also tested the accuracy of the underlying inputs into this calculation, such as the opening and closing balances of inventory, cost of sales and the rebate adjustment, by agreeing these amounts to the underlying accounting records. No material differences were noted.

Independent Auditor's Report

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Cashbuild Limited annual financial statements for the year ended 26 June 2022", which includes the Directors' Report, the Audit and Risk Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Independent Auditor's Report

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

pwc

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Cashbuild Limited for 24 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: A.J. Rossouw
Registered Auditor
Johannesburg, South Africa
30 August 2022

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Consolidated and Separate Statements of Financial Position

as at 26 June 2022

		Group		Company	
Figures in Rand thousand	Notes	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Assets					
Non-current Assets					
Property, plant and equipment	4	**2 442 951**	2 464 385	**–**	–
Investment property	6	**39 953**	43 007	**–**	–
Investment in associate	7	**30 000**	30 000	**–**	–
Intangible assets	8	**424 994**	423 464	**–**	–
Deferred tax	9	**80 332**	129 976	**–**	–
Investments in subsidiaries	10	**–**	–	**146 856**	120 908
Loan to subsidiary	10	**–**	–	**39 514**	39 633
		3 018 230	3 090 832	**186 370**	160 541
Current Assets					
Prepayments	11	**22 596**	19 664	**–**	–
Inventories	12	**1 520 302**	1 545 878	**–**	–
Trade and other receivables	13	**135 797**	129 179	**3 128**	–
Cash and cash equivalents	14	**1 938 639**	2 546 380	**10 069**	10 070
		3 617 334	4 241 101	**13 197**	10 070
Non-current assets held for sale	15	**950**	–	**–**	–
		3 618 284	4 241 101	**13 197**	10 070
Total Assets		**6 636 514**	7 331 933	**199 567**	170 611

Consolidated and Separate Statements of Financial Position

as at 26 June 2022

Figures in Rand thousand	Notes	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	16	**(324 424)**	(287 778)	**1 274**	1 274
Reserves		**133 152**	133 702	**146 856**	120 908
Retained income		**2 527 829**	2 705 936	**39 069**	39 068
		2 336 557	2 551 860	**187 199**	161 250
Non-controlling interest		**28 449**	36 094	**–**	–
		2 365 006	2 587 954	**187 199**	161 250
Liabilities					
Non-current liabilities					
Joint operation loan payable	7	**18 619**	16 783	**–**	–
Deferred tax	9	**45 911**	33 018	**–**	–
Lease liabilities	19	**1 379 734**	1 467 717	**–**	–
		1 444 264	1 517 518	**–**	–
Current Liabilities					
Lease liabilities	19	**233 162**	202 092	**–**	–
Trade and other payables	20	**2 536 064**	2 914 923	**12 368**	9 240
Current tax payable	30	**58 018**	109 446	**–**	121
		2 827 244	3 226 461	**12 368**	9 361
Total Liabilities		**4 271 508**	4 743 979	**12 368**	9 361
Total Equity and Liabilities		**6 636 514**	7 331 933	**199 567**	170 611

The accounting policies on pages 120 to 130 and the notes on pages 131 to 177 form an integral part of the Annual Consolidated and Separate Financial Statements.

Consolidated and Separate Income Statements

		Group		Company	
Figures in Rand thousand	Notes	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Revenue	21	**11 145 107**	12 615 629	**706 302**	256 251
Cost of sales	22	**(8 216 677)**	(9 226 014)	**–**	–
Gross Profit		**2 928 430**	3 389 615	**706 302**	256 251
Other income	23	**213 971**	33 984	**–**	–
Selling and marketing expenses	24	**(1 912 972)**	(1 995 881)	**–**	–
Administrative expenses	24	**(325 713)**	(385 536)	**(7 086)**	(4 978)
Other operating expenses	24	**(27 995)**	(3 363)	**–**	–
Operating profit		**875 721**	1 038 819	**699 216**	251 273
Finance income	25	**72 672**	91 327	**–**	434
Finance cost	26	**(161 602)**	(162 502)	**–**	–
Profit before taxation		**786 791**	967 644	**699 216**	251 707
Tax expense	27	**(307 835)**	(297 557)	**–**	(121)
Profit for the year		**478 956**	670 087	**699 216**	251 586
Profit attributable to:					
Owners of the parent		**473 849**	664 682	**699 216**	251 586
Non-controlling interests		**5 107**	5 405	**–**	–
		478 956	670 087	**699 216**	251 586
Earnings per share for profit attributable to the ordinary equity holders of the company					
Per share information					
Basic earnings per share (cents)	28	**2 094.7**	2 935,7	**2 798,0**	1 006,7
Diluted earnings per share (cents)	28	**2 089,4**	2 932,6	**2 791,5**	1 006,3

The accounting policies on pages 120 to 130 and the notes on pages 131 to 177 form an integral part of the Annual Consolidated and Separate Financial Statements.

Consolidated and Separate Statements of Comprehensive Income

	Group		Company	
Figures in Rand thousand	Year ended June 2022	Year ended June 2021	Year ended June 2022	Year ended June 2021
Profit for the year	**478 956**	670 087	**699 216**	251 586
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations attributable to:				
Owners of the parent (note 18)	**(26 498)**	(11 578)	**–**	–
Non-controlling interests	**2 033**	(5 730)	**–**	–
Total movement in foreign currency translation reserve (FCTR)	**(24 465)**	(17 308)	**–**	–
Other comprehensive income for the year net of taxation	**(24 583)**	(17 308)	**–**	–
Total comprehensive income	**454 491**	652 779	**699 216**	251 586
Total comprehensive income attributable to:				
Owners of the parent	**447 351**	653 104	**699 216**	251 586
Non-controlling interests	**7 140**	(325)	**–**	–
	454 491	652 779	**699 216**	251 586

The accounting policies on pages 120 to 130 and the notes on pages 131 to 177 form an integral part of the Annual Consolidated and Separate Financial Statements.

Consolidated and Separate Statements of Changes in Equity

	Group								
Figures in Rand thousand	Share capital	Share premium	Total share capital	FCTR	Share-based payments reserve	Total reserves	Retained income	Non-controlling interest	Total equity
Balance as at 28 June 2020	227	(274 414)	(274 187)	24 372	95 262	119 634	2 271 169	38 399	2 155 015
Total comprehensive income for the year	–	–	–	(11 578)	–	(11 578)	664 682	(325)	652 779
Recognition of share-based payments	–	–	–	–	25 646	25 646	–	–	25 646
Shares purchased by Cashbuild South Africa for the Forfeitable Share Plan	–	(13 591)	(13 591)	–	–	–	–	–	(13 591)
Dividends	–	–	–	–	–	–	(229 915)	(1 980)	(231 895)
Balance at 27 June 2021	227	(288 005)	(287 778)	12 794	120 908	133 702	2 705 936	36 094	2 587 954
Total comprehensive income for the year	–	–	–	(26 498)	–	(26 498)	473 849	7 140	454 491
Recognition of share-based payments	–	–	–	–	25 948	25 948	–	–	25 948
Shares purchased by Cashbuild South Africa for the Forfeitable Share Plan	–	(36 646)	(36 646)	–	–	–	–	–	(36 646)
Dividends	–	–	–	–	–	–	(651 956)	(14 785)	(666 741)
Balance at 26 June 2022	**227**	**(324 651)**	**(324 424)**	**(13 704)**	**146 856**	**133 152**	**2 527 829**	**28 449**	**2 365 006**
Notes	16	16	16	18	17				

Refer to note 28 for more information on dividend per share.

	Company							
Figures in Rand thousand	Share capital	Share premium	Total share capital	FCTR	Share-based payments reserve	Total reserves	Retained income	Total equity
Balance at 28 June 2020	250	1 024	1 274	–	95 262	95 262	36 381	132 917
Total comprehensive income for the year	–	–	–		–	–	251 586	251 586
Share-based payments expense	–	–	–		25 646	25 646	–	25 646
Dividends	–	–	–		–	–	(248 899)	(248 899)
Balance at 27 June 2021	250	1 024	1 274	–	120 908	120 908	39 068	161 250
Total comprehensive income for the year	–	–	–		–	–	699 216	699 216
Share-based payments expense	–	–	–		25 948	25 948	–	25 948
Dividends	–	–	–		–	–	(699 215)	(699 215)
Balance at 26 June 2022	**250**	**1 024**	**1 274**	**–**	**146 856**	**146 856**	**39 069**	**187 199**
Notes	16	16	16	18	17			

Consolidated and Separate Statements of Cash Flows

		Group		Company	
Figures in Rand thousand	Notes	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Cash flows from operating activities					
Cash generated from/(utilised in) operations	29	**854 540**	1 507 716	**(7 086)**	(4 548)
Finance income received – non-investing	25	**132**	11	**–**	–
Dividends received	21	**–**	–	**706 302**	256 251
Finance cost paid	26	**(161 602)**	(162 502)	**–**	–
Tax paid	30	**(296 726)**	(239 643)	**(121)**	–
Net cash generated from operating activities		**387 344**	1 105 582	**699 095**	251 703
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(257 653)**	(191 361)	**–**	–
Purchase of investment properties		**(452)**	–	**–**	–
Proceeds on disposal of non-current asset held for sale	32	**–**	12 101	**–**	–
Proceeds on disposal of property, plant and equipment and intangible assets	33	**3 299**	10 762	**–**	–
Insurance income relating to property, plant and equipment		**71 514**	–	**–**	–
Finance income received	25	**72 540**	91 316	**–**	434
Purchase of intangible assets	8	**(5 570)**	(4 735)	**–**	–
Loan advanced to Group companies	10	**–**	–	**119**	(2 374)
Net cash utilised in investing activities		**(116 322)**	(81 917)	**119**	(1 940)
Cash flows from financing activities					
Shares purchased by Cashbuild South Africa for the Forfeitable Share Plan	16	**(36 646)**	(13 591)	**–**	–
Lease liability payments	19	**(179 921)**	(180 149)	**–**	–
Dividends paid	31	**(651 956)**	(229 915)	**(699 215)**	(248 899)
Dividends paid to non-controlling interests	31	**(14 785)**	(1 980)	**–**	–
Net cash utilised in financing activities		**(883 308)**	(425 635)	**(699 215)**	(248 899)
Total cash and cash equivalents movement for the year		**(612 286)**	598 030	**(1)**	864
Cash and cash equivalents at the beginning of the year		**2 546 380**	1 951 582	**10 070**	9 206
Effect of exchange rate movement on cash and cash equivalents balances		**4 545**	(3 232)	**–**	–
Total cash and cash equivalents at the end of the year	14	**1 938 639**	2 546 380	**10 069**	10 070

Accounting Policies

Corporate information

Cashbuild Limited is a public company incorporated and domiciled in South Africa.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these Annual Consolidated and Separate Financial Statements are set out below.

1.1 Basis of preparation

The Annual Consolidated and Separate Financial Statements are prepared in accordance with the IFRS as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (previously known as International Financial Reporting Interpretations Committee (IFRIC)), the South African Companies Act, the Listings Requirements, and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Guides as issued by the Financial Reporting Council. The Financial Statements are authorised for issue by the Company's Board of Directors. The Annual Consolidated and Separate Financial Statements are prepared on the basis that the group and Company will continue to be a going concern.

These Annual Consolidated and Separate Financial Statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The Annual Consolidated and Separate Financial Statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the prior year.

1.2 Consolidation

Basis of consolidation

The Annual Consolidated and Separate Financial Statements incorporate the Annual Financial Statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through using its power over the entity.

The results of subsidiaries are included in the Annual Consolidated and Separate Financial Statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made where necessary to the Annual Financial Statements of subsidiaries to bring their accounting policies in line with those of the Group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity.

The Group's proportionate share of assets and liabilities from investments in joint operators are included in the Annual Consolidated and Separate Financial Statements from the effective date of acquisition.

Transactions with non-controlling interests that do not result in loss of control, are accounted for as equity transactions and are recognised directly in the Consolidated and Separate Statements of Changes in Equity.

1.3 Investment property

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation less any accumulated impairment losses. Depreciation is calculated on the straight line basis over a useful live of 50 years.

1.4 Property, plant and equipment

Property, plant and equipment are assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

Accounting Policies

1. Significant accounting policies continued

1.4 Property, plant and equipment continued

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost, which includes all of the expenditure which is directly attributable to the acquisition or construction of the asset. Subsequently, property, plant and equipment is measured at historical cost less accumulated depreciation and accumulated impairment losses. Expenditure incurred on work in progress projects are capitalised until the project is completed. Work in progress assets are then transferred to the relevant asset categories.

Expenditure incurred subsequently to refurbish, expand or replace property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Maintenance costs are included in profit or loss in the year in which they are incurred.

Assets are depreciated when an asset is available for use, and depreciated on a straight-line basis over its expected useful lives. Assets which are expected to have a material disposal value are allocated residual values, these assets are depreciated up to residual value and residual values are reassessed annually. Land is not depreciated. The useful lives are reassessed annually, and adjusted accordingly, where appropriate.

The details including the useful lives of items of property, plant and equipment have been disclosed in note 4.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount. Impairment losses reversals are limited to what the carrying amount of the asset would have been, should no impairment have been recognised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the disposal proceeds, if any, and the carrying amount of the item, is included in the Consolidated and Separate Income Statements when the item is derecognised.

1.5 Intangible assets

Goodwill

Goodwill arises on a business combination, and is the amount by which the fair value of consideration transferred and the amount of any non-controlling interest recognised, exceeds the identifiable assets and liabilities recognised in accordance with IFRS 3. Goodwill is carried at cost less accumulated impairment losses.

Trademarks

Trademarks which have a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over its estimated useful lives of 10 years.

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. At year-end this consists of the acquired trade name of P&L Hardware which is considered to have an indefinite useful life.

This intangible asset is regarded as having an indefinite useful life due to there being, based on all relevant factors, no foreseeable limit to the period over which the asset is expected to generate net cash inflows. This position is assessed on an annual basis. Amortisation is not provided for these intangible assets, however, these assets are tested for impairment annually and when there is an indication that the asset may be impaired. No impairment will arise if the present value of the expected net cash inflows into perpetuity support the fair value of the intangible asset acquired.

Critical estimates and judgements considered in determining the indefinite useful life of trademarks are disclosed in note 2.

Computer software

Computer software is capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised on a straight-line basis over its estimated useful lives of three to five years.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Computer software is carried at cost less accumulated amortisation.

Refer to note 8 for details of the Group's intangible assets.

Accounting Policies

1. Significant accounting policies continued

1.6 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets measured at amortised cost
- Financial liabilities measured at amortised cost

Financial assets at amortised cost

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore, are all classified as current assets.

Trade receivables and cash and cash equivalents have been classified at amortised cost as its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest and the Group's business model is to collect the contractual cash flows on these financial instruments.

Financial liabilities measured at amortised cost

Trade payables are financial liabilities measured at amortised cost. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Borrowings consists of overdraft facilities available to the Group. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the financial position date.

Recognition and measurement

Financial assets at amortised cost

Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group has made use of the practical expedient where the group presumes that a trade receivable does not have a significant financing component as the expected term is less than one year. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore, measures them subsequently at amortised cost using the effective interest method.

Cash and cash equivalents are initially recognised at fair value. Subsequently, cash and cash equivalents are measured at amortised cost.

Financial liabilities measured at amortised cost

Trade payables are initially measured at fair value plus transaction costs, if any, and are subsequently measured at amortised cost, using the effective interest rate method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and redemption value is recognised in the Consolidated and Separate Income Statements over the period of the borrowings using the effective interest rate method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As a practical expedient, the Group uses a provision matrix based on the Group's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Refer to note 13 for the impact of the expected credit loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

These amounts are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Foreign currency bank accounts are translated into the functional currency using the exchange rates prevailing at the Consolidated and Separate Statements of Financial Position date. Foreign exchange gains and losses resulting from the revaluation of these balances are recognised in the Consolidated and Separate Income Statements.

Accounting Policies

1. Significant accounting policies continued

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to its present location and condition. Unrealised trade, settlement and other discounts as well as unrealised rebates are netted off against the inventory balance.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

Inventories includes a "right-to-return-goods asset" which represents the Group's right to recover products from customers where customers exercise their right of return under the Group's returns policy. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

Refer to note 12 for disclosures of inventory and related values.

1.8 Impairment of assets

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual year and at the same time every year.
- tests goodwill acquired in a business combination for impairment on an annual basis.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value-in-use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Refer to note 5 for details thereof.

Trademarks are assessed for impairment annually or more frequently if indicators of impairment exist.

The significant assets considered for impairment indicators for the 12 months ended 26 June 2022 are the goodwill and trademark acquired from the P&L Hardware business combination. Refer to note 5 for details thereof.

Accounting Policies

1. Significant accounting policies continued

1.9 Share capital and equity

Ordinary shares are classified as equity. Where group companies purchase Cashbuild Limited's share capital, the consideration paid including attributable transaction costs (net of income taxes), is deducted from equity attributable to the Group's equity holders as treasury shares until they are cancelled, re-issued or sold. Where such shares are subsequently sold or re-issued, any consideration received net of directly attributable incremental transaction costs and related income tax effects is included in shareholders' funds.

The shares held by The Cashbuild Empowerment Trust, Cashbuild Management Member Trust and Cashbuild (South Africa) Proprietary Limited are classified as treasury shares.

Dividends received on treasury shares are eliminated on consolidation, except the dividends on which participants are entitled to in terms of The Cashbuild Empowerment Trust deed, which is accounted for as a staff expense in the Consolidated and Separate Income Statements.

Details of share capital and share premium including the impact of treasury shares are disclosed in note 16.

1.10 Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave, which are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Long service awards

The Group has an obligation to pay long service awards to employees who reach certain predetermined milestone periods of service. Costs incurred in relation to the obligation are debited against the liability as incurred. Movements in the liability arising from the valuation are charged to the Consolidated and Standalone Income Statements upon valuation. Gains and losses are recognised immediately in full.

Bonuses

The Group's bonus structure allows monthly and quarterly bonuses that employees at stores can earn based on store and divisional performance. An annual bonus is available to all store and divisional management, based on their areas' performance. Support Office staff and Executive Management qualifying for annual bonuses which is dependent on the Group's results and performance. Annual bonuses are calculated with reference to a formula that takes into consideration the revenue and profit before tax. The Group recognises a liability and an expense for bonuses.
The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Defined contribution plans

The Group provides for retirement benefits for employees by making payments to independent defined contribution funds and contributions are expensed. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions, if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

1.11 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

After its initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. When realisation of income is virtually certain, the related asset is recognised. Contingencies are disclosed in note 35.

Accounting Policies

1. Significant accounting policies continued

1.12 Joint arrangements and associates

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either classified as a joint operation or a joint venture.

Joint operations

The Group recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

Associates

An associate is an entity that the Group has significant influence over. The Group has significant influence over an entity if it holds more than 20% of the voting rights and there is no joint control. The Group accounts for its interests in associates using the equity method. Investment in associates are accounted for at cost and is increased with the Group's share of profit when applicable.

1.13 Prepayments

Prepayments comprises of general prepayments for goods or services to be provided after year end. Current prepayments relate to general prepayments that will realise within 12 months after year end.

1.14 Tax

Current tax assets and liabilities

Current tax for current and prior years are, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior years are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset because there is a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

At each reporting period, the Group assesses the recoverability of deferred tax assets. Measurement adjustments are recognised when the Group expect that the deferred tax assets will not result in future tax benefits.

For details of deferred tax assets and liabilities for the year refer to note 9.

Tax expenses

Current and deferred taxes are recognised as an income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different year, to Consolidated and Separate Statements of Comprehensive Income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different year, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different year, directly in equity.

Components of the tax expense and effective tax rate is disclosed in note 27.

Accounting Policies

1. Significant accounting policies continued

1.15 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantive right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgements and sources of estimation uncertainty section of these accounting policies.

Group as lessee

The Group has entered into various leases in respect of premises. Leases for premises are on average contracted for periods between five and 15 years with renewal options for a further five to 10 year periods.

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months. For these leases, the Group recognises the lease payments as an operating expense (note 24) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The probability of utilising extension and termination options are considered when determining the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments which are based on an index or rate are included in the lease liability. In the event of a modification which does not result in a separate lease, the lease liability is remeasured with a corresponding adjustment to the right of use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Refer to note 4 for details relating to the right-of-use asset.

The lease payments are discounted using the incremental borrowing rate.
The incremental borrowing rate is determined by using the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Accounting Policies

1. Significant accounting policies continued

1.15 Leases continued

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing leases. The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when the following modifications occur:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the Consolidated and Separate Income Statements if the carrying amount of the right-of-use asset has been reduced to zero.

Rental reductions were received from the landlords during the Covid-19 lockdown period. Cashbuild made use of the IFRS 16 amendment for all the rental concessions by accounting for the rental concessions as variable lease payments, applying paragraph 38 of IFRS 16, in the year in which the rental concessions were granted.

Details of leasing arrangements where the Group is a lessee are presented in note 19 Leases (Group as lessee).

1.16 Share-based plans and related payments

The Group operates a number of equity-settled, share-based compensation plans:

Cashbuild Forfeitable Share Scheme ("FSP")

Shares are offered under a forfeitable share award scheme to executive directors and selected management. The schemes has a vesting period of three years. The impact is recognised directly in the Consolidated and Separate Income Statements, with a corresponding adjustment to equity. The effect of all shares issued under this scheme is taken into account when calculating the diluted and headline earnings per share.

The fair value determined at the award date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The fair value at award date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the share awarded, the impact of dilution (where material), the share price at award date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the vesting period and the correlations and volatilities of the peer group companies. A vested share option is exercised when the Group delivers the share to the director or employee. The shares are sold at the current market price and the difference between the sales price and the option price is paid to the employee after the tax liability is settled.

Cashbuild Operations Management Member Trust

Share incentives under this operational managers scheme entitles qualifying store management members to receive a bonus that is split in equal proportion between cash and shares. The cash portion will be received immediately and the share portion will vest at the end of a three year period, or such earlier dates as provided in the Trust Deed.

Accounting Policies

1. Significant accounting policies continued

1.16 Share-based plans and related payments continued

Dividends from The Cashbuild Empowerment Trust

Amounts paid to beneficiaries of the trust, being employees of the Group, are treated as staff cost in the Consolidated and Standalone Income Statements. The amounts paid out by the members is equal to dividends received by the trust less specific cost incurred by the trust.

Additional detail relating to distributions made by the trust is disclosed in note 37.

1.17 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it satisfies the performance obligation. The performance obligation would be the sale of goods and this would be satisfied at the point of sale.

The following is a description of principal activities where the Group generates revenue. The Group has disclosed the nature, timing of satisfaction of performance obligations and significant payment terms.

Sale of goods – retail

The Group is required to disclose the revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

The Group operates a chain of retail stores selling building materials. Revenue from the sale of goods is recognised when a group entity sells a product to the customer.

Payment of the transaction price is due immediately when the customer purchases the building materials and takes delivery in store. It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in trade and other payables) is recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

The related settlement discounts and rebates received on inventories are deducted from cost of sales.

Cost of sales is reduced by the amount recognised in inventory as a "right-to-return-goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the group returns policy.

1.19 Translation of foreign currencies

Foreign currency transactions and Group translation

Stores which trade in foreign entities trade in foreign currencies being Botswana Pula, Malawian Kwacha, Zambian Kwacha and US dollar. These are translated into reporting currency (Rands) at the end of the reporting period.

The results of and financial positions of all the Group entities (none of which have the currency of a hyperinflation economy) that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- income and expenses for each Income Statement line item are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions);
- assets and liabilities for each financial position presented are translated at the closing rates at the date of that financial position; and
- all resulting exchange differences are recognised through other comprehensive income.

On consolidation exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. If a foreign entity were to be sold, such exchange differences would be recognised in the Consolidated and Separate Income Statements as part of the gain or loss on sale.

Accounting Policies

1. Significant accounting policies continued

1.19 Translation of foreign currencies continued

If goodwill and fair value adjustments were to arise on the acquisition of foreign entities they would be treated as assets and liabilities of the foreign entity and translated at closing rates. Exchange differences arising are recognised in other comprehensive income.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.20 Business Combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at its fair values at the acquisition date.

The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred; and
- amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to its present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate.

A business combination in which all of the combining businesses are ultimately controlled by the same party before and after the business combination is classified as a business combination under common control. For all business combinations under common control the Group elects to transfer all assets, liabilities and equity to the acquiring entity. All assets, liabilities and equity are transferred at the carrying value of the acquiree. Any related consideration is recognised for the disposal of assets and a corresponding gain or loss is recognised in the Income Statement of the acquiree. The acquirer shall recognise the difference between the financial items assumed and the consideration as an equity reserve.

Accounting Policies

2. Critical estimates and judgements

The preparation of the Annual Consolidated and Separate Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. These are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements. The key estimates and assumptions relating to these areas are disclosed in the relevant notes to the Annual Consolidated and Separate Financial Statements.

All estimates and underlying assumptions are based on historical experience and various other factors that management believe are reasonable under the circumstances. The results of these estimates form the basis of judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and any affected future periods. The impact of the Covid-19 pandemic lockdown and post lockdown experience was considered on all estimates with adjustments where required.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- **Inventory net realisable value** – Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowance is estimated with reference to an inventory age analysis, stock turnover and margin which have an element of estimation uncertainty. Refer to note 12 for more information.
- **Indefinite useful life of trademarks** – Judgements used in determining that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Management has no plans to discontinue the P&L Hardware store brand. Management has continued expanding both the Cashbuild and P&L brands as they focus on different income groups, and therefore, there are no plans to rebrand the P&L Hardware stores. The P&L Hardware business has now been under the full control of Cashbuild Group management for over five years, and management has continued to open new stores and plans to continue in this manner. With this considered, it is therefore appropriate to classify this as an indefinite useful life asset. Refer to note 8 for more information.
- **Right of use asset impairment assessment** – The impairment assessment is performed at a store level. When a loss-making store has been identified, a cash flow forecast is performed for the remaining lease term in order to determine the value in use of the store. The discount rate applied is derived from the Group weighted average cost of capital (WACC), adjusted for tax and specific risks relating to the country of operation. Estimation of the expected future sales and cost of sales for the store requires judgement. Impairments related to store closures for shops that reached the end of its lease term. Refer to note 24 for more information.
- **IFRS 16 lease term** – In determining the lease term, the Group must assess whether it is reasonably certain to exercise extension or early termination options. Renewal options have only been included where a decision to renew the lease has been made, which is when it is reasonably certain that the lease will be renewed. Cashbuild considers various factors in the decision to renew or not, which include profitability, location of the stores as well as overall business strategy. This judgement is important as it affects the amount recorded for the lease obligation and related right of use asset. Refer to note 19 for more information.
- **Incremental borrowing rate** – The incremental borrowing rate is estimated with reference to country-specific borrowing rates (linked to prime) that Cashbuild is subject to, inflated by a margin derived from government bond yields that is linked to the term of the lease contract from inception. Refer to accounting policy 1.15 for more information.

Notes to the Annual Consolidated and Separate Financial Statements

3. Segmental information

The Executive Directors are the chief operating decision makers and are responsible for allocating resources and assessing performance of each operating segment.

The Group's operating segments include the Cashbuild model stores (based in South Africa, Botswana, eSwatini, Lesotho, Namibia, Malawi and Zambia) and the P&L Hardware model stores (based only in South Africa).

The Group's operating segments are also considered to be reportable segments.

The Group's reportable segments are as follows:

- Cashbuild South Africa (based in South Africa)
- P&L Hardware model stores (based in South Africa)
- Cashbuild common monetary operations (eSwatini, Lesotho and Namibia)
- Cashbuild non-common monetary operations (Botswana, Malawi and Zambia^)

^The Zambian operations will be closed due to continued losses being made after various attempts to make the operations profitable, please refer to note 40 for more details.

The Group's common monetary operations consists of the countries that form part of the Rand common monetary area.

The Group's non-common monetary operations consists of the other countries which Cashbuild trades in. These other countries have foreign exchange differences when compared to the Rand.

All operating segments are in the business of retail of building materials and associated products.

The Group evaluates the performance of its operating segments based on revenue and operating profit. Operating profit is the earnings before interest and tax.

	Separately disclosable items					
Figures in Rand thousand	Revenue	Operating profit	Depreciation and amortisation	Interest income	Interest expense	Taxation
June 2022						
Cashbuild South African operations	**8 984 025**	**765 368**	**(321 269)**	**48 744**	**(141 732)**	**(277 392)**
P&L Hardware operations	**922 337**	**12 275**	**(25 256)**	**1 997**	**(10 187)**	**2 782**
Cashbuild common monetary operations	**724 830**	**68 018**	**(17 840)**	**13 854**	**(7 182)**	**(19 951)**
Cashbuild non-common monetary operations	**513 915**	**30 060**	**(13 984)**	**8 077**	**(2 501)**	**(13 274)**
Total	**11 145 107**	**875 721**	**(378 349)**	**72 672**	**(161 602)**	**(307 835)**
June 2021						
Cashbuild South African operations	10 154 307	872 124	(300 335)	63 406	(144 164)	(343 633)
P&L Hardware operations	1 158 633	28 907	(36 211)	4 843	(5 223)	(6 958)
Cashbuild common monetary operations	732 188	80 278	(14 760)	15 381	(7 607)	82 192
Cashbuild non-common monetary operations	570 501	57 510	(17 046)	7 697	(5 508)	(29 158)
Total	12 615 629	1 038 819	(368 352)	91 327	(162 502)	(297 557)

Notes to the Annual Consolidated and Separate Financial Statements

3. Segmental information continued

Segment assets and liabilities

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the Consolidated Statement of Financial Position.

Figures in Rand thousand	Capital investment*	Total assets	Total liabilities
June 2022			
Cashbuild South African operations	**254 299**	**5 103 933**	**(3 010 974)**
P&L Hardware operations	**7 036**	**802 611**	**(757 688)**
Cashbuild common monetary operations	**1 198**	**458 859**	**(251 417)**
Cashbuild non-common monetary operations	**690**	**271 111**	**(251 429)**
Total	**263 223**	**6 636 514**	**(4 271 508)**
June 2021			
Cashbuild South African operations	161 533	5 397 017	(3 491 978)
P&L Hardware operations	18 421	824 852	(777 623)
Cashbuild common monetary operations	881	704 450	(243 514)
Cashbuild non-common monetary operations	15 261	405 614	(230 864)
Total	196 096	7 331 933	(4 743 979)

* *Capital investment relates to total additions during the year of property, plant and equipment (note 4) and intangible assets (note 8).*

4. Property plant and equipment

	Group					
	June 2022			June 2021		
Figures in Rand thousand	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	**777 431**	**(72 534)**	**704 897**	710 242	(66 016)	644 226
Leasehold improvements	**224 433**	**(137 177)**	**87 256**	208 551	(124 615)	83 936
Furniture and equipment	**1 486 397**	**(1 025 923)**	**460 474**	1 335 221	(912 421)	422 800
Vehicles	**35 742**	**(22 803)**	**12 939**	36 374	(20 573)	15 801
Right of use asset	**2 458 795**	**(1 281 410)**	**1 177 385**	2 337 740	(1 040 118)	1 297 622
Total	**4 982 798**	**(2 539 847)**	**2 442 951**	4 628 128	(2 163 743)	2 464 385

Notes to the Annual Consolidated and Separate Financial Statements

4. Property plant and equipment continued

Reconciliation of property plant and equipment

Figures in Rand thousand	Group								
	Opening balance	Additions	Disposals~	Transfers	Lease Modification+	Foreign exchange movements	Depreciation	Impairment provision	Closing balance
26 June 2022									
Land and buildings	644 226	–	–	64 114	–	3 075	(6 518)	–	704 897
Leasehold improvements	83 936	–	(3 886)	19 773	–	(5)	(12 562)	–	87 256
Furniture and equipment	422 800	–	(3 088)	173 766	–	884	(111 170)	(22 718)	460 474
Vehicles	15 801	–	(632)	–	–	–	(2 230)	–	12 939
Right of use asset	1 297 622	59 522	(21 864)	–	81 575	1 821	(239 257)	(2 034)	1 177 385
Capital work in progress*	–	257 653	–	(257 653)	–	–	–	–	–
Total	**2 464 385**	**317 175**	**(29 470)**	**–**	**81 575**	**5 775**	**(371 737)**	**(24 752)**	**2 442 951**

* *Capital work in progress mainly relates to store refurbishments and the expansion and relocation of the support office during the year.*

~ *Disposal of right-of-use of assets relates to the early termination of lease agreements. The right-of-use asset and lease liability, net of the early termination payment, is derecognised and any gain or loss is recognised in the Consolidated Income Statement.*

\+ *The lease modification relates to the renegotiation of lease payments which did not result in a separate lease. The lease liability was remeasured with corresponding adjustments to the right-of-use asset for this modification.*

Reconciliation of property, plant and equipment

Figures in Rand thousand	Group								
	Opening balance	Additions	Disposals~	Transfers	Lease Modification+	Foreign exchange movements	Depreciation	Impairment Reversal^	Closing balance
27 June 2021									
Land and buildings	589 234	–	(1 570)	69 761	–	(7 912)	(5 287)	–	644 226
Leasehold improvements	97 799	–	(963)	6 405	–	(524)	(18 781)	–	83 936
Furniture and equipment	415 786	–	(6 944)	117 238	–	(4 601)	(99 331)	652	422 800
Vehicles	21 430	–	(165)	(2 082)	–	–	(3 382)	–	15 801
Right of use asset	1 270 328	195 098	(6 306)	39	67 443	(7 797)	(237 263)	16 080	1 297 622
Capital work in progress*	–	191 361	–	(191 361)	–	–	–	–	–
Total	2 394 577	386 459	(15 948)	–	67 443	(20 834)	(364 044)	16 732	2 464 385

* *Capital work in progress mainly relates to store refurbishments during the year.*

~ *The impairment reversal relates to previously loss making stores. The performance and expected performance over the useful life (owned assets) or the remaining lease term (right-of-use assets), of these stores have improved significantly and as a result an impairment reversal has been recognised. Impairment reversals are limited to the carrying value of the right-of-use asset or furniture and equipment that would have been should an impairment loss not have been recognised.*

^ *Disposal of right-of-use of assets relates to the early termination of lease agreements. The right-of-use asset and lease liability, net of the early termination payment, is derecognised and any gain or loss is recognised in the Consolidated Income Statement.*

\+ *The lease modification relates to the renegotiation of lease payments which did not result in a separate lease renewal and extension of existing leases. The lease liability was remeasured with corresponding adjustments to the right-of-use asset for this modification.*

Notes to the Annual Consolidated and Separate Financial Statements

4. Property plant and equipment continued

Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

- Buildings — Straight line basis – 50 years
- Leasehold improvements — Straight line basis – 10 years (limited to lease term)
- Furniture and equipment — Straight line basis – 3 to 15 years
- Vehicles — Straight line basis – 5 to 6 years
- Right of use asset^ — Straight line basis – lease term
- Forklifts* — Running hours – 14 000

* *Forklifts are included in the furniture and equipment asset class within the property, plant and equipment reconciliation.*
^ *Right of use assets relate to leased store properties*

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
Amounts recognised in profit and loss for the year:				
(Loss)/profit on disposal of property, plant and equipment	**(4 319)**	1 070	**–**	–
Profit on disposal of non-current assets held for sale	**–**	3 398	**–**	–
Profit on disposal of right of use asset	**2 939**	1 193	**–**	–
Repairs and maintenance expenditure	**51 237**	49 947	**–**	–

5. Impairment of assets

Goodwill impairment assessment

The below impairment assessment consideration was performed over the goodwill arising on acquisition of P&L Hardware and indefinite lived intangible assets relating to the P&L Hardware trademark.

The value-in-use of P&L Hardware and Cashbuild South Africa at 26 June 2022 was determined using assumptions regarding company profitability, growth rates, discount rates and target net working capital days. An impairment assessment was conducted and sufficient headroom is available.

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021
Goodwill allocation		
P&L Hardware	**196 302**	196 302
Cashbuild (South Africa) (Pty) Ltd	**112 833**	112 833
Total Goodwill as per intangible assets note 8	**309 135**	309 135
P&L Hardware indefinite lived trademark as per intangible assets note 8	**96 409**	96 409

Key assumptions used to determine value in use

The recoverable amount of the P&L Hardware operating segment has been determined based on a value-in-use calculation for the forecast period. This forecast period covers the five-year period up to June 2027, after which a terminal value has been determined.

Listed below are the assumptions applied in the value in use calculation as well as the sensitivity of the relevant assumptions indicating the level they can fluctuate before there is an impairment. The growth rate can decrease by 5.6% and terminal growth rate can decrease 2.1% before there is an impairment and the discount rate can increase by 1.6% before resulting in an impairment.

	June 2022 Assumptions applied	June 2022 Sensitivity	June 2021 Assumptions applied	June 2021 Sensitivity
P&L Hardware operating segment:				
Growth rate*	**8.0%**	**2.4%**	8.0%	(10.6)%
Terminal growth rate^	**4.5%**	**2.4%**	4.5%	(3.2)%
Discount rate*	**11.3% – 12.3%**	**13.4%**	10.6% – 11.6%	21.4%

* *Even though revenue for P&L Hardware has decreased, we still believe this is reflective of the future growth rate. The rate is supported by internal budgets and operational analysis and management expects that future performance of P&L Hardware should stabilise in line with the growth rate used. The sensitivity was performed for the forecasted period.*

^ *Whilst the South African inflation rate increased year-on-year, we still believe that our terminal growth rate is still reflective of the long term growth prospect of the segment. Inflationary increases will be transferred to the customer base to maintain a constant gross profit margin.*

* *The discount rate increased due to the increase in cost of financing and a change in the capital structure.*

	Group June 2022 Assumptions applied	Group June 2021 Assumptions applied
Cashbuild South Africa operating segment:		
Growth rate#	**4.5%**	4.5%
Terminal growth rate#	**4.5%**	4.5%
Discount rate@	**11.3% – 12.3%**	11.1% – 12.1%

\# *Whilst the South African inflation rate increased year-on-year, we still believe that our growth rate and terminal growth rate is still reflective of the long term growth prospect of the segment. Inflationary increases will be transferred to the customer base to maintain a constant gross profit margin.*

@ *The discount rate increased due to the increase in cost of financing and a change in the capital structure.*

Notes to the Annual Consolidated and Separate Financial Statements

5. Impairment of assets continued

Key assumptions used to determine value in use

The recoverable amount of the Cashbuild operating segment has been determined based on a value-in-use calculation for the forecast period. This forecast period covers the five-year period up to June 2027, after which a terminal value has been determined. Due to significant headroom available, no sensitivity analysis has been provided.

Value in use – loss-making stores

Based on past experience, when a store is closed, 55% of the assets are sold for proceeds below the carrying amount. Therefore, loss-making stores are identified for possible impairment of the assets held by these stores. For each loss-making store that leases premises, the value-in-use is calculated as the net present value of the monthly forecasted cash flows per store (calculated to the end of the lease term). The discount rate applied to the cash flow projections is derived from the group pre-tax WACC rate.

If, at period end, a store is no longer loss-making and management agrees that it will continue on this trend, any previous impairments raised are reversed.

	Group	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021
Impairment losses/(reversals) recognised on property, plant and equipment		
Furniture and equipment*	**22 718**	(652)
Right-of-use assets	**2 034**	(16 080)
	24 752	(16 732)

During the year, 2 Cashbuild South Africa, 2 P&L Hardware and 2 Non-Common Monetary stores were impaired. The impairment losses/(reversals) recognised are included in the other operating expenses/(other income) line of the Consolidated and Standalone Income Statements. Impairment losses/(reversals) were recognised in the Cashbuild South Africa segment of R2.4 million (2021: R(13.7) million), P&L Hardware segment of R1.9 million (2021: R(2.4) million) and Non-Common Monetary operations segment of R0.1 million (2021: R(0.6) million). These are all relating to stores and when a store is closed, any historical accumulated impairment recognised is written off to the profit and loss of disposal.

* *Included in the furniture and equipment impairment is the impairment provision for assets damaged during the looting and civil unrest of R20.4 million. Refer to note 12 of the Directors' Report for further information.*

	Group	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021
Reconciliation of the provision of impairment		
Opening balance	**11 582**	29 860
Impairment for the year	**24 752**	–
Reversals for the year	**-**	(16 732)
Disposal of closed stores	**-**	(1 546)
Foreign exchange movements	**1 509**	–
Closing balance	**37 843**	11 582

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
6. Investment property				
Reconciliation of investment property				
Kranskop property	**–**	950	**–**	–
Investment in Nasrec Corner – joint operation	**39 953**	42 057	**–**	–
	39 953	43 007	**–**	–
Reconciliation of investment property				
Opening Balance	**43 007**	57 924	**–**	–
Investment in Nasrec Corner	**(2 104)**	15 083	**–**	–
– Additions	**452**	15 083	**–**	–
– Depreciation	**(2 556)**	–	**–**	–
Transfer to interest in associate:				
– Associate: Ekhaya mall*	**–**	(30 000)	**–**	–
Transfer to non-current assets held for sale:				
– Kranskop property^	**(950)**	–	**–**	–
	39 953	43 007	**–**	–

Investment property is carried at cost and depreciated on a straight-line basis over 50 years. Where the residual value of investment property exceeds the carrying amount, no depreciation is recognised.

* *The transfer relates to the fact that Ekhaya Mall became operational during April 2021 in terms of the consortium agreement. Control was assessed in terms of the consortium agreement which resulted in the company having significant influence, as opposed to joint control. Refer to note 7 for more information.*

^ *The Kranskop property was classified as held for sale in the current financial year. Refer to note 15 for further information.*

Notes to the Annual Consolidated and Separate Financial Statements

7. Interests in associate and joint operations

Joint operations – Nasrec Corner

During the 2014 financial year, Cashbuild entered into a joint operation agreement for the Nasrec Corner Shopping Centre in Johannesburg, South Africa. This consortium comprises a right to extend and develop a shopping centre. Cashbuild has 50% participation and control in the owner consortium with the other 50% participant being S-Identity Holdings (Pty) Ltd. Decisions relating to the operations of the consortium requires unanimous consent.

S-Identity Holdings (Pty) Ltd has, in its own capacity, raised finance from a third party and funded the remaining construction of the shopping centre. Profits of the joint operation will only be shared when the financed amounts are fully repaid to the third party. Cashbuild is entitled to its share of the net assets of the agreement and have classified the investment as a joint operation.

The fair value of Cashbuild's share in the investment property is R62 million based on the external valuation obtained in 2021.

The information presented below is the standalone financial information of the Nasrec Corner joint operation at 100% and therefore, does not represent Cashbuild's share.

	Group	
	Summarised financial information (100%)	
Figures in Rand thousand	Year ended June 2022	Year ended June 2021
The table below summarises the financial position of Nasrec Corner as at 26 June 2022:		
Investment property	**79 906**	84 114
Total current assets	**27 358**	4 453
Total assets	**107 264**	88 567
Joint operator loan	**85 018**	87 514
Total current liabilities	**22 246**	1 053
Total liabilities	**107 264**	88 567
The table below summarises the income statement of Nasrec Corner for the year:		
Rental income	**5 855**	8 416
Operating expenses	**(5 855)**	(8 416)
Net profit for the period	**–**	–
Loan from joint operator		
The movement in the loan payable of Nasrec Corner relates to the other parties of the joint operation contributing more assets to the joint operation than Cashbuild did in the current year.		
Below is a reconciliation of the movement for the current year.		
Opening balance	**(16 783)**	26 974
Movement due to change in joint operators contributions	**(1 836)**	(43 757)
Closing balance	**(18 619)**	(16 783)

Notes to the Annual Consolidated and Separate Financial Statements

7. Interests in associate and joint operations continued

Associate – Ekhaya Mall

During the 2019 financial year, Cashbuild entered into a consortium agreement for the Ekhaya Mall in Mpumalanga, South Africa. This consortium comprises a right to extend and develop a shopping centre. Cashbuild has 20% participation and significant influence in the consortium. S-Identity Holdings (Pty) Ltd holds 60% of the participation and control in the consortium and Nomatiki Trading Enterprise (Pty) Ltd holds the remaining balance of 20%. Cashbuild holds significant influence as their voting right is equal to their shareholding percentage. The investment in Ekhaya mall is classified as an associate in terms of the consortium agreement. Control was assessed in terms of the agreement which resulted in the company having significant influence, as opposed to joint control.

Cashbuild has contributed R30 million in cash towards the development costs and no further contributions have been made subsequently.

	Group	
	Year ended June 2022	Year ended June 2021
Below is a reconciliation of the investment in the associate:		
Opening balance	**30 000**	–
Transfer from investment property	**–**	30 000
Closing balance	**30 000**	30 000

No profits will be distributed to the participants of the agreement until the loan secured has been repaid. A valuation was performed by an external valuator. The fair value of the shopping centre is R162 million based on the external valuation obtained in 2021.

Notes to the Annual Consolidated and Separate Financial Statements

8. Intangible assets

	Group					
	June 2022			June 2021		
Figures in Rand thousand	Cost	Accumulated amortisation/ impairment	Carrying value	Cost	Accumulated amortisation/ impairment	Carrying value
Trademarks^	**99 403**	**(2 976)**	**96 427**	99 403	(2 964)	96 439
Computer software	**105 282**	**(85 850)**	**19 432**	99 696	(81 806)	17 890
Goodwill	**309 135**	**–**	**309 135**	309 135	–	309 135
Total	**513 820**	**(88 826)**	**424 994**	508 234	(84 770)	423 464

Reconciliation of intangible assets

	Group					
Figures in Rand thousand	Opening balance	Additions	Disposals	Foreign exchange movements	Amortisation	Closing balance
June 2022						
Trademarks^	**96 439**	**–**	**–**	**–**	**(12)**	**96 427**
Computer software	**17 890**	**5 570**	**(12)**	**28**	**(4 044)**	**19 432**
Goodwill	**309 135**	**–**	**–**	**–**	**–**	**309 135**
Total	**423 464**	**5 570**	**(12)**	**28**	**(4 056)**	**424 994**
June 2021						
Trademarks^	96 451	–	–	–	(12)	96 439
Computer software	17 515	4 735	(15)	(49)	(4 296)	17 890
Goodwill	309 135	–	–	–	–	309 135
Total	423 101	4 735	(15)	(49)	(4 308)	423 464

Amortisation rates

– Trademarks (Excluding indefinite lived)	Straight-line basis – 10 years
– Computer software	Straight-line basis – 5 years

^ *Includes indefinite lived trademarks of R96.4 million (refer to note 5 for the impairment testing).*

Notes to the Annual Consolidated and Separate Financial Statements

	Group		Company	
Figures in Rand thousand	Year ended June 2022	Year ended June 2021	Year ended June 2022	Year ended June 2021
9. Deferred tax				
Deferred tax liability				
Property, plant and equipment	**(43 909)**	(51 595)	**–**	–
Prepayments	**(4 359)**	(4 322)	**–**	–
Intangible assets	**(26 112)**	(26 617)	**–**	–
Dividend withholding tax#	**(6 656)**	–	**–**	–
Unrealised foreign exchange differences	**(7 161)**	(478)	**–**	–
Insurance from looting	**(26 293)**	–	**–**	–
Total deferred tax liability	**(114 490)**	(83 012)	**–**	–
Deferred tax asset:				
Provisions and accruals	**18 584**	62 793	**–**	–
Deferred lease incentive	**1 731**	2 117	**–**	–
Assessed losses*	**13 564**	10 990	**–**	–
IFRS 16 lease liability^	**114 391**	102 387	**–**	–
IFRS 15 sales return provision	**641**	1 683	**–**	–
Total deferred tax asset	**148 911**	179 970	**–**	–

Dividend withholding tax relates to withholding tax payable on future dividend distributions by foreign subsidiaries. Due to uncertain post Covid-19 economic conditions, no liability was raised in the prior years.

* *The deferred tax asset recognised on assessed losses represents the future tax benefit that the Group expects to realise when utilising the assessed losses. It is probable that sufficient taxable income will be generated in future for the Group to utilise these benefits. The total assessed loss income for the Group is R53 million, which relates to the P&L Hardware operating segment. The increase in the deferred tax asset from prior year relates to the recognition of previously unrecognised assessed losses. In prior years the assessed losses were derecognised due to uncertainty about the future profitability of the subsidiary. Due to internal operational changes, it has become probable that the Group will be able to utilise the assessed losses.*

^ *The Group considers the lease as a single transaction in which the right-of-use asset and lease liability are integrally linked. This resulted in there being no net temporary difference at inception date. Subsequently, as differences arise on the settlement of the lease liability and the depreciation as recognised on the right-of-use asset, there is a net temporary difference on which deferred tax is recognised.*

Notes to the Annual Consolidated and Separate Financial Statements

9. **Deferred tax** continued

Refer to note 27 for information relating to the treatment of the South African corporate tax rate change.

The deferred tax assets and the deferred tax liabilities have been presented in the statement of financial position as follows:

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Deferred tax liability	**(45 911)**	(33 018)	**–**	–
Deferred tax asset	**80 332**	129 976	**–**	–
Total net deferred tax asset	**34 421**	96 958	**–**	–
The deferred tax asset/(liability) balances presented above are the aggregated net positions of each individual company within the Group.				
Deferred tax assets are supported by the expected taxable income generated by the applicable operating entities in the Group.				
Amounts expected to be recovered or settled are as follows:				
Deferred tax to be recovered after more than 12 months	**46 101**	26 292	**–**	–
Deferred tax to be recovered within 12 months	**(11 680)**	70 666	**–**	–
	34 421	96 958	**–**	–

Notes to the Annual Consolidated and Separate Financial Statements

10. Investments in subsidiaries and related transactions

The following Trusts were created for the purpose of facilitating employee benefit schemes:

- Cashbuild Empowerment Trust
- Cashbuild Store Operations Management Member Trust

The above Trusts are controlled by the Group. Refer to note 17 for further details.

The Give-a-Brick trust was established for corporate social initiatives.

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

	Group				
	Issued share capital 2022	Issued share capital 2021	Nature of business	**% holding June 2022**	% holding June 2021
Cashbuild (Botswana) (Pty) Ltd	**P1 500 000**	P1 500 000	A	**100**	100
Cashbuild (Kanye) (Pty) Ltd*	**P 2**	P2	B	**100**	100
Cashbuild (Lesotho) (Pty) Ltd	**M100 000**	M100 000	A	**80**	80
Cashbuild (Lilongwe) Ltd	**MWK100 000**	MWK100 000	A	**51**	51
Cashbuild (Namibia) (Pty) Ltd	**N$1**	N$1	A	**100**	100
Cashbuild (South Africa) (Pty) Ltd	**R54 000**	R54 000	A	**100**	100
Cashbuild (Swaziland) (Pty) Ltd	**E500**	E500	A	**100**	100
P&L Hardware (Pty) Ltd	**R101**	R101	A	**100**	100
Cashbuild (Zambia) Ltd	**ZMK2**	ZMK2	A	**100**	100
Oldco PandL (Pty) Ltd	**R100**	R100	B	**100**	100
P&L Boerebenodighede Investments (Pty) Ltd	**R1 000**	R1 000	B	**100**	100
Rio Ridge 1027 (Pty) Ltd	**R100**	R100	B	**100**	100
Cashbuild (Kwandebele) (Pty) Ltd*	**R200 000**	R200 000	B	**100**	100
Cashbuild (Transkei) (Pty) Ltd	**R0**	R250 000	D	**–**	100
Cashbuild (Properties) (Pty) Ltd*	**R1**	R1	B	**100**	100
Cashbuild (Venda Properties) (Pty) Ltd*	**R0.1**	R0.1	B	**100**	100
Cashbuild (Properties External Company)	**R1**	R1	B	**100**	100
Cashbuild (Management Services) (Pty) Ltd	**R1**	R1	C	**100**	100

A Trading company
B Dormant company
C Holding company of subsidiaries
D Deregistered in the current financial year
** Deregistered after year-end.*

Notes to the Annual Consolidated and Separate Financial Statements

10. Investments in subsidiaries and related transactions continued

The carrying amounts of subsidiaries shown below are net of impairment losses where applicable. The loan accounts are unsecured, non-interest-bearing with no fixed repayment terms. Refer to note 17 for details of the share option schemes.

	Company	
Figures in Rand thousand	2022	2021
Share based payment capital contribution	**146 856**	120 908
Loan to subsidiary	**39 514**	39 633
	186 370	160 541

The loan advanced to Cashbuild (Management Services) is recoverable as Cashbuild (Management Services) is a wholly owned subsidiary of Cashbuild (Limited). If Cashbuild (Management Services) does not have sufficient liquid assets to repay the loan, Cashbuild (Management Services) would utilise some of the dividends received from the subsidiary trading entities to repay the loan before declaring dividends to Cashbuild (Limited). The net liquid assets of Cashbuild (Management Services) exceeds the loan by more than three times the value of the loan. The expected credit loss and credit exposure is therefore immaterial.

Credit risk of loans to subsidiaries

The loans to subsidiaries relate to loans within the Cashbuild Group. Since there are letters of support between group companies and adequate cash balances are available to settle the loans, the risk of default on loans to subsidiaries are considered low. Due to the low credit risk, Cashbuild assumes no increase in credit risk on these instruments occurred during the financial year. There are also no factors noted which raises concern about the recoverability of the loans.

Non-controlling interests

There are no individual subsidiaries within the Group that have material non-controlling interests in value. The aggregate non-controlling interests are also not material to the Group, therefore no additional disclosures required by IFRS 12: Disclosure of Interests in Other Entities have been included.

Notes to the Annual Consolidated and Separate Financial Statements

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
11. Prepayments				
Current prepayments*	**22 596**	19 664	**–**	–
Total current prepayments	**22 596**	19 664	**–**	–
* *Prepayments relate mostly to prepaid advertising, IT expenses, SAMRO licenses and Workman's Compensation.*				
12. Inventories				
Merchandise	**1 520 302**	1 545 878	**–**	–

Cost of inventories recognised as an expense and included in cost of sales amounted to R8.8 billion (June 2021: R10.3 billion).

The provision for the net realisable value of inventory at reporting period is R76.9 million (June 2021: R64.8 million). The value of inventories carried at net realisable value is R 276 million (June 2021: R254 million).

The right of return relating to the sales returns provision included in the amount above is R10.3 million (June 2021: R24.7 million).

Cost of inventories written off and included in cost of sales amounted to R26.0 million (June 2021: R30.5 million).

Inventory losses resulting from civil unrest and looting was R136 million. Included in cost of sales is R143 million relating to insurance compensation for loss of inventories. Refer to note 12 of the Directors' Report for the impact of the looting on the Group's results.

Notes to the Annual Consolidated and Separate Financial Statements

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
13. Trade and other receivables				
Financial instruments:				
Trade receivables	**105 266**	133 535	**–**	–
Loss allowance*	**(17 121)**	(26 812)	**–**	–
Trade receivables at amortised cost	**88 145**	106 723	**–**	–
Other receivables	**44 686**	20 003	**3 128**	–
Total financial instruments	**132 831**	126 726	**3 128**	–
Non-financial instruments:				
VAT	**2 966**	2 453	**–**	–
Total trade and other receivables	**135 797**	129 179	**3 128**	–

**During the year, legal debtors older than three years were written off due to the debt prescribing, resulting in a reduction of the gross debtors balance and expected credit loss allowance.*

Credit risk of trade and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected credit losses for trade receivables have been grouped based on shared credit risk characteristics and the days past due. The status of the current nature of the client as well as trade experience are also considered.

The expected loss rates are based on the payment profiles of receivables over a period of 24 months before year end and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. Refer to note 23 for the related impairment losses.

The historical loss rate is determined by considering the repayment history of debtors and historical bad debt write-offs. Cashbuild receives warnings should the circumstances of debtors change. This includes information about if they are defaulting on repayments or start losing credit with other creditors. Cashbuild reassesses the credit exposure and adjusts the expected credit loss provision accordingly. Unused credit facilities are removed regularly, and debtors are required to reapply. The Group's exposure to credit risk is reassessed on a continuous basis. The factors mentioned previously are used to inform the historical loss rate.

Notes to the Annual Consolidated and Separate Financial Statements

13. Trade and other receivables continued

Credit risk of trade and other receivables continued

The Group considered the impact of forward-looking information on the risk of default of trade and other receivables. Due to the nature of Cashbuild's operations, there are no significant correlations between general economic conditions and the risk of default occurring. This is evidenced through a reduction in the bad debt write-offs. In addition, bad debts recovered increased and Cashbuild experienced an increase in sales even when adverse economic conditions were experienced. Considering all information available at Cashbuild's disposal, without undue costs or efforts, the estimated impact of forward-looking information on the calculation of expected credit losses is deemed to be immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery and there has been no movement on the debtors account for three years. Once a debtor account has gone bad, the account is blocked and the debtor can make no further purchases.

Credit risk of other receivables

Other receivables primarily consist of deposits held and staff loans. The risk of impairment on these financial instruments are considered to be immaterial.

Charge cards

Cashbuild is predominantly a cash business however, credit is offered at all Cashbuild Stores in the form of charge cards. Developers and contractors doing specific contracts with/for Cashbuild can apply for this form of credit. Credit checks are performed and credit limits are set by retrieving credit ratings. A memo is compiled with the information received which is then reviewed and approved by management based on the credit limit applied for.

The expected credit losses (ECL) are a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate. As ECL consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Legal debtors:

Charge cards are classified as legal debtors once amounts owed are handed over for collections.

Rebate debtors:

The amount owing on rebate debtors are for suppliers who owe the Group money for rebate and advertising contributions as per the trade agreements. The contribution is based on purchases made and is calculated on either a percentage of purchases or volume.

Rebate debtors are immaterially affected by the IFRS 9 expected loss calculation due to these amounts being highly recoverable as we have the ability to deduct it from payments due to suppliers. The expected credit loss amount relates to debtors where we do not have set-off rights.

Notes to the Annual Consolidated and Separate Financial Statements

13. Trade and other receivables continued

Expected credit loss allowance

The loss allowance as at June 2022 for the trade receivables for which the provision has been applied is determined as follows:

Expected credit loss	Group			
Figures in Rand thousand	**June 2022 Estimated gross carrying amount at default**	**June 2022 Loss allowance (Lifetime expected credit loss)**	June 2021 Estimated gross carrying amount at default	June 2021 Loss allowance (Lifetime expected credit loss)
Sundry debtors				
Current	**3 224**	**(329)**	2 973	(4)
30 days past due	**540**	**(3)**	4	–
60 days past due	**1 856**	**–**	–	–
90 days past due	**240**	**(113)**	–	–
120 days past due	**–**	**–**	–	–
150 days past due	**272**	**(177)**	2 008	(470)
	6 132	**(622)**	4 985	(474)
Legal debtors				
Current	**1 320**	**(288)**	2 157	(857)
30 days past due	**227**	**(49)**	534	(297)
60 days past due	**–**	**–**	300	(284)
90 days past due	**7**	**(2)**	336	(246)
120 days past due	**243**	**(53)**	4 894	(4 052)
150 days past due	**16 619**	**(13 338)**	21 546	(17 749)
	18 416	**(13 730)**	29 767	(23 485)
Charge cards				
Current	**15 687**	**(163)**	13 905	(124)
30 days past due	**9 093**	**(107)**	8 961	(115)
60 days past due	**1 443**	**(61)**	3 077	(230)
90 days past due	**193**	**(77)**	1 555	(661)
120 days past due	**101**	**(8)**	1 737	(768)
150 days past due	**4 630**	**(1 525)**	5 006	(801)
	31 147	**(1 941)**	34 241	(2 699)
Rebate debtors				
Current	**49 571**	**(828)**	64 542	(154)
Total	**105 266**	**(17 121)**	133 535	(26 812)

Notes to the Annual Consolidated and Separate Financial Statements

13. Trade and other receivables continued

Expected credit loss allowance continued

The below table indicates the loss allowances rates applied across different debtor classes

	Sundry debtors	Charge cards	Legal debtors	Rebate debtors
June 2022				
Current	**1%**	**1%**		
30 days past due	**2%**	**2%**	**No specific percentage assessed on an individual basis**	**No specific percentage assessed on an individual basis**
60 days past due	**15%**	**10%**		
90 days past due	**54%**	**53%**		
120 days past due	**60%**	**58%**		
150 days past due	**75%**	**65%**		
June 2021				
Current	1%	1%		
30 days past due	2%	2%	No specific percentage assessed on an individual basis	No specific percentage assessed on an individual basis
60 days past due	15%	10%		
90 days past due	54%	53%		
120 days past due	60%	58%		
150 days past due	75%	65%		

Below is a reconciliation between the opening and closing balance of the expected credit loss recognised.

Figures in Rand thousand	2022	2021
Opening balance	**26 812**	32 334
Additional provision	**8 824**	2 562
Provision used	**(18 515)**	(8 084)
Closing balance	**17 121**	26 812

Notes to the Annual Consolidated and Separate Financial Statements

	Group		Company	
Figures in Rand thousand	Year ended June 2022	Year ended June 2021	Year ended June 2022	Year ended June 2021
14. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	**1 680**	1 689	**–**	–
Bank balances	**1 936 959**	2 544 691	**10 069**	10 070
	1 938 639	2 546 380	**10 069**	10 070
For more information regarding facilities and financial management risks please refer to note 38.				
15. Non-current assets held for sale				
The following assets were classified as held for sale during the current financial year:				
Land and buildings held for sale				
P&L Hardware				
– Kranskop property	**950**	–	**–**	–
	950	–	**–**	–

The Kranskop property is disclosed at carrying value. The property was classified as held for sale during the current financial year. The Group accepted an offer to sell the property for R1 million. The transfer of ownership is expected to be concluded shortly after June 2022.

For more information regarding the proceeds on disposal of non-current assets held for sale refer to note 32.

Notes to the Annual Consolidated and Separate Financial Statements

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
16. Share capital				
Authorised				
35 000 000 ordinary shares of 1 cent each	**350**	350	**350**	350
There has been no change in the authorised share capital in the current or previous reporting period.				
Reconciliation of shares issued:				
Total shares issued	**250**	250	**250**	250
Treasury shares held	**(23)**	(23)	**–**	–
Total share capital	**227**	227	**250**	250
The total number of shares in issue as at 26 June 2022 is 24 989 811 (June 2021: 24 989 811). The total number of treasury shares held as at 26 June 2022 is 2 472 579 (June 2021: 2 323 315).				
Share premium				
Opening balance	**(288 005)**	(274 414)	**1 024**	1 024
Purchase by Cashbuild SA for the Forfeitable Share Plan	**(36 646)**	(13 591)	**–**	–
Total share premium	**(324 651)**	(288 005)	**1 024**	1 024
Consisting of:				
Share premium	**3 935**	3 935	**1 024**	1 024
Treasury share premium	**(328 586)**	(291 940)	**–**	–
Total share premium	**(324 651)**	(288 005)	**1 024**	1 024
Total share capital and premium	**(324 424)**	(287 778)	**1 274**	1 274

Notes to the Annual Consolidated and Separate Financial Statements

17. Share-based payments

Forfeitable Share Plan

Cashbuild adopted and implemented a share incentive plan in the 2017 financial year being the Cashbuild Limited Forfeitable Share Plan ("FSP") for executive directors and senior management. Under the FSP, participants will become owners of performance shares and/or retention shares at the award date and will immediately benefit from dividends and have shareholder voting rights in respect of the shares over the vesting period. The shares cannot be disposed of by the participants prior to the vesting date as they are subjected to forfeiture restrictions until the vesting date.

The fair value at award date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the share awarded, the impact of dilution (where material), the share price at award date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the vesting period and the correlations and volatilities of the peer group companies.

The number of performance shares awarded to a participant is based on the participant's current year's annual salary and grade.

Details of the share awards under this scheme are as follows:

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Opening balance	**534 675**	345 107	**534 675**	345 107
Share movement	**230 170**	189 568	**230 170**	189 568
Total performance shares awarded	**764 845**	534 675	**764 845**	534 675

Share awards	4th Award	5th award	6th award
Issue date	**7 Oct 2019**	**9 Oct 2020**	**4 Oct 2021**
Vesting date	**6 Oct 2022**	**9 Oct 2023**	**4 Oct 2024**
Exercise price	**Nil**	**Nil**	**Nil**
Expected option lifetime	**3 years**	**3 years**	**3 years**
Share price at grant date	**236,78**	**219,44**	**255,77**
Expected share price volatility	**10%**	**10%**	**10%**

Vesting conditions consist of Group performance conditions (refer to detail below) and a retention condition that the employees remain in the employ of the Group up to vesting date.

Performance conditions:	Threshold	Target
EPS	**CPI +2% p.a. (i.e. 2% real growth p.a.)**	**CPI +10% p.a. (i.e. 10% real growth p.a.)**
Relative TSR	**Median of peers***	**Upper quartile of peers***
ROCE	**CB WACC**	**CB WACC +10% p.a.**

* *Based on the constituents of the INDI+25 as at the award date.*

Notes to the Annual Consolidated and Separate Financial Statements

17. **Share-based payments** continued

Figures in Rand thousand	Number of shares as at 26 June 2022^	Award face value*
Executive directors		
WF de Jager	**75 114**	**17 775**
AE Prowse	**43 890**	**10 386**
SA Thoresson	**39 900**	**9 442**
WP van Aswegen	**35 267**	**8 377**
Total	**194 171**	**45 980**
Key management		
PA Champion	**21 606**	**5 122**
W Dreyer	**20 440**	**4 837**
A Hattingh	**34 523**	**8 170**
AHS Havenga	**19 218**	**4 556**
DS Masala	**19 707**	**4 664**
ZB Matolo	**19 030**	**4 503**
I McKay	**19 527**	**4 621**
T Myburgh	**7 879**	**1 944**
H Roos	**17 565**	**4 157**
H Steenberg	**18 071**	**4 276**
Total	**197 566**	**46 850**

^ *These shares are subject to forfeiture restrictions.*

* *Face value of awards calculated as a percentage (65% to 90%) of total annual cost to company, before adjusting for any probability of vesting or attrition.*

Operations Management Member Trust Schemes

The operational managers scheme considers all stores that generate an operating margin in excess of 10%. The profit share amount is determined with reference to a specified hurdle rate that takes into account the prior year operating margin of the qualifying store. The calculated profit share is split equally between a cash bonus and an amount utilised for the purchase of Cashbuild Limited shares. The cash bonus is recognised as an expense in the year in which the store qualifies. The attributable equity portion is treated as an equity-settled share-based payment expense and recognised equally over the four year period which is linked to employment. At the end of the period (third anniversary of the date of distribution) the shares will vest to the employees.

The first to seven schemes (2012 to 2018 schemes respectively) have fully vested. The eighth 2019 scheme qualified for 9 007 shares, the ninth 2020 scheme qualified for 1 592 shares, the tenth 2021 scheme qualified for 83 403 and the eleventh 2022 scheme provisionally qualified for 47 047 shares at the end of June 2022.

Notes to the Annual Consolidated and Separate Financial Statements

17. Share-based payments continued

Summary of share-based payments for all schemes

The Group's expense and related movement in the share-based payment reserve is R25.9 million (June 2021: R25.6 million).

The movement in the share-based payments reserve for the various share schemes can be summarised as follows:

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Share-based payments reserve:				
Opening balance	**120 908**	95 262	**120 908**	95 262
– Forfeitable Share Scheme: 2nd award	**–**	1 862	**–**	1 862
– Forfeitable Share Scheme: 3rd award	**1 336**	5 340	**1 336**	5 340
– Forfeitable Share Scheme: 4th award	**6 292**	6 484	**6 292**	6 484
– Forfeitable Share Scheme: 5th award	**7 037**	5 212	**7 037**	5 212
– Forfeitable Share Scheme: 6th award	**5 612**	–	**5 612**	–
– Operations Management Member Trust Schemes	**5 671**	6 748	**5 671**	6 748
	146 856	120 908	**146 856**	120 908

18. Foreign currency translation reserve (FCTR)

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

	Group		Company	
Opening balance	**12 794**	24 372	**–**	–
Currency translation differences	**(26 498)**	(11 578)	**–**	–
Closing balance	**(13 704)**	12 794	**–**	–

During the current financial year, Malawi devalued their currency by 25%. The impact of the devaluation is R7 million on the Group. This related to translation of monetary assets and the conversion of a foreign subsidiary to the reporting currency.

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
19. Leases				
The Group has entered into various leases in respect of premises. Leases for premises are on average contracted for periods between 5 and 15 years with renewal options.				
Details pertaining to leasing arrangements, where the group is the lessee are presented below:				
Net carrying amounts of right-of-use assets				
Buildings subject to lease arrangements	**1 177 385**	1 297 622	**–**	–
Depreciation recognised on right-of-use assets				
Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss.				
Leased buildings	**239 257**	237 263	**–**	–
Other disclosures				
Interest expense on lease liabilities	**161 009**	161 738	**–**	–
Variable lease payments	**1 021**	5 407	**–**	–
"The Group entered into lease agreements where the lease term is less than 12 months. The practical expedient for short term leases have been applied by the Group. Refer to note 24 for the value of short term lease expenses.				
No other practical expedients have been applied in the current financial year.				
Lease liabilities				
Lease liabilities have been included in the lease liabilities line item on the Consolidated Statement of Financial Position.				
The undiscounted payment maturity analysis of lease liabilities are as follows:				
Within one year	**501 934**	311 238	**–**	–
Lease liability current portion, including finance costs	**501 934**	311 238	**–**	–
Two to five years	**1 319 559**	1 344 793	**–**	–
More than five years	**462 670**	622 663	**–**	–
Lease liability non-current portion, including finance costs	**1 782 229**	1 967 456	**–**	–
Total amount repayable	**2 284 163**	2 278 694	**–**	–

Notes to the Annual Consolidated and Separate Financial Statements

19. Leases continued

The discounted capital repayments of lease liabilities are as follows:

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
IFRS 16 lease liability reconciliation				
Opening balance	**1 669 809**	1 615 200	**-**	–
Payments	**(340 930)**	(343 587)	**-**	–
Rental reduction*	**-**	(5 011)	**-**	–
Interest	**161 009**	161 738	**-**	–
Additional leases	**59 522**	195 098	**-**	–
Modifications^	**81 575**	67 443	**-**	–
Disposals~	**(25 234)**	(7 499)	**-**	–
Foreign exchange movement#	**7 145**	(13 573)	**-**	–
Total lease liability	**1 612 896**	1 669 809	**-**	–

* *Rental reductions were received from the landlords during the April 2020 lockdown period. Cashbuild made use of the IFRS 16 amendment for all the rental concessions by accounting for the rental concessions as variable lease payments, applying paragraph 38 of IFRS 16, in the year in which the rental concessions were granted.*

^ *Lease modifications represent the change in scope of an existing lease. Modifications relate to the extension of the lease term and renegotiation of the lease payments. The lease liability is remeasured with reference to the revised lease payments and is discounted over the remaining lease term using a revised incremental borrowing rate. The revised discount rate is used to determine the effective interest on the lease liability. A corresponding adjustment is made to the right-of-use asset to account for any changes in the remeasurement of the lease liability.*

~ *Lease disposals relate to early lease terminations. Termination options are evaluated and where a penalty lump sum needs to be paid this is considered a disposal.*

\# *Foreign exchange movements relate to the conversion of leases denominated in foreign currency. The stores located in Zambia, Botswana and Malawi have lease agreements in US Dollar (USD) and Botswana in (BWP).*

Notes to the Annual Consolidated and Separate Financial Statements

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
20. Trade and other payables				
Financial instruments:				
Trade payables	**1 521 738**	1 784 822	**–**	–
Employee related accruals	**57 579**	216 695	**–**	–
Accruals	**131 517**	156 279	**12 368**	9 240
Retirement awards and gifts	**9 241**	7 470	**–**	–
Non-financial instruments:				
Refundable customer accounts*	**725 352**	641 496	**–**	–
VAT	**90 637**	108 161	**–**	–
	2 536 064	2 914 923	**12 368**	9 240

* *Refundable customer accounts are made up of amounts received from customers in respect of future purchases. These amounts are refundable to the customer on demand.*

	Group		Company	
21. Revenue				
Revenue from contracts with customers				
Sale of goods (recognised at point in time)	**11 145 107**	12 615 629	**–**	–
Revenue				
Dividends received (trading)	**–**	–	**706 302**	256 251
	11 145 107	12 615 629	**706 302**	256 251

Disaggregation of revenue from contracts with customers

Cashbuild's revenue is derived from the sale of building materials. The nature of Cashbuild's operations is that goods are sold in retail stores and customers pay for related goods upon exiting the store. Control transfers to the customer at a point in time when goods are sold. Customers are entitled to volume rebates. Rebate adjustments are recognised at the end of every six month cycle based on the actual volume rebate achieved. A corresponding reduction in revenue is recognised to account for rebates achieved. The breakdown below illustrates the contribution to revenue (net of volume rebates) recognised by category.

	Group		Company	
Revenue categories				
Cement 23% (June 2021: 24%)	**2 543 791**	2 992 481	**–**	–
Decorative 13% (June 2021: 13%)	**1 477 152**	1 582 263	**–**	–
Roofing – Covering 9% (June 2021: 9%)	**986 858**	1 086 555	**–**	–
Timber 7% (June 2021: 8%)	**828 117**	978 597	**–**	–
Openings 7% (June 2021: 8%)	**833 310**	950 271	**–**	–
Bricks 7% (June 2021: 7%)	**730 094**	825 405	**–**	–
Other 34% (June 2021: 31%)	**3 745 785**	4 200 057	**–**	–
Dividends 100% (June 2021: 100%)	**–**	–	**706 302**	256 251
	11 145 107	12 615 629	**706 302**	256 251

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
22. Cost of sales				
Sale of goods	**8 216 677**	9 226 014	**–**	–
Included in cost of sales is rebates received from suppliers of R582 million (June 2021: R666 million). Inventory losses resulting from civil unrest and looting was R136 million. Included in cost of sales is R143 million relating to insurance compensation for loss of inventories. Refer to note 12 of the Directors' Report.				
23. Other income				
Sundry income#	**7 447**	561	**–**	–
Rental related income	**–**	5 508	**–**	–
Impairment reversal in accordance with IAS 36^	**–**	16 732	**–**	–
Reversal of provision for impaired receivables	**9 691**	5 522	**–**	–
Profit on sale of non-current assets	**–**	5 661	**–**	–
Net foreign exchange gains	**16 141**	–	**–**	–
Insurance recovery*	**180 692**	–	**–**	–
	213 971	33 984	**–**	–

\# *Sundry income mainly relates to prescribed rebate debtors write-offs.*

^ *Refer to note 5 for the facts and circumstances related to the impairment reversal.*

* *The insurance recovery relates to compensation for the loss of assets due to the civil unrest and looting that occurred in July 2021. Refer to note 12 of the Directors' Report for the impact of the looting on the Group's results.*

Notes to the Annual Consolidated and Separate Financial Statements

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
24. Operating profit				
Operating profit for the year includes the following significant items:				
Expenses by nature:				
Employee costs	**995 975**	1 168 588	**–**	–
Depreciation and amortisation	**378 349**	368 352	**–**	–
Delivery charges	**134 397**	133 709	**–**	–
Advertising expenses	**149 979**	124 391	**–**	–
Impairment loss in accordance with IAS 36	**24 752**	–	**–**	–
Loss on sale of non-current assets	**4 319**	–	**–**	–
Bank and speed point charges	**88 637**	94 481	**–**	–
Municipal utility charges	**75 134**	72 960	**–**	–
Consumables	**5 237**	5 328	**–**	–
Repairs and maintenance	**51 237**	49 947	**–**	–
Telephone and fax	**19 523**	16 459	**–**	–
Security	**33 800**	32 831	**–**	–
Printing and stationery	**13 992**	13 963	**–**	–
Net foreign exchange losses	**–**	44 615	**–**	–
Software licences	**21 978**	20 564	**–**	–
Fuel and oil	**24 695**	20 934	**–**	–
Insurance	**11 604**	9 629	**–**	–
Legal expenses	**3 353**	2 703	**–**	–
Staff recruitment	**1 556**	2 352	**–**	–
Short term lease expense*	**2 663**	3 309	**–**	–
Subscriptions	**5 853**	6 459	**–**	–
Additional operational costs from looting	**9 191**	–	**–**	–
Travel	**15 590**	16 454	**–**	–
Other expenses	**80 581**	54 673	**7 086**	4 978
	2 152 395	2 262 701	**7 086**	4 978

* *The practical expedient noted in accounting policy 1.15 has been applied to all short-term leases. These leases have been expensed in the Consolidated Income Statement over the lease term.*

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Note	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
24. Operating profit continued					
Auditor remuneration		**11 546**	10 844	**–**	–
Non-Audit services		**–**	32	**–**	–
Non-Audit services – PwC		**414**	114	**–**	–
		11 960	10 990	**–**	–
Remuneration paid for outsourced services:					
Information technology		**94 806**	82 626	**–**	–
Administrative*		**2 221**	24 584	**–**	–
Secretarial		**412**	359	**–**	–
Technical		**2 515**	1 919	**–**	–
Taxation services		**2 371**	1 601	**–**	–
		102 325	111 089	**–**	–
Total		**2 266 680**	2 384 780	**7 086**	4 978
* *Prior year has expenses accrued relating to The Building Company Acquisition.*					
Classified on Income Statement as:	**Note**				
Selling and marketing expenses		**(1 912 972)**	(1 995 881)	**–**	–
Administrative expenses		**(325 713)**	(385 536)	**(7 086)**	(4 978)
Other operating expenses		**(27 995)**	(3 363)	**–**	–
Other income	23	**213 971**	33 984	**–**	–
		(2 052 709)	(2 350 796)	**(7 086)**	(4 978)
Employee costs:					
Salary cost		**807 882**	1 015 644	**–**	–
Pension fund contributions – defined contribution fund		**119 623**	112 479	**–**	–
Employee benefits – long service awards		**3 014**	855	**–**	–
Share-based payments		**25 948**	25 646	**–**	–
Dividends paid to participants of The Cashbuild Empowerment Trust		**39 508**	13 964	**–**	–
		995 975	1 168 588	**–**	–

Notes to the Annual Consolidated and Separate Financial Statements

	Group		Company	
Figures in Rand thousand	Year ended June 2022	Year ended June 2021	Year ended June 2022	Year ended June 2021
25. Finance income				
Finance income				
Earned on bank balances	**72 540**	91 316	**-**	434
Revenue authorities	**132**	11	**-**	–
	72 672	91 327	**-**	434
26. Finance cost				
Bank overdraft	**68**	24	**-**	–
Lease liability interest	**161 009**	161 738	**-**	–
Interest on loan	**511**	636	**-**	–
Revenue authorities	**14**	104	**-**	–
	161 602	162 502	**-**	–

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand		Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
27. Tax expense					
Major components of the tax expense:					
Normal taxation					
Current		**152 889**	288 353	**–**	121
Under/(over) provision in prior years		**4 840**	4 195	**–**	–
Withholding tax		**54 401**	519	**–**	–
Foreign income tax – current year		**33 168**	37 408	**–**	–
		245 298	330 475	**–**	121
Deferred					
Current year temporary differences		**57 387**	(36 915)	**–**	–
(Over)/under provision in prior years		**(1 141)**	1 689	**–**	–
Foreign – Current year temporary differences		**5**	1 106	**–**	–
Foreign – (over)/under prior period		**(2 223)**	1 202	**–**	–
Corporate tax rate adjustment~		**1 852**	–	**–**	–
Withholding tax		**6 657**	–	**–**	–
		62 537	(32 918)	**–**	–
		307 835	297 557	**–**	121
Reconciliation of effective tax rate:					
Applicable tax rate	(%)	**28.0**	28.0	**28.0**	28.0
(Exempt)/non-taxable income	(%)	**(0.6)**	(0.4)	**(28.0)**	(28.0)
Prior year adjustment*	(%)	**(0.2)**	0.8	**–**	–
Deferred tax rate adjustment~	(%)	**0.2**	–	**–**	–
Foreign tax rate differences	(%)	**(0.1)**	(0.5)	**–**	–
Disallowable charges^	(%)	**2.4**	2.0	**–**	–
Deferred tax asset not recognised	(%)	**0.8**	0.5	**–**	–
Withholding tax on dividends#	(%)	**7.7**	0.4	**–**	–
Deferred withholding tax on dividends	(%)	**0.8**	–	**–**	–
	(%)	**39.0**	30.8	**0.0**	0.0

^ *Disallowable charges relates to IFRS 2 adjustments relating to the Forfeitable Share Plan share based payments.*

* *Prior year tax adjustments relate to over/under provision of prior year taxes.*

Withholding tax on dividends increased due to the dividend declared during the period.

~ *On 23 February 2022, the South African Minister of Finance announced a change in the corporate tax rate from 28% to 27% in the Budget speech. The rate change is effective for years of assessment ending on or after 31 March 2023, resulting in the remeasurement of the deferred tax balances. The measurement of current tax, remained at 28% for the current year.*

Notes to the Annual Consolidated and Separate Financial Statements

28. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares in issue is calculated net of treasury shares acquired/sold during the year. Shares held by The Cashbuild Operations Management Member Trust and Cashbuild (South Africa) (Pty) Ltd have been included in the calculation from date of acquisition. Shares held by The Cashbuild Empowerment Trust have been included in the calculation from 7 February 2005.

		Group		Company	
Figures in Rand thousand		Year ended June 2022	Year ended June 2021	Year ended June 2022	Year ended June 2021
Attributable earnings		**473 849**	664 682	**699 216**	251 586
Weighted number of shares in issue	('000)	**22 621**	22 642	**24 990**	24 990
Basic earnings per share	(cents)	**2 094,7**	2 935,7	**2 798,0**	1 006,7
Weighted average number of ordinary shares in issue					
Ordinary shares in issue beginning of the year	('000)	**24 990**	24 990	**24 990**	24 990
Less: Weighted average number of treasury shares:					
– The Cashbuild Empowerment Trust		**(1 765)**	(1 765)	**-**	-
– The Cashbuild Operations Management Member Trust		**(28)**	(24)	**-**	-
– Cashbuild (South Africa) (Pty) Ltd*		**(576)**	(559)	**-**	-
		22 621	22 642	**24 990**	24 990

* *Shares held for Cashbuild Forfeitable Share Purchases share scheme current and future share allocations. For more details refer to the share-based payments note 17.*

Diluted earnings per share

In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

		Group		Company	
Figures in Rand thousand		Year ended June 2022	Year ended June 2021	Year ended June 2022	Year ended June 2021
Attributable earnings		**473 849**	664 682	**699 216**	251 586
Diluted number of ordinary shares in issue	('000)	**22 679**	22 665	**25 048**	25 000
Diluted earnings per share	(cents)	**2 089,4**	2 932,6	**2 791,5**	1 006,3
Fully diluted weighted average number of ordinary shares in issue					
Weighted number of shares in issue	('000)	**22 621**	22 642	**24 990**	24 990
Dilutive effect of the following:					
– Future potential issue of shares		**58**	23	**58**	10
		22 679	22 665	**25 048**	25 000

Notes to the Annual Consolidated and Separate Financial Statements

28. Earnings per share continued

Headline earnings and diluted headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary shares outstanding at year end.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable re-measurement items. Headline earnings and diluted headline earnings are presented after tax and non-controlling interest.

		Group		Company	
Figures in Rand thousand		**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Reconciliation between earnings and headline earnings:					
Basic earnings		**473 849**	664 682	**699 216**	251 586
Adjusted for:					
Net loss/(profit) on disposal of property, plant and equipment		**1 914**	(2 268)	**–**	–
Gross loss/(profit) on disposal of property, plant and equipment		**4 319**	(4 468)	**–**	–
Tax effect*		**(2 405)**	2 200	**–**	–
Net impairment/(impairment reversal)		**3 136**	(11 999)	**–**	–
Gross impairment/(impairment reversal)		**4 368**	(16 732)	**–**	–
Tax effect		**(1 232)**	4 733	**–**	–
Net profit effect of property, plant and equipment from insurance income		**(42 448)**	–	**–**	–
Insurance income for property, plant and equipment		**(71 501)**	–	**–**	–
Impairment on looted stores property, plant and equipment		**20 384**	–	**–**	–
Tax effect		**8 669**	–	**–**	–
Headline earnings		**436 451**	650 415	**699 216**	251 586
Headline earnings		**436 459**	650 415	**699 216**	251 586
Weighted average number of shares in issue	('000)	**22 621**	22 642	**24 990**	24 990
Headline earnings per share	(cents)	**1 929,4**	2 872,6	**2 798,0**	1 006,8
Headline earnings		**436 451**	650 415	**699 216**	251 586
Fully diluted weighted average number of share in issue	('000)	**22 679**	22 665	**25 048**	25 000
Fully diluted headline earnings per share	(cents)	**1 924.5**	2 869,7	**2 791,5**	1 006,3
Dividends per share					
Interim	(cents)	**587**	724	**587**	724
Final^	(cents)	**677**	2 211	**677**	2 211

* *The tax effect is high in relation to the profit/(loss) recognised on disposal due to the high recoupment of wear and tear allowances on assets disposed of.*

^ *This is based on a dividend cover of 1.5 times.*

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
29. Cash generated from/(utilised in) operations				
Profit before taxation	**786 791**	967 644	**699 216**	251 707
Adjustments for:				
Depreciation and amortisation	**378 349**	368 352	**–**	–
Impairment/(reversal) of assets	**24 752**	(16 732)	**–**	–
Rental reductions	**–**	(5 011)	**–**	–
Profit on disposal of assets held for sale	**–**	(3 398)	**–**	–
Loss/(profit) on sale of non-current assets	**4 319**	(1 070)	**–**	–
Profit on disposal of right-of-use asset	**(2 939)**	(1 193)	**–**	–
"Insurance income relating to fixed assets	**(71 514)**	–	**–**	–
Dividends received (trading)	**–**	–	**(706 302)**	(256 251)
Finance income	**(72 672)**	(91 327)	**–**	(434)
Finance costs	**161 602**	162 502	**–**	–
Movements in share based payments reserve	**25 948**	25 646	**–**	–
Changes in working capital:				
Decrease/(increase) in inventories	**25 189**	(279 291)	**–**	–
Increase in trade and other receivables	**(6 637)**	(28 902)	**(3 128)**	–
(Decrease)/increase in prepayments	**(2 932)**	20 655	**–**	–
(Decrease)/increase in trade and other payables	**(404 716)**	389 841	**3 128**	430
	845 540	1 507 716	**(7 086)**	(4 548)

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
30. Tax paid				
Balance at the beginning of the year	**(109 446)**	(18 614)	**(121)**	–
Current tax for the year recognised in profit or loss	**(307 835)**	(297 557)	**–**	(121)
Movement in deferred tax	**62 537**	(32 918)	**–**	–
Balance at the end of the year	**58 018**	109 446	**–**	121
	(296 726)	(239 643)	**(121)**	–
31. Dividends paid				
Final dividend – prior year (Dividend 57)	**(513 172)**	(62 367)	**(552 525)**	(67 973)
Interim dividend – current year (Dividend 58)	**(138 784)**	(167 548)	**(146 690)**	(180 926)
Amounts paid to non-controlling shareholders	**(14 785)**	(1 980)	**–**	–
	(666 741)	(231 895)	**(699 215)**	(248 899)
Dividends are paid out of income reserves.				
32. Proceeds on disposal of non-current assets held for sale				
Net book value	**–**	8 703	**–**	–
Profit on sale of assets	**–**	3 398	**–**	–
	–	12 101	**–**	–
33. Proceeds on disposal of property, plant and equipment and intangible assets				
Net book value	**7 618**	9 692	**–**	–
(Profit)/loss on sale of assets	**(4 319)**	1 070	**–**	–
	3 299	10 762	**–**	–
34. Commitments				
Authorised capital expenditure				
Capital expenditure to be funded from internal resources as approved by the directors:				
– Authorised, contracted	**148 069**	203 864	**–**	–
– Authorised but not contracted for	**24 657**	74 502	**–**	–

The capital commitments are for building and infrastructure for new stores, store refurbishments or relocations.

Notes to the Annual Consolidated and Separate Financial Statements

Figures in Rand thousand	Group Year ended June 2022	Group Year ended June 2021	Company Year ended June 2022	Company Year ended June 2021
35. Contingencies				
The Group has contingent liabilities in respect of bank and other guarantees in the ordinary course of business from which it is anticipated that no material liabilities will arise. These guarantees consist of amounts held in the interests of suppliers, landlords and revenue authorities.				
Bank guarantees	**9 458**	8 524	**–**	–
Refer to note 14 for the detail relating to cash and cash equivalents				
36. Related parties				
Relationships				
Intermediate holding company: Cashbuild Management Services Proprietary Limited				
Loan accounts – Owing (to)/by related parties				
– Kier and Kawder (Pty) Ltd*	**(1 960)**	(1 960)	**–**	–
– Cashbuild Management Services Proprietary Limited	**–**	–	**39 514**	39 512
* *The loan is unsecured, interest free and is payable at the discretion of Cashbuild.*				
– S-Identity Holdings (Pty) Ltd^	**–**	11 139	**–**	–
The below movements relate to the VAT facility granted:				
Opening balance			**11 139**	–
Interest charged			**630**	389
Loan (repaid)/advanced			**(11 769)**	10 750
Closing balance			**–**	11 139
^ *The loan is a VAT facility has be repaid through VAT refunds received from SARS. Interest was charged at the prime overdraft rate.*				
Amounts included in Trade receivable regarding related parties				
– The Cashbuild Empowerment Trust	**–**	–	**174**	174
Related party transactions				
Dividends received				
– Cashbuild Management Services Proprietary Limited	**–**	–	**706 302**	256 251

Notes to the Annual Consolidated and Separate Financial Statements

37. The Cashbuild Empowerment Trust

In terms of the broad-based BEE transaction approved by the shareholders on 7 February 2005, 2 580 535 shares were issued to the Cashbuild Empowerment Trust. The shares were issued for a total consideration of R75.1 million (R29.09 per share). The trust was funded by way of an interest-free loan from Cashbuild (Management Services) Proprietary Limited. As at 26 June 2022, Cashbuild Limited had 24 989 811 (June 2021: 24 989 811) shares in issue.

On 6 December 2010, a resolution was passed to repurchase 615 536 ordinary shares from the Cashbuild Empowerment Trust for a total consideration of R50 million. The proceeds on the share repurchase that were distributed as a dividend to beneficiaries of the Trust, equal to R20 million. In the 2016 financial year, a resolution was passed to repurchase a further 200 000 shares from the Trust which resulted in a distribution of R61.89 million to the beneficiaries of the Trust, which excludes transaction costs associated with the transaction of R1.62 million. As at 26 June 2022, The Cashbuild Empowerment Trust held 1 764 999 (June 2021: 1 764 999) shares in Cashbuild Limited.

The aggregate number of shares which may be acquired by the trust shall not exceed 10% of the issued share capital of Cashbuild. The majority of Cashbuild employees are previously disadvantaged. In terms of income benefits, the empowered employees will share in the net dividend of the scheme shares underlying the trust on an equal basis. In addition to this, the empowered employees of Cashbuild will also benefit on an equitable basis should the capital of the trust be distributed following a corporate restructuring resulting in a change of control or liquidation.

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Dividends paid to the Trust and distributed to employees as follows:				
– Final 2021 (2020)	**39 024**	4 801	**–**	–
– Interim 2022 (2021)	**10 361**	12 779	**–**	–
	49 385	17 580	**–**	–

Notes to the Annual Consolidated and Separate Financial Statements

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
38. Risk management				
Financial risk management				
Categories of financial instruments				
Financial assets at amortised cost				
Trade and other receivables	**132 831**	126 726	**3 128**	–
Cash and cash equivalents	**1 938 639**	2 546 380	**10 069**	10 070
Loan to subsidiary	**–**	–	**39 514**	39 633
Total	**2 071 470**	2 673 106	**52 711**	49 703
Financial liabilities at amortised cost				
Trade and other payables	**1 720 075**	2 165 266	**12 368**	9 240
Total	**1 720 075**	2 165 266	**12 368**	9 240

Overview

This note presents information about the Group's exposure to each of its applicable financial risks, these being liquidity risk, foreign exchange risk, credit risk and interest rate risk. The below information contains the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk, and the Group's management of capital. All financial assets and financial liabilities referred to in this note are classified as amortised cost financial instruments. Further quantitative disclosures are included throughout these Annual Consolidated and Separate Financial Statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the companies activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

The Group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure of the group consists of debt, which includes lease liabilities as disclosed in note 19 and equity as disclosed in the Consolidated and Separate Statements of Financial Position.

Notes to the Annual Consolidated and Separate Financial Statements

38. Risk management continued

Overview continued

The group monitors capital using a gearing ratio. The ratio is calculated as debt (interest bearing borrowings and trade and other payables) divided by capital. Total capital is calculated as the sum of 'equity' and 'debt' as shown in the Consolidated and Separate Statements of Financial Position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt. During the year, the Group changed the dividend cover ratio. The final dividend is based on a dividend cover of 1.5 times.

The capital structure and gearing ratio of the group at the reporting date was as follows:

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Lease liabilities	**1 612 896**	1 669 809	**–**	–
Trade and other payables	**2 536 064**	2 914 923	**12 368**	9 240
Debt	**4 148 960**	4 584 732	**12 368**	9 240
Equity	**2 365 006**	2 587 954	**187 199**	161 250
Total capital	**6 513 966**	7 172 686	**199 567**	170 490
Gearing ratio	**0.64**	0.64	**0.06**	0.05

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Potential concentrations of credit risk consist mainly of cash and cash equivalents and trade and other receivables.

Exposure to credit risk mainly relates to cash equivalents and trade receivables. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Funds are only invested with authorised financial service providers. Due to the Group's international operational requirements it is forced to transact with financial institutions in certain countries where independent internationally accredited credit ratings are not available. Cash balances deposited with these financial institutions are kept to an operational minimum and are transferred, subject to exchange control regulations and available suitable foreign currency, to financial institutions with acceptable credit ratings. The Group has policies that limit the amount of credit exposure to any one financial institution.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Notes to the Annual Consolidated and Separate Financial Statements

38. **Risk management** continued

Credit risk continued

Sales to retail customers are settled in cash or using debit and credit cards. Except for the total exposure represented by the respective Consolidated and Separate Statements of Financial Position items, the Group has no other significant concentration of credit risk. Accounts receivable comprise a widespread client base and the Group has policies in place to ensure that all sales of goods and services on credit are made to customers with an appropriate credit history. These policies include reviewing the Group's own credit history with the customer, verifying the credit history with an external credit bureau, as well as a formalised application process where the creditworthiness of the customer is assessed. With the exception of special orders where an upfront deposit is held, no collateral is held for other customers.

Refer to note 13 for detail relating to the expected credit loss allowance.

Trade receivables are not insured. The carrying amount of all financial assets represents the maximum exposure to credit risk. The carrying amount is equivalent to fair value for trade receivables, cash and cash equivalents and trade payables. A credit policy has been established where each new credit customer is analysed individually for creditworthiness before the companies standard payment and delivery terms are offered.

Credit quality of cash at bank, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

		Group		Company	
Figures in Rand thousand	External credit rating	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Internal credit rating as at 26 June 2022					
Moderate	BB+	**1 918 997**	2 371 312	**10 069**	10 070
High	AAA	**17 962**	173 379	**–**	–
Total cash held at financial institutions		**1 936 959**	2 544 691	**10 069**	10 070

For detail on the credit quality (ageing) of trade receivables and movement in the allowance for impairment in respect of trade receivables, refer to note 13.

Notes to the Annual Consolidated and Separate Financial Statements

38. Risk management continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk through the compilation and monitoring of cash flow forecasts, as well as ensuring that adequate borrowing facilities are maintained

The Group has unutilised banking facilities of R515 million (June 2021: R480 million).

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Non-derivative financial liabilities	Group				
Figures in Rand thousand	30 days or less	More than 30 days but less than 1 year	1 to 5 years	Over 5 years	Total
June 2022					
Lease liabilities	**(30 770)**	**(471 164)**	**(1 319 559)**	**(462 670)**	**(2 284 163)**
Trade liabilities	**(893 726)**	**(628 012)**	**–**	**–**	**(1 521 738)**
June 2021					
Lease liabilities	(31 204)	(280 034)	(1 344 793)	(622 663)	(2 278 694)
Trade liabilities	(966 182)	(818 640)	–	–	(1 784 822)

We expect that trade liabilities and accruals will be settled by cash resources and changes in working capital. At reporting date, the Group held cash of R1 939 million (2021: R2 546 million), which is expected to readily generate cash inflows to manage any liquidity risk.

Non-derivative financial liabilities	Company			
	30 days or less	More than 30 days but less than 1 year	1 to 5 years	Total
June 2022				
Trade liabilities	**–**	**(12 368)**	**–**	**(12 368)**
June 2021				
Trade liabilities	–	(9 240)	–	(9 240)

Foreign currency risk

The Group operates throughout Southern Africa and is exposed to foreign exchange risk arising from various currencies, primarily the Botswana Pula, Malawi Kwacha, Kwacha and USD in Zambia. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign entities. A portion of the Group's income is earned in foreign currencies. The Group does not hedge trade payables in foreign currencies as the intention is to repay these from its foreign earned income stream. The Group also has a translation risk arising from the consolidation of foreign entities into South African Rands.

Notes to the Annual Consolidated and Separate Financial Statements

38. Risk management continued

Foreign currency risk continued

Exposure from exchange rate fluctuations on transactions denominated in foreign currency is managed by reviewing foreign currency exposure in order to determine if foreign exchange contracts should be utilised on an ongoing basis. Foreign currency forward exchange contracts protect the Group from movements in exchange rates by establishing the rates at which a foreign currency asset or liability will be settled. It is Group policy to enter into forward exchange contracts when adverse exposure to foreign currency exchange rate fluctuations exist.

During the current financial year, Malawi devalued their currency by 25%. The impact of the devaluation is R7 million on the Group. This related to translation of monetary assets and the conversion of a foreign subsidiary to the reporting currency. Given the level of operations in Malawi, the Group has not identified the currency devaluation as a material risk.

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Foreign currency exposure at the end of the reporting period				
Rand exposed to Botswana Pula				
Trade receivables	**2 048**	2 385	**–**	–
Cash and cash equivalents	**30 817**	187 232	**–**	–
Trade payables	**(7 768)**	(9 530)	**–**	–
Rand exposed to Malawi Kwacha				
Trade receivables	**260**	19 204	**–**	–
Cash and cash equivalents	**31 055**	28 909	**–**	–
Trade payables	**(1 625)**	(1 661)	**–**	–
Rand exposed to Zambia Kwacha				
Trade receivables	**84**	12	**–**	–
Cash and cash equivalents	**9 500**	1 866	**–**	–
Trade payables	**(1 394)**	(1 141)	**–**	–
Rand exposed to US Dollar (Zambia)				
Cash and cash equivalents	**717**	(573)	**–**	–
Exchange rates used for conversion were:				
Botswana Pula – Reporting date rate	**1.29**	1.31	**–**	–
Botswana Pula – Average rate	**1.33**	1.38	**–**	–
Malawi Kwacha – Reporting date rate	**0.014**	0.016	**–**	–
Malawi Kwacha – Average rate	**0.016**	0.018	**–**	–
Zambia Kwacha – Reporting date rate	**0.91**	0.62	**–**	–
Zambia Kwacha – Average rate	**0.87**	0.72	**–**	–
US dollar – Reporting date rate	**16.00**	14.11	**–**	–

Notes to the Annual Consolidated and Separate Financial Statements

38. Risk management continued

A sensitivity analysis was performed to evaluate the impact of exchange rate fluctuations on the exchange rate risk. This considers the impact if currency had weakened/strengthened by 10% and all other variables remained constant. The below table illustrates the net impact on the foreign denominated trade receivables, cash and cash equivalents and trade payables.

	Group		Company	
Figures in Rand thousand	**Year ended June 2022**	Year ended June 2021	**Year ended June 2022**	Year ended June 2021
Rand exposed to Botswana Pula	**2 282**	2 500	**–**	–
Rand exposed to Malawi Kwacha	**2 699**	16 300	**–**	–
Rand exposed to Zambia Kwacha	**745**	100	**–**	–
Rand exposed to US Dollar (Zambia)	**667**	500	**–**	–

Interest rate risk

As the Group is operating with a low gearing ratio, interest rate risk on borrowings is minimised. Surplus funds are invested in call and other notice accounts in order to maximise interest potential. The Group is exposed to interest rate risk that relates to bank borrowings, deposits and lease liabilities. The incremental borrowing rate on lease liabilities are linked to the prime interest rate. Refer to note 19 for detail relating to the lease liabilities.

Price risk

The Group is not exposed to significant commodity price risk.

Notes to the Annual Consolidated and Separate Financial Statements

39. Directors', key staff and prescribed officer's emoluments

Figures in Rand thousand	Basic salary	Expenses and travel allowance	Medical benefits	Company pension scheme contributions	Bonus~	Shares vesting value	Total
Executive							
June 2022							
WF de Jager	6 164	116	234	577	706	2 516	10 313
AE Prowse	3 614	134	–	277	281	1 730	6 036
SA Thoresson	3 269	131	–	287	255	1 573	5 515
WP van Aswegen	3 066	200	–	290	248	1 326	5 130
	16 113	581	234	1 431	1 490	7 145	26 994

Figures in Rand thousand	Basic salary	Expenses and travel allowance	Medical benefits	Company pension scheme contributions	Bonus+	Shares vesting value	Total
June 2021							
WF de Jager	5 742	100	200	536	6 184	247	13 009
AE Prowse	3 428	137	–	263	2 923	165	6 916
SA Thoresson	3 071	146	–	273	2 688	151	6 329
WP van Aswegen	2 603	180	–	249	2 254	97	5 383
A Hattingh*	1 125	21	–	103	–	–	1 249
	15 969	584	200	1 424	14 049	660	32 886

~ *Bonus accrued for the current year*

+ *Paid in the current financial year*

* *A Hattingh was regarded as a key staff member of the Group subsequent to his resignation as a director on 16 November 2020. His bonus was earned throughout the year and was included as part of the key staff remuneration disclosure as the bonus accrual occurred in June 2021 while he was key staff member.*

Share options granted to directors:

Refer to note 17 for details of share incentive schemes of which directors are beneficiaries of at year end.

Figures in Rand thousand	Directors' fees 2022	Directors' fees 2021
Non-executive		
M Bosman (Mr)	944	475
M Bosman (Ms) (appointed 1 August 2021)	711	–
HH Hickey (resigned 31 May 2021)	–	580
AGW Knock	1 116	728
Dr DSS Lushaba	958	598
AJ Mokgwatsane (appointed 1 August 2021)	518	–
NV Simamane (resigned 30 November 2020)	–	199
GM Tapon Njamo	856	541
	5 103	3 121

Notes to the Annual Consolidated and Separate Financial Statements

39. Directors', key staff and prescribed officer's emoluments continued

Prescribed Officers and key staff are paid by the subsidiary company Cashbuild (South Africa) Proprietary Limited.

Figures in Rand thousand	Basic Salary	Expenses and travel allowance	Medical benefits	Company pension scheme contributions	Bonus[-]	Shares vesting value	Total
June 2022							
P Champion	**2 351**	**144**	**147**	**217**	**143**	**833**	**3 835**
W Dreyer	**2 241**	**60**	**121**	**224**	**129**	**806**	**3 581**
A Hattingh	**2 894**	**50**	**–**	**264**	**110**	**1 361**	**4 679**
A Havenga	**2 289**	**50**	**–**	**214**	**127**	**740**	**3 420**
DS Masala*	**2 021**	**120**	**138**	**214**	**175**	**734**	**3 402**
ZB Matolo	**1 933**	**160**	**92**	**223**	**120**	**–**	**2 528**
I Mckay	**2 121**	**130**	**79**	**186**	**124**	**1 247**	**3 887**
T Myburg	**1 650**	**267**	**149**	**162**	**106**	**133**	**2 467**
H Roos	**1 965**	**135**	**–**	**203**	**111**	**128**	**2 542**
M Scholes	**1 828**	**160**	**–**	**169**	**106**	**828**	**3 091**
H Steenberg	**1 982**	**120**	**–**	**184**	**114**	**712**	**3 112**
	23 275	**1 396**	**726**	**2 260**	**1 365**	**7 522**	**36 544**

Figures in Rand thousand	Basic Salary	Expenses and travel allowance	Medical benefits	Company pension scheme contributions	Bonus[+]	Shares vesting value	Total
June 2021							
P Champion	2 105	144	140	197	1 714	87	4 387
W Dreyer	2 125	76	119	213	1 697	92	4 322
A Hattingh[^]	1 622	30	–	148	1 795	99	3 694
A Havenga	2 058	49	–	193	1 523	84	3 907
DS Masala*	1 922	140	124	204	1 838	74	4 302
ZB Matolo	1 846	156	87	212	1 544	–	3 845
I Mckay	2 006	174	75	177	1 621	84	4 137
T Myburg	1 560	316	142	154	1 389	13	3 574
H Roos	1 864	125	–	193	1 459	15	3 656
M Scholes	1 730	253	–	161	1 389	15	3 548
H Steenberg	1 877	120	–	175	1 356	81	3 609
	20 715	1 583	687	2 027	17 325	644	42 981

[-] *Bonus accrued for the current year*
* *Prescribed Officer.*
[+] *Paid in the current financial year*
[^] *A Hattingh was appointed as a key staff member of the Group subsequent to his resignation as a director on 16 November 2020. His bonus was earned throughout the year and was included as part of the key staff remuneration disclosure as the bonus accrual occurred in June 2021 while he was key staff member.*

Notes to the Annual Consolidated and Separate Financial Statements

40. Events after the reporting period

On 31 May, 2022, the Board of Directors approved management's proposal to close the Zambian operations. The decision was taken due to the continued losses being made after various attempts in trying to make the operations profitable. Necessary processes were initiated as required to ensure operations are effectively wound up by end of September 2022. On 31 July 2022, the Zambia stores were officially closed to the public. The remaining period will be used to restore the stores back to their acceptable condition as required by the lease agreements. Property, plant and equipment has either been sold to third parties or to Cashbuild South Africa. Long term assets associated will only qualify as held for sale when the operations have been completely closed and become available for sale.

41. New Standards and Interpretations

Standards and interpretations not yet effective or relevant

Standard/Interpretation:	Effective date: Years beginning on or after	Expected date of implementation:	Expected impact:
Effective for year end 26 June 2022 No standards/interpretation IFRS amendments noted.			
Issued but not yet effective for year end 26 June 2022 *IFRS 3 Business Combinations* – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	**1 January 2022**	**1 July 2022**	Not expected to impact results or disclosures
IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.	**1 January 2022**	**1 July 2022**	Not expected to impact results or disclosures
IAS 16 Property, Plant and Equipment – Clarification on how selling costs should be recognised	**1 January 2022**	**1 July 2022**	Not expected to impact results or disclosures
IAS 1 Presentation of Financial Statements – Current and non-current liability classification and material accounting policies disclosure	**1 January 2023**	**1 January 2024**	Not expected to impact results or disclosures
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Accounting Estimates: Clarification on how companies should distinguish changes in accounting policies from changes in accounting estimates	**1 January 2023**	**1 July 2023**	Not expected to impact results or disclosures
IAS 12 Income Taxes – The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items	**1 January 2023**	**1 July 2023**	The Group already implements the measurement requirements as prescribed by the amendment, it is expected that the deferred tax relating to lease disclosure will align with adoption

5 GENERAL INFORMATION

Cashbuild continuously re-assesses its short- and medium-term strategy to ensure that the majority of business risks and material matters are addressed.

Regarding its ESG strategy, the concept of sustainability is not limited to the Group's impact on investors, society and the environment, but also includes the impact of social and environmental considerations on the Group's ability to continue sustaining itself and supporting those individuals and organisations that depend on its success.

Shareholders' Analysis

for the year ended 26 June 2022

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	4 033	87.56	501 696	2.01
1 001 – 10 000	418	9.08	1 367 160	5.47
10 001 – 100 000	125	2.71	3 658 431	14.64
100 001– 1 000 000	25	0.54	9 055 112	36.23
Over 1 000 000	5	0.11	10 407 412	41.65
Total	4 606	100.00	24 989 811	100.00
Distribution of shareholders				
Assurance Companies	29	0.63	341 019	1.37
Close Corporations	37	0.80	24 801	0.10
Collective Investment Schemes	117	2.54	5 690 175	22.77
Custodians	38	0.83	1 830 425	7.32
Foundations and Charitable Funds	19	0.41	140 819	0.56
Hedge Funds	2	0.04	29 712	0.12
Insurance Companies	6	0.13	270 521	1.08
Investment Partnerships	13	0.28	4 726	0.02
Managed Funds	5	0.11	7 011	0.03
Medical Aid Funds	10	0.22	156 615	0.63
Organs of State	7	0.15	3 906 866	15.63
Private Companies	107	2.32	4 706 351	18.83
Public Companies	10	0.22	43 070	0.17
Retail Shareholders	3 615	78.49	3 450 374	13.81
Retirement Benefit Funds	384	8.34	1 674 083	6.70
Scrip Lending	5	0.11	30 821	0.12
Share Schemes	2	0.04	1 869 382	7.48
Stockbrokers and Nominees	13	0.28	48 921	0.20
Treasury	2	0.04	537 259	2.15
Trusts	184	4.00	226 813	0.91
Unclaimed Scrip	1	0.02	47	0.00
Total	4 606	100.00	24 989 811	100.00

Shareholders' Analysis

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Shareholder Type				
Non-Public Shareholders	13	0.28	6 288 448	25.16
Beneficial Shareholders > 10% of the shares in issue				
– Government Employees Pension Fund	2	0.04	3 768 060	15.08
Directors and Associates (Excl Employee Share Schemes)	6	0.13	47 809	0.19
Cashbuild Empowerment Trust	1	0.02	1 764 999	7.06
Cashbuild Store Operations Management Trust	1	0.02	104 383	0.42
Cashbuild (South Africa) (Pty) Ltd	3	0.07	603 197	2.41
Public Shareholders	4 593	99.72	18 701 363	74.84
Total	4 606	100.00	24 989 811	100.00
Beneficial Shareholders with a Holding Greater Than 5% of the Issued Shares				
Government Employees Pension Fund			3 768 060	15.08
Clients of Allan Gray			3 245 811	12.99
Mr Kieran Patrick Goldrick			2 270 152	9.08
Cashbuild Empowerment Trust			1 764 999	7.06
SRA Investments (Pty) Ltd			1 500 000	6.00
Total			12 549 022	50.21

Shareholders' Diary

Final results published	31 August 2022
Final dividend paid	26 September 2022
2022 Integrated Report posted to shareholders	28 October 2022
Annual General Meeting	28 November 2022
Interim results for the six months ending 25 December 2022	March 2023
Annual results for the year ending 25 June 2023	August 2023

Notice of Annual General Meeting

Cashbuild Limited

(Incorporated in the Republic of South Africa)
Registration number: 1986/001503/06
ISIN : ZAE000028320 JSE Code: CSB
("Cashbuild" or "the Company")

Notice is hereby given that the 36th Annual General Meeting of shareholders of Cashbuild will be held in the South Africa Conference Room, Cashbuild Corporate Office, 2 Handel Road, Ormonde, Johannesburg (and by way of electronic communication (in accordance with section 63(2) of the Companies Act)) on Monday, 28 November 2022 at 10:00.

Receipt of Annual Financial Statements, Audit Committee Report and Social and Ethics Committee Report

- To receive the audited Annual Financial Statements of the Company and of the Group (being Cashbuild and its subsidiaries) for the year ended 26 June 2022, together with the reports of the directors, the Audit Committee and the Independent Auditor. The Annual Financial Statements can be obtained from the Cashbuild website at https://www.cashbuild.co.za/pdf/investorrelations/reports/2022/annual_financial_statement-2022.pdf or can be requested from the Company Secretary.
- To receive the report of the Social and Ethics Committee for the year ended 26 June 2022, as required in terms of Regulation 43 of the Companies Regulations, 2011 ("the Regulations"), as set out in the Integrated Report.

Ordinary Resolutions

To consider and, if deemed fit, to approve, with or without modification, the ordinary resolutions set out below, in the manner required by the Memorandum of Incorporation ("MOI") and the Companies Act, 2008, as amended ("the Act"), as read with the JSE Listings Requirements ("Listings Requirements"):

1. Ordinary Resolution Number One: Re-election of AGW Knock as a Director

To RESOLVE to re-elect AGW Knock in terms of clause 13.4 of the MOI, who became a director on 1 July 2011, and who retires by rotation but, being eligible, offers himself for re-election. The Board supports the re-election.

A brief biography of AGW Knock is contained on page 72 of the Integrated Report.

The Board is satisfied that AGW Knock is regarded as independent in terms of King IV™.

2. Ordinary Resolution Number Two: Re-election of DSS Lushaba as a Director

To RESOLVE to re-elect DSS Lushaba in terms of clause 13.4 of the MOI, who became a director on 1 July 2011, and who retires by rotation but, being eligible, offers himself for re-election. The Board supports the re-election.

A brief biography of DSS Lushaba is contained on page 73 of the Integrated Report.

The Board is satisfied that DSS Lushaba is regarded as independent in terms of King IV™.

3. Ordinary Resolution Number Three: Appointment of Independent Auditor

To RESOLVE to appoint Deloitte to act as the Independent Auditor of the Company for the financial year ending 25 June 2023 until the end of the next Annual General Meeting in November 2023. The individual registered auditor responsible for the audit is Mr James Welch.

In terms of paragraph 3.75 to 3.78 of the JSE Limited Listings Requirements, and in accordance with the mandatory audit firm rotation rule issued by the Independent Regulatory Board for Auditors, shareholders are advised that, following the conclusion of a comprehensive tender process, the Audit and Risk Committee has recommended, and the Board supports, the proposed appointment of Deloitte as the external auditors of the Group with effect from the financial year commencing July 2022.

4. Ordinary Resolution Number Four: Re-appointment of the Audit Committee Members

To RE-APPOINT, by separate resolutions, the following members to the Audit Committee:

4.1 M Bosman (Mr) as Chairperson;

4.2 M Bosman (Ms);

4.3 DSS Lushaba (subject to his re-election as per Ordinary Resolution Number Two); and

4.4 GM Tapon Njamo.

Brief biographies of the above members are contained on page 73 of the Integrated Report.

Notice of Annual General Meeting

Non-Binding Advisory Votes

To consider and vote on the resolutions set out below, in the manner required by King IV™, as read with the JSE Listings Requirements.

Should more than 25% of the total votes cast be against either of the non-binding advisory votes, the Company will issue, in its voting results announcement, an invitation to shareholders who voted against the resolutions to meet with members of the Remuneration Committee. The process will be as outlined in a SENS announcement issued subsequent to the Annual General Meeting.

Motivation for non-binding advisory endorsement

In terms of King IV™ and the JSE Listings Requirements, a non-binding advisory vote should be obtained from the shareholders on the Company's Remuneration Policy as well as the implementation of said policy. The vote allows shareholders to express their views on the Remuneration Policy and the implementation thereof, but will not be binding on the Company.

5. Ordinary Resolution Number Five: Endorsement of the Company's Remuneration Policy

To ENDORSE, on a non-binding advisory basis, the Company's Remuneration Policy as set out in Section A of the Remuneration Report contained in the Integrated Report.

6. Ordinary Resolution Number Six: Endorsement of the Implementation of the Company's Remuneration Policy

To ENDORSE, on a non-binding advisory basis, the implementation of the Company's Remuneration Policy as set out in Section B of the Remuneration Report contained in the Integrated Report.

Special Resolutions

To consider and, if deemed fit, to approve, with or without modification, the special resolutions set out below, in the manner required by the MOI and the Companies Act, as read with the JSE Listings Requirements.

7. Special Resolution Number One: Remuneration of Non-executive Directors

To APPROVE the remuneration of the Non-executive Directors of the Company for the period 1 July 2022 to 30 June 2023, as set out below:

		Excluding VAT	Payable
Annual retainer	Chairman	390 000	Annually
	Director	210 000	Annually
Board and Strategy meetings	Chairman	74 000	Per meeting
	Director	37 000	Per meeting
Audit and Risk Committee meetings	Chairman	63 000	Per meeting
	Member	31 500	Per meeting
All other meetings	Chairman	42 000	Per meeting
	Member	21 000	Per meeting
Ad hoc governance meetings	Chairman	8 000	Per hour
	Director	4 000	Per hour

Explanatory note in respect of Special Resolution Number One

In terms of section 65(11)(h) of the Companies Act, read with sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years, and only if it is not prohibited in terms of the Company's MOI.

75% of voting rights exercised will be required for this special resolution to be adopted.

8. Special Resolution Number Two: Financial Assistance to Associated or Group Companies

To AUTHORISE, to the extent required in terms of section 45 of the Companies Act, the Board, as it in its discretion deems fit, but subject to compliance with the requirements of the MOI, the Companies Act and JSE Listings Requirements applicable to the Company, to grant authority to the Company to provide direct or indirect financial assistance as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation as contemplated in the Companies Act, for any purpose in the ordinary course of business of the Group at any time during a period of two years following the date on which this resolution is passed.

Notice of Annual General Meeting

The Board will, before making any such financial assistance, satisfy itself that:

- immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test as set out in the Companies Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

Explanatory note in respect of Special Resolution Number Two

Special Resolution Number Two is required in order to authorise financial assistance by the Company to other associated or Group companies.

In terms of section 45 of the Companies Act, the directors of the Company may not authorise the Company to provide financial assistance by way of loans, guarantees, the provision of security or otherwise, to any company which is related or interrelated to Cashbuild, i.e. directly or indirectly, its subsidiaries, unless such financial assistance is pursuant to a special resolution of shareholders. This special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the Company.

9. Special Resolution Number Three: General Repurchase of Shares

To RESOLVE, that the Company or any of its subsidiaries be and is hereby authorised, by way of a general approval, to acquire ordinary shares issued by the Company, in terms of sections 46 and 48 of the Companies Act, and in terms of the JSE Listings Requirements, being that:

- any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement between the Company and the counter party;
- this general authority shall be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 months from the date of passing this special resolution;
- the Company (or any of its subsidiaries) is duly authorised by its MOI to do so;
- acquisition of shares in the aggregate in any one financial year may not exceed 5% of the Company's issued ordinary share capital as at the date of passing this special resolution;
- in determining the price at which shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the five trading days immediately preceding the repurchase of such shares;
- at any point in time the Company (or any of its subsidiaries) may appoint only one agent to effect repurchase on its behalf;
- repurchase may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where dates and quantities of shares to be repurchased during the prohibited period are fixed and not subject to variation). The Company must instruct only one independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company and full details have been submitted to the JSE in writing prior to the commencement of the prohibited period;
- an announcement will be published as soon as the Company or any of its subsidiaries have repurchased shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the repurchase pursuant to which the aforesaid threshold is reached, and for each 3% in aggregate repurchased thereafter, containing full details of such repurchases; and
- the Board must resolve that the repurchase is authorised, the Company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the Group.

In accordance with the JSE Listings Requirements the directors record that although there is no immediate intention to implement a repurchase of the shares of the Company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and immediate action.

The directors understand that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the repurchase general authority, for a period of 12 months after the date of notice of this Annual General Meeting:

- the Company and the Group will, in the ordinary course of business, be able to pay its debts;
- the consolidated assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the Company and the Group, fairly valued in accordance with IFRS; and
- the Company and Group's share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the Integrated Report of which this notice forms part, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

Major beneficial shareholders	Page 181 of the Integrated Report
Capital structure of the Company	Page 151 of the Integrated Report

Notice of Annual General Meeting

Explanatory note in respect of Special Resolution Number Three

The reason for Special Resolution Number Three is to permit the Company or any of its subsidiaries, by way of a general approval to repurchase ordinary shares by the Company as and when suitable opportunities to do so arise.

Directors' responsibility statement as it pertains to this special resolution

The directors whose names appear on pages 72 and 73 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

Material change as it pertains to this special resolution

Other than the facts and developments reported on in the Integrated Report of which this notice forms part, there have been no material changes in the affairs of or financial position of the Company and its subsidiaries since the date of signature of the Independent Auditor's Report for the financial year ended 26 June 2022 and up to the date of this Notice of Annual General Meeting.

Quorum for all Resolutions

The quorum for all resolutions is sufficient persons being present to exercise, in aggregate, at least 25% of all of the voting rights, subject to three shareholders being physically present at the Annual General Meeting.

Record Date

The record date in terms of section 59 of the Companies Act, for shareholders to be recorded on the shareholders' register of the Company, in order to be able to attend, participate and vote at the Annual General Meeting is Friday, 18 November 2022, with the last day to trade in order to be able to participate and vote at the Annual General Meeting being Tuesday, 15 November 2022.

Electronic Participation

Should any shareholder (or any proxy of a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, that shareholder should contact the Transfer Secretaries, JSE Investor Services (Pty) Ltd, at its address below, to be received by the Transfer Secretaries at least 24 hours prior to the Annual General Meeting in order for the Transfer Secretaries to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the Transfer Secretaries for the purposes of section 63(1) of the Companies Act, and for the Transfer Secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation.

Voting and Proxies

Shareholders are reminded that:

- a shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the Annual General Meeting in the place of the shareholder, and shareholders are referred to the attached Form of Proxy;
- a proxy holder need not also be a shareholder of the Company; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

For the convenience of certificated shareholders and dematerialised shareholders with "own-name" registration, a Form of Proxy is attached hereto. Duly completed Forms of Proxy must be lodged with the Transfer Secretaries at the address set out in the Form of Proxy, 24 hours before the commencement of the Annual General Meeting (or any adjournment of the Annual General Meeting) or handed to the Chairman of the Annual General Meeting or Transfer Secretaries at the Annual General Meeting before the appointed proxy exercises any of the relevant shareholder's rights at the Annual General Meeting (or any adjournment of the Annual General Meeting).

Notice of Annual General Meeting

Dematerialised shareholders without "own-name" registration who wish to attend the Annual General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their custody agreement with their CSDP or Broker. Dematerialised shareholders without "own-name" registration who do not wish to attend but wish to be represented at the Annual General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised shareholders without "own-name" registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

By order of the Board

T Nengovhela
Company Secretary

30 August 2022

Form of Proxy

Cashbuild Limited

(Incorporated in the Republic of South Africa) Registration number: 1986/001503/06 ISIN : ZAE000028320 JSE Code: CSB ("Cashbuild" or "the Company")

For the use of shareholders who hold certificated shares and shareholders who have dematerialised their shares in "own name" registrations.

Annual General Meeting to be held in the South Africa Conference Room, Cashbuild Corporate Office, 2 Handel Road, Ormonde, Johannesburg on Monday, 28 November 2022 at 10:00

I/We (name)

of (address)

being a shareholder/shareholders of Cashbuild and entitled to votes

do hereby appoint

or failing him/her,

or failing him/her, the Chairman of the Annual General Meeting as my/our proxy to act for me/us at the Annual General Meeting of the Company to be held on Monday, 28 November 2022 at 10:00 and at any adjournment thereof, by way of electronic communication (in accordance with section 63(2) of the Companies Act), and to vote for me/us in respect of the undermentioned Resolutions in accordance with the following instructions.

		Number of votes (one vote per share)		
		For	Against	Abstain
1.	Ordinary Resolution Number One: Re-election of AGW Knock as a Director.			
2.	Ordinary Resolution Number Two: Re-election of DSS Lushaba as a Director.			
3.	Ordinary Resolution Number Three: Appointment of Independent Auditor.			
4.	Ordinary Resolution Number Four: Re-appointment of the Audit Committee Members.			
4.1	M Bosman (Mr)			
4.2	M Bosman (Ms)			
4.3	DSS Lushaba			
4.4	GM Tapon Njamo			
5.	Ordinary Resolution Number Five: Endorsement, on a non-binding advisory basis, of the Company's Remuneration Policy.			
6.	Ordinary Resolution Number Six: Endorsement, on a non-binding advisory basis, of the Implementation of the Company's Remuneration Policy.			
7.	Special Resolution Number One: Remuneration of Non-executive Directors.			
8.	Special Resolution Number Two: Financial Assistance to Associated or Group Companies.			
9.	Special Resolution Number Three: General Repurchase of Shares.			

Signed at on 2022

Signature Assisted by me (where applicable – see note 7)

A shareholder qualified to attend and vote at the Annual General Meeting is entitled to appoint a person to attend, speak and vote in his/her stead. A proxy holder needs not be a shareholder of the Company.

Notes to the Form of Proxy

Shareholders holding certificated shares or dematerialised shares registered in their own name.

1. Only shareholders who hold certificated shares and shareholders who have dematerialised their shares in "own name" registrations may make use of this Form of Proxy.

2. Each such shareholder is entitled to appoint one or more proxy holders (none of whom needs to be a shareholder of the Company) to attend, speak and, on a poll, vote in place of that shareholder at the Annual General Meeting, by inserting the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the Annual General Meeting". The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. A shareholder's instructions to the proxy holder must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the Chairman of the Annual General Meeting, if he is the authorised proxy holder, to vote in favour of the Resolutions, or any other proxy to vote or to abstain from voting at the Annual General Meeting, as he deems fit, in respect of all the shareholder's votes.

4. A shareholder or his or her proxy is not obliged to vote in respect of all the shares held or represented, but the total number of votes for or against the Resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the shareholder or his proxy is entitled.

5. Any power of attorney and any instrument appointing a proxy or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney shall be deposited at the office of the Transfer Secretaries, 24 (twenty-four) hours before the time appointed for holding the Annual General Meeting or at the Annual General Meeting.

6. The completion and lodging of this Form of Proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxyholder appointed.

7. Where there are joint holders of shares any one holder may sign the proxy form. The vote of only one holder in order of seniority (determined by sequence of names on the Company register) will be accepted, whether in person or by proxy, to the exclusion of the vote(s) of other joint holders.

8. Shareholders should lodge or post their completed Forms of Proxy with the Transfer Secretaries:

   JSE Investor Services (Pty) Ltd

   Hand deliveries:
   19 Ameshoff Street, Braamfontein, Johannesburg, 2001

   OR postal deliveries:
   PO Box 4844
   Johannesburg 2000

   OR email:
   meetfax@jseinvestorservices.co.za

   by not later than 24 hours before the Annual General Meeting, being Friday, 25 November 2022 at 10:00, or handed to the Chairman of the Annual General Meeting or Transfer Secretaries at the Annual General Meeting before the appointed proxy exercises any of the relevant shareholder's rights at the Annual General Meeting (or any adjournment of the Annual General Meeting).

Shareholders holding dematerialised shares

9. Shareholders who have dematerialised their shares through a CSDP or broker (except those shareholders who have elected to dematerialise their shares in "own name" registrations) and all beneficial shareholders holding their shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the Transfer Secretaries of the Company of their voting instructions before the closing time set out in 8 above or at the Annual General Meeting.

10. All such shareholders wishing to attend the Annual General Meeting in person may do so only by requesting their CSDP, broker or nominee to issue the member with a letter of representation in terms of the custody agreement. Such letter of representation must be lodged with the Transfer Secretaries before the closing time set out in 8 above or presented at the Annual General Meeting.

Electronic Participation Form

Participation at the AGM via Electronic Communication

Capitalised terms used in this form shall bear the meanings ascribed thereto in the notice of AGM to which this participation form is attached

Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM via electronic communication (Participants), must apply to JSE Investor Services (Pty) Ltd, by delivering the duly completed Form to: 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 or posting it to PO Box 4844, Johannesburg 2000 (at the risk of the Participant), or by email to meetfax@jseinvestorservices.co.za so as to be received by JSE Investor Services (Pty) Ltd by no later than 09:00 on Monday, 28 November 2022. JSE Investor Services (Pty) Ltd will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

Important Notice

The Company shall, by no later than 24 hours prior to the AGM at 10:00 on Monday, 28 November 2022, notify Participants that have delivered valid notices in the form of this Form, by email of the relevant details through which Participants can participate electronically.

Application form

Full name of Participant:

ID number:

Email address:

Cell number:

Telephone number: (code) (number)

Name of CSDP or broker (if shares are held in dematerialised format):

Contact number of CSDP/broker:

Contact person of CSDP/broker:

Number of shares certificate (if applicable):

Signature:

Date:

Terms and conditions for participation in the AGM via electronic communication

1. The cost of electronic participation in the AGM is for the expense of the Participant and will be billed separately by the Participant's own service provider.
2. The Participant acknowledges that the electronic communication services are provided by third parties and indemnifies Cashbuild against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participants via the electronic services to the AGM.
3. The application to participate in the AGM electronically will only be deemed successful if this application form has been completed and signed by the Participant.
4. Cashbuild cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

Participant's name:

Signature:

Date:

Abbreviations and Definitions

"AGM"	Annual General Meeting
"Basic EPS"	Earnings for the year attributable to equity holders of Cashbuild divided by the weighted average number of ordinary shares in issue during the year
"B-BBEE"	Broad-Based Black Economic Empowerment
"BCM"	Business Continuity Management
"Cashbuild" or "the Group"	Cashbuild Limited and its subsidiaries
"CB"	Cashbuild
"CO2e"	Carbon dioxide equivalent
"CPI"	Consumer Price Index
"Closing PE ratio"	Market value per share at June divided by HEPS
"Companies Act"	Companies Act No 71 of 2008, as amended
"CSDP"	Central Securities Depositary Participants
"CSI"	Corporate Social Investment
"Deloitte"	Deloitte
"Dividend cover"	EPS divided by dividend per share
"Earnings yield"	HEPS as a percentage of market value per share
"EE"	Employment Equity
"ECL"	Expected Credit Losses
"EDP"	Executive Development Programme
"EPS"	Earnings per share
"ERP"	Enterprise Resource Planning system
"ESG"	Environmental, Social and Governance
"FSP"	Forfeitable Share Plan
"HDSAs"	Historically Disadvantaged South Africans
"HEPS"	Headline earnings divided by the weighted average number of ordinary shares in issue during the year
"HR"	Human Resources
"IFRS"	International Financial Reporting Standards
"IIRC"	International Integrated Reporting Council
"IR"	Integrated Report
"IRBA"	Independent Regulatory Board for Auditors
"IFRIC"	International Financial Reporting Interpretations Committee
"ISA"	International Standards on Auditing
"IT"	Information Technology
"ITGov"	Information and Technology Governance Committee
"ITPMO"	IT Project Management
"JSE"	JSE Limited
"King IV™"	King Report on Corporate Governance for South Africa 2016
"kWh"	Kilowatt per hour
"LDVs"	Light Delivery Vehicles
"Listings Requirements"	Listings Requirements of the JSE
"Ltd"	Limited
"LTI"	Long-Term Incentive
"MOI"	Memorandum of Incorporation
"MWth"	Megawatts thermal
"NAV"	Net asset value
"NAV per share"	The net asset value of the Company divided by the number of shares in issue, after deducting treasury shares, at the end of the year
"Nomco"	Nomination Committee
"NQF"	National Qualifications Framework
"OHASA"	Occupational Health and Safety Act
"Operating profit margin"	Operating profit as a percentage of revenue
"P&L Hardware"	P&L Hardware (Pty) Ltd
"PCI"	Payment Card Industry
"PE"	Price earnings, market value per share divided by HEPS
"POPIA"	Protection of Personal Information Act
"Pty"	Proprietary
"PwC"	PricewaterhouseCoopers Inc.
"R"	Rand
"Remco"	Remuneration Committee
"ROCE"	Return on Capital Employed
"SABS"	South African Bureau of Standards
"SANAS"	The South African National Accreditation System
"SARS"	South African Revenue Services
"SASB	Sustainability Accounting Standards Board
"SDGs"	Sustainable Development Goals
"SECOM"	Social and Ethics Committee
"SENS"	Stock Exchange News Service
"SETA"	Sector Education and Training Authority
"SHE"	Safety, Health and Environment
"SMME"	Small, Medium and Micro Enterprises
"STI"	Short-Term Incentive
"the Board"	The Board of directors of Cashbuild
"the Company"	Cashbuild Limited
"the current year"	The financial year ended 26 June 2022
"the next year"	The financial year ending 25 June 2023
"the previous year"	The financial year ended 27 June 2021
"TCFD"	Task Force on Climate-related Financial Disclosures
"TSR"	Total Shareholder Return
"UN"	United Nations
"VAT"	Value Added Tax
"WACC"	Weighted-Average Cost of Capital

Notes

Notes

Corporate Information

Registration number	1986/001503/06
Share code	CSB
ISIN	ZAE000028320
Registered office	2 Handel Road, Ormonde, Johannesburg, 2001
Postal address	PO Box 90115, Bertsham, 2013
Telephone number	+27 (0)11 248 1500
Facsimile	+27 (0) 86 666 3291
Website	www.cashbuild.co.za
Company Secretary	T Nengovhela
Sponsor	Nedbank CIB, a division of Nedbank Limited (Registration number 1966/010630/06) 135 Rivonia Road, Sandown, 2196 (PO Box 1144, Johannesburg, 2000)
Auditors	PricewaterhouseCoopers Inc Waterfall City, 4 Lisbon Lane, Jukskei View, Midrand, 2090 (Private Bag X36, Sunninghill, 2157)
Transfer Secretaries	JSE Investor Services (Pty) Ltd (Registration number 2000/007239/07) 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg 2000)
Investor Relations	Keyter Rech Investor Solutions CC (Registration number 2008/156985/23) 299 Pendoring Road, Blackheath, Randburg, 2195 (PO Box 653078, Benmore, 2010)
Transactional Bankers	Nedcor Bank, a division of Nedbank Limited The Standard Bank of South Africa Limited First National Bank, a division of FirstRand Limited

Any queries regarding this Integrated Report or its contents should be addressed to:
Belinda Rabé
Group Financial Manager
E-mail: brabe@cashbuild.co.za

Any queries regarding Cashbuild's Investor Relations should be addressed to:
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Investor Relations Consultant
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Tel: +27 83 701 2021

Cashbuild