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The Cashbuild Group was impacted by the outbreak of the Covid-19 pandemic during the latter part of the financial year ended 28 June 2020.

The pandemic closed the Group's South African operations for three weeks. Trade resumed to service qualified trade persons engaged in the provision of essential services for a further two weeks. Stores were subsequently allowed to sell all products to all customers under strictly regulated hygiene and safety protocols.

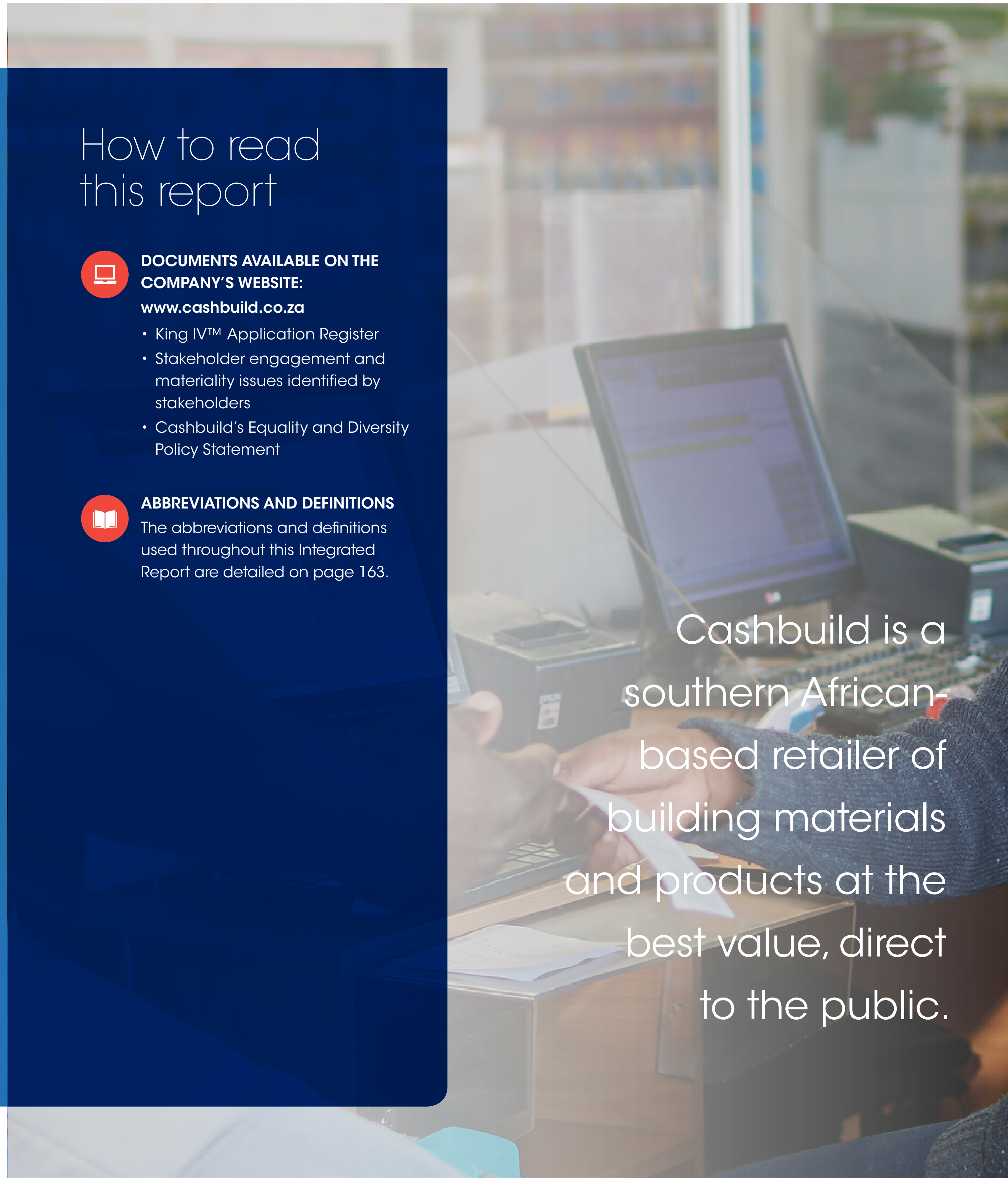
How to read this report

DOCUMENTS AVAILABLE ON THE COMPANY'S WEBSITE:
www.cashbuild.co.za

- King IV™ Application Register
- Stakeholder engagement and materiality issues identified by stakeholders
- Cashbuild's Equality and Diversity Policy Statement

ABBREVIATIONS AND DEFINITIONS

The abbreviations and definitions used throughout this Integrated Report are detailed on page 163.

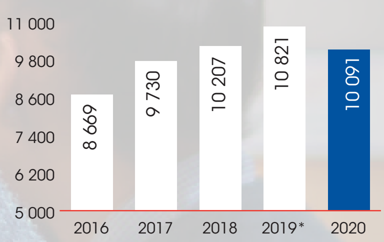


Cashbuild is a southern African-based retailer of building materials and products at the best value, direct to the public.

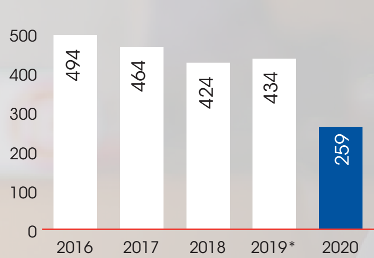
Financial Highlights

for the year ended 28 June 2020

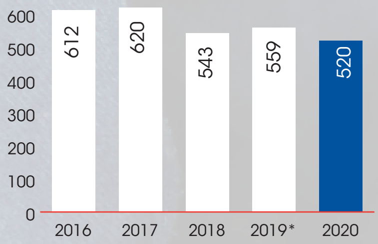
REVENUE (Rm)



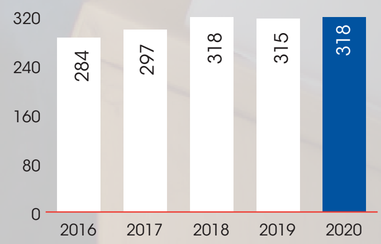
HEADLINE EARNINGS (Rm)



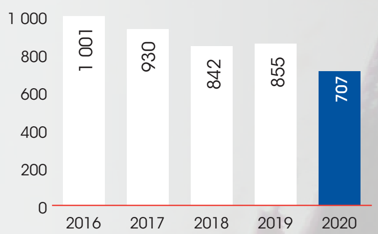
OPERATING PROFIT (Rm)



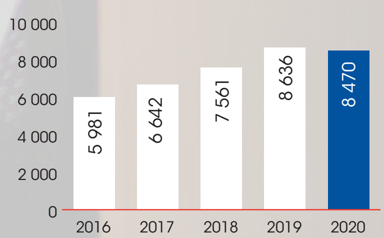
NUMBER OF STORES



TOTAL DIVIDEND PER SHARE (cents)



NAV PER SHARE (cents)



* *2019 includes 53rd week of trading.*

About the report

This Integrated Report provides an overview of our activities for the financial year ended 28 June 2020.

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 International Integrated Reporting Framework by the International Integrated Reporting Council 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, understandable and comprehensive review of the business by reporting on the financial and non-financial performance of the Group. It deals with the material issues, 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 contents of this report compared to the 2019 Integrated Report. Cashbuild continues to enhance the report and follows the guidelines provided by the International Integrated Reporting Framework in terms of reporting according to the Six Capitals. This report reflects on the Group's current and anticipated financial performance in line with its strategic objectives. The Company has also published its application of the Principles, in terms of the JSE Listings Requirements, on its website.

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.

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 report. The Board has applied its mind to the report and in its opinion, this report addresses the material issues and represents fairly, the integrated performance of the Group.

MATERIALITY

This Integrated Report is intended to provide insight into issues identified as most relevant and material to Cashbuild and our various stakeholder groups, that could potentially impact the Group as a going concern. Comprehensive information, pertaining to stakeholder engagement and material issues relevant to the various stakeholder groups, has been placed on the Group's website.

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 and further detail pertaining to these risks and opportunities is detailed on pages 27 to 33 of this report.

ASSURANCE

Although some parts of the Sustainability Report have not been independently assured, certain information contained in it has been scrutinised by the Group's own internal control functions, as well as by external assurance providers where this has been deemed relevant and necessary.

The Company will consider the need for such assurance and will implement the required processes as it deems appropriate.

In accordance with the Companies Act and the JSE Listings Requirements, the Annual Financial Statements of Cashbuild have been audited by PricewaterhouseCoopers Inc. and the Independent Auditor's Report can be found on page 92 of this report.

Cashbuild has an Internal Audit department and together with the Audit and Risk Committee, assesses the internal and external assurances obtained and matches these to its 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 45 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 compliance report in terms of section 13G(2) of the B-BBEE Act has been published on the Group's website.

Any queries regarding this Integrated Report or its contents should be addressed to:

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Cashbuild Group Financial Manager

Email: brabe@cashbuild.co.za

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Marlize Keyter
Investor Relations Consultant
Keyter Rech Investor Solutions CC

Email: mkeyter@kris.co.za

Tel: +27 87 351 3810

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Group Highlights

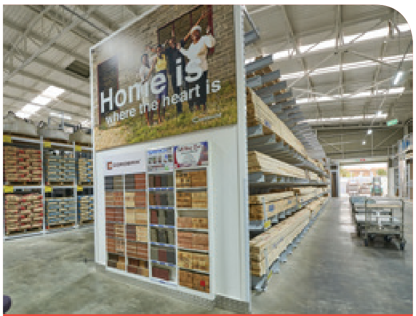
Cashbuild delivered the following highlights for the year ended 28 June 2020 following its strategic sustainability approach and aligning them with the Six Capitals as set out in the International Integrated Reporting Framework:

		% change	28 June 2020	30 June 2019[3]
Financial capital				
Revenue	R'000	(7)	**10 091 910**	10 821 235
Operating profit	R'000	(7)	**520 312**	559 025
Profit before taxation	R'000	(36)	**393 976**	612 713
Attributable earnings	R'000	(37)	**267 371**	427 357
Headline earnings	R'000	(40)	**258 682**	433 957
HEPS	cents	(40)	**1 139**	1 910
Dividend per share	cents	(17)	**707**	855
NAV per share[1]	cents	(2)	**8 470**	8 636
Cash and cash equivalents	R'000	>100	**1 951 582**	590 150
Manufactured capital				
Number of stores[2]		1	**318**	315
Number of trading weeks		–	**52**	53
Average basket size	Rand	1	**594**	586
Total wealth created/distributed and reinvested	Rand	8	**1 751 328**	1 614 553
Human capital				
Number of employees		(1)	**6 213**	6 295
Revenue per employee	R'000	(6)	**1 624**	1 719
B-BBEE rating level		–	**8**	8
New employees		(7)	**969**	1 334
Learnerships granted		>100	**352**	165
Intellectual capital				
Number of trading brands		–	**2**	2
Number of registered trademarks		–	**7**	7
Social capital				
Number of schools donated to		(31)	**181**	263
Value of school donations	R'000	(32)	**2 691**	3 945
Various social initiatives	R'000	48	**1 656**	1 119
Payments to delivery driver contractors	R'000	7	**165 826**	154 661
Total CSI spend	R'000	7	**170 173**	159 725
Natural capital				
Total number of stores converted through energy conservation projects to date		9	**203**	187

1 *Based on ordinary number of shares in issue.*
2 *Includes one (2019: one) Cashbuild DIY store.*
3 *2019 includes 53rd week trading.*

Our Group at a Glance

Our achievements in store growth, **broadening our footprint 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's.

Our footprint encompasses 318 stores (2019: 315 stores) including 61 (2019: 59) P&L Hardware stores and one (2019: one) Cashbuild **DIY pilot store,** spread across **seven countries throughout southern Africa.**

We employ 6 213 (2019: 6 295) committed employees and 383 (2019: 336) **equally committed delivery driver contractors** as at 28 June 2020.

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, which 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 and ensures that all our people develop to their fullest potential and 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 financial returns to our shareholders.

OUR VALUES

OUR PRINCIPLES

Our values form the basis for all our engagements, both within the Group and externally. Rather than merely 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.

The "Cashbuild Way"

Ethical sourcing is an imperative, quality is our priority and keeping costs low is our strategy.

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 which 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, while 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 12 and 13 illustrates this.

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

The Six Capitals

WHAT WE STRIVE FOR WITH THESE CAPITALS:

FINANCIAL	To generate continued profits which will enable the Group to expand and grow our business.
MANUFACTURED	To expand our footprint and build stores responsibly to best serve our customers.
HUMAN	To ensure that our staff complement is diverse, motivated, skilled, ethical and safe. To invest in our people through learnership programmes and bursaries, create opportunities for skills development and ensure succession planning.
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 and to ensure that our procurement and supply chain management is in line with our ethical values to meet our customers' needs and expectations.
NATURAL	To minimise our impact on the environment and its resources and expect our stakeholders to do the same.

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 and bricks, and associated products such as tools, hardware and plumbing.

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.

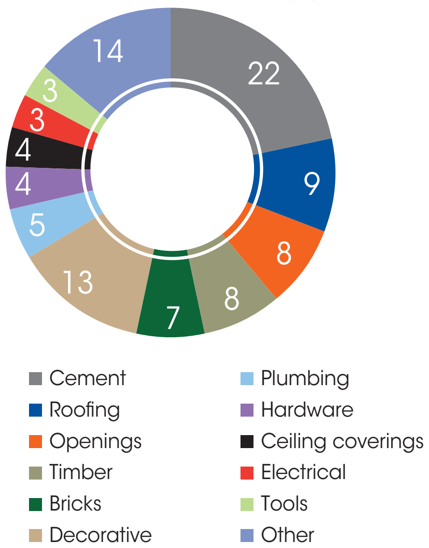
Customers

Our customers are building contractors, home improvers, farmers, traders and anybody looking for quality building material at the lowest prices.

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.

PRIMARY PRODUCTS (%)



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
- Loyal customers

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

OUTCOMES

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

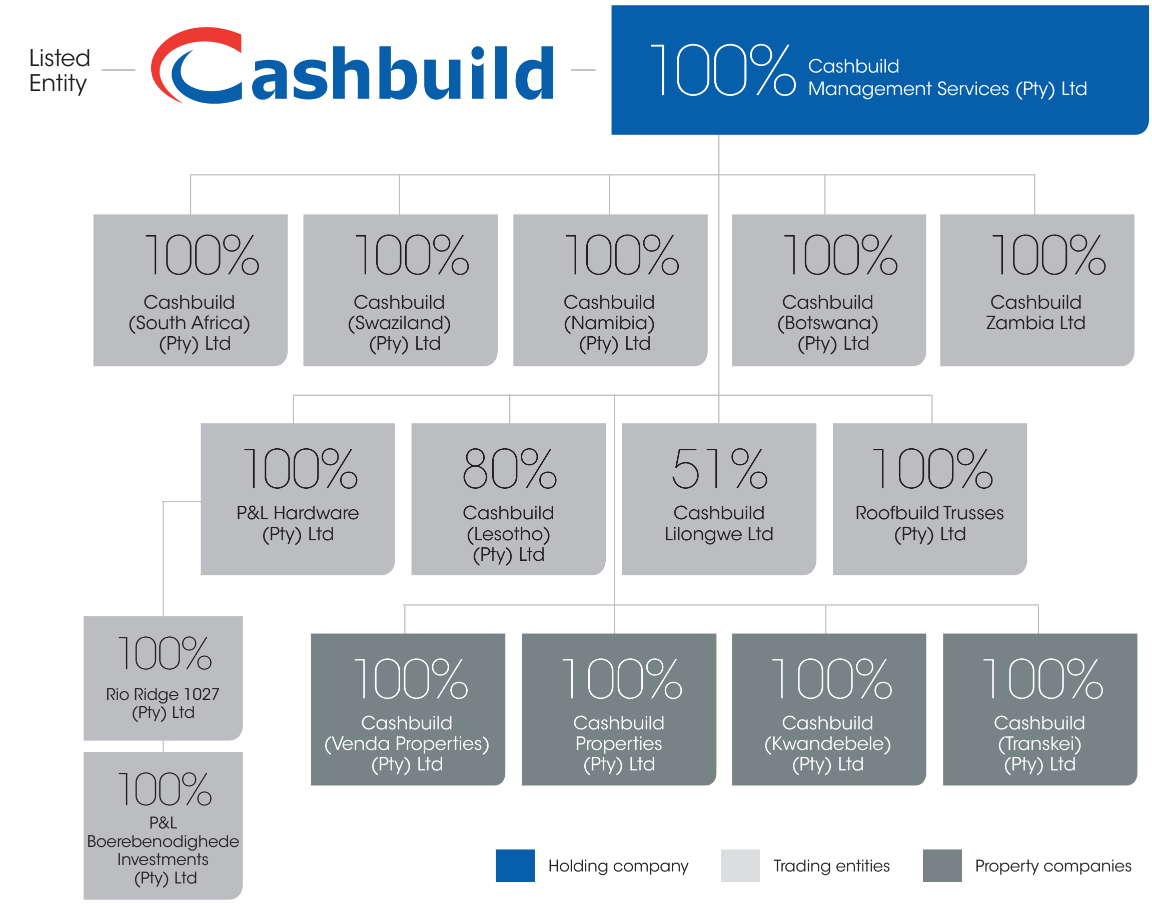
Natural Capital

- 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/Managing Director. The Operations Executives, Divisional Directors 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 Mpumalanga, Limpopo, Gauteng and North West: **Tyron Myburgh**, *Operations Executive*
OPS 2 Eastern Cape, Gauteng, KwaZulu-Natal, Malawi, Mpumalanga and Zambia: **Hennie Roos**, *Operations Executive*
OPS 3 Gauteng, Limpopo, Mpumalanga and eSwatini: **Willie Dreyer**, *Operations Executive*
OPS 4 Botswana, Eastern Cape, Free State, Gauteng, Lesotho, Limpopo, Namibia and North West: **Ian McKay**, *Operations Executive*
OPS 5 Gauteng: **Tawanda Vengesa**, *Trainee Operations Executive*
OPS 7 Western Cape, Eastern Cape, North West and Northern Cape: **Mark Scholes**, *Operations Executive*

P&L HARDWARE

Anton Hattingh, *Managing Director*
Ops A Mpumalanga, Limpopo: **Nico Hanekom**, *Trainee Operations Executive*
Ops B Gauteng, Limpopo, KwaZulu-Natal, *Mpumalanga and Eastern Cape:* **Ryno van Staden**, *Trainee Operations Executive*

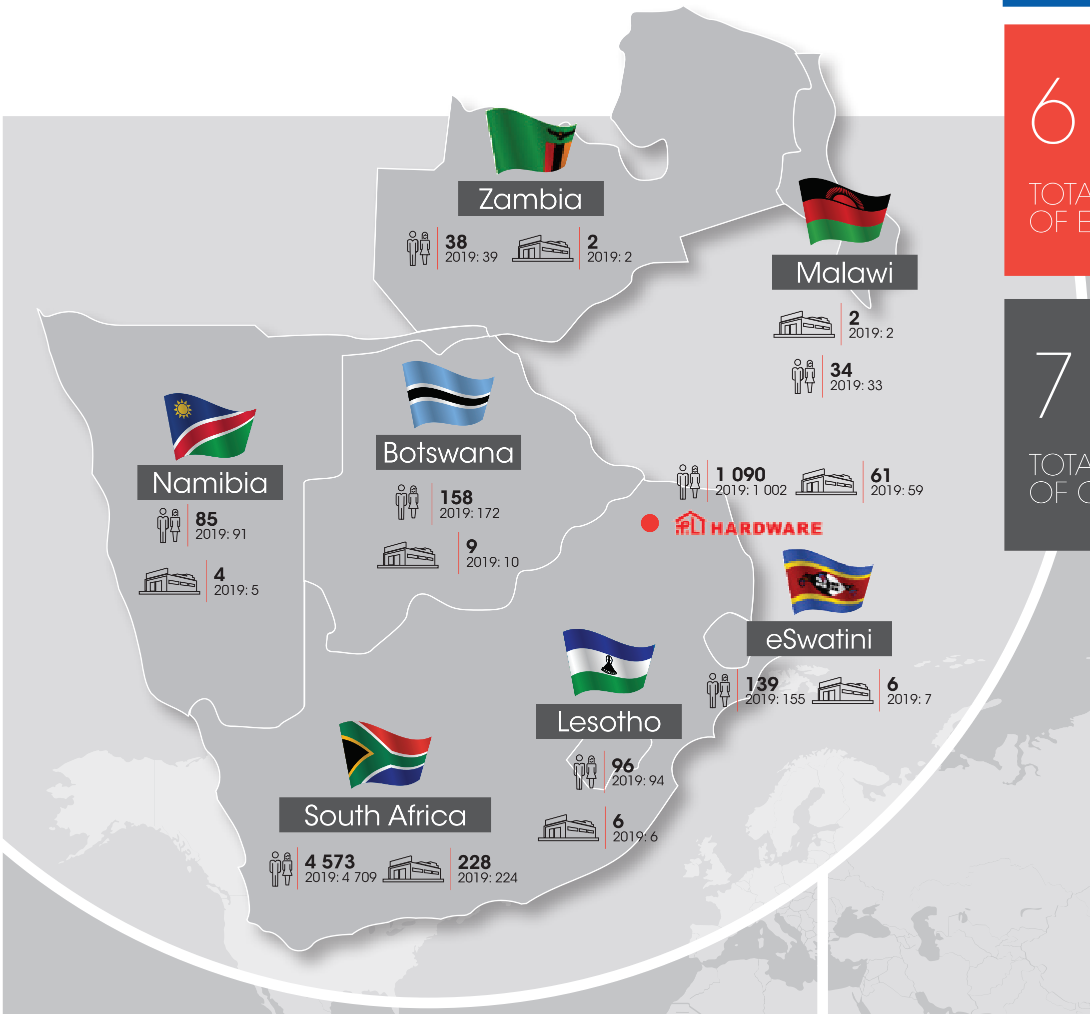
Our Geographical Footprint

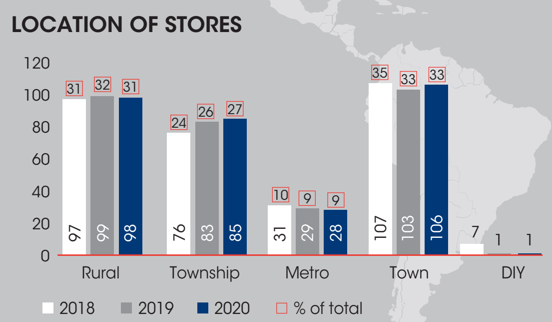
Cashbuild positions its stores to bring quality building materials at best value to communities and strives to enhance the community in which each store trades. Store locations are selected on the basis of in-depth feasibility studies and extensive stakeholder engagements. We will, for the foreseeable future, continue our strategy of store expansion, relocation and refurbishment, applying the same rigorous analysis and decision-making processes.

318
TOTAL NUMBER OF STORES

6 213
TOTAL NUMBER OF EMPLOYEES

7
TOTAL NUMBER OF COUNTRIES





Our Stakeholders

ENGAGING WITH OUR STAKEHOLDERS

Our key stakeholder groups 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 Group's material issues are evaluated on an annual basis. The material issues identified are based on both strategic imperatives and stakeholder feedback, and reflect the key mutual interests of Cashbuild and its stakeholders.

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 engagement at store openings
- Marketing surveys
- Customer care and feedback mechanisms

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

EMPLOYEES, LEARNERS, CONTRACTORS AND SUB-CONTRACTORS

Form of interaction

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

Cashbuild

SHAREHOLDERS, INVESTORS, ANALYSTS AND MEDIA

Form of interaction

- Final and interim results presentations
- Investor roadshows
- Media interviews
- Annual General Meeting
- Investor relations consultant

GENERAL

Form of interaction

- Website and social media
- SENS announcements
- Newspaper articles
- Advertisements
- Community participation
- Integrated Report

JSE AND OTHER LOCAL AND INTERNATIONAL REGULATORY BODIES

Form of interaction

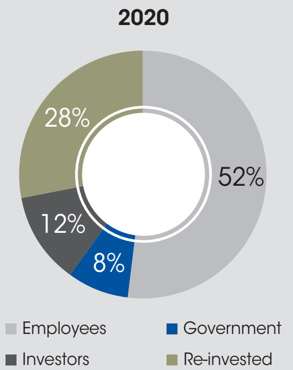
- Business associations
- Written communications and presentations
- Sponsor presentations

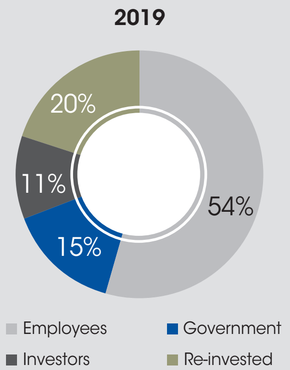
VALUE-ADDED STATEMENT

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.

Figures in Rand thousand	28 June 2020	%	30 June 2019
Revenue	**10 090 910**		10 821 235
Less: Cost of merchandise and expenses	**(8 404 764)**		(9 164 395)
Value-added from trading operations	**1 686 146**		1 656 841
Interest received from investments	**65 182**		59 380
Total wealth created	**1 751 328**	**100.0**	1 716 221
Allocated as follows:			
To employees – salaries and benefits	**907 820**	**51.8**	923 439
To Government – Group taxation	**135 748**	**7.8**	251 414
To providers of capital:	**204 304**	**11.7**	189 792
– Dividend to shareholders	**196 977**	**11.3**	179 038
– Interest on borrowings	**2 028**	**0.1**	5 692
– Minorities' interest	**5 299**	**0.3**	5 062
Wealth distributed	**1 247 872**	**71.3**	1 364 645
Retained for re-investment in the Group	**503 456**	**28.7**	351 576
– Depreciation, amortisation and impairment of property	**369 770**	**21.1**	137 897
– Income retained in the business	**133 686**	**7.6**	213 679
Total wealth distributed and reinvested	**1 751 328**	**100.0**	1 716 221

	28 June 2020	Change %	30 June 2019
Statistics			
Number of employees	**6 213**	**(1)**	6 295
Wealth created per employee	**282**	**10**	256
Wealth distributed per employee	**201**	**–**	201
Revenue per employee	**1 624**	**(6)**	1 719





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. As a result of the effects of the Covid-19 pandemic, Cashbuild is in the process of re-assessing its short- and medium-term strategy.

KEY STRATEGIC BUSINESS IMPERATIVES

The key strategic initiatives approved by the Board are as per this illustration

OUR STRATEGIC BUSINESS IMPERATIVES

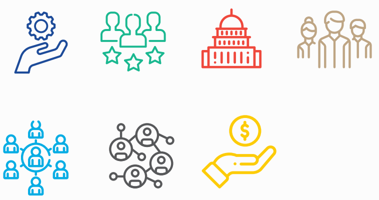
(derived from business strategy, risks and opportunities)

- Sustainable customer base and customer loyalty
- Increased market share, continued 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 quality goods
- Excellent service
- Sustainability of community initiatives
- Good governance and compliance
- Clear and transparent reporting
- Total shareholder return growth
- 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 environment in which the Group operates. The Group invests significant time and effort to understand the complexities and potential impacts of this environment 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 in 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 and consistently monitor these factors and take the required action, where necessary.

In developing any sustainability-related initiatives, the Board and Executive Management are required to 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.

ALISTAIR KNOCK

CHAIRMAN

Chairman's Report

Financial year 2020 has been a year like no other, with the Covid-19 pandemic severely weakening an already fragile economy. Cashbuild has weathered the storm better than many and has positioned itself to enter the coming years with a very positive outlook.

I am pleased to present my first report to you as the incoming Chairman of Cashbuild, covering the financial year ended 28 June 2020. This has truly been a watershed year with the outbreak of the worldwide Covid-19 pandemic in the early months of this calendar year causing unprecedented strain on all national economies as well as each and every individual.

This has led to extraordinarily tough trading conditions and operational challenges to be faced by the Group. However, the response by management has been outstanding, and I will endeavour to shed some light on what Cashbuild has achieved and how it has addressed the obstacles it has faced.

Going back to 2019, it was indeed a difficult period for Cashbuild, marked as it was by extraordinary spending pressure on the South African consumer, caused by, amongst others, sharp fuel and electricity increases, load shedding and high unemployment rates. This of course resulted in low business and consumer confidence at a time when the economy was already looking vulnerable to a serious recession. As 2020 approached, knowing there was a strong likelihood of a reduction in sovereign status by the third global rating agency, we were hit by the Covid-19 pandemic.

A National State of Disaster was declared on 15 March 2020, and 21 days of national lockdown were instituted at midnight on 26 March 2020, bringing the economy to almost a complete halt. This lockdown was extended to 30 April 2020 when Government instituted five levels of isolation with Level 5 being the most restrictive.

During the initial three weeks of the hard-lockdown, Cashbuild's store network in South Africa was shut down completely, and virtually no revenue was generated as a result. When restrictions were eased slightly, stores were opened to sell critical items to trade customers. However, this amounted to less than 10% of pre-lockdown levels. The other countries in southern Africa in which Cashbuild operates also had restrictions imposed, but generally to a lesser degree than South Africa.

Once restrictions were eased from the beginning of May, trade rose significantly in most areas of our footprint. The response by store and senior management in ensuring stores were ready for this event was highly commended, as was the diligence during the lockdown in ensuring criminal activity against stores was kept to an absolute minimum.

Clearly, the need to protect both customers and staff from exposure to the virulent virus was, and remains, a priority of the Company.

Employees have been trained in the hygiene standards expected to ensure customers are safe when entering our stores and this vigilance will continue until the pandemic is finally beaten.

The end of the pandemic does not mean the end of difficult trading conditions. The South African economy, which was weak before the pandemic, has been seriously damaged by this unprecedented event. Every job that has been lost reduces the potential for new or continuing customers, as well as imposing serious trauma for individuals and families. Both Government and the private sector need to focus on the critical generation of meaningful and value-adding employment. The first step in achieving this is the ruthless removal of endemic corruption which drains capital from sustainable enterprise and the generation of wealth. This demands not words, but action.

The stimulus packages that have been announced need to flow to successful businesses rather than large, failed enterprises which are prone to looting.

The South African Government stated that it will focus on infrastructure-linked economic stimulus coupled with multiple interest rate cuts. This should give some much needed aid to our loyal customers. It is apparent that the future can certainly be made rewarding for Cashbuild by our own efforts, which are well within the capability of our experienced and dedicated management team.

Cement remains one of the most critical products sold by Cashbuild, but the cement market, according to Globe Newswire, "has seen price undercutting in the region of 45% by the introduction of cheap imports". In addition, some cement products produced by independent blenders, have been marketed at well below breakeven prices. Despite this, Cashbuild appears to have increased its market share of the cement market, although statistics are not currently available. Certainly, since the reopening of our stores in May, volumes of cement sold have increased quicker than anticipated.

The threat of low-priced cement imports remains a reality, and The Concrete Institute (TCI) has applied, on behalf of South African cement producers, to the International Trade Administration Commission (ITAC) of South Africa to investigate the surge in imports of low-priced cement. Cashbuild is fully in support of this.

Despite the difficulties facing both the economy and the consumer, Cashbuild is in the fortunate position of having strong cash reserves and has no long-term debt on its balance sheet (excluding IFRS 16). This favourable position saw Cashbuild through the hard-lockdown period as well as the weeks that followed. I am proud to say that the Group continued to pay all its staff full salaries even during those initial three weeks.

Subsequent to year-end, Cashbuild announced the acquisition of 100% of the issued share capital of The Building Company Proprietary Limited (TBC), a wholly-owned subsidiary of Pepkor Limited (Pepkor), and the shareholder loan claims of Pepkor against TBC, for a purchase consideration of approximately R1.1 billion. The details of this transaction and the rationale behind it are detailed in the Chief Executive's Report. The transaction has the full approval of the Board which considers the purchase to be an exciting and very positive development for the Group.

Being a responsible corporate entity is part of our DNA. To this end, governance remains one of our most important guiding principles and is supported by ethical product sourcing, the empowerment of communities, understanding and serving the markets we trade in and creating better lives, one brick at a time, for those who buy from Cashbuild.

It is an honour to serve as the Chairman of Cashbuild. The executive team is an outstanding unit with a strong track record in the market which it understands well. It is exceptionally ably led by our CEO, Werner de Jager, and has benefited by the addition of outstanding independent non-executive directors over the last few years. In addition, the independent non-executive directors who have been tasked with chairing the critical sub-committees, have done so with great success and skill.

All my fellow Board members have conducted their roles effectively and diligently, providing sound overall guidance to Cashbuild. I would especially like to thank our previous Chairman, Stefan Fourie, for his skilled leadership, inspiration and insight. Our longest serving non-executive director, Nomahlubi Simamane, has decided not to make herself available for re-election at the forthcoming AGM after serving with great distinction and success for 16 years. Our heartfelt gratitude goes out to her and we wish her well with her future endeavours.

To our employees, customers, shareholders and all other stakeholders, thank you for your ongoing support and commitment to Cashbuild. This is a company that has successfully navigated four decades of doing business in southern Africa and is committed to ensuring its sustainability well into the future.

Alistair Knock
Chairman

31 August 2020

WERNER DE JAGER

CHIEF EXECUTIVE

Chief Executive's Report

What a year this has turned out to be. In January who would have predicted what lay ahead for us all, not just in South Africa – a worldwide pandemic! Against this backdrop, we were reminded about the value of a strong management team that can work collectively and keep the focus on delivering on the Company strategy. Cashbuild's ability to generate cash and tightly manage cost was again highlighted during these times.

Subsequent to year-end, we announced the acquisition of The Building Company, which will greatly increase our geographic footprint, product and service offering and customer base, once approved by the regulators.

THE YEAR AT A GLANCE

Cashbuild, like all DIY companies, was severely impacted by the outbreak of the Covid-19 pandemic during the latter part of its financial year ended 28 June 2020. The first half of the year was in itself challenging and with the national lockdown imposed effective midnight on 26 March 2020, Cashbuild's South African operations had to close their doors which cost the Group three weeks of no revenue from those stores. Covid-19 drastically impacted the already-weak economic landscape and Cashbuild was in a fortunate position to see it through a tough trading period due to its strong cash position.

The business commenced with limited trading on 17 April 2020 and was allowed to trade with all products to all customers effective 1 May 2020. The South African consumer again demonstrated their adaptability and resilience in the face of this worldwide pandemic, and we experienced unexpected good sales across all our stores as "working-from-home" customers took the time to do DIY-projects. In addition, we saw pent-up demand from customers having to create "office space" at home as more people took to working from home. This is a similar trend experienced internationally. However, the "bakkie-builder" customers were slower to return, but Cashbuild reported more than satisfactory sales, especially in cement, the largest product category for the Group.

The trading activity of the Group in its South African stores was as follows during lockdown:

South Africa lockdown level	Restriction requirements – wholesale and retail trade	Cashbuild position
Lockdown **26 March – 17 April (3 weeks)**	• Hard lockdown.	Stores closed.
Level 5 **18 April – 30 April (±2 weeks)**	• Hardware, components and supplies required by any qualified tradespersons solely for the purpose of emergency repairs at residential homes. • Hardware, components and supplies required by any entity engaged in the provision of essential services for any project related to the provision of water, electricity or other essential services.	Stores able to service qualified tradespersons.
Level 4 **1 May – 27 May (4 weeks)**	• Hardware, components and supplies allowed to be sold to the general public.	Stores able to sell all products to all customers.
Level 3 **28 May – 17 August**	• Hardware, components and supplies allowed to be sold to the general public.	Stores able to sell all products to all customers.

Cashbuild serves a unique clientele who are primarily cash driven, small builders working specifically in the DIY project space and operates in a market that remains largely fragmented. While we maintained our e-Commerce site during the various lockdown levels, due to the nature of our market, we did not experience any real change on our online sales platform. However, our social media drive has been successful and we will continue to use various social media platforms to promote our products. Our customers, who generally fall within the lower LSM category, continue to come into our stores to purchase the goods they require. Despite this, we will continue to invest in our e-Commerce strategy.

The Group reported, excluding the impact of Covid-19 and IFRS 16 in 2020 and IAS 17 and 53rd week trading in 2019:

- Revenue increase of 1% to R10.7 billion;
- Operating profit decline of 10% to R480 million; and
- Earnings decline of 10% to R377 million.

Chief Executive's Report continued

The Group has, as at 28 June 2020, 318 stores, consisting of 256 Cashbuild stores, 61 P&L Hardware stores and one Cashbuild DIY store. During the 2020 financial year we added 11 stores, consisting of eight Cashbuild stores and three P&L Hardware stores, refurbished 15 stores, relocated one store and closed eight stores.

FINANCIAL REVIEW

Group revenue for the year decreased by 7% to R10.1 billion from R10.8 billion (June 2019 – 53 weeks). Pre-existing stores decreased by 10%, with the 22 stores opened since 1 July 2018 providing a 3% increase. This was achieved in tough trading conditions, severely impacted by Covid-19. When the effect of the Covid-19 lockdown is normalised and compared to 52 weeks in 2019, the 7% decrease changes to a 1% increase, which is in line with trading experience during the first half of the financial year.

Transactions through the tills decreased by 6% to that of the previous year, with new stores contributing a 3% increase whilst existing stores decreased by 9%. Selling inflation was 2% at the end of June 2020, which is slightly lower than the prior year. The gross profit margin percentage was slightly lower to that reported in the prior year (25.0% vs 25.1%).

Operating expenses (including new stores) decreased by 7%, and remained well controlled, assisted by efforts to limit expenses during the hard lockdown period. Despite the efforts mentioned, operating profit decreased by 7% to R520 million from R559 million in the prior year. The Group reported an operating profit margin of 5.2%, in line with 2019.

Headline earnings per share decreased by 40% from 1 910 cents (June 2019) to 1 138 cents. On a normalised basis (IFRS 16, Covid-19 and 53rd week trading in 2019) the decrease was 14%. There was a decrease in NAV per share of 2% from R86.36 (June 2019) to R84.70, mainly due to the modified retrospective adoption of IFRS 16 in the current year. The Group's net cash position increased by 231% from R590 million (June 2019) to R1 952 million. This was mainly as a result of working capital for the year under review showing a marked increase in cash and creditors due to the cut-off date of the financial year being earlier than the prior reporting year because of it having been a 53-week reporting prior period. The cash balance was further boosted by good work done on stock levels as well as focussed efforts on cash preservation during the hard lockdown.

A closer look at the different reporting segments:

South Africa

The Cashbuild business in South Africa performed at acceptable levels bearing in mind the weak economic environment and impact of Covid-19. Gross profit margins however, decreased by 0.5%. Despite expenses being well controlled, operating profit decreased by 16%. On the other hand, the P&L Hardware business experienced a better year despite sales declining by 11%. Gross profit margins increased by 2.8% and, with this linked to good cost control, saw operating profit increase to R17 million compared to an operating loss of R9 million in the prior year. Good progress was made in the priority areas (gross profit percentage and working capital management) identified at the beginning of the financial year. Driving sales remains a high priority for both businesses.

Namibia, Swaziland and Lesotho

This grouping, also referred to as other members of the common monetary area, experienced the same tough trading conditions as these economies are closely linked to South Africa. Sales declined by 6% and gross profit margins were down 1% on the prior year. Operating profit declined by 11% as a result of the lower sales and gross profit. Expenses remained well controlled.

Botswana, Malawi and Zambia

These areas had a better year compared to all the other trading areas. The stores in Malawi and Zambia did not have to close during any lockdown regulation and Botswana stores traded well during the periods of essential service providers. Sales decreased by 1%, whilst gross profit margins increased by 1.1%. With continued good cost controls, operating profit increased from R8 million to R29 million. The Zambia business remains a challenge and after year-end we reduced our footprint by closing the store in Kabwe.

DIVIDENDS

The Board declared a total dividend for the year ended 28 June 2020 of 707 cents, a decrease of 17% on the total dividend for 2019 of 855 cents per share.

STRATEGIC OVERVIEW AND INITIATIVES

Our strategy of being one of the leading southern African-based retailer of building materials and products, providing these materials and products at the best value, directly to the public, remains resolute. Our strategy continues to be underpinned by our vision, mission and values, which are set out on page 8 and 9 of this Integrated Report, all of which remain unchanged.

We 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 environmental, social and governance (ESG) initiatives and principles.

We regard our employees as valuable assets and the upliftment and training of our employees is of utmost importance to the sustainability of Cashbuild. Cashbuild is an accredited training provider with the Wholesale and Retail SETA. A total of 352 learnerships were offered to employed and unemployed individuals across the Group. In addition, 4 772 (2019: 4 909) employees were trained in their positions as well as back up roles to mitigate the risk of unforeseen absences by key staff. The total cost of training was R10.4 million (2019: R7.2 million).

The safety, wellness and health programmes of the Group came under the spotlight with the Covid-19 outbreak and additional measurements have been put in place to ensure the health and safety of our workforce at our stores.

Cashbuild's strategic ESG-related matters are set out in the Sustainability and Corporate Governance sections of this Integrated Report, commencing on pages 38 and 56, respectively.

THE ACQUISITION OF TBC

On 4 August 2020, subsequent to year-end, Cashbuild announced that it had entered into an agreement with Pepkor Holdings Limited (Pepkor), subject to conditions precedent, to acquire 100% of the issued share capital of TBC, a wholly-owned subsidiary of Pepkor, and the shareholder loan claims of Pepkor against TBC, for a purchase consideration of R1 074 700 000 (the "Transaction"). This is a Category 2 transaction in terms of the JSE's Listings Requirements.

TBC is a leading Southern African building materials retail and wholesale business, providing a full spectrum service offering to the construction industry including residential, commercial and industrial markets, with a core competency in servicing building contractors. In the prior financial year ended 30 September 2019, TBC achieved revenue of c.R8.2 billion across the retail, wholesale and specialised divisions. In the twelve-month period ended 31 March 2020, TBC achieved revenue of c.R8.0 billion.

TBC offers a portfolio of 13 well-known brands across its three divisions, namely: the retail division which houses notable brands including Buco and Timbercity; the wholesale division which includes Cachet and MacNeil; and the specialised division offering differentiated products across brands including Bildware and Tiletoria. In addition to the core retail division, the wholesale and specialised divisions allow for differentiated access to a broader base of specialised products and materials.

TBC has an attractive portfolio of store locations with an established presence across the coastal regions of South Africa, comprising 160 TBC outlets and 21 franchise stores. The portfolio includes 91 Buco stores, 75% of which are merchant stores with the balance being cash stores, and 20 Timbercity stores. The remainder of TBC's store footprint largely covers both the wholesale and specialised divisions. TBC's presence, inclusive of franchise stores, is predominantly based in South Africa (171 stores) with a further presence in the rest of Southern Africa including Namibia (seven stores), Botswana (two stores) and Zambia (one store).

The Transaction will increase the Group's retail store footprint presence in Cashbuild's previously underrepresented regions, particularly those in the Western Cape, Eastern Cape and KwaZulu-Natal, as well as provide the Group with a broader reach into the middle-to-higher income customer segment, a target market currently underserved by Cashbuild's current offering. In addition, we gain access to the building contractors' segment of the market as well as improved operational efficiencies and improved future trading profitability through access to additional suppliers, inventory and the optimisation of delivery routes.

The purchase consideration payable by Cashbuild is R1 074 700 000 (the "Purchase Consideration"), payable at the time of Transaction closing, subject to an escalation rate of 5.5% per annum from 1 January 2021 until the Transaction closing date; and the sum of the Purchase Consideration and the total escalation not exceeding R1 119 700 000. The Purchase Consideration represents an implied enterprise value multiple of 5.0x TBC's earnings before interest, tax, depreciation and amortisation (excluding the impact of IFRS 16) for the year ended 31 March 2020. The Purchase Consideration will be fully funded through committed acquisition debt financing facilities.

The Transaction is subject to, *inter alia*, the approvals of all regulatory authorities (including but not limited to the required competition authorities and Takeover Regulation approvals) and the Debt Financing agreements being duly executed and becoming unconditional.

LOOKING AHEAD

The acquisition of TBC aligns with Cashbuild's vision of being the preferred supplier of building material and associated products and services across all market segments. It further allows Cashbuild an opportunity to drive these growth initiatives while still maintaining its commitment to its customers in the South African and neighbouring markets. We are delighted to be bringing on a highly experienced senior management team who are fully supportive of the Transaction.

Chief Executive's Report continued

We are fully aware that over the course of the Covid-19 related nationwide lockdown, there have been significant disruptions to both Cashbuild's and TBC's trading. Since the reopening of the construction and DIY industries, we have seen a positive trajectory in trading momentum. We, as a management team, still believe that trading conditions will remain extremely challenging for the foreseeable future, however, the long-term benefits of the Transaction are set to enhance stakeholder value.

For the first six weeks of FY2021, total sales for the Group increased by 22% over the prior comparative period, which confirms the positive trajectory mentioned above.

APPRECIATION

I would like to extend my sincerest appreciation and thanks to all my colleagues in management and all our staff for their extraordinary dedication, adaptability and loyalty during what has been an unusual and abnormal latter part of the financial year.

To all our loyal customers and shareholders, thank you for your continued support this past year, and to all our industry partners, suppliers, contractors, and formal and informal partners for their collaboration to enhance our product and service offering.

In conclusion, a thank you to all members of the Cashbuild Board for their support, commitment, advice and contributions during this challenging year.

Werner de Jager
Chief Executive

31 August 2020

Our Material Risks

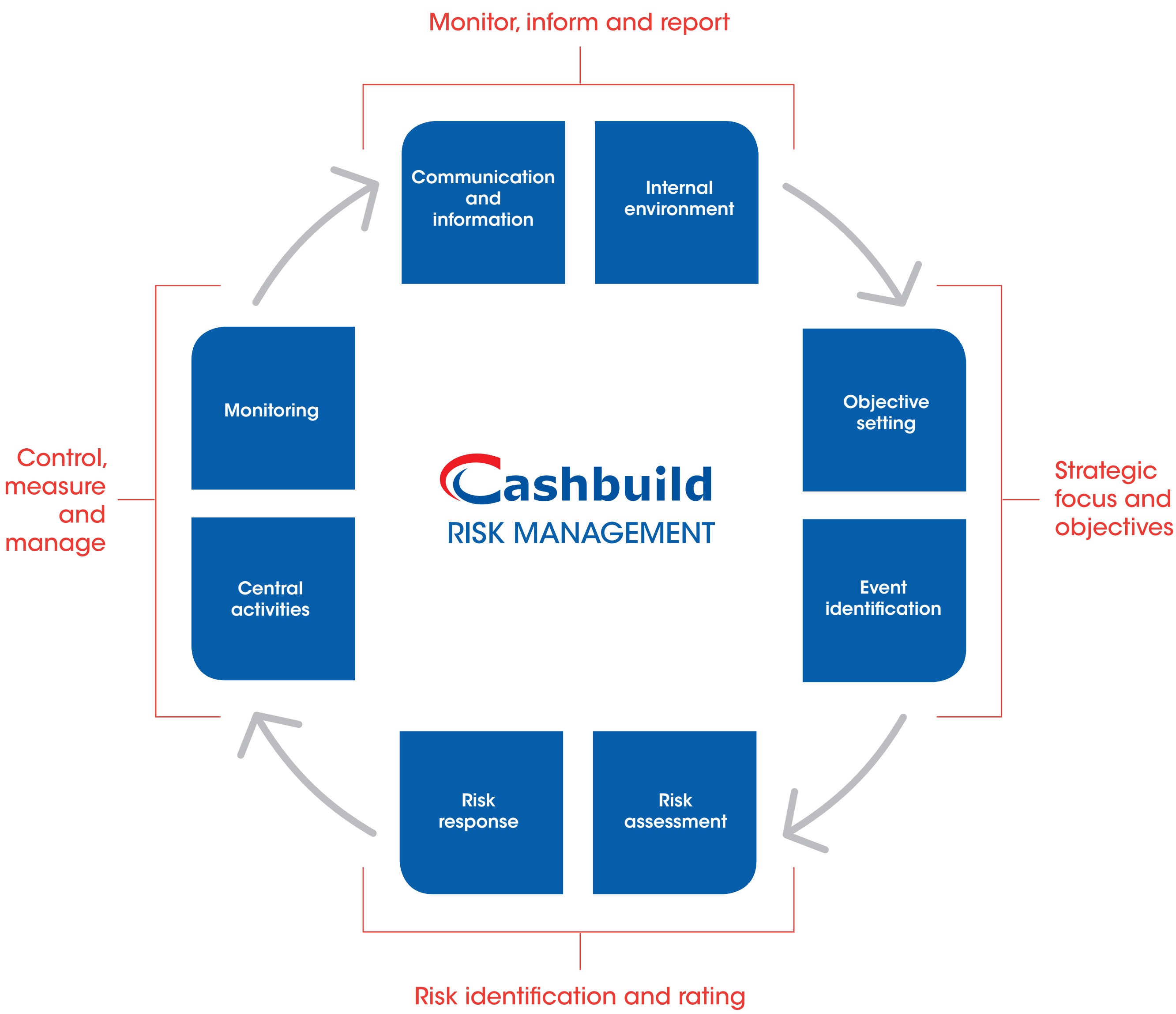
RISK MANAGEMENT

Enterprise Risk Management and Compliance is a formal response to address corporate risk that may hamper the achievement of Cashbuild's strategic objectives. It is a structured systematic process integrated into existing management responsibilities. This is a continuous process that responds to all types of risks in all parts of the Group and is an inherent part of the management philosophy of Cashbuild. The Group has adopted an approach to risk management that is in line with its risk appetite. Calculated risk taking is however acknowledged as an inherent part of business decision-making.

Each risk identified and recorded on the Group's risk register is assigned an impact and a likelihood rating based on a standard 10-point scale. The multiplied effect of the impact and likelihood rating provides the risk rating which ranks as High, Medium or Low.

There is ongoing monitoring of the status of actions to mitigate identified risks, with regular reports made to the Executive Management team and to the Board through quarterly Audit and Risk Committee meetings.

The responsibility for risk management is discussed in the Audit and Risk Committee Report on page 80 of this Integrated Report.



Our Material Risks continued

MATERIAL RISKS RELEVANT TO CASHBUILD

The material risks identified are correlated with the Group's materiality determination and stakeholder engagement processes. The material principal risks and opportunities identified and attended to by Cashbuild are set out in the table below where the Group's top risks as at 28 June 2020 are ranked in order of ranked risk level.

Key business strategic risks, of which one is ranked as high and one as medium, are:

Risk description	Mitigation plan
Macroeconomic challenges placing strain on the achievement of business objectives.	• Continued monitoring of the macro-economic indicators and trends and adapting business plans to take cognisance of the changing environment. • Focus on core strengths and execution of business model.
Increased trend of selling prices being undercut by unsustainable pricing practices of competitors.	• Ensure that best pricing on comparable products are in place. • Procure alternative product lines from alternative suppliers in order to compete with lower quality products. • Close cooperation between operations and procurement to stay abreast of changes in the market.

Key business operational risks, two of which are ranked as high and five as medium, are:

Risk description	Mitigation plan
Impact of Covid-19 virus on Cashbuild business.	• A Covid-19 Crisis Committee consisting of a representative group of executive members of management was constituted. • The Committee ensures that the business impact of Covid-19 regulations are timely identified, clearly understood, and consistently applied, that health and safety of staff members, customers and suppliers are optimally attended to, that business continuity and post-Covid-19 business resumption is attended to, that the welfare and wellbeing of staff (financial and health) is addressed, that the client and supplier base and staff is kept informed of business arrangements impacted by the virus and related regulations, and that new developments are timely attended to. • Focus on working with suppliers to secure supply and survival of supplier base.
Ineffective supplier deliveries as a result of the impact of Covid-19.	• Coordinate with key suppliers to prioritise deliveries to ensure stock availability, during the Covid-19 backlog. • Improve coordinated supplier follow up between both the Procurement and Operations functions. • Increase accountability and performance measurement of suppliers and enforce consequence management for non-delivery on agreed targets.
Sales growth of a number of Cashbuild stores being below expectation.	• Detailed store specific action plans implemented, which includes critical care processes and deployment of fighting store policies, put in place to address sales trends in these identified poor performing stores. • Identifying the root cause of sales growth being below expectation and pro-actively addressing the issues. • Concerted and targeted marketing drive based on approved specific marketing strategies for poor performing stores. • Increase new customer base and current customer interaction through the Cashbuild Shopper database and related incentives.

Risk description	Mitigation plan
Inadequate customer service.	• Company-wide customer service improvement drive focusing on increased awareness, training and execution. • Ensuring delivery services meet customer expectations. • Weekly review of customer complaints by Executive Management, identifying specific reasons for the complaints and ensuring the immediate implementation of the required corrective action.
Increased community unrest events and resultant lost trading days.	• Giving priority attention to the safety of staff and customers by closing the store should incidents be considered harmful in any way to persons in the store at the time of the incident.
Cost *versus* income ratios coming under increasing pressure due to revenue not keeping track with cost increases.	• Continuously reviewing the productivity model and ensuring correct staffing levels at all times. • Negotiate more favourable new rental contracts and lease renewals. • Constantly reviewing the capital expenditure costs related to store development. • Incentivising management to control expenses within pre-set targeted levels.
Proposed new stores, relocations and refurbishment initiatives not achieving feasibility targets.	• Continuous review and improvement of the feasibility process. • Strict adherence to Cashbuild model and required returns in evaluating projects. • Projects to be launched with specific marketing campaigns. • Detailed performance monitoring of projects capitalising on lessons learnt to ensure continued improvement.

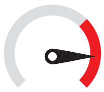
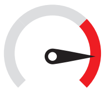
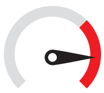
Key IT business risk which is ranked as medium:

Risk description	Mitigation plan
Inadequate cyber security (e.g. body of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorised access).	• 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. • Continuous program of increased cyber security awareness and training. • Cyber security insurance in place.

Our Material Risks continued

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 issues as well as key concerns by various stakeholder groups.

Challenges/concerns	Potential impact	Probability	Response	Outcome
Current constrained economic conditions in the areas we trade.			Protect market share with competitive pricing and stringent cost control.	11 new stores opened Margin stable at 25.0% Cost of existing stores increased by 10%
High unemployment in the areas we trade.			By opening new stores, Cashbuild employs between 14 and 20 employees per new store.	969 new employees
Macroeconomic developments such as exchange rate volatility, credit rating fluctuations and global economic slowdown.			Monitoring purchase price inflation and imported cement prices.	Purchase price inflation was at acceptable levels Listing imported cement where local suppliers are not competitive
Skills shortage (including attraction, retention, and inadequate or sub-standard education and skills development).			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. With each new, relocated or refurbished store, R120 000 is donated to deserving schools in close proximity to the store.	During the current financial year: 4 772 employees attended training courses Learners employed: 96 NQF Level 2 learners 58 NQF Level 3 learners 173 NQF Level 4 learners 25 NQF Level 5 learners 110 Yes-4-Youth learners 6 students awarded bursaries
Political instability and lack of service delivery.			Although the number of incidents of civil unrest reduced (mainly as a result of the Covid-19 lockdown), the duration and the financial impact thereof increased.	162 incidents 491 retail days lost R38.8 million in potential lost sales

LOW MEDIUM HIGH

Our 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.

THE ACQUISITION OF THE BUILDING COMPANY – OTHER EXPANSION OPPORTUNITY

Subsequent to year-end, Cashbuild entered into an agreement to acquire The Building Company ("TBC"). Cashbuild had been considering the purchase of TBC for a while as it aligns with the Group's strategy of expanding its geographical footprint as well as giving Cashbuild incremental access to additional segments of the market. TBC has a highly experienced senior management team who will add depth to the Cashbuild Executive Management team.

The portfolio of 13 well-known brands reports across its three divisions, namely: the Retail division which houses notable brands including Buco and Timbercity; the Wholesale division which includes Cachet and MacNeil chains, and the Specialised division offering differentiated products across brands including Bildware and Tiletoria. In addition to the core Retail division, the Wholesale and Specialised divisions allow for differentiated access to a broader base of specialised products and materials.

TBC has an attractive portfolio of store locations, adding 181 existing stores to Cashbuild's 318 stores as at 28 June 2020, with an established presence across the coastal regions of South Africa. The portfolio includes 91 Buco stores, 75% of which are merchant stores with the balance being cash stores, and 20 Timbercity stores. The remainder of TBC's store footprint largely covers both the Wholesale and Specialised divisions.

TBC's presence, inclusive of franchise stores, is predominantly based in South Africa (171 stores) with a further presence in the rest of southern Africa. It therefore also complements Cashbuild's rest of Africa expansion plan (see below).

TBC will also increase the Group's retail store footprint presence in Cashbuild's previously under-represented regions, particularly those in the Western Cape, Eastern Cape and KwaZulu-Natal.

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.

With regard to store refurbishments, Cashbuild's strategy is to refurbish and/or upgrade all stores on a rolling six-year basis. During the 2020 financial year, 15 stores (2019: 26 stores) were refurbished and one store (2019: six stores) was relocated. As in the case of new store openings, store relocations are approved on meeting strict financial and operational criteria.

The decision taken in previous years to discontinue the Cashbuild DIY store pilot project (mainly due to non-viability) and to rather expand on the P&L Hardware store concept is still in force. During the 2020 financial year, eight stores (2019: six stores) were closed. One DIY store remains trading and is due for closure in the foreseeable future.

E-COMMERCE

Cashbuild has an e-Commerce channel which is currently limited to Gauteng and which has shown growth in the year under review. Plans are underway to expand the Gauteng operation in early 2021. Store specific e-Commerce functionality is being tested and if successful, will fast track the e-Commerce functionality to other stores in the Group. We will follow our normal, rigorous approach during expansion.

Our Opportunities continued

REST OF AFRICA EXPANSION STRATEGY

Although Cashbuild has an Africa expansion strategy, the process of opening a store cross border is onerous and time-consuming. The Group currently has 29 stores outside of South Africa. 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. The TBC acquisition will add 10 stores outside of South Africa, namely seven stores in Namibia, two stores in Botswana and one store in Zambia.

Cashbuild Zambia operations are currently not performing as expected due to various factors which have been identified and addressed or are in the process of being resolved. The cost of getting stock into Zambia from South Africa has been excessive and negatively contributes to our competitiveness in that country. A key focus of management is to progressively increase procurement through local suppliers with a view to improving competitiveness.

Furthermore, an aggressive drive is in place to engage with more local suppliers which will improve our competitiveness. In addition, the medium of marketing has been revisited and a new strategy, more applicable to the local environment, has been put in place, which includes increasing brand awareness.

Excessive stock levels and slow moving stock have also been addressed with effective reduction plans in place.

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 acquisition of TBC allows Cashbuild an opportunity to drive growth initiatives while still maintaining its commitment to its customers in the South African and neighbouring markets. TBC will also provide the Group with a broader reach into the middle-to-higher income customer segment, a target market currently underserved by Cashbuild's current offering. In addition, we gain access to the building contractors segment of the market as well as improved operational efficiencies and improved future trading profitability through access to additional suppliers, inventory and the optimisation of delivery routes.

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, aimed to improve customer service through positive "word-of-mouth" advertising. This programme enabled the Group to improve its service throughout our stores and increase its customer base.

In getting to know our customers better and improve direct communication, we 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.

We have in excess of two million unique cell phone numbers in our Cashbuild Shopper database. This 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 its inception it has rewarded almost 1 500 shoppers with prizes to the value of R450 000. The reward prizes were increased during December 2019. Product focused campaigns have also proven successful in this regard. Customer surveys provide information per store, which is used to improve our customer service levels and experience.

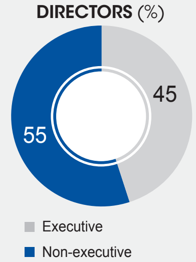
Further enhancements to the Cashbuild Shopper are underway that will allow us to better reward our loyal customers with various value-added services and rewards that will be in line with the latest technology trends.

Our Directorate

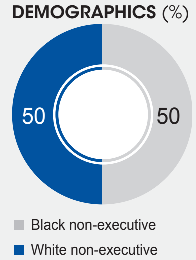
Executive Directors

1 WF de Jager	(49) ***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 Finance 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.
2 A Hattingh	(54) ***Managing Director of P&L Hardware 1 January 2018*** Anton has over 30 years of retail experience. He joined Cashbuild in October 2007 as a Divisional Manager. Anton is the Managing Director of P&L Hardware.
3 AE Prowse	(56) ***Financial Director*** CA(SA) ***1 March 2011*** Etienne obtained his CA(SA) qualification in 1990 and completed his articles at Deloitte & Touche. He gained experience in various industries and joined Cashbuild in June 2005 as Financial Controller. He was appointed as the Financial Director of Cashbuild on 1 March 2011.
4 SA Thoresson	(57) ***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.
5 WP van Aswegen	(53) ***Commercial and Marketing Director*** CA(SA) ***2 April 2018*** 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.

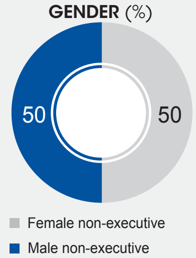
DIRECTORS (%)



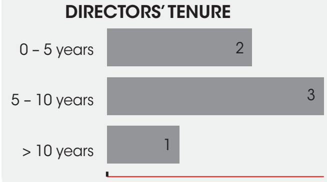
DEMOGRAPHICS (%)



GENDER (%)



DIRECTORS' TENURE



Independent Non-Executive Directors

6 7 8 9 10 11

6 M Bosman	(63) B.ACC (Hons) CA(SA) **1 March 2019** Marius has been 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. He currently serves on the board of Shoprite Insurance Company Limited.
7 HH Hickey	(66) ***Chairperson of the Audit and Risk Committee and of the Investment Committee*** CA(SA) **1 July 2012** Hester serves on various boards including Barloworld Limited, Pan African Resources Plc and Northam Platinum Limited. She also performs board evaluations for the Institute of Directors of Southern Africa.
8 AGW Knock	(69) ***Chairperson of the Board and of the Nomination Committee*** Pr Eng, 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.
9 Dr DSS Lushaba	(54) ***Chairperson of the Remuneration Committee*** BSc (Hons) (Zululand), MBA (Wales), DBA (UKZN) **1 July 2011** Simo performs board assessments and director training for the Institute of Directors of Southern Africa. His other directorships include Harmony Gold Limited, GVSC (Pty) Ltd and South Africa Day NPC.
10 NV Simamane	(61) ***Chairperson of the Social and Ethics Committee*** BSc (Chemistry & Biology) (Hons) **1 September 2004** Nomahlubi has extensive business, marketing and communications experience. She previously held the positions of Marketing Manager at Unilever, Marketing Director at British American Tobacco and Managing Director at BLGK Bates Advertising Agency. She is currently the CEO at Zanusi Brand Solutions and is a non-executive director of, amongst others, The Foschini Group, Oceana Group and Hollard Insurance Company.
11 GM Tapon Njamo	(42) ***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.

02

Sustainability and Corporate Governance

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Sustainability Report

CASHBUILD'S APPROACH TO SUSTAINABILITY

Cashbuild reports its corporate sustainability in terms of the Six Capitals as set out in the International Integrated Reporting Framework.

The underlying objective of following the Six Capitals is to ensure that Cashbuild focuses the appropriate degree of attention on each of these areas, taking into account the impact of each aspect on the Group's performance, as well as the impact 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.

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

The sustainability policies and practices which have been adopted and implemented by the Group, of which our local 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, and have significantly assisted in risk mitigation during the establishment of Cashbuild's operations in new, unknown and often challenging environments.

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

- Applying a "common sense" approach.
- 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 on the basis of 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 and influencing other organisations to do the same.

ASSURANCES OBTAINED

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

Compliance category	External service and assurance providers
B-BBEE Scorecard	BEEVER Agency (Accredited by SANAS).
Environmental	GCX Africa.
Finance	PricewaterhouseCoopers Inc. provides auditing, tax and advisory services. For the Independent Auditor's Report refer to page 92.
Health and safety	Health and safety is a key focus area on which assurance is provided by Cashbuild Internal Audit. Additional, albeit limited, assurance together with advisory services is provided by SHE Consultants (Scott Safe).
IT compliance	IT Internal Audit is outsourced to Ernst & Young. Assurance is provided by Ernst & Young on risk-based key focus areas included in a three-year rolling Internal Audit Plan. BCX provides IT support services.
JSE Listings Requirements compliance	Nedbank CIB.
Legal compliance	Webber Wentzel Incorporated and Van der Vyver Incorporated provide legal services for contractual agreements. Exclaim Innovations & Solutions provides software to perform internal legal assurance reviews performed by the Compliance Officer on relevant pieces of legislation.
Payment Card Industry (PCI) Data Security Standard	Galix Networking (Pty) provides attestation of compliance for merchants.
SANS 4001-BT1	South African Bureau of Standards.

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.

Financial Capital

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.

Five-Year Performance Review		**June 2020 52 weeks**	June 2019 53 weeks	June 2018 52 weeks	June 2017 52 weeks	June 2016 52 weeks
Group income statement						
Revenue	Rm	**10 091**	10 821	10 207	9 730	8 670
Profit before tax	Rm	**394**	613	594	657	619
Earnings attributable to owners of the Company	Rm	**267**	427	421	465	437
Group statement of financial position						
Total assets	Rm	**6 346**	3 995	4 300	3 740	3 539
Total equity	Rm	**2 155**	2 187	1 917	1 679	1 465
Total liabilities	Rm	**4 191**	1 807	2 383	2 061	2 074
Group cash flow						
Net cash from operations	Rm	**2 108**	(42)	609	451	622
Working capital movements	Rm	**1 242**	(532)	71	(119)	76
Capital investment	Rm	**(171)**	(196)	(302)	(193)	(592)
Key performance statistics						
Returns and profitability						
Revenue per employee	R'000	**1 624**	1 719	1 616	1 529	1 550
Operating profit margin	%	**5.2**	5.2	5.3	6.4	6.3
Profit before tax on revenue	%	**3.9**	5.7	5.8	6.8	7.1
Profit before tax per employee	R'000	**63**	97	94	103	105
Basic EPS	cents	**1 177**	1 881	1 852	2 048	1 920
Basic HEPS	cents	**1 138**	1 910	1 867	2 045	1 892
Total dividend per share	cents	**707**	855	842	930	1 001
NAV per share^	cents	**8 470**	8 636	7 561	6 642	5 776
Return on shareholders' funds	%	**14.2**	20.8	23.4	29.5	31.0
Return on average capital employed	%	**15.0**	24.1	23.7	29.9	32.2
Total asset turn	times	**1.6**	2.7	2.4	2.6	2.6
Total assets per employee	R'000	**1 021**	638	681	583	587
Solvency and liquidity						
Dividend payout ratio	%	**50**	50	50	50	50
Current ratio	times	**1.2**	1.2	1.2	1.2	1.1
Total liabilities to total shareholders' funds	times	**2.0**	0.8	1.3	1.2	1.4
Interest-free liabilities to total assets	times	**0.7**	0.5	0.6	0.5	0.6
Share performance						
Market value per share						
– At year-end	cents	**14 200**	26 715	31 439	35 900	35 500
– Highest (year to 28 June)	cents	**28 200**	30 900	50 477	44 295	36 900
– Lowest (year to 28 June)	cents	**10 101**	24 500	31 000	32 100	25 528
PE ratio at year-end	times	**13.3**	15.6	18.7	19.3	17.7
Market capitalisation – at year-end	Rm	**3 548**	6 676	7 857	8 971	8 871
Volume traded (year to 28 June)	'000	**14 543**	8 150	7 120	6 785	9 688
Weighted number of shares	'000	**22 723**	22 716	22 711	22 708	22 779
Issued shares at 28 June	'000	**24 990**	24 990	24 990	24 990	24 990
Other statistics						
Number of employees		**6 213**	6 295	6 316	6 365	6 029
Number of stores		**318**	315	318	297	284

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

WHY INVEST IN CASHBUILD

The "Cashbuild Way" business outlook, together with Cashbuild's strategy and its corporate sustainability approach focused on the Six Capitals, for the year ended 28 June 2020 is presented below:

- We are the largest retailer 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 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 the best in class;
- HR systems, policies and 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.

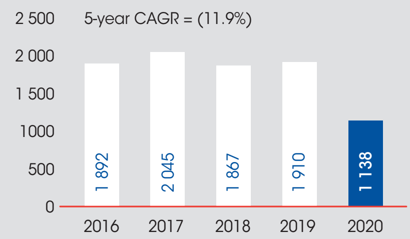
We focus on our suppliers, ensuring that:

- 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.

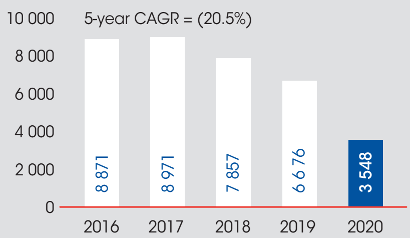
We focus on sound governance and compliance, ensuring that:

- 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 lines of defense auditing system.

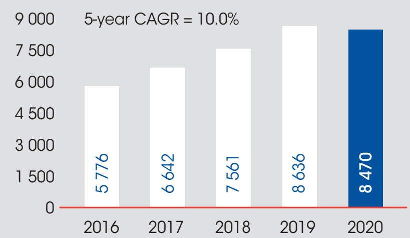
HEPS (cents)



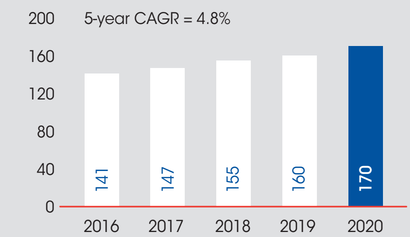
MARKET CAPITALISATION (Rm)



NAV PER SHARE (cents)



CSI SPEND (Rm)



Human Capital

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, train local artisans, employ unemployed learners through our learnership programme, as well as a variety of other initiatives.

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 in 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 rewarded for extended length of service (in excess of 20, 30 and 35 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, and financially rewards the top five Store Managers and top three Divisional Managers for the preceding financial year.

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 and Support Office 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 28 June 2020, Cashbuild employed, on a permanent basis, 6 213 (2019: 6 295) individuals across the Group. These individuals have clearly demonstrated, by constantly striving to understand and meet their customers' needs, that they are the right people for Cashbuild.

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

Cashbuild has 19 (2019: 16) full-time human resource 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.

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 promoting 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 Support Office 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 and other Executive Management and key personnel has been developed. This strategy is reviewed and updated on a regular basis.

All Executive Directors and other 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.

EMPLOYEE TRAINING AND DEVELOPMENT

Cashbuild employees 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 352 learnerships were offered to employed and unemployed individuals across the Group. In addition, 4 772 (2019: 4 909) 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 R10.4 million (2019: R7.2 million).

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, 1 262 learnerships have been successfully completed within the Group. As at the end of the 2020 financial year, 576 of these learners are still employed within the Group.

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

NQF	2020	2019
Level 2	**96**	87
Level 3	**58**	32
Level 4	**173**	37
Level 5	**25**	9
Total	**352**	165

BURSARIES

During the 2014 financial year, 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. We currently have six bursary students comprised as follows:

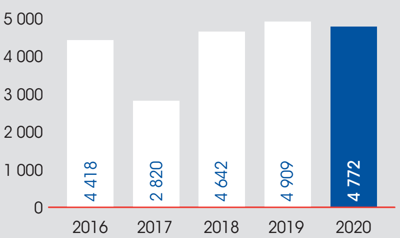
Degree	Year of study	Number of bursary students
BCom Finance	3rd year	**1**
Advanced Diploma in Retail	4th year	**1**
Advanced Diploma in Retail	3rd year	**2**
Advanced Diploma in Retail	1st year	**2**
Total bursary students		**6**

OCCUPATIONAL HEALTH AND SAFETY

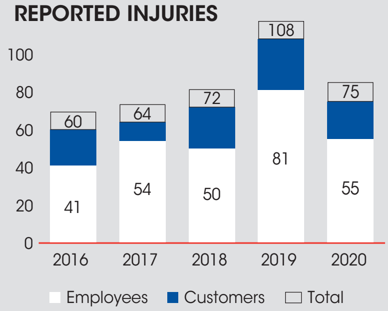
Cashbuild considers occupational health and safety to be the direct responsibility of all management within the Group, including the office of the Chief Executive. The Group's policies and practices in this area are enforced at all levels across all operational areas, through intensive and ongoing training as well as the continued engagement of our external 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 Support Office. The Group also strictly adheres to appropriate regulatory requirements and OHASA guidelines regarding the availability of medical and first aid supplies at Cashbuild stores and the Support Office. Furthermore, Covid-19 Risk Officers were appointed at each of the stores and at the Support Office.

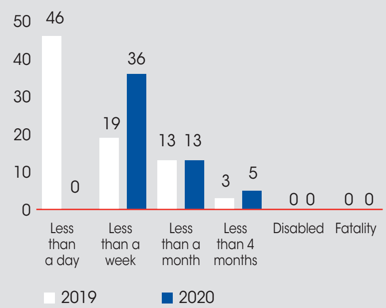
EMPLOYEES TRAINED



REPORTED INJURIES



SERIOUSNESS OF EMPLOYEE INCIDENTS, MEASURED IN TERMS OF RECOVERY PERIOD



Human Capital continued

An external service provider undertakes independent audits of the Group's practices in this area, and provides guidance and advice regarding areas where Cashbuild not only meets, but exceeds its legislated responsibilities.

Injuries in the year were 75 (2019: 108) and largely impacted staff. The year-on-year decrease is a direct result of increased awareness, more diligence and compliance by staff with health and safety protocols. Staff injuries are mainly as a direct result of non-compliance to Cashbuild's OHASA policy and appropriate disciplinary action was taken against these staff members. No incidents were identified in which 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 significant downtime to our operations and there were no permanent disabilities 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 and customers.

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 we believe 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 has been rolled out to increase support and enhance the ethics within the Group.

Each store and Support Office department 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".

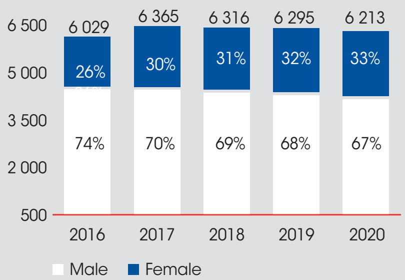
Any employee found behaving in a manner contrary to our ethical standards is subject to disciplinary proceedings, which may lead to dismissal from the Group.

Compliance with the "Cashbuild Way" is monitored by the Internal Audit function. Audits are conducted on each store at least three times a year and Support Office processes are audited on a periodic basis that depends on the risk-based priority assigned to specific business support focus areas. Cashbuild is contracted to Tip-offs Anonymous, which is administered by Deloitte and provides a secure system for staff to report unethical or risky behaviour. All tip-offs logged are investigated and appropriate action taken to address any instances of non-compliance.

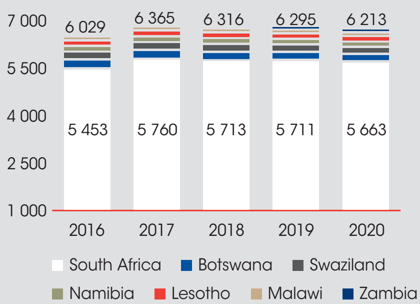
Acceptance of gifts from third parties is governed by a policy requiring detailed declaration and approval that is targeted towards removing any potential conflicts of interest.

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

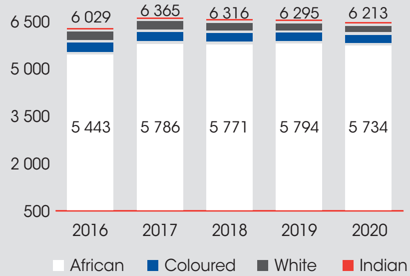
EMPLOYEES BY GENDER



EMPLOYEES PER GEOGRAPHY



EMPLOYEES PER ETHNIC GROUP



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-discriminatory, fair and equal treatment in all employment and human resources practices, in line with the Group's commitment to the UN Global Compact Principles.

As at 28 June 2020, Cashbuild had 525 (2019: 509) HDSAs in management level positions, which equates to 90.1% (2019: 80.2%) of management level employees.

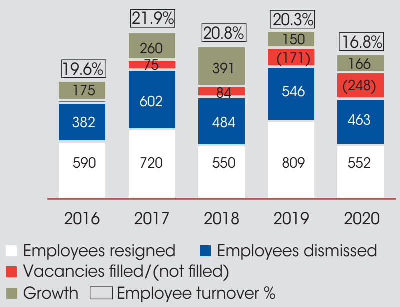
Cashbuild continues to give preference to local employees drawn from the areas in which the stores are located, and is constantly increasing its support for targeted B-BBEE initiatives. The Group also continues to develop and implement the HR strategies necessary to drive internal cultural change, transformation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

Cashbuild's B-BBEE rating is a Level 8 on the Construction sector scorecard. The Group has put a supplier and enterprise development improvement strategy in place, has implemented a three-year skills development plan to increase learnerships, employed 110 unemployed youth in line with the Yes-4-Youth programme and is implementing a B-BBEE aligned and targeted recruitment plan, particularly, at management level. Cashbuild is committed to economic empowerment, and plans to continually increase its transformation efforts.

INDUSTRIAL RELATIONS

Union membership within the Group is 3.2% (2019: 4.1%). Discussions regarding remuneration, working conditions and other relevant issues takes place primarily through the Group's Employee Forum. For more information regarding the role, function and composition of this Forum, refer to page 65 under the Corporate Governance section of this report.

EMPLOYEE MOVEMENT



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 and is a member of the Global Home Improvement Network (GHIN), an international organisation representing home improvement retailers across the globe.

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

CHILD LABOUR, FORCED AND COMPULSORY LABOUR

In line with its commitment to the UN Global Compact Principles, 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.

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 human resource development to ensure women and men have equal opportunity to participate in management at all levels. Cashbuild's female:male ratio improved from 31.0%:69.0% in 2019 to 33.1%:66.9% in 2020. Neither women nor men can be considered as a homogenous group and that 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.

Social Capital

The Group is committed to a number of CSI, supplier development and entrepreneur support initiatives. These are mainly focused on the communities within which the Group trades to create tangible mutual benefits.

The growth in our Financial Capital allows us to invest more in our Social Capital. Our Human Capital is also affected by these CSI 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.

CSI

A major trigger point for many of these CSI initiatives is the opening of new, relocation of existing, or the re-opening of refurbished stores. During each such event, an established sequence of events takes place, aimed at providing the maximum benefit for both the Group and the surrounding communities. Local community leaders are actively engaged by store management prior to and following the store opening.

Cashbuild's CSI strategy has been developed and is streamlined to focus on education, local enterprise assistance and small builder support programmes.

These three pillars, which anchor our strategy, are complemented by a focus on local skills development as well as structured and impactful community support initiatives that seek to leave a lasting legacy in communities where we trade. Given the Group's geographical footprint, our biggest opportunity is in stimulating the local economy through assistance of local enterprises and promoting sustainable livelihoods.

Our programmes to support glass cutters, delivery truck drivers, brick and block makers and building local enterprise hubs are vital in expanding and growing local economies which creates 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 opportunities. The creation of thriving local enterprises is a force for social good whose fruits are harvested not only by Cashbuild, but also by communities in close proximity to our stores.

Local enterprise assistance and supplier development have been embroidered into very successful programmes of investing in education through the Art@Heart. These programmes are complemented by a focus on local skills development and structured and impactful community support initiatives that seek to leave a lasting legacy in communities where our stores are located and trade.

In line with our streamlined CSI strategy that is focusing on the local economic environment, the construction of the Mabopane Local Enterprise Centre is in progress and will be completed in the new financial year.

The centre which is located outside our store in Mabopane, will be tenanted by small businesses from the community. The centre is constructed using disused shipping containers and is set to become one of the major landmarks in the community. These small businesses will benefit from Cashbuild's foot traffic and it is anticipated that they will also attract a new customer base to our store. This is a major milestone for Cashbuild in Mabopane and will give seven local enterprises space to trade and sustain livelihoods.

Partnerships are one of the key principles guiding our CSI efforts. During this reporting period, two projects bear testament to this principle. In the sprawling township of Khayelitsha in the Western Cape, we joined hands with Banetsi Mphunga. Mr Mphunga is the founder of the Township Parents and Children Counselling Centre. The renowned community champion works with children from this impoverished township by providing psychological counselling.

The construction of the Mabopane Local Enterprise Centre.

Cashbuild increases its community and social engagement by forming strong partnerships. These partnerships are vital in ensuring that programmes are sustainable and provide tangible mutual benefits.

The Wheelbarrow Association receives a wheelbarrow donation from Cashbuild, in partnership with Lasher Tools, to expand the food parcel deliveries in the community of Olievenhoutbosch.

Through our donations, he was able to provide this service to children from an informal settlement that was gutted by fire. Cashbuild partnerships are not only confined to communities, government and non-governmental sectors but also extends to other corporates. This is an important departure point as silo mentality blights the work of corporate South Africa in the social and community space.

Cashbuild, together with financial services firm Old Mutual, embarked on a renovations project of five schools in Jane Furse, Limpopo to improve infrastructure to meet standards set by the Department of Education. This refurbishment of the schools started in the second half of the financial year but was halted due to the Covid-19 pandemic. Work will resume in the new financial year.

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. Cashbuild has donated to the Solidarity Fund which was established by the South African President, Cyril Ramaphosa. The donation will assist the fund in its efforts to alleviate the negative effects of the pandemic in the lives of South Africans.

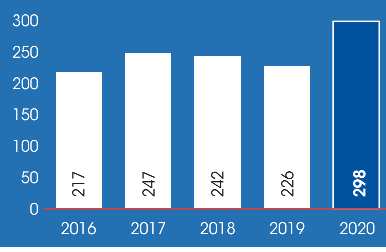
Cashbuild, together with Lasher Tools, also assisted The Wheelbarrow Association, a local organisation in Olievenhoutbosch, Pretoria, led by two young men who have mobilised local youth to help deliver donated food parcels to elderly people within the community. Our donated wheelbarrows will enable these community champions to increase their reach in this community during the period of this pandemic and beyond.

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 resold by Cashbuild. It also offers glass cutters and glazers the opportunity to work rent-free on Cashbuild premises.

Currently, Cashbuild is collaborating with a cement supplier to assist local block makers in Gauteng. The scoping of the needs has been concluded, a solution model has been formulated and we are currently in the process of sourcing suitable sites for beneficiaries. Cashbuild has made a firm commitment to offer successful entities access to market through procurement of bricks and concrete products for sale at our stores. Testing is underway and the programme will be rolled out country-wide once completed.

NUMBER OF GLASS CUTTERS



Social Capital continued

The inaugural schools soccer tournament hosted at our soccer field in Soweto. The tournament was attended by Orlando Pirates Coach, Rhulani Mokwena, and Special Advisor to the National Minister of Sports, Arts and Culture, Walter Mokoena.

During this reporting period, and in line with our ongoing support of International Mandela Day, we again partnered with the international organisation Habitat for Humanity and the Nelson Mandela Foundation in building a family home in Umbumbulu on the south coast of KwaZulu-Natal. Cashbuild employees joined the international community in helping the poor have decent shelter. As part of our Mandela month activities, we further renovated an established Early Childhood Development Centre in Seshego, Polokwane. The renovations carried out will go a long way in ensuring that children from this community learn in a conducive environment. Our soccer field project in Orlando West, Soweto has experienced an increased number of activities as more and more community members are making use of the facility. This year, we hosted the inaugural schools soccer tournament at the field which had six local schools participating. These schools were mainly drawn from communities where our Soweto stores are located.

STORE OPENINGS AND RELOCATIONS

In the year under review, 11 (2019: 11) new stores were opened which is in line with store openings in the prior year. This growth was realised despite the harsh retail trading environment that persists in the geographies in which we trade and this number was slowed down by the effects of the Covid-19 pandemic.

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 (166 people were employed in our 11 new stores during this financial year);
- local delivery drivers formally employed 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.

For every new, relocated and refurbished store, Cashbuild:

- donates R120 000 worth of building materials to various schools in the neighbouring community;
- awards, through the Company'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.

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 969 new employees in our stores to fill vacancies due to staff turnover and the total number of staff is largely at similar levels to those reported last year, reflecting a marginal decrease. This is mainly as a result of applying internal benchmarks together with the lack of sufficient sales growth in the Group.

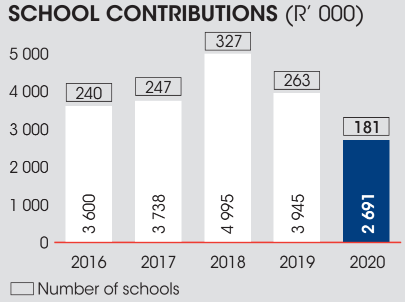
DELIVERY DRIVER CONTRACTORS

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, 383 (2019: 336) delivery drivers were contracted across the Group's stores. For this service Cashbuild spent R165.8 million (2019: R154.7 million), an increase of 7.2%. During the period of the hard lockdown, these contractors were paid the fixed portion in full even though no service was provided.

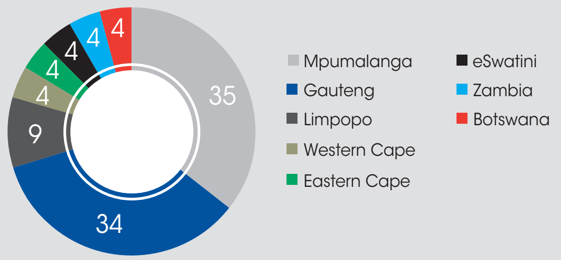
SCHOOLS DONATIONS

Over the past 20 years 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 R45.2 million to 3 543 schools. Refer to the Group's website for the detailed list of schools at each store opening and/or relaunch.

SCHOOL CONTRIBUTIONS (R' 000)



SCHOOL CONTRIBUTIONS BY PROVINCE AND COUNTRY (%)



Store	Date*	Province	Total per school
Acornhoek Mall	2019/10/10	Mpumalanga	**120 000**
Barberton	2019/11/13	Mpumalanga	**120 000**
Bela Bela	2019/10/17	Limpopo	**120 000**
Brackenfell	2019/07/25	Western Cape	**120 000**
Diepkloof	2019/07/24	Gauteng	**120 000**
Ebony Park	2020/02/13	Gauteng	**90 000**
Elukwatini	2019/07/18	Mpumalanga	**120 000**
Ezulwini	2019/11/28	eSwatini	**120 000**
Gaborone West	2020/02/20	Botswana	**120 000**
Kwa Guqa	2019/12/04	Mpumalanga	**120 000**
Marapyane	2019/08/01	Limpopo	**120 000**
Mhluzi	2020/02/13	Mpumalanga	**120 000**
Moloto	2019/10/11	Mpumalanga	**120 000**
Namakgale	2019/10/03	Limpopo	**120 000**
Nyanga	2019/10/17	Western Cape	**120 000**
Powerville	2019/10/18	Gauteng	**120 000**
Sam Ntuli	2020/02/06	Gauteng	**120 000**
Springs	2019/07/26	Gauteng	**105 000**
Sterkspruit	2019/11/22	Eastern Cape	**120 000**
Tembisa North	2019/08/08	Gauteng	**120 000**
Trade Route Mall	2019/11/07	Gauteng	**120 000**
Unaville	2020/02/20	Gauteng	**120 000**
Waterfall Mall	2019/08/22	Zambia	**96 000**
Total contributions 2020 (181 schools)			**2 691 000**
Total contributions to date (3 543 schools)			**45 183 300**

** New, refurbished and relocated store opening dates.*

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

In addition, we own the following trademarks:

Roofbuild Trusses

Art@Heart

Cashbuild Device Colour

Champion

Give A Brick

Cashbuild DIY Do it your way

P&L Hardware

IT SYSTEMS

Information technology is critical to the strategic transformation and organisational performance of Cashbuild. We strive to ensure that the IT application systems are bespoke, well suited and maintained to adequately support and enhance the Group's reporting and management requirements.

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

E-COMMERCE INITIATIVES

We 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.

We have in excess of two million unique cell phone numbers in our Cashbuild Shopper database. This 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. To date, we have rewarded almost 1 500 shoppers to a value of R450 000. Reward prizes were increased over December 2019 to further reward our customers.

Product focused campaigns have also proven extremely successful in this regard. Customer surveys provide information per store, which is used to improve our customer service levels and experience.

Further enhancements to the Cashbuild Shopper are underway that will allow us to better reward our loyal customers with various value-added services and rewards, that will be in line with the latest technology trends.


Cashbuild
ENTRANCE
Information
Trade Route Mall
EXIT
EXIT

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.

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 mutual benefit. 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 sustainability journey.

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.

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, cement, tile adhesive and paint, 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 with regard to 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.

With regard to customer communication, the Group will, where appropriate, make 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.

SECURITY, CRIME PREVENTION AND COUNSELLING

Crime and 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 or our community members.

Cashbuild remains committed to offering the victims of such crimes appropriate counselling at both an individual and a group level, through an external service provider. The majority of crimes committed at the Group's stores during the 2020 financial year included 142 (2019: 98) burglaries and 33 (2019: 31) armed robberies.

Cashbuild subscribes to an anonymous tip-off service line where 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. 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, 93 (2019: 98) 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 period, a total of 463 (2019: 468) 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.

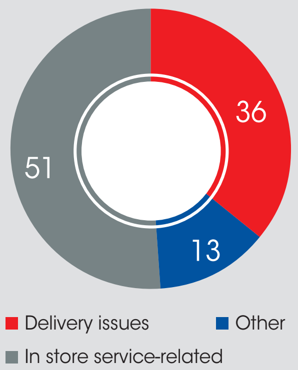
During the 2020 financial year, Cashbuild had 162 (2019: 179) incidents of community unrest which resulted in some of our stores being closed for a total of 491 (2019: 251) trading days throughout the course of the year. Trading days affected resulted in an estimated loss in sales and damages of R36.8 million (2019: R18.7 million).

CUSTOMER COMPLAINTS

Complaints from customers increased from the prior year partly due to the inclusion of P&L Hardware figures for the first time in the current year. In addition to formal complaints, we receive informal feedback in-store. The Divisional Managers' details are displayed in-store to allow customers to contact them directly with service-related issues.

	2020	2019	2018	2017
Total customer complaints	**502**	400	410	401
Complaints as a percentage of total sales transactions (%)	**0.003**	0.002	0.002	0.002

NATURE OF THE COMPLAINTS (%)



Natural Capital

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.

The key driver for the implementation of environmental impact reduction initiatives is efficiency gains or cost savings that can be realised through such initiatives.

Cashbuild has identified energy consumption as its principal environmental issue. In 2014 the Group embarked on pilot projects with the aim of reducing energy consumption across its operations, at both individual store and Support Office level, by 50%.

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 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.

ELECTRICITY USAGE

In accordance with its goal of improving energy efficiency, Cashbuild has rolled out energy efficient LED lighting to 15 existing stores (2019: 25) and one (2019: four) relocated store during the financial year, with an average energy reduction in lighting of 50%.

As at 28 June 2020, 203 stores (June 2019: 187 stores) had been retrofitted with energy saving Highbay luminaires.

The focus on store cost efficiency also encompasses an ongoing analysis of each store's utility billing and meter readings. The benefits of this focus are that:

- baseline consumption patterns have been established; and
- stores with high cost patterns are identified and appropriate measures taken to align them to benchmark, and reduce consumption.

The analysis also extends to electricity consumption, rates and taxes, sewerage and water consumption. Savings have been achieved in all these spheres.

The management of electricity consumption by Cashbuild has resulted in savings by way of both reduced monthly billings and lower registered kWh usage.

Over the period of this initiative and factoring in average municipal increases in utilities, monthly savings are being achieved. These continue to be closely monitored to ensure that the savings are maintained.

The number of queries on municipal accounts is increasing with issues raised relating to exceptionally high billing, and back charges levied by councils.

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 Carbon Tax Act outline the minimum thresholds for these activities according to the National Greenhouse Gas Emission Reporting Regulations 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. A review of Cashbuild's activities was undertaken in the year under review to determine whether Cashbuild exceeds the threshold and whether we are required to register for carbon tax. Cashbuild has a diesel generator installed at each of its stores across the country and at its support office. Cashbuild makes use of 24 unique generator models throughout the country.

Cashbuild's total installed capacity was calculated to be 11.24MWth. Due to the Group exceeding the 10MWth threshold, Cashbuild registered with the Department of Environment, Forestry and Fisheries (DEFF) and this registration was approved on 11 June 2020. GHG emissions were submitted by Cashbuild on 12 June 2020. The Group's total emissions were calculated to be 291.93 tonnes of CO_2e (carbon dioxide equivalent). Cashbuild will register with SARS for carbon tax in the new year, but will have a liability of zero, given that the only emissions generated are from diesel, which has already been taxed and included in the pump price of fuel.

TRANSPORTATION

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.

With regard to the delivery drivers that are sub-contracted by Cashbuild stores to deliver products to customers, this programme presents minimal opportunities for efficiency improvement interventions on the part of the Group. From a carbon footprint perspective, the fact that these delivery drivers are not employed by Cashbuild, means that their respective carbon footprints fall outside the scope of the Group's responsibility. At the same time, Cashbuild assists the drivers in minimising their emissions through effective route planning and scheduling of deliveries.

WATER CONSERVATION

Due to the nature of the business, Cashbuild does not consider water usage in its stores and Support Office to be a material issue or risk. Cashbuild has embarked on the following initiatives for cost saving and water conservation:

- for stores that regularly experience water outages, water storage tanks are installed to ensure continuous supply to the stores; and
- new stores include water harvesting from gutters to provide water for ablution facilities.

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 are 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 high water usage stores over time.

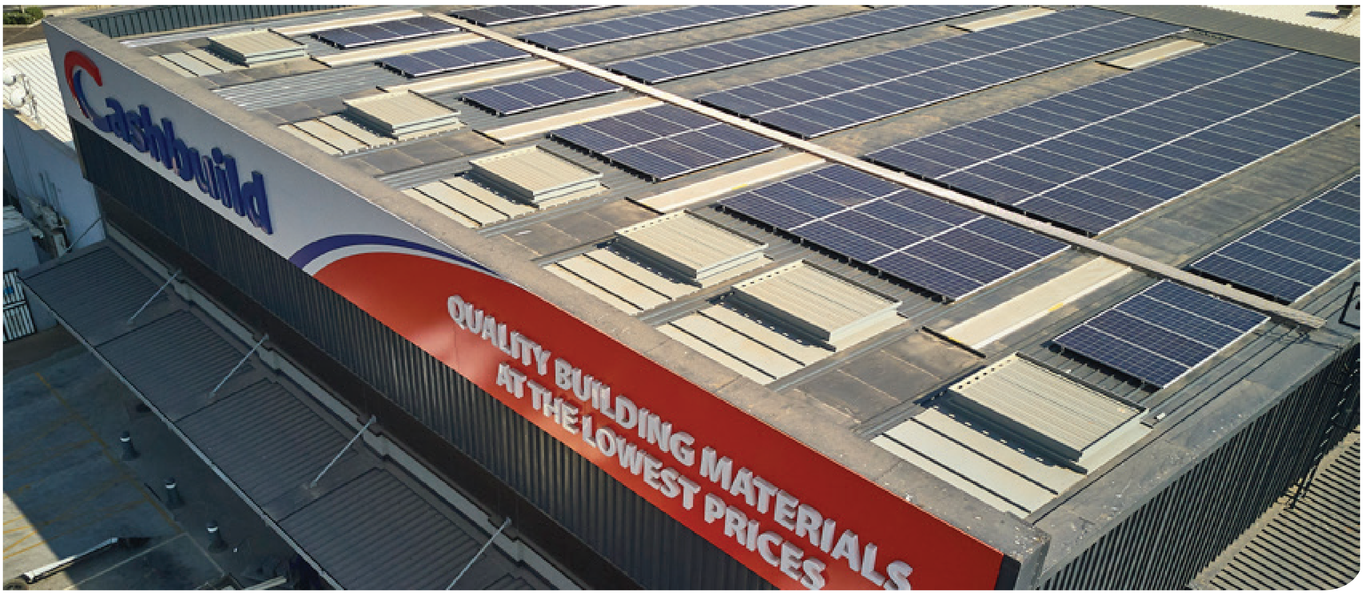
WASTE GENERATION AND RECYCLING

Cashbuild has in the past not measured 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.

At Support Office, 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, which at this stage are of immaterial impact due to the size of our business.

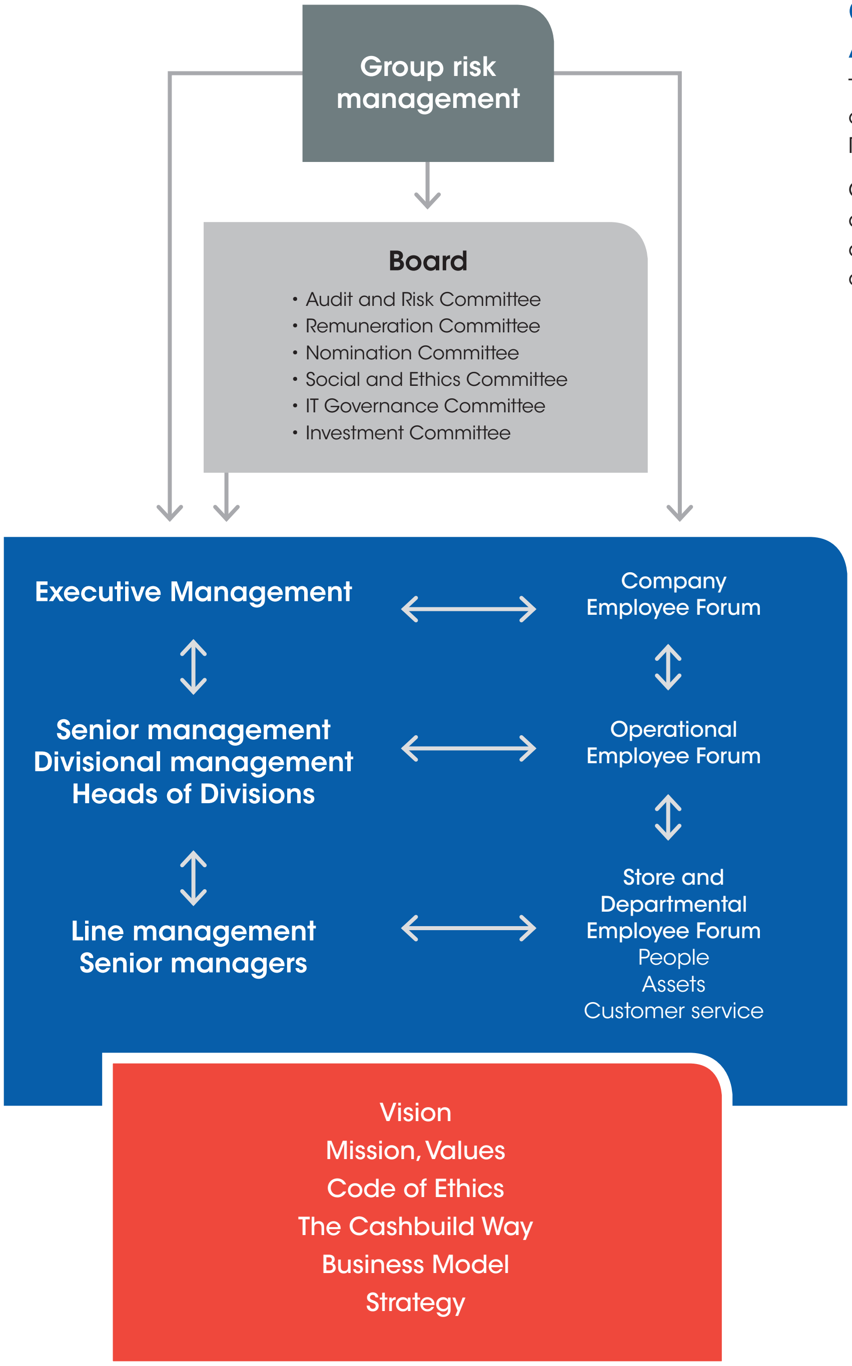
As a retail operation, Cashbuild's opportunities to meaningfully influence the environmental impacts arising from either the manufacture or application of its products are limited. However, Cashbuild remains committed to making full use of those opportunities that do present themselves to affect positive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

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



Corporate Governance Report

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



GOVERNANCE FRAMEWORK AND STRUCTURE AT A GLANCE

There are no material changes to the contents of this report compared to the 2019 Integrated Report.

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

The following is a summary of Cashbuild's King IV™ application assessment completed during the 2020 financial year:

PRINCIPLE 1: Ethical leadership: The governing body should lead ethically and effectively.

The Cashbuild Board leads within the framework provided by the Group's Core Values, The Cashbuild Way (policies and procedures), Code of Ethics, Corporate Approvals Framework, the Board Charter, and Terms of Reference of the committees of the Board.

Board members, whose performance is subject to formal annual review, have sufficient working knowledge and guidance to discharge their responsibilities ethically and effectively.

PRINCIPLE 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.

The Board has ensured that a code of conduct and ethics-related policies, through which ethical standards are clearly articulated, are established and implemented. Understanding of the Code of Ethics is entrenched as part of staff induction and compulsory training of all staff members on the subject.

The Board sets the values to which the Group adheres to and these are formulated in the Group's code of conduct. Cashbuild's vision, mission and core values as set by the Board, are documented and communicated throughout the Group and form the basis of the Group's Ethics Charter and Company policies.

Monitoring of organisational ethics is the role and responsibility of the Social and Ethics Committee that relies on amongst others, assurance provided by management, external auditors, and the Cashbuild Group Risk Management function which includes Internal Audit.

PRINCIPLE 3: Responsible corporate citizenship: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board considers not only financial performance, but also the potential impact of the Group's operations on society and the environment. Reporting on the impact of the Group's operations on society and the environment is done in the Integrated Report.

Measurable corporate citizenship programmes and policies are developed and implemented. Corporate citizenship programmes and policies are established in Cashbuild and are continuously improved on as part of Cashbuild's corporate citizenship growth journey. Measured projects (with related Company policies in place) as reported in the Integrated Report involves store expansion, relocation and refurbishment; customer growth; local recruitment practices; contractor funding; employment and transformation (including B-BBEE targets), employee training and development, community investment (which includes donations to local schools); and energy and carbon footprint.

Monitoring Cashbuild's CSI in the workplace, with specific reference to employment equity, fair remuneration, safety, health, dignity and development of employees is done by the Board via the Social and Ethics Committee and the Remuneration Committee.

PRINCIPLE 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.

The Board takes cognisance of risks, opportunities, and significant matters influencing the area in which Cashbuild operates and constructively challenges the strategy which results in a well-considered and relevant inclusive strategy for the Group. Ongoing oversight by the Board on implementation of strategy and related operational plans against performance measures and targets takes place via Board meetings, Board Committee meetings, and the annual strategy workshop.

PRINCIPLE 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.

Cashbuild's Integrated Report provides insight into issues identified as the most relevant and material to it and its various stakeholder groups. Comprehensive information pertaining to stakeholder engagement and material issues relevant to various stakeholder groups are placed on the Group's website. The Board, specifically the Audit and Risk Committee and the Social and Ethics Committee, play a central role in the determination of Cashbuild's material risks as well as opportunities that may arise.

Assurance is provided on the financial portion of the Integrated Report. Any issues of concern identified by external audit regarding accuracy, validity and integrity is highlighted for management action. The Board takes ultimate responsibility to ensure the integrity of the Integrated Report.

Corporate Governance Report continued

PRINCIPLE 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.

The role and responsibility of the Board is duly documented in the Board Charter, and that of its committees in the relevant terms of reference which are reviewed annually. Non-executive Directors have unrestricted authority to consult with Executive Directors and Executive Management to obtain information about the Company, its operations, assets or liabilities as stipulated in the Board Charter. Cashbuild's Board discloses its satisfaction regarding fulfilment of its responsibilities through reports of the Chairman, the Chief Executive and Board Committees.

PRINCIPLE 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.

The Board, consisting of five executive and six independent non-executive directors, has an appropriate balance of knowledge, skills, experience, diversity, and independence to objectively discharge its governance roles and responsibilities. The Chairman of the Board is an independent non-executive director. Refer to the "Our Directorate" section of the Integrated Report for, amongst others, the qualifications and experience, period of service, age, and other professional positions held by the directors.

PRINCIPLE 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.

Roles and responsibilities of Board members and Board Committees are clearly defined in the Board Charter and committees' terms of reference. Delegation is also appropriately dealt with within the governance structure in accordance with legal requirements. Refer to the "Board" and "Board Committees" sections of the Integrated Report for further information on the role of the Board and each of its committees.

PRINCIPLE 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.

An annual evaluation of directors (which includes their independence) is performed by the Nomination Committee and confirmed by the Board. The performance assessment of the Board and its committees, including that of the Chair, is facilitated by the Company Secretary.

PRINCIPLE 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.

Cashbuild has a formal delegation of approvals framework which is approved by the Board. This delegation framework sets the direction and parameters which are to be reserved for the Board, and those that are delegated to management. Any changes to this delegation framework are subject to approval by the Board. The Nomination Committee considers appointments of Board members and makes recommendations to the Board for approval.

The Board (via the Nomination Committee) participates in the review of succession and emergency planning for key senior executive positions. The directors periodically discuss succession planning and evaluate that, in the event of any executive and senior management changes, plans are in place to ensure a smooth transition.

Provisions of the Companies Act with regards to appointment, removal, evaluation and duties of the Company Secretary as outlined in the Board Charter is adhered to. The office of the Company Secretary is duly empowered and carries the necessary authority to discharge its duties.

PRINCIPLE 11: Risk Governance: The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.

The Board's responsibility for risk governance is set out in the charters of the Board and terms of reference of the Audit and Risk Committee. Risk governance encompasses both opportunities and associated risks for consideration when developing strategy.

Risk responses focus to a large extent on actions taken to mitigate risks at hand. Consideration is always given to exploration of opportunities to improve the performance of the Group when preparing action plans to mitigate risks. These are recorded in the risk register which is made available to the Board quarterly via Audit and Risk Committee meetings.

PRINCIPLE 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.

The Board and IT Governance Committee take responsibility for the governance of IT in the Group. Cashbuild's IT Governance Committee performs the oversight role that ensures integration of people, technologies, information and processes across the organisation. Management is responsible for the implementation of all the structures, processes and mechanisms for the IT governance framework. Prime responsibility for this has been delegated to the IT Executive reporting to the Chief Executive.

PRINCIPLE 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.

The Board has as an objective that Group policies and procedures and adherence thereto take account of the context of law and how applicable laws relate to one another. Compliance with legislation is duly considered during approval of Cashbuild policies and procedures. Legal advice is obtained during preparation and completion of Company policy as and when required.

The Board receives assurance on the effectiveness of the internal controls intended to ensure compliance with laws, rules, codes and standards through internal and external audit service delivery. The status of assurance obtained is monitored with the Group's combined assurance and legal compliance process.

PRINCIPLE 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.

The Remuneration Committee, on behalf of the Board, assumes responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis. The Remuneration Committee is responsible for ensuring that the Remuneration Policy is kept current and remuneration is in line with industry norms, and that it addresses the governance objective of remunerating fairly, responsibly, and transparently in the promotion of the achievement of strategic objectives and positive business outcomes.

PRINCIPLE 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.

The Board assumes responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions. The Board delegates to the Audit and Risk Committee the responsibility for overseeing that arrangements (internal controls, combined assurance process, and external audit service delivery) are effective in achieving the objective of supporting the integrity of information used for internal decision-making by management, the Board and its committees.

The Board oversees that the combined assurance model, as contained in the Cashbuild Way, is designed and implemented to cover effectively the organisation's significant risks and material matters through a combination of assurance service providers and functions considered appropriate for the organisation.

The Board assumes responsibility for internal audit by setting the direction for the internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes. This is done through the approval of the Internal Audit Charter. The Board delegates oversight of internal audit to the Audit and Risk Committee.

PRINCIPLE 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.

The Board assumes responsibility for the governance of stakeholder relationships by setting the direction for how stakeholder relationships should be approached and conducted in the organisation.

The Board has delegated to management the responsibility for implementation and execution of effective stakeholder relationship management and exercise ongoing oversight of stakeholder management and in particular, oversee that it results in methodologies for identifying individual stakeholders and stakeholder groupings.

Note: Above summarised results are supported by the detailed King IV™ Application Register available on www.cashbuild.co.za

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 defined levels of materiality, 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 five 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 any grouping, be it race, gender or age, with due consideration of the Equity and Diversity Policy Statement. Refer to pages 34 and 35 for our Board composition at year-end.

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 members and performance and background checks prior to nominations. Executive director appointments are formalised through an agreed contract of service between the Company and the director.

Generally, 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 a formal 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 six times during the year (including two special meetings). The Chairman of the Board and the Chief Executive meet monthly. A strategy meeting involving all members of the Board is held annually. The strategy meeting that was schedule for May 2020 was postponed to a later date as a result of the impacts of Covid-19. The Chairman of the Board and Chief Executive, in consultation with the Company Secretary, take responsibility for setting the agenda of 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 the Board to meet its objectives and make well-informed decisions.

Board meeting attendance is noted on page 63 of this Integrated Report.

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. In terms of the review, the Board formally assessed each director in line with the independence guidelines of King IV™ and satisfied itself of the independence of the directors. 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 2020 financial year.

BOARD AND COMMITTEE PERFORMANCE EVALUATION

Cashbuild undertakes annual Board evaluations, 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, the Board Committees, the Board members and the Chairman of the Board were performing their duties and responsibilities effectively and efficiently.

DIRECTOR 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 new directors appointed during the year are as reflected in the notice of Annual General Meeting to be held on 30 November 2020.

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 Gender and Diversity Policy during the 2020 financial year and is in the process of formalising voluntary targets which will reported on in the near future.

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 the Board meetings. They also recuse themselves from the relevant Board meeting while their fellow directors deliberate on the 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 34 and 35 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 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. A detailed regulatory compliance risk assessment involving the Cashbuild Executive Management and senior management was completed during 2017/18 and will be repeated during the 2020/21 financial 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 Finance 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.

Corporate Governance Report continued

The Company Secretary is Mr T Nengovhela. The Board considered his competence, qualifications and experience at its meeting held on 31 August 2020, and is satisfied that he is competent and has the appropriate qualifications and experience to serve as the Company Secretary.

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 Board committees, namely the:

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

All of these committees are chaired by an independent non-executive director and operate in accordance with the respective committees' 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 on the committee and reports the outcomes to the Board.

AUDIT AND RISK COMMITTEE

Members: Ms HH Hickey (Chair); Mr M Bosman; Dr DSS Lushaba and Ms GM Tapon Njamo.

In terms of the Companies Act, the members of the Audit and Risk Committee were individually elected at the Annual General Meeting on 25 November 2019. All Members of the Committee are standing for election at the Annual General Meeting to be held on 30 November 2020.

The Audit and Risk Committee initiated a project during the financial year for the implementation of the Mandatory Audit Firm Rotation ("MAFR") for the Group. In terms of the MAFR requirements, the Group must be compliant by 30 June 2024. The Committee has determined to make a recommendation at the Annual General Meeting to be held during 2021.

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 80 to 84 of this Integrated Report.

REMUNERATION COMMITTEE

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

Mr AGW Knock was appointed as Chairman of the Board on 3 September 2019 and as a result could no longer serve as a Chairman of the Remuneration Committee. He remains a member of the Committee. Dr DSS Lushaba was appointed Chairman of the Committee on 26 September 2020. Ms GM Tapon Njamo was appointed as a member of the Committee on 2 March 2020.

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 trusts, 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 Committee Report on page 66 of this Integrated Report.

NOMINATION COMMITTEE

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

Mr AGW Knock was appointed Chairman effective 3 September 2019 and Mr IS Fourie retired on 25 November 2019. Ms NV Simamane resigned as a member on 25 November 2019 and Mr Bosman was appointed on the same date.

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 77 of this Integrated Report.

SOCIAL AND ETHICS COMMITTEE

Members: Ms NV Simamane (Chair); Ms HH Hickey; Dr DSS Lushaba; Mr WF de Jager and Mr AE Prowse.

Mr IS Fourie retired on 25 November 2019 and Dr DSS Lushaba was appointed as a member of the Committee on the same date.

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 74 to 76 of this Integrated Report.

IT GOVERNANCE COMMITTEE

Members: Ms GM Tapon Njamo (Chair); Mr AGW Knock; Mr AE Prowse; and Mr WF de Jager.

Ms GM Tapon Njamo was appointed as Chairperson of the Committee on 11 November 2019. Mr AGW Knock resigned as Chair on the same date but remained a member.

The details pertaining to the responsibilities and functions of the IT Governance Committee are set out in the IT Governance Committee Report on page 73.

INVESTMENT COMMITTEE

Members: Ms HH Hickey (Chair); Mr M Bosman; Mr WF de Jager and Mr AE Prowse.

Mr AGW Knock was co-opted as a member of the Committee for the review and consideration of the TBC acquisition.

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.

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 Directorate and the following members:

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							
IS Fourie[1]	C – 1/1^ M – 1/1^	–	M – 2/2^	M – 2/2^	–	–	–
AGW Knock[2]	C – 5/5^ M – 1/1^	–	M – 4/4	–	C – 1/1^ M – 3/3^	M[3] – 3/3	C – 1/1
M Bosman	M – 6/6	M – 4/4	–	–	–	M – 3/3	M – 1/1
HH Hickey	M – 6/6	C – 4/4	–	M – 4/4	–	C[4] – 2/3	–
DSS Lushaba	M – 6/6	M – 4/4	C[5] – 4/4	M[6] – 1/2^	–	–	–
NV Simamane[7]	M – 6/6	–	–	C – 4/4	–	–	–
GM Tapon Njamo	M – 6/6	M – 4/4	M[9] – 1/1^	–	C[8] – 3/3^ M – 1/1^	–	–
Executive							
WF de Jager	M – 6/6	I – 4/4	I – 4/4	M – 4/4	M – 4/4	M – 3/3	I – 1/1
A Hattingh	M – 6/6	I – 4/4	–	–	–	–	–
AE Prowse	M – 6/6	I – 4/4	I – 4/4	M – 4/4	M – 4/4	M – 3/3	–
SA Thoresson	M – 6/6	I – 4/4	–	–	I – 4/4	–	–
WP van Aswegen	M – 6/6	I – 4/4	–	–	I – 4/4	–	–

1 *Resigned as chairperson of the Board with effect from 3 September 2019 and as a director with effect from 25 November 2019.*
2 *Appointed as chairperson of the Board and of the Nomination Committee with effect from 3 September 2019. Resigned as chairperson of the IT Governance Committee with effect from 3 September 2019 but remained a member.*
3 *Co-opted as a member for a fixed period for the review and consideration of the TBC acquisition.*
4 *Apology noted.*
5 *Appointed as chairperson of the Remuneration Committee with effect from 26 September 2016.*
6 *Appointed as a member of the Social and Ethics Committee with effect from 25 November 2019.*
7 *Resigned as a member of the Nomination Committee effective from 25 November 2019.*
8 *Appointed as chairperson of the IT Governance Committee with effect from 11 November 2019.*
9 *Appointed as a member of the Remuneration Committee with effect from 2 March 2020.*
C *Chairperson of the Board/Committee.*
M *Member of the Committee.*
I *Attendance by invitation.*
^ *Number of meetings attended since appointment (or due to resignation) to/ from the Board and/or Committee.*

Corporate Governance Report continued

EXECUTIVE MANAGEMENT CASHBUILD

Peter Champion
Human Resource Executive

Willie Dreyer
Operations Executive

Andre Havenga
Risk and Audit Executive

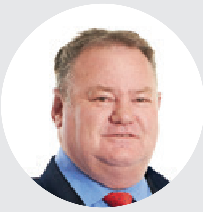
Disemelo Masala
Divisional Director

Zandile Matolo
Financial Controller

Ian McKay
Operations Executive

Tyron Myburgh
Operations Executive

Hennie Roos
Operations Executive



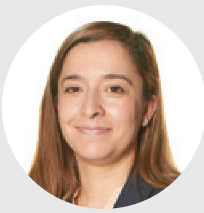
Mark Scholes
Operations Executive

Hennie Steenberg
IT Executive

Tawanda Vengesa
Trainee Operations Executive

EXECUTIVE MANAGEMENT P&L HARDWARE

Mpeyake Khosa
General Manager Procurement



Daniela Tatsis
Chief Financial Officer

Jacques van Deventer
Marketing Manager

Nico Hanekom
Trainee Operations Executive

Ryno van Staden
Trainee Operations Executive

SUCCESSION PLANNING AND CONTINUITY OF MANAGEMENT

The Board regularly participates in the review of succession 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.

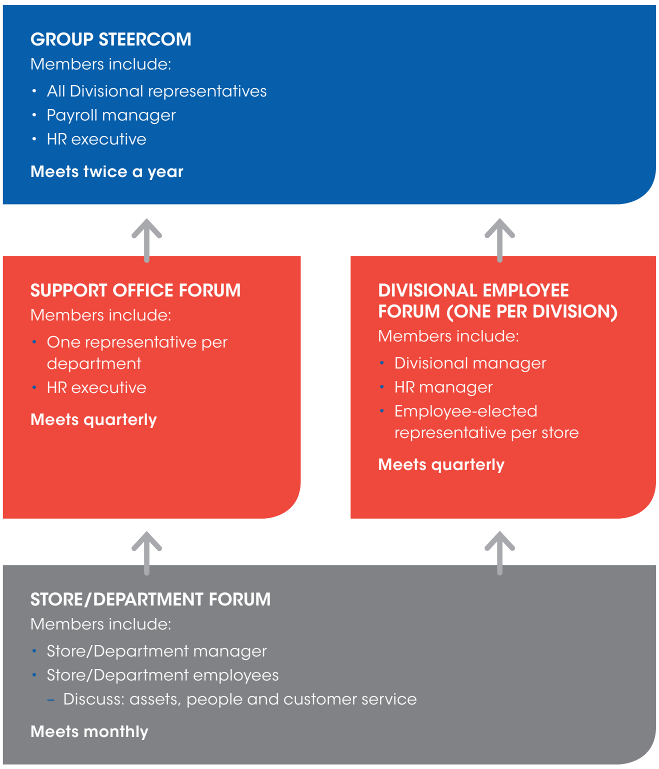
No members of the Executive Management Team gave indication of their intention to resign or retire during the financial year or the foreseeable future.

PRESCRIBED OFFICERS

Prescribed officers are defined as Cashbuild employees who:

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

The Board has determined that Divisional Directors will be prescribed officers. The prescribed officer during the period was therefore Ms DS Masala.



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.

GOING CONCERN

The Board is satisfied that the Group has adequate resources to continue in operation for the next 12 months and into the foreseeable future. The Audit and Risk Committee has, based on input from the Finance Director, assessed and recommended to the Board that the financial statements be prepared on a going concern basis. The Board is satisfied with the Group's going concern status as assessed at the Board meetings coinciding with the interim and year-end results.

Remuneration Report

The Remuneration Committee ("the Committee") strives to ensure that our staff complement is diverse, motivated, skilled, ethical and safe. Cashbuild's sustainability initiatives are set out in the Sustainability Report under Human Capital in this Integrated Report.

REMUNERATION COMMITTEE

Chairperson

Dr DSS Lushaba

Members

AGW Knock; GM Tapon Njamo

Independence

All Committee members are independent non-executive directors

Meetings

Three times per annum

Role and function

The Committee'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 norms; and
- criteria for performance measurement and remuneration packages for Cashbuild's Executive Management team is maintained and updated.

In addition, the Committee:

- 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 Committee'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 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 Committee 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	26 November 2019 %	27 November 2018 %
Endorsement of the Remuneration Policy	82.1	88.2
Endorsement of the implementation of the Remuneration Policy	81.9	89.2

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

ACTIVITIES UNDERTAKEN BY THE COMMITTEE DURING THE YEAR

During the year under review, the Committee 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 Committee 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.

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 not implemented in July 2020 due to the uncertainty presented by the Covid-19 pandemic and its impact on the business. The decision to award cost of living increases was deferred to October 2020.

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 Support Office staff and 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 supports the principle of *malus* and clawback clauses in Executive Management contracts as part of executive remuneration schemes. The Remuneration Committee implemented a clawback and *malus* policy during the period under review in accordance with best practice guidelines.

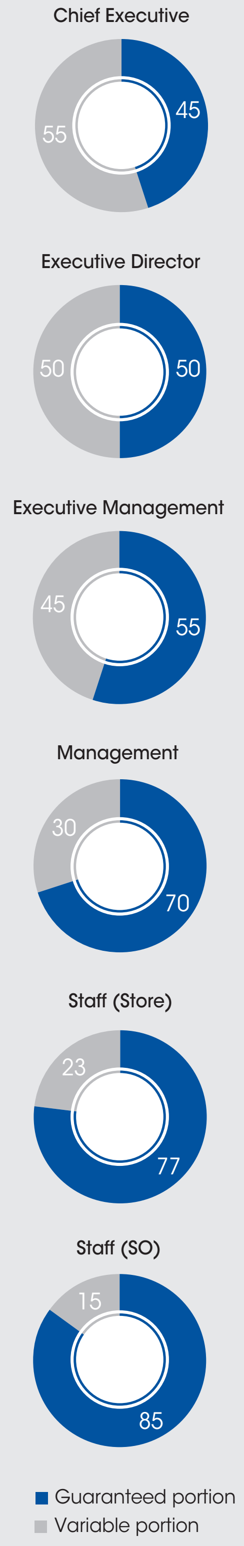
REMUNERATION STRUCTURE

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 incentive (STI), the bonus scheme for all staff and a long-term incentive (LTI) being the BEE trust, 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 pie charts adjacent indicate the components of the remuneration structure for various roles of employees in the Group.

REMUNERATION STRUCTURE (%)



Remuneration Report continued

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 potential loss of key senior personnel was previously identified by Cashbuild's risk management system as a significant risk faced by the Group. This measure is one of those identified to mitigate this risk.

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 pages 71 and 72 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 Finance Director are employer elected members of this Committee. The P&L Hardware provident fund has been incorporated into the Alexander Forbes Umbrella Fund, and benefits aligned to those of the Group's.

Medical aid

Membership of a 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

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, transactions 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.

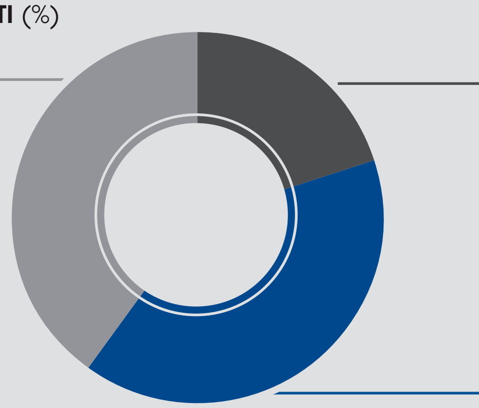
In general, the STI awards are assessed as per the graphic below.

COMPOSITION OF STI (%)

40%

FINANCIAL OBJECTIVES
Revenue
Gross profit
Profit before tax

2020 STI Awarded
Directorate – No
Cashbuild – No
P&L Hardware – No



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 28 June 2020.

Dividends are paid twice per year to all members of the Trust on an equal basis. In the last financial year, a total of R11.0 million (2019: R11.0 million) was paid and shared between all permanent members of staff. Since inception in 2005, the Trust has disbursed a total of R271 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 increased broad-based and effective participation in the Group by previously disadvantaged persons.

NON-FINANCIAL OBJECTIVES
Project-based achievements predetermined for each individual during the year – provided Group meets the profit before tax target

2020 STI Awarded
Directorate – No
Cashbuild – No
P&L Hardware – No

40%

20%

PERSONAL OBJECTIVES
Personal objectives set for each individual

2020 STI Awarded
This component is payable on individual achievement of agreed objectives irrespective of the Group's financial criteria set

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 R33.8 million (R16.9 million in cash and R16.9 million in shares after qualification of the vesting period) (2019: R30.1 million) will have been paid to 225 (2019: 185) store managers and five divisional managers.

Scheme	Number of shares	Share and cash value	Employees qualified
2020	**10 952**	**R3.7 million**	**40**
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		R33.8 million	225

LONG-TERM INCENTIVE PLAN (LTI)

In line with local and global best practice, as approved by shareholders in 2015, Cashbuild implemented a new 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 continued

The vesting of performance shares subject to predetermined performance conditions and the employment condition. The performance conditions are summarised 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 effect 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.

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	**2020**	**5 147**	**884**	**426**	**121**	**174**	**481**	**7 233**
	2019	4 425	509	–	201	158	415	5 708
A Hattingh	**2020**	**2 650**	**303**	**170**	**75**	**-**	**242**	**3 440**
	2019	2 449	193	–	195	–	230	3 067
AE Prowse	**2020**	**3 299**	**386**	**282**	**138**	**-**	**254**	**4 359**
	2019	3 136	245	–	161	–	242	3 784
SA Thoresson	**2020**	**2 956**	**351**	**259**	**175**	**-**	**263**	**4 004**
	2019	2 810	223	–	204	–	250	3 487
WP van Aswegen	**2020**	**2 405**	**296**	**166**	**194**	**-**	**231**	**3 292**
	2019	2 282	188	–	214	–	220	2 904
Total	**2020**	**16 457**	**2 220**	**1 303**	**703**	**174**	**1 471**	**22 328**
	2019	15 102	1 358	–	975	158	1 357	18 950
Prescribed officers								
DS Masala[2]	**2020**	**1 849**	**171**	**126**	**177**	**119**	**196**	**2 638**
	2019	439	339	–	41	28	47	894
Total	**2020**	**18 306**	**2 391**	**1 429**	**880**	**293**	**1 667**	**24 966**
	2019	15 541	1 697	–	1 016	186	1 404	19 844

1. Bonus accrued for the current year.

2. DS Masala's remuneration in 2019 was for the period from appointment as Prescribed Officer with effect from 15 April 2019.

Remuneration Report continued

NON-EXECUTIVE DIRECTORS

Non-executive director fees are recommended by the Remuneration Committee supported by the Board and approved at the Annual General Meeting. Fees are based on market-related fees obtained via salary surveys conducted by external remuneration specialists. All non-executive members receive the same standard amounts for participation in committees 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:

	2020 R'000	2019 R'000
Non-executive directors		
IS Fourie*	**261**	725
M Bosman	**494**	96
HH Hickey	**546**	454
AGW Knock	**777**	512
Dr DSS Lushaba	**519**	440
NV Simamane	**468**	452
GM Tapon Njamo	**502**	335
Total	**3 567**	3 014

** Retired effective 25 November 2019.*

FSP SHARES AWARDED TO DIRECTORS AND PRESCRIBED OFFICERS

The table below sets out the FSP awards held by the Executive Directors and prescribed officers during the year:

	Number of shares^	**Award face value R'000**
Executive directors		
WF de Jager	**22 395**	**5 303**
AE Prowse	**13 960**	**3 306**
SA Thoresson	**12 691**	**3 005**
A Hattingh	**10 981**	**2 600**
WP van Aswegen	**10 701**	**2 534**
Total	**70 728**	**16 748**
Prescribed officers		
DS Masala	**6 268**	**1 484**
Total	**76 996**	**18 232**

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

FSP SHARES VESTED TO DIRECTORS AND PRESCRIBED OFFICERS

The following table sets out the FSPs that vested to the Executive Directors and prescribed officers during the year:

	Number of shares	**Award face value R'000**
Executive directors		
WF de Jager	**1 698**	**426**
AE Prowse	**1 132**	**282**
SA Thoresson	**1 038**	**259**
A Hattingh	**681**	**170**
WP van Aswegen	**664**	**166**
Total	**5 213**	**1 303**
Prescribed officers		
DS Masala	**506**	**126**
Total	**5 719**	**1 429**

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 28 June 2020 and the date of approval of this report.

	Number of shares held			
	28 June 2020		30 June 2019	
	Direct	**Indirect**	Direct	Indirect
Beneficial				
WF de Jager	**2 698**	**–**	1 000	–
AE Prowse	**1 632**	**10 000**	500	10 000
SA Thoresson	**1 038**	**–**	–	–
WP van Aswegen	**664**	**–**	–	–
NV Simamane	**1 200**	**–**	1 200	–
Total	**7 232**	**10 000**	2 700	10 000

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

Dr DSS Lushaba
Remuneration Committee Chair

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 requirements.

ITGOV COMMITTEE

Chairperson

GM Tapon Njamo

Members

AGW Knock, WF de Jager, AE Prowse

Independence

Two 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:

- governance of Cashbuild's IT projects;
- strategic alignment of IT with the business including collaboration solution to enable the business to achieve its objectives;
- value delivery of IT concentrating 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 28 June 2020. 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 THE COMMITTEE DURING THE YEAR

During the year under review, the ITGov:

- continued monitoring the achievement of the Committee's objectives at the IT Governance meetings held quarterly as IT governance is an integral part of Cashbuild's business;
- ensured that the appropriate IT risks and related business objectives are properly addressed;
- addressed a number of focus areas which were identified during continuing IT risk assessments conducted by the IT audit function, a service which is currently outsourced to Ernst & Young. The main areas addressed include among others, cyber risk assessment, IT service provider contract review, IT Management framework and IT Governance review;
- 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 establishment of an IT project management office that serves to ensure effective management of IT project deliverables;
- monitored the re-assessment for the requirements for PCI Compliance thereby ensuring that card holder data is effectively secured to prevent dissemination of information;
- continued monitoring of the consideration for further improvements of the required Protection of Personal Information Act processes and controls in order to ensure compliance to the legislative act;
- monitored the execution of the enhanced Disaster Recovery capabilities and fail-over tests for Cashbuild's information systems to ensure their long-term sustainability;
- monitored the status of the SAP S4/HANA roadmap including a high-level scope and cost assessment; and
- continued to evaluate the best means of monitoring cyber-crime and appropriate application of defenses to mitigate risks and threats.

GM Tapon Njamo
Information Technology Governance Committee Chair

Social and Ethics Report

As fully outlined in the Ethics section of the Sustainability Report on page 44, 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 Group is also guided by its Code of Ethics and the staff ethics awareness programme, both of which employees are expected to adhere to. Cashbuild also promotes an inclusive approach to governance and takes account of the impact of its operations on stakeholders. The Group's approach to corporate governance strives to include all these groupings, and is based on good communication and is integrated into every aspect of the business.

SOCIAL AND ETHICS COMMITTEE ("SECOM")

Chairperson

NV Simamane

Members

HH Hickey, DSS Lushaba, WF de Jager, AE Prowse

Independence

Three SECOM members are independent non-executive directors. As social and ethical behaviour are integral to the Cashbuild Way, the Board is comfortable with the composition of the 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 for 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 28 June 2020. SECOM is satisfied that it has fulfilled all its duties during the year under review and has made significant progress in formalising all relevant policies and implementing identified plans.

ACTIVITIES UNDERTAKEN BY THE COMMITTEE DURING THE YEAR

During the year, the SECOM reviewed and improved 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 Relations and Investor Relations Policy; and
- Legislative Compliance.

Policies and procedures were established to fulfil the requirements of the Protection of Personal Information Act 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. These have been reported on and are set out in the Sustainability Report on page 38.

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 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 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 instituted against the Group in 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 to the Department of Labour timely.

The three-year Employment Equity Plan, for the period 1 October 2018 to 30 September 2021, was reviewed and monitored by the SECOM on a quarterly basis.

COVID-19 impact on staff

With the outbreak of the Covid-19 pandemic during the reporting period and subsequent national lockdown, Cashbuild implemented strict hygiene protocols throughout the business which included social distancing, the wearing of masks, regular washing of hands as well as temperature control. Where required and possible, shift work was introduced. Where a staff member tested positive for Covid-19, detailed procedures were implemented to sanitize the store or work area and ensure limited exposure to other staff and customers.

Cashbuild took a view to, in as far as possible, limit the financial impact the national lockdown would have on employees by, amongst others, not instituting salary cuts or rationalisation of staff, and updating the leave policies to ensure the minimum amount of unpaid leave would need to be taken should an employee be tested positive for Covid-19. The decision to implement the annual cost of living increases, usually implemented in July of each year, was deferred to October 2020 to conserve cash in the face of the uncertainty presented by Covid-19.

Security and crime prevention

Cashbuild remained vigilant in maintaining compliance to policies and procedures which together with its Code of Ethics and Core Values forms the basis of its crime prevention drive.

Social and Ethics Report continued

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. The Group has formulated action plans and targets for the various elements of the B-BBEE score card with particular emphasis on Preferential Procurement and Enterprise & Supplier Development, an area in which Cashbuild does not meet the sub-minimum of the Construction Sector codes.

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 2019/2020 financial year. The Group will continue with this initiative in the 2020/2021 financial year. The Group remains committed to positively impacting the lives of people in communities in which it trades. In the current year the Group 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 auditors provided feedback on how they ensure quality control within their operations and ensure that the highest ethical standards are achieved and maintained.

OCCUPATIONAL HEALTH AND SAFETY ACT

Compliance and Incident Reports were reviewed at all meetings and occurring 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.

LEGISLATION

An update of legislative compliance is provided to the SECOM at quarterly meetings, incorporating 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 continuously 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.

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.

NV Simamane
Social and Ethics Committee Chair

31 August 2020

Nomination Committee Report

The Nomination Committee ("the Committee") 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.

NOMINATION COMMITTEE

Chairperson

AGW Knock

Member

M Bosman

Independence

All Committee members are independent non-executive directors.

Meetings

At least two per annum.

Responsibilities

The Committee'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 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 Committee 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 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.

The Committee reviewed the emergency plans for the positions of Chief Executive, Financial Director, Commercial and Marketing Director, Operations Directors, and Executive Management and satisfied itself, and the Board, that adequate plans were in place in this regard.

The Board and Chairman succession plans were considered and confirmed by the Board.

The Committee reviewed the Group's policy on diversity and satisfied itself of its adequacy and relevance. There were no Board appoints made during the reporting period.

AGW Knock
Nomination Committee Chair

31 August 2020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AfriSam
42,5N
Sephaku
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32,5N

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Audit and Risk Committee Report

1. INTRODUCTION

The Audit and Risk Committee has pleasure in submitting this report, as required by section 94 of the Companies Act and the JSE Listings Requirements. The Audit and Risk Committee acts for the Company and all its subsidiaries, and is accountable to the Board. It operates within a documented Charter and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of the requirements of the King IV Report™.

The performance of the Audit and Risk Committee is evaluated against the Charter on an annual basis and was found to be satisfactory for the year under review.

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

HH Hickey (Chairperson)
M Bosman
Dr DSS Lushaba
GM Tapon Njamo

2. MEETINGS HELD BY THE AUDIT COMMITTEE

The Committee held four meetings during the year under review. Attendance has been set out on page 89 of the Directors' Report.

The internal and external auditors also attended all of the Committee meetings during the year and reported their activities and findings at these meetings. The Board Chairman, Executive Directors and relevant senior managers attended meetings on a "by invitation" basis.

Audit and Risk Committee meetings conduct confidential closed meetings 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 Finance Director at the close of each Committee meeting.

3. FUNCTIONS OF THE COMMITTEE

Responsibilities and duties

The Audit and Risk Committee fulfils its responsibilities and duties as set out in its Charter. The functions of the Audit and Risk Committee include oversight of:

- reviewing of the interim and year-end financial statements and Integrated Report culminating with a recommendation to the Board;
- reviewing the external audit reports, after the audit of the interim and year-end financial statements;
- assessing the external auditors' independence and performance;
- approving the audit fees in respect of both the interim and year-end audits;
- specifying guidelines and authorising contract conditions for the award of non-audit services by the external auditors;
- reviewing the internal audit and risk management reports with, when relevant, recommendations being made to the Board;
- 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 Financial Statements and internal financial controls;
- considering the Group's structure to ensure that it has access to all the financial information of the Group to allow for the effective preparation and reporting of its financial position; and
- ensuring that appropriate reporting procedures exist and are operating, which include considering the Group structure.

External auditor

Independence

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

PwC is the Group's external auditor with Mr AJ Rossouw as the independent individual registered auditor who will undertake the Group's audit for the ensuing year. The Committee satisfied itself of PwC's independence prior to recommending their re-election to the Board and to the shareholders.

This assessment was made after considering the following:

- confirmation from the external auditor that their employees, 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 or rendering permitted non-audit services, receive any remuneration or other benefits from the Company;
- 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.

Ordinary Resolution number two set out in the Notice of the Annual General Meeting proposes the re-appointment of PwC as external auditor and Mr AJ Rossouw as the independent individual registered auditor of the Company.

External audit fees
The Committee:

- approved, in consultation with management, the audit fee and engagement terms for the external auditors for the 2020 financial year;
- reviewed and approved the non-audit services fees for the year under review and ensured that the fees were within limit and in line with the non-audit service 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 Committee reviewed:

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

The Committee confirms that the external auditor has functioned in accordance with its terms of reference for the 2020 financial year.

Key audit matters
The Audit Committee has considered the matters noted in the independent auditor's report and reviewed the process followed by the auditor. Discussions have also taken place with management and the Committee is satisfied that the procedures followed by management are appropriate to address the matters noted being: impairment, testing of goodwill, and indefinite life intangible assets allocated to the P&L Hardware cash-generating unit; accuracy of supplier rebates and the valuation of the right of use asset and lease liability in accordance with the IFRS16: Leases.

Financial statements
Responsibility
The Committee reviewed the interim results and year-end financial statements, including the public announcements of the Group's financial results, and made recommendations to the Board for their approval. In the course of its review, the Committee:

- took appropriate steps to ensure that the financial statements were prepared in accordance with 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 or Internal Audit, nor to the content or audit of the financial statements, nor internal financial controls and related matters.

3. FUNCTIONS OF THE COMMITTEE CONTINUED

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

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 Financial Statements.

Internal controls
The Cashbuild Way
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 Company and form the baseline of training provided to staff members.

Internal Audit team
Internal audit within the Cashbuild Group consists of a team of 30 members with three auditors and an internal audit manager dedicated to the auditing of 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. Cashbuild's Audit and Risk Executive, heading up Internal Audit reports functionally to the Chief Executive with a 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 good governance and the guidelines contained in the King IV Report™ principle 15, Practice 59, Internal Audit provides a written assessment of the effectiveness of the Company's system of internal control and risk management to the Audit and Risk Committee. The principle further states that internal audit have provided an assessment regarding internal financial controls which should be reported 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 meeting pack is 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 of the Company's system of internal control and risk management. In order to do this, the content of each quarterly Audit and Risk Committee pack is aimed at providing the reader sufficient information on the following topics:

- the scope of internal auditing activities, which includes the appropriate level and quality of work based on the Company'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;
- an expression on the pervasive effects being considered;
- a discussion of serious problems and solutions; and
- the overall assessment statement for the year.

Risk management
The Board is responsible for risk governance within Cashbuild. The 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 Company risk management review workshops.

Integrated Report
The Committee fulfils an oversight role regarding our Integrated Report and the reporting process. Accordingly, it has:

- considered this Integrated Report and has assessed the consistency with operational, financial and other information known to the Audit and Risk Committee members, and for consistency with the Annual Financial Statements. The Committee is satisfied that this Integrated Report is materially accurate, complete and reliable and consistent with the Annual Financial Statements; and
- the Committee has recommended the Integrated Report for approval by the Board.

4. COMBINED ASSURANCE

The creation of a Combined Assurance Framework as recommended by the King Report on Corporate Governance 2016™ has been completed and enacted in policy format. The purpose of this policy is integration and alignment of assurance processes in Cashbuild to minimise the risk of governance and control deficiencies, and optimise overall assurance to the Audit and Risk Committee as recommended by the King Report on Corporate Governance for South Africa 2016™.

Financial statements
The Directors' Report is set out on pages 87 to 91.

External audit
The Independent Auditor's Report is set out on pages 92 to 98.

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.

The Audit 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 (2019) and designated auditor (2014). The PwC Commitment to Audit Quality document.
- The Audit Committee concluded that there were no matters of concern that would prevent the appointment of PwC as the auditors of the Group.

Audit and Risk Committee Report continued

4. COMBINED ASSURANCE CONTINUED

Key audit matters

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

The area of "Impairment testing of goodwill and indefinite life intangible assets allocated to the P&L Hardware cash-generating units" was reviewed by the auditors in depth. The Audit Committee has this area on its ongoing agenda and the Board is also informed of the progress on P&L Hardware on a regular basis. The Audit Committee agrees with the process followed by the external auditors and is satisfied with the judgement involved and the outcome noted in the financial statements.

The second Key Audit Matter is "Accuracy of supplier rebates" which is also under continuous focus of the Audit Committee. The Committee agrees that the processes followed by the external auditors are appropriate and that management have appropriately accounted for this.

The third Key Audit Matter relates to the Valuation of the right-of-use asset and lease liability recongnised at adoption date in accordance with IRFS 16: Leases which was effective for the first time.

In addition to the above, the Audit Committee spent time understanding the other areas of significant judgement including, but not limited to, Inventory and the provisions related thereto as well as the adoption and implementation of IFRS:16 and the related disclosure.

The processes followed included discussions with management, understanding of the process, consideration of procedures followed and review of the final reporting. 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 2019 to June 2020) 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 quarterly Audit and Risk Committee Reports".

On behalf of the Audit Committee

HH Hickey
Audit and Risk Committee Chair

Johannesburg
31 August 2020

Directors' responsibilities and Approval

The directors are required in terms of the Companies Act, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the Group's and Company's Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Group's and Company's Annual Financial Statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the Group's and Company's Annual Financial Statements.

The Group's and Company's Annual Financial Statements are prepared in accordance with International Financial Reporting Standards 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. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Group's and Company's Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year to 30 June 2021 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's and Company's Annual Financial Statements. The Group's and Company's Annual Financial Statements have been examined by the Group's external auditors and their report is presented on page 92 to 98.

Cashbuild is in compliance with the provisions of the Companies Act or laws of establishment, specifically relating to its incorporation and is operating in conformity with its Memorandum of Incorporation and/or relevant constitutional documents.

The Group's and Company's Annual Financial statements set out on page 99 to 147, which have been prepared on the going-concern basis under the supervision of the Financial Director, Mr AE Prowse CA(SA), were approved by the Board of Directors on 31 August 2020 and were signed on their behalf by:

Alistair Knock
Chairman

Werner de Jager
Chief Executive

31 August 2020

Company Secretary's Certification

In terms of section 88(2)(e) of the Companies Act 71 of 2008, as amended, 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.

Takalani Nengovhela
Company Secretary

31 August 2020

Directors' Report

The directors have pleasure in submitting their report on the Annual Financial Statements of Cashbuild Limited for the year ended 28 June 2020.

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 one DIY store and 61 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 7%. Revenue for stores in existence prior to July 2018 (pre-existing stores – 296 stores) decreased by 10% and our 22 new stores provided a 3% increase. Gross profit decreased by 7% with gross profit percentage decreasing from 25.1% to 25.0%. This was achieved in tough trading conditions impacted by Covid-19 with selling price inflation of 2%.

Operating expenses, including new stores, remained well controlled and decreased by 7% (existing stores reduced by 10% and new stores contributed a 3% increase) resulting in operating profit decreasing by 7%. Basic earnings per share decreased by 37% with headline earnings per share also decreasing by 40% from the prior year.

The effective tax rate of 30.8% for the period is higher than that of the previous period due to a decrease in exempt income and an increase in disallowable charges relating to share-based payments.

Cash and cash equivalents increased to R1 952 million due to payments to suppliers effected after the current year-end, as well as reduced stock levels in the current year. Stock levels, including new stores, have decreased by 18% with overall stockholding at 60 days (2019: 84 days). Net asset value per share declined 2%, from 8 636 cents (June 2019) to 8 470 cents.

During the year, Cashbuild opened 11 new stores (eight Cashbuild stores and three P&L Hardware stores), refurbished 15 stores and relocated one Cashbuild store. Cashbuild closed eight stores (seven Cashbuild stores and one P&L Hardware store). Cashbuild will continue its store expansion, relocation and refurbishment strategy in a controlled manner, applying the same rigorous process as in the past.

Directors' Report continued

2. FINANCIAL HIGHLIGHTS CONTINUED

The following table summarises the impact of the adoption of IFRS 16, Covid-19 and prior year 53rd week on the results:

R'million	Financial statement Notes	**Audited actual 2020 (52 wks)**	**COVID-19**	**IFRS 16**	**Unaudited *Pro forma* 2020 (52 wks)**	**% Change**	Unaudited *Pro forma* 2019 (52 wks)	IAS 17	53rd week	Audited actual 2019 (53 wks)	IFRS 16 adoption impact	IFRS 16 adoption 1 July 2019
Comprehensive income												
Revenue	21	**10 091**	**621**	**-**	**10 712**	**1**	10 622	–	(199)	10 821		
Gross profit		**2 525**	**144**	**-**	**2 669**	**-**	2 665	–	(55)	2 720		
Operating expenses	24	**2 005**	**35**	**149**	**2 189**	**3**	2 135	(23)	(3)	2 161		
Operating profit		**520**	**109**	**(149)**	**480**	**(10)**	530	23	(52)	559		
Net finance costs*		**(126)**	**2**	**188**	**64**	**19**	54	–	–	54		
Profit before tax		**394**	**110**	**39**	**543**	**(7)**	584	23	(52)	613		
Headline earnings	28	**259**	**76**	**28**	**363**	**(14)**	421	23	(36)	434		
Earnings per share (cents)	28	**1 176.7**	**336.6**	**122.9**	**1 636.2**	**(10)**	1 823.5	101.9	(159.7)	1 881.3		
Headline earnings per share (cents)	28	**1 138.5**	**336.6**	**122.9**	**1 598.0**	**(14)**	1 852.5	101.9	(159.8)	1 910.4		
Financial position												
Property, plant and equipment	4	**2 395**	**-**	**(1 270)**	**1 125**	**-**	1 129	–	–	1 129	1 225	2 354
Deferred tax	9	**64**	**-**	**(95)**	**(31)**	**28**	(24)	(53)	–	29	31	59
Lease liabilities	19	**(1 615)**	**-**	**1 615**	**-**	**-**	–	–	–	–	(1 518)	(1 518)
Deferred operating lease liability	19	**-**	**-**	**-**	**-**	**-**	–	185	–	(185)	185	–
Shareholders' equity		**(2 155)**	**(76)**	**(178)**	**(2 409)**	**3**	(2 337)	(23)	36	(2 350)	149	(2 201)
Net asset value per share (cents)		**8 470**	**306**	**713**	**9 489**	**11**	8 584	93	(145)	8 636	(596)	8 040

**Net finance costs relate to note 25 and 26.*

The table contains alternative performance measures (APM's) which have been prepared for illustrative purposes only and, because of its nature, may not fairly present the financial position of Cashbuild. The APM's are the responsibility of the directors of Cashbuild.

The Group uses a range of financial and non-financial measures to assess our performance. Management uses these APMs to monitor the Group's financial performance, alongside IFRS measures, as they assist in illustrating the underlying financial performance and position of the Group. These APMs may not be comparable with similarly titled measures and disclosures by other companies in the retail industry.

3. REPORTING PERIOD

The Group adopts the retail accounting calendar, which comprises the reporting period ending on the last Sunday of the month June 2020: 28 June 2020 (52 weeks); June 2019: 30 June (53 weeks).

4. SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review.

5. DIVIDENDS

The Board has declared a final dividend (No. 55), of 272 cents (2019: 420 cents) per ordinary share out of income reserves to all shareholders of Cashbuild Limited. The dividend per share is calculated based on 24 989 811 (2019: 24 989 811) shares in issue at date of dividend declaration. Net local dividend amount is 217.6 cents per share for shareholders liable to pay Dividends Tax and 272 cents per share for shareholders exempt from paying Dividends Tax. The total dividend for the year amounts to 707 cents (June 2019: 855 cents) reflecting a 17% decrease on the prior year. Local dividend tax is 20%.

Relevant dates for the declaration are as follows: Date dividend declared: Monday, 31 August 2020; Last day to trade "CUM" the dividend: Monday, 21 September 2020; Date to commence trading "EX" the dividend: Tuesday, 22 September 2020; Record date: Friday, 25 September 2020; Date of payment: Monday, 28 September 2020. Share certificates may not be dematerialised or rematerialised between Tuesday, 22 September 2020 and Friday, 25 September 2020, both dates inclusive.

6. SHARE INCENTIVE SCHEME

Refer to note 16 of the Annual Financial Statements for details of the Group share incentive scheme.

7. DIRECTORATE

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

WF de Jager (49)	Chief Executive, CA(SA)	Executive
A Hattingh (54)	Operations Director	Executive
AE Prowse (56)	Finance Director, CA(SA)	Executive
SA Thoresson (57)	Operations Director	Executive
W van Aswegen (53)	Commercial and Marketing Director, CA(SA)	Executive
M Bosman (63)	CA(SA)	Independent non-executive
HH Hickey (66)	CA(SA)	Independent non-executive
AGW Knock (69)^	Chairman, BSc Eng (Hons); MSc (Engineering); MDP	Independent non-executive
Dr DSS Lushaba (54)	BSc Advanced Biochemistry (Hons), MBA, DBA, CD(SA)	Independent non-executive
NV Simamane (61)	BSc Chemistry and Biology (Hons)	Independent non-executive
GM Tapon Njamo (42)	CA(SA)	Independent non-executive

^ Appointed as Chairman of the Board with effect 3 September 2019.

Mr IS Fourie resigned as Chairman of the Board with effect 3 September 2019 and as a director with effect from the conclusion of the Annual General Meeting held on 25 November 2019. Details of the directors' remuneration are set out under note 38 of the financial statements.

8. BOARD COMMITTEES AND ATTENDANCE

	Board	Audit and Risk Committee	Remuneration Committee	Social and Ethics Committee	IT Governance Committee	Investment Committee	Nomination Committee
Non-executive							
IS Fourie[1]	C – 1/1^ M – 1/1^	–	M – 2/2^	M – 2/2^	–	–	–
AGW Knock[2]	C – 5/5^ M – 1/1^	–	M – 4/4	–	C – 1/1^ M – 3/3^	M[3] – 3/3	C – 1/1
M Bosman	M – 6/6	M – 4/4	–	–	–	M – 3/3	M – 1/1
HH Hickey	M – 6/6	C – 4/4	–	M – 4/4	–	C[4] – 2/3	–
DSS Lushaba	M – 6/6	M – 4/4	C[5] – 4/4	M[6] – 1/2^	–	–	–
NV Simamane[7]	M – 6/6	–	–	C – 4/4	–	–	–
GM Tapon Njamo	M – 6/6	M – 4/4	M[9] – 1/1^	–	C[8] – 3/3^ M – 1/1^	–	–
Executive							
WF de Jager	M – 6/6	I – 4/4	I – 4/4	M – 4/4	M – 4/4	M – 3/3	I – 1/1
A Hattingh	M – 6/6	I – 4/4	–	–	–	–	–
AE Prowse	M – 6/6	I – 4/4	I – 4/4	M – 4/4	M – 4/4	M – 3/3	–
SA Thoresson	M – 6/6	I – 4/4	–	–	I – 4/4	–	–
WP van Aswegen	M – 6/6	I – 4/4	–	–	I – 4/4	–	–

1 Resigned as chairperson of the Board with effect from 3 September 2019 and as a director with effect from 25 November 2019.
2 Appointed as chairperson of the Board and of the Nomination Committee with effect from 3 September 2019. Resigned as chairperson of the IT Governance Committee with effect from 3 September 2019 but remained a member.
3 Co-opted as a member for a fixed period for the review and consideration of the TBC acquisition.
4 Apology noted.
5 Appointed as chairperson of the Remuneration Committee with effect from 26 September 2016.
6 Appointed as a member of the Social and Ethics Committee with effect from 25 November 2019.
7 Resigned as a member of the Nomination Committee effective from 25 November 2019.
8 Appointed as chairperson of the IT Governance Committee with effect from 11 November 2019.
9 Appointed as a member of the Remuneration Committee with effect from 2 March 2020.
C Chairperson of the Board/Committee.
M Member of the Committee.
I Attendance by invitation.
^ Number of meetings attended since appointment (or due to resignation) to/ from the Board and/or Committee.

9. DIRECTORS' INTERESTS IN CONTRACTS

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

10. INTERESTS IN SUBSIDIARIES AND OTHER INVESTMENTS

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the consolidated Annual Financial Statements in notes 6 and 8.

11. BORROWING POWERS

In terms of the Articles of Association of the Company, the borrowing powers of Cashbuild Limited are unrestricted. Flexible term general banking facilities available are R644 million (June 2019: R622 million).

12. EVENTS AFTER THE REPORTING PERIOD

Cashbuild has entered into a definitive sale and purchase agreement ("SPA") on 3 August 2020 with Pepkor Holdings Limited ("Pepkor"), subject to conditions, to acquire 100% of the issued share capital of The Building Company Proprietary Limited ("TBC"), a wholly-owned subsidiary of Pepkor, and the shareholder loan claims of Pepkor against TBC, for a purchase consideration of R1,074,700,000 (the "Transaction").

Key terms of the transaction
The purchase consideration payable by Cashbuild is R1 074 700 000 (the "Purchase Consideration"), payable at the time of Transaction closing, subject to:

- an escalation rate of 5.5% per annum from 1 January 2021 until the Transaction closing date; and
- the sum of the Purchase Consideration and the total escalation not exceeding R1 119 700 000.

Conditions Precedent
The Transaction, is subject to, *inter alia*, the following conditions precedent ("Conditions Precedent"):

- all regulatory approvals (including but not limited to the required competition authorities and Takeover Regulation approvals, as defined in the Companies Act No. 71 of 2008) being obtained; and
- the Debt Financing agreements being duly executed and becoming unconditional.

Categorisation of the transaction
In terms of the JSE Listings Requirements, the Transaction is classified as a category 2 transaction and accordingly, does not require approval by the shareholders of Cashbuild.

More details of the transaction are available on the Company website.

13. COVID-19 IMPACT ON FINANCIAL RESULTS

The World Health Organization declared the novel Coronavirus (Covid-19) outbreak a public health emergency on 11 March 2020. On 17 March 2020, the South African Government declared the COVID-19 pandemic a national disaster and shortly thereafter announced a national lockdown commencing at midnight 26 March 2020. Retailing of building materials was not classified as essential services and therefore, all Cashbuild and P&L Hardware stores as well as the Support Office, with the exception of the six stores in Swaziland, the two stores in Malawi and the three stores in Zambia, were closed for the period of the Level 5 lockdown (27 March 2020 to 16 April 2020).

The impact of Covid-19/lockdown on revenue as a result of stores closing during the lockdown is estimated to be a decrease of R621 million. Based on forecasts performed before lockdown on the basis of year to date trends, the estimated R621 million is the difference between the forecast and actual revenue achieved during the Level 5 lockdown period.

Cashbuild manages its major cost categories in line with benchmarks aligned to turnover performance. Should revenue decrease by a certain percentage these costs would be managed in line with benchmarks over time to protect margins.

Cashbuild has many operating cost items that are relatively fixed in nature, such as property rentals, contract drivers and salaries. Rental reductions were received from the landlords during the lockdown period. Cashbuild made use of the IFRS 16 amendment for all the rental concession by accounting for the rental concession as a variable lease payment, applying paragraph 38 of IFRS 16, in the period in which the rental concession was received. Contract delivery drivers were supported through payment of the fixed portion of their contracts during the period of the hard lockdown. Cashbuild paid its staff's remuneration in full during the initial period of the lockdown but staff forfeited five days annual leave for this period.

The Group has experienced incidents of late or short deliveries from suppliers without material impact on sales due to the adequate level of stock holding at its stores. Cashbuild also has appropriate response mechanisms in place to deal with any positive Covid-19 cases reported at its stores, resulting in deep cleaning and self-isolation of staff while the stores continue trading utilising staff from nearby stores or towns. Refer to table in note 3 of this report for the estimated financial effect.

14. GOING CONCERN

The directors have assessed the cash flow forecast for the foreseeable future and conclude that the Group will be able to continue as a going concern.

15. AUDITOR

PricewaterhouseCoopers Inc. were the auditors for the Company and its subsidiaries for the year ended 28 June 2020.

16. SECRETARY

The Company Secretary is Mr Takalani Nengovhela.

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 28 June 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 99 to 147 comprise:

- the consolidated and separate statements of financial position as at 28 June 2020;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended;
- the accounting policies; and
- the notes to the annual financial statements.

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.

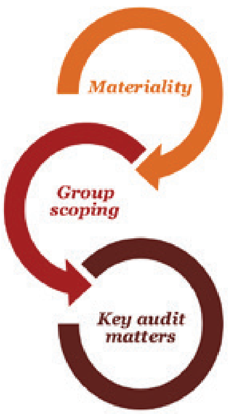
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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



Overall group materiality

- Overall group materiality: R100.9 million, which represents 1% of consolidated revenue.

Group audit scope

- Our audit included full scope audits of Cashbuild South Africa Proprietary Limited and P&L Hardware Proprietary Limited, based on their financial significance to the Group. A combination of analytical reviews and specified procedures were performed over the remaining components.

Key audit matters

- Impairment testing of goodwill and indefinite life intangible asset allocated to the P&L Hardware reportable segment;
- Accuracy of rebate debtors (supplier rebates); and
- Valuation of the right-of-use asset and lease liability recognised at adoption date in accordance with IFRS 16: Leases.

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	R100.9 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 as it is the key driver of the Group's business. We chose 1% which is consistent with quantitative materiality thresholds used for profit- orientated companies in this sector where revenue is the appropriate materiality benchmark.

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 Group's consolidated financial statements comprise a consolidation of twenty-two components, which includes the Group's retail business, joint operations, property companies and trusts.

Our audit included full scope audits of Cashbuild South Africa Proprietary Limited and P&L Hardware Proprietary Limited based on their financial significance to the Group. A combination of analytical reviews and specified 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 and appropriate audit evidence regarding the financial information 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.

We communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters in respect of the separate financial statements of the Company to communicate in our report.

Independent Auditor's Report continued

Key audit matter	How our audit addressed the key audit matter
Impairment testing of goodwill and indefinite life intangible asset allocated to the P&L Hardware reportable segment At reporting date, the Group had goodwill with a carrying value of R309.1 million, of which R196.3 million was allocated to the P&L Hardware reportable segment. The Group also has a P&L Hardware trademark with an indefinite useful life recorded at a carrying value of R96.4 million as at reporting date. Refer to Note 7: Intangible assets and Note 5: Impairment of assets, to the consolidated financial statements. Goodwill acquired in a business combination and the intangible asset with an indefinite useful life are required to be tested for impairment on an annual basis and whenever there is an indication of impairment, pursuant to the requirements of International Accounting Standard (IAS) 36: *Impairment of assets.* The impairment test for goodwill and the intangible asset with an indefinite useful life is performed for the group of cash-generating units to which these assets have been allocated. The level at which goodwill is allocated is not larger than an operating segment and the Group considers its operating segments to be the same as its reportable segments. Refer to Note 3: Segmental information, to the consolidated financial statements. Management applied the value in use model, covering a period of 5 years with a terminal value applied, to determine the recoverable amount of the P&L Hardware reportable segment. In determining the value in use of the P&L Hardware reporting segment, management made assumptions, and applied significant judgement in relation to the values assigned to the key assumptions made in the calculation, such as the discount rate (pre-tax), net working capital days and growth rates and projections. Refer to Note 1.23: Critical estimates and judgements and Note 5: Impairment of assets, to the consolidated financial statements where the key assumptions used and judgements applied by management have been disclosed. We considered this to be a matter of most significance to the audit due to the significance of the judgements and assumptions applied by management in assessing whether the carrying values of goodwill and the indefinite life intangible asset allocated to the P&L Hardware reportable segment are impaired.	For the goodwill balance and indefinite useful life intangible asset allocated to the P&L Hardware reportable segment, we performed the following procedures: • Verified the mathematical accuracy of management's valuation model and agreed the relevant data, including assumptions regarding timing of future earnings, investment in working capital and capital expenditure, to the latest budgets and cash flow projections. We did not note exceptions in this regard; • Assessed whether management adequately incorporated the expected impact of the Covid-19 pandemic on future earnings and relevant cash flows by comparing the post Covid-19 budgets to pre-Covid-19 forecasts and expectations; and • Assessed the reasonableness of the budgeting process by comparing current year actual results with the prior year budgeted results. Based on the results of our work performed, we did not note any aspect requiring further consideration in this regard. Utilising our valuation expertise, we assessed the reasonableness of the assumptions and inputs applied as follows: • Assessed the reasonableness of the net working capital days, growth rates and projections applied by management in their impairment assessment by comparing the data to historically achieved growth rates, margins and target net working capital days; • Assessed the appropriateness of the discount rate used by management in the cash flow forecast, by comparing the discount rate against our own internally developed range of acceptable discount rates, which took into account current and Covid-19 impacted forecast economic conditions, as well as the impact of IFRS 16 - *Leases*. Whilst our range is, in itself subjective, the discount rate adopted by management fell within our internally developed range. We held discussions with management and obtained an understanding of the rationale for the discount rate applied; and • Performed a sensitivity analysis on management's assumptions using our own independent model in order to calculate the degree to which these assumptions would need to change before an impairment would be triggered, considering the likelihood of such a change. Based on our assessment, we accepted management's assumptions as falling within acceptable ranges.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Accuracy of rebate debtors (supplier rebates)

The Group has trade agreements with suppliers whereby rebate and advertising income is earned based on purchases made from the suppliers and is calculated either as a percentage of purchases or on volume (collectively referred to as "supplier rebates"). Refer to note 12: 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 as inventories are sold. Refer to accounting policy note 1.21: Cost of sales to the consolidated financial statements.

Management uses a customised system ("Ryto") that interfaces with the Group's primary Enterprise Resource Planning ("ERP") system, SAP, to determine supplier rebates. Ryto's supplier rebate calculation is reliant on the following:

- Volumes and values purchased per supplier are recorded in the creditors subledger in SAP and are then interfaced to the Ryto system; and
- The contractual supplier rebate percentages are obtained via an interface with the supplier master files maintained in SAP.

The supplier arrangements contain unique considerations in relation to the calculation of the supplier rebates. These include:

- Volumes and/or value purchased;
- Specified items which are excluded in the purchases on which rebate income is earned;
- Period covered; and
- Contractual supplier rebate percentage applied to purchases from each supplier.

In addition to calculating the value of supplier rebates, the apportionment of supplier rebates between inventories sold and those that remain on hand at period end are assessed.

We considered the accuracy of supplier rebates to be a matter of most significance to the current period audit because the calculation thereof includes a number of unique considerations and a potential error in the calculation could result in a material misstatement of the consolidated financial statements.

</td><td>

We obtained a detailed understanding of the supplier rebate process and evaluated the design and implementation of controls that the Group has established over supplier rebates.

We agreed the rebate income calculated by Ryto to the rebate income recognised in SAP and noted no material differences.

We recalculated the supplier rebate income recognised in SAP by using computer assisted auditing techniques. As part of our recalculation, we assessed the period in which the rebate income was recognised and the specified items which are excluded from the purchases amount on which rebate income is earned. 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 SAP in the current period;
- Agreed deductions of supplier rebates from payments to suppliers per the creditor statements to the supplier rebates recognised in SAP 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 values purchased during the period, and the supplier rebate percentage applicable, and compared all details on the confirmations to the accounting records on SAP; and
- Agreed the supplier rebate percentages as obtained from the supplier master files from SAP to signed contracts.

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 rebate income earned for the year, by agreeing these amounts to the underlying accounting records. No material differences were noted.

</td></tr>
</table>

Independent Auditor's Report continued

Key audit matter	How our audit addressed the key audit matter
Valuation of the right-of-use asset and lease liability recognised at adoption date in accordance with IFRS 16: Leases As described in Note 2: Changes in accounting policy - Application of IFRS 16 Leases to the consolidated financial statements, IFRS 16 was effective for the first time for the year ended 28 June 2020. The Group adopted the standard using the modified retrospective method. The lease liability was determined based on the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and the right-of-use asset was calculated retrospectively as if IFRS 16 had been applied since the commencement date using a discount rate based on lessee's incremental borrowing rate at the date of initial application. The impact of IFRS 16 as at 1 July 2019 (adoption date) is disclosed in Note 2 to the consolidated financial statements. The impact of the IFRS 16 transition is reliant upon a number of key judgements, primarily determining the lease term for each lease agreement. These may include future lease periods for which the Group has extension options and which the Group is reasonably certain to exercise. Refer to accounting policy Note 1.23: Critical estimates and judgements. Management judgement is also required in determining the incremental borrowing rate (IBR) to discount the right-of-use asset and lease liability recognised at adoption date. There is a potential risk that the judgements made when determining the IBR do not accurately reflect the appropriate rate of interest for the lease. Further, the Group has a high volume of leases and the right-of-use asset/liability calculation on adoption of IFRS 16 was performed manually by management. We considered the valuation of the right-of-use asset and lease liability recognised at adoption date in accordance with IFRS 16 to be a matter of most significance to the audit due to the following: • judgement applied in the adoption of IFRS 16; • the potential risk of the lease data used in the transition calculation being inaccurate; and • due to the high volume of leases, the fact that a potential error in the calculations could result in a material impact on the consolidated financial statements.	For the right-of-use asset and lease liability recognised at adoption date, we performed the following procedures on management's calculation thereof: • Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to the original contracts, and tested the integrity and mathematical accuracy of the IFRS 16 calculation for each lease sampled through recalculation of the expected IFRS 16 adjustment. No material differences were noted; • Tested the completeness of the lease data by reconciling a sample of the Group's existing lease commitments to the lease data underpinning the IFRS 16 model. No material differences were noted; • Evaluated the lease terms used in the calculation, including the renewal periods, where appropriate, by inspecting the underlying contracts and assessing management's judgements applied when reviewing and approving lease terms. Extension options were only included in the lease period when an investment study was completed and Board approval was obtained to renew the lease. We inspected the Board approval for each of the affected leases for which renewal options were included in the lease terms. Based on our work performed, we accepted management's assumptions; and • We assessed the method used by management to calculate the IBR, which is based on country specific borrowing rates (linked to prime) that the Group is subject to, inflated by a margin derived from government bond yields linked to the term of the lease contract from inception. Based on our work performed, we accepted management's basis for determining the incremental borrowing rate.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Cashbuild Annual Financial Statements for the year ended 28 June 2020", 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, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Cashbuild Integrated Report 2020", which is expected to be made available to us after that date. 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 and will 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 on the other information that we obtained prior to the date of this auditor's report, 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. 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.

Independent Auditor's Report continued

- 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.

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 22 years.

PricewaterhouseCoopers Inc.
Director: A.J Rossouw
Registered Auditor

Johannesburg
31 August 2020

Statements of Financial Position

as at 28 June 2020

Figures in Rand thousand	Notes	Group 28 June 2020	Group 30 June 2019	Company 28 June 2020	Company 30 June 2019
Assets					
Non-current assets					
Property, plant and equipment	4	**2 394 577**	1 129 283	**–**	–
Intangible assets	7	**423 101**	426 398	**–**	–
Investments in subsidiaries	8	**–**	–	**95 262**	79 137
Investment property	6	**57 924**	28 158	**–**	–
Loan to subsidiary	8	**–**	–	**37 258**	33 617
Deferred tax	9	**99 178**	65 781	**–**	–
Rental prepayments	10	**–**	66 470	**–**	–
		2 974 780	1 716 090	**132 520**	112 754
Current assets					
Inventories	11	**1 266 587**	1 541 295	**–**	–
Trade and other receivables	12	**103 677**	117 807	**–**	–
Prepayments	10	**40 319**	25 747	**–**	–
Cash and cash equivalents	13	**1 951 582**	590 150	**9 206**	2 776
Non-current assets held for sale	14	**8 703**	3 576	**–**	–
		3 370 868	2 278 575	**9 206**	2 776
Total assets		**6 345 648**	3 994 665	**141 726**	115 530
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	15	**(274 187)**	(274 187)	**1 274**	1 274
Reserves		**119 634**	81 286	**95 262**	79 137
Retained income/(loss)		**2 271 169**	2 349 602	**36 381**	(9 690)
		2 116 616	2 156 701	**132 917**	70 721
Non-controlling interest		**38 399**	30 699	**–**	–
		2 155 015	2 187 400	**132 917**	70 721
Liabilities					
Non-current liabilities					
Lease liabilities	19	**1 432 590**	–	**–**	–
Operating lease liability	19	**–**	187 378	**–**	–
Deferred tax	9	**35 138**	36 907	**–**	–
		1 467 728	224 285	**–**	–
Current liabilities					
Trade and other payables	20	**2 521 681**	1 554 567	**8 809**	2 378
Lease liabilities	19	**182 610**	–	**–**	–
Current tax payable	30	**18 614**	28 413	**–**	–
Loans from Group companies	18	**–**	–	**–**	42 431
		2 722 905	1 582 980	**8 809**	44 809
Total liabilities		**4 190 633**	1 807 265	**8 809**	44 809
Total equity and liabilities		**6 345 648**	3 994 665	**141 726**	115 530

The accounting policies on pages 105 to 114 and the notes on pages 115 to 147 form an integral part of the annual financial statements.

Income Statements

for the year ended 28 June 2020

Figures in Rand thousand		Notes	Group 52 weeks 2020	Group 53 weeks 2019	Company 52 weeks 2020	Company 53 weeks 2019
Revenue		21	**10 090 910**	10 821 235	**223 353**	195 170
Cost of sales		22	**(7 565 860)**	(8 101 229)	**–**	–
Gross profit			**2 525 050**	2 720 006	**223 353**	195 170
Other income		23	**47 192**	15 397	**–**	–
Selling and marketing expenses		24	**(1 765 022)**	(1 884 034)	**–**	–
Administrative expenses		24	**(282 531)**	(279 056)	**(6 050)**	(5 794)
Other operating expenses		24	**(4 377)**	(13 288)	**–**	–
Operating profit			**520 312**	559 025	**217 303**	189 376
Finance income		25	**65 182**	57 878	**–**	–
Finance costs		26	**(191 518)**	(4 190)	**–**	–
Profit before taxation			**393 976**	612 713	**217 303**	189 376
Tax expense		27	**(121 306)**	(180 294)	**–**	–
Profit for the year			**272 670**	432 419	**217 303**	189 376
Profit attributable to:						
Owners of the parent			**267 371**	427 357	**217 303**	189 376
Non-controlling interest			**5 299**	5 062	**–**	–
			272 670	432 419	**217 303**	189 376
Earnings per share for profit attributable to the ordinary equity holders of the Company						
per share information						
Basic earnings per share	(cents)	28	**1 176.7**	1 881.3	**869.6**	757.8
Diluted earnings per share	(cents)	28	**1 176.1**	1 880.6	**757.5**	757.5

The accounting policies on pages 105 to 114 and the notes on pages 115 to 147 form an integral part of the annual financial statements.

Statements of Comprehensive Income

for the year ended 28 June 2020

	Group		Company	
Figures in Rand thousand	52 weeks 2020	53 weeks 2019	52 weeks 2020	53 weeks 2019
Profit for the year	**272 670**	432 419	**217 303**	189 376
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Owners of the parent (note 17)	**22 223**	5 083	**–**	–
Non-controlling interests	**3 659**	(375)	**–**	–
Total movement in foreign currency translation reserve (FCTR)^	**25 882**	4 708	**–**	–
Other comprehensive income for the year net of taxation	**25 882**	4 708	**–**	–
Total comprehensive income	**298 552**	437 127	**217 303**	189 376
Total comprehensive income attributable to:				
Owners of the parent	**289 594**	432 440	**217 303**	189 376
Non-controlling interest	**8 958**	4 687	**–**	–
	298 552	437 127	**217 303**	189 376

^ Movement in foreign currency translation reserve is net of tax.

The accounting policies on pages 105 to 114 and the notes on pages 115 to 147 form an integral part of the annual financial statements.

Statements of Changes in Equity

for the year ended 28 June 2020

Figures in Rand thousand	Share capital	Share premium	Total share capital
Balance at 30 June 2018	227	(274 414)	(274 187)
Total comprehensive income for the year	–	–	–
Share-based payments expense	–	–	–
Dividends	–	–	–
Balance at 30 June 2019	227	(274 414)	(274 187)
IFRS 16 adoption (note 2)	**–**	**–**	**–**
Restated balance as at 1 July 2019	**227**	**(274 414)**	**(274 187)**
Total comprehensive income for the year	**–**	**–**	**–**
Share-based payments expense	**–**	**–**	**–**
Dividends	**–**	**–**	**–**
Balance at 28 June 2020	**227**	**(274 414)**	**(274 187)**
Notes	15	15	15

Figures in Rand thousand	Share capital	Share premium	Total share capital
Balance at 30 June 2018	250	1 024	1 274
Total comprehensive income for the year	–	–	–
Share-based payments expense	–	–	–
Dividends	–	–	–
Balance at 30 June 2019	250	1 024	1 274
Total comprehensive income for the year	**–**	**–**	**–**
Share-based payments expense	**–**	**–**	**–**
Dividends	**–**	**–**	**–**
Unwind of SIT trust*	**–**	**–**	**–**
Balance at 28 June 2020	**250**	**1 024**	**1 274**
Notes	15	15	15

** The nature of the share incentive trust was no longer useful to the Company and thus management made the decision to unwind the Trust*

Group

FCTR	Share-based payments reserve	Total reserves	Retained (loss)/income	Non-controlling interest	Total equity
(2 934)	65 509	62 575	2 101 205	27 725	1 917 318
5 083	–	5 083	427 357	4 687	437 127
–	13 628	13 628	–	–	13 628
–	–	–	(178 960)	(1 713)	(180 673)
2 149	79 137	81 286	2 349 602	30 699	2 187 400
–	**–**	**–**	**(148 826)**	**–**	**(148 826)**
2 149	**79 137**	**81 286**	**2 200 776**	**30 699**	**2 038 574**
22 223	**–**	**22 053**	**267 371**	**8 958**	**298 553**
–	**16 125**	**16 295**	**–**	**–**	**16 125**
–	**–**	**–**	**(196 978)**	**(1 258)**	**(198 236)**
24 372	**95 262**	**119 634**	**2 271 169**	**38 399**	**2 155 015**
17	16				

Company

FCTR	Share-based payments reserve	Total reserves	Retained (loss)/income	Non-controlling interest	Total equity
–	65 509	65 509	(3 896)	–	62 887
–	–	–	189 376	–	189 376
–	13 628	13 628	–	–	13 628
–	–	–	(195 170)	–	(195 170)
–	79 137	79 137	(9 690)	–	70 721
–	**–**	**–**	**217 303**	**–**	**217 303**
–	**16 125**	**16 125**	**–**	**–**	**16 125**
–	**–**	**–**	**(213 663)**	**–**	**(213 663)**
–	**–**	**–**	**42 431**	**–**	**42 431**
–	**95 262**	**95 262**	**36 381**	**–**	**132 917**
17	16				

Statements of Cash Flows

for the year ended 28 June 2020

		Group		Company	
		52 weeks	53 weeks	**52 weeks**	53 weeks
Figures in Rand thousand	Notes	**2020**	2019	**2020**	2019
Cash flows from operating activities					
Cash generated from operations	29	**2 108 499**	213 079	**381**	(8 695)
Finance income – non-investing	25	**800**	337	**–**	–
Dividends received		**–**	–	**223 353**	195 170
Finance costs	26	**(191 518)**	(4 190)	**–**	–
Tax paid	30	**(135 748)**	(251 414)	**–**	–
Net cash generated from/(utilised in) operating activities		**1 782 033**	(42 188)	**223 734**	186 475
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(168 649)**	(201 869)	**–**	–
Proceeds on disposal of property, plant and equipment	32	**32 359**	8 050	**–**	–
Proceeds on disposal of non-current asset held for sale	14	**1 962**	–		
Finance income	25	**64 382**	57 541	**–**	–
Purchase of intangible assets	7	**(1 444)**	(1 684)	**–**	–
Advanced to investment property	6	**(29 766)**	–		–
Loans advanced to Group companies	8	**–**	–	**(3 641)**	5 917
Net cash (utilised in)/generated from investing activities		**(101 156)**	(137 962)	**(3 641)**	5 917
Cash flows from financing activities					
Payment on lease liabilities	19	**(135 717)**	(1 051)	**–**	–
Dividends paid	31	**(196 978)**	(178 960)	**(213 663)**	(195 170)
Dividends paid to non-controlling interests	31	**(1 258)**	(1 713)	**–**	–
Net cash utilised in financing activities		**(333 953)**	(181 724)	**(213 663)**	(195 170)
Total cash movement for the year		**1 346 924**	(361 874)	**6 430**	(2 778)
Cash at the beginning of the year		**590 150**	952 929	**2 776**	5 554
Effect of exchange rate movement on cash balances		**14 508**	(905)	**–**	–
	13	**1 951 582**	590 150	**9 206**	2 776

Accounting Policies

for the year ended 28 June 2020

CORPORATE INFORMATION

Cashbuild Limited and its Subsidiaries is a public company incorporated and domiciled in South Africa.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate Annual Financial Statements are set out below.

1.1 BASIS OF PREPARATION

The consolidated and separate annual financial statements have been prepared on the going-concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act, 71 of 2008 of South Africa, as amended.

These annual 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 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 previous period, except for the adoption of the new standards IFRS 16 set out in note 2.

The Group reports on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week. Accordingly, the results for the financial year under review are for a 52-week period, ended 28 June 2020, compared to 53 weeks in the previous financial year ended 30 June 2019. References to year in the financial statements refer to the respective 52 or 53 week periods.

1.2 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The below new or amended standard became applicable for the current reporting period commencing 1 July 2019:

IFRS 16 Leases
The impact of the adoption of this standard and the new accounting policy is disclosed in note 2 below. The other standard amendments do not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

1.3 CONSOLIDATION

Basis of consolidation
The annual 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 financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when 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.

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 Statement of Changes in Equity.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.4 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 depreciation less any accumulated impairment losses.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible 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.

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 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 useful lives are re-evaluated annually. Depreciation on buildings ceases when they are classified as held for sale under the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Land is not depreciated.

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.

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 profit or loss when the item is derecognised.

1.6 INTANGIBLE ASSETS

Goodwill
Goodwill arises on the 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.

Trademarks
Trademarks which have a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their 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 tradename 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. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. No impairment will arise if the present value of the expected net cash inflows in perpetuity support the fair value of the intangible acquired.

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 their estimated useful lives of three to five years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the asset so that it will be available for use or sale.
- There is an intention to complete and use or sell it.
- There is an ability to use or sell it.
- It will generate probable future economic benefits.
- There are available technical, financial and other resources to complete the development and to use or sell the asset.
- The expenditure attributable to the asset during its development can be measured reliably.

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 7 for details of the Group's intangible assets.

1.7 FINANCIAL INSTRUMENTS

Classification
The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets at amortised cost; and
- Financial liabilities measured at amortised cost.

Financial assets at amortised cost:
The Group's financial assets at amortised cost category comprises trade and other receivables as well as loans to Group companies.

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. Trade receivables have been classified at amortised cost because their contractual terms give rise, on specified dates to cash flows that are solely payments of the principal and interest and the Group's business model is to collect the contractual cash flows on trade and other receivables. Collection is expected in one year or less and therefore, the trade receivables have been classified as current assets.

Loans to Group companies are financial assets classified as receivables, and relate to funding provided to subsidiaries or trusts within the Group.

Financial liabilities measured at amortised cost:
Trade payables and loans from Group companies 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 consist 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.

Accounting Policies continued

for the year ended 28 June 2020

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.7 FINANCIAL INSTRUMENTS CONTINUED

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.

Loans to Group companies are initially recognised at the amount of the advance to Group companies. Subsequently loans to Group companies 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 statement of profit or loss and other income 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 12 for the impact of the expected credit loss.

Cash and cash equivalents

Cash and cash equivalents includes 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 statement of financial position date. Foreign exchange gains and losses resulting from the revaluation of these balances are recognised in the income statement.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

1.8 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 of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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 period 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 period 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 period in which the reversal occurs.

Inventories includes a "right to returned goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the Group 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 11 for disclosures of inventory and related values.

1.9 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 period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment every reporting period.

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 to sell 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 an impairment loss.

Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken every reporting period 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 during the year are the goodwill and trademark acquired from the P&L Hardware business combination. Refer to note 5 for details thereof.

1.10 SHARE CAPITAL AND EQUITY

Ordinary shares are classified as equity. Where Group companies purchase the Company's share capital, the consideration paid including attributable transaction costs (net of income taxes), is deducted from equity attributable to the Company'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 statement of profit or loss and other income.

Detail of share capital and share premium including the impact of treasury shares is disclosed in note 15.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.11 EMPLOYEE BENEFITS

Short-term employee benefits

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 income upon valuation. Gains and losses are recognised immediately in full.

Bonuses

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the revenue and profit before tax. 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 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 periods.

1.12 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 their 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. Contingencies are disclosed in note 34.

1.13 JOINT ARRANGEMENTS

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 a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint operations

The Company 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 revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

1.14 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

1.15 PREPAYMENTS

Prepayments comprises of general prepayments for goods or services to be provided in future years. Current prepayments relate to general prepayments that will realise within 12 months after period end.

1.16 TAX

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods 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 period 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.

For details of deferred tax assets and liabilities at year-end refer to note 9.

Tax expenses

Current and deferred taxes are recognised as 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 period, to other 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 period, 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 period, directly in equity.

Components of the tax expense and effective tax rate is disclosed in note 27.

1.17 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.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.17 LEASES CONTINUED

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

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 or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense (note 19) 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 asset 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 standalone prices of the lease components and the aggregate standalone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the Group is a lessee are presented in note 18 Leases (group as lessee).

1.18 LEASES (COMPARATIVES UNDER IAS 17)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.19 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. Schemes have a vesting period of three years. The impact is recognised directly in the statement of profit or loss and other income, with a corresponding adjustment to equity. The effect of all shares issued under this scheme is taken into account when calculating the diluted basic 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. Fair value is based on a Black Scholes option pricing model. A vested share option is exercised when the Group delivers the share to the director or employee on receipt of payment of the grant (strike) price. The grant date fair value will not be remeasured subsequently. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the shares vest.

Cashbuild Operations Management Member Trust

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 income statement. 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 36.

1.20 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 Company generates revenue. The Company has disclosed the nature, timing of satisfaction of performance obligations and significant payment terms.

Sale of goods – retail

The Company 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.

1.21 COST OF SALES

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period 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 period 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 period 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 returned goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the Group returns policy.

1.22 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 statement of profit or loss and other income 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.

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.22 TRANSLATION OF FOREIGN CURRENCIES CONTINUED

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 statement of profit or loss and other income as part of the gain or loss on sale.

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.

1.23 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of the 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 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 period in which the estimate is revised and any affected future periods.

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 period 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 11 for more information.
- **Goodwill impairment** – Assumptions made in the calculation of the value-in-use of operating segment's such as discount rates, working capital and growth projections carry a significant amount of estimation uncertainty and are revised based on continuing Company performance and market indicators. Refer to note 5 for more information.
- **Indefinite life of intangible assets** – 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. Refer to note 5 for more information.
- **Right of use asset impairment assessment** – The recoverable amount of the right of use assets is assessed with reference to the discounted expected cashflows of the related store over the remaining lease term. Estimation of the store sales and cost of sales requires judgement.
- **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 2 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 linked to the term of the lease contract from inception. Refer to note 19 for more information.

The impact of the Covid-19 pandemic lockdown and post-lockdown experience was considered on all estimates with adjustments where required. In particular, estimated long-term cash flows for impairment and going concern assessment purposes were reassessed.

Notes to the Annual Financial Statements

for the year ended 28 June 2020

2. CHANGES IN ACCOUNTING POLICY

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior period except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the Company has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 1 July 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC 27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the Group's financial statements is described below.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated.

Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 July 2019.

Leases where Group is lessee

Leases previously classified as operating leases

The Group undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- Recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate at the date of initial application.
- Recognised right-of-use assets measured on a lease by lease basis as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application.

As an exception to the above:

The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the Group applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 1 July 2019 were treated as short-term leases, with remaining lease payments recognised as an expense on a straight-line basis;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application; and
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

Rental reductions were received from the landlords during the lockdown period. Cashbuild made use of the IFRS 16 amendment for all the rental concession by accounting for the rental concession as a variable lease payment, applying paragraph 38 of IFRS 16, in the period in which the rental concession was granted.

Notes to the Annual Financial Statements

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for the year ended 28 June 2020

2. CHANGES IN ACCOUNTING POLICY CONTINUED

Impact on financial statements

On transition to IFRS 16, the Group recognised an additional R1 224 547 of right-of-use assets and R1 518 267 of lease liabilities. The Group has adopted the simplified approach with a modified retrospective restatement against retained earnings.

When measuring lease liabilities, Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 10%.

The right-of-use asset for leases were measured on a retrospective basis as if the new rules had always been applied.

The following table summarises the impact of the adoption of IFRS 16 on the results:

Figures in Rand thousand	June 2019	Audited IFRS 16	1 July 2019
Financial position			
Property, plant and equipment	1 129 283	1 224 547	2 353 830
Deferred tax assets	65 781	30 523	96 304
Lease liabilities	–	(1 518 267)	(1 518 267)
Deferred operating lease liability	–	185 380	185 380
Prepayments	–	(71 009)	(71 009)
Opening retained earnings	(2 349 602)	148 826	(2 200 776)

The aggregate effect of the changes in accounting policy on the financial statements for the period ended 28 June 2020 is as follows:

Impact on the financial statements for prior period presented

Figures in Rand thousand	1 July 2019
Statements of financial position	
Carrying amount of right-of-use asset at take-on	1 261 238
Right-of-use assets impaired at take-on	(36 691)
	1 224 547
Deferred tax	
Deferred tax asset at take-on	30 523
Lease liability	
IFRS 16 lease liability at take-on	(1 518 267)
Straight-lining liability	
Reversed against retained earnings at take-on	185 380
Prepayments	
Reversed against retained earnings at take-on	(71 009)
Opening retained earnings	
IFRS 16 take-on against retained earnings	148 826

Figures in Rand thousand	**28 June 2020**
Profit or loss	
Interest expense	
Interest relating to IFRS 16 lease	**188 226**
Depreciation charge	
Depreciation relating to IFRS 16 right-of-use asset	**223 801**

Right-of-use asset impairment at take-on

The right of use asset as at 1 July 2019 was tested for impairment as part of the carrying amount of the property, plant and equipment of under-performing stores by comparing the carrying value to the recoverable amount.

Recoverable amount was calculated by discounting the remaining lease cash flows at a risk adjusted discount rate derived from the Company's weighted average cost of capital (WACC) 16.2%. The cash flow projections and discount rate carry a significant amount of estimation uncertainty.

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.

Cashbuild's operating segments include the Cashbuild model stores (based in South Africa, Botswana, Swaziland, Lesotho, Namibia, Malawi and Zambia) as well as the P&L Hardware model stores (based only in South Africa).

Cashbuild's operating segments are also considered to be reportable segments.

Cashbuild'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 (Swaziland, Lesotho and Namibia)
- Cashbuild non-common monetary operations (Botswana, Malawi and Zambia)

Cashbuild common monetary operations consist of the countries that form part of the common monetary area.

Cashbuild non-common monetary area consist of the other countries which Cashbuild trades in. These other countries do 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/(loss)	Depreciation and amortisation	Interest income	Interest expense	Taxation
28 June 2020						
Cashbuild South African operations	**7 919 278**	**443 444**	**(284 355)**	**39 097**	**(165 572)**	**(105 828)**
P&L Hardware operations	**1 125 009**	**17 108**	**(33 098)**	**1 566**	**(8 926)**	**207**
Cashbuild common monetary operations	**579 031**	**31 213**	**(16 177)**	**20 135**	**(10 259)**	**(11 294)**
Cashbuild non-common monetary operations	**467 592**	**28 547**	**(21 190)**	**4 384**	**(6 761)**	**(4 391)**
Total	**10 090 910**	**520 312**	**(354 820)**	**65 182**	**(191 518)**	**(121 306)**
30 June 2019						
Cashbuild South African operations	8 475 594	526 040	(109 929)	34 062	2 357	(169 622)
P&L Hardware operations	1 258 394	(8 493)	(11 583)	294	(645)	3 742
Cashbuild common monetary operations	613 587	35 074	(8 234)	20 334	(5 154)	(13 776)
Cashbuild non-common monetary operations	473 660	6 404	(8 152)	3 188	(748)	(638)
Total	10 821 235	559 025	(137 898)	57 878	(4 190)	(180 294)

Notes to the Annual Financial Statements

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for the year ended 28 June 2020

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 statements of financial position.

Figures in Rand thousand	Capital investment*	Total assets	Total liabilities
June 2020			
Cashbuild South African operations	**135 079**	**4 416 716**	**(2 857 876)**
P&L Hardware operations	**6 387**	**864 073**	**(829 040)**
Cashbuild common monetary operations	**9 722**	**652 373**	**(251 049)**
Cashbuild non-common monetary operations	**18 905**	**412 486**	**(252 668)**
Total	**170 093**	**6 345 648**	**(4 190 633)**
June 2019			
Cashbuild South African operations	166 203	2 435 673	(795 192)
P&L Hardware operations	12 037	768 877	(737 174)
Cashbuild common monetary operations	19 642	529 141	(127 073)
Cashbuild non-common monetary operations	5 674	260 974	(147 826)
Total	203 556	3 994 665	(1 807 265)

** Capital investment relates to total additions during the year of property, plant and equipment and intangible assets.*

4. PROPERTY, PLANT AND EQUIPMENT

	Group					
	2020			2019		
Figures in Rand thousand	**Cost**	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Land and buildings	**649 963**	**(60 729)**	**589 234**	637 474	(47 887)	589 587
Furniture and equipment	**1 229 528**	**(813 742)**	**415 786**	1 214 825	(792 041)	422 784
Vehicles	**38 621**	**(17 191)**	**21 430**	38 639	(14 964)	23 675
Leasehold improvements	**203 634**	**(105 835)**	**97 799**	185 724	(97 764)	87 960
Aircraft	**–**	**–**	**–**	5 479	(202)	5 277
Right of use asset	**2 089 264**	**(818 936)**	**1 270 328**	–	–	–
Total	**4 211 010**	**(1 816 433)**	**2 394 577**	2 082 141	(952 858)	1 129 283

Reconciliation of property, plant and equipment 28 June 2020

	Group									
Figures in Rand thousand	Opening balance	Additions	Dis-posals~	Classified as held for sale^	Transfers	Lease Modi-fication#	Foreign exchange movements	De-preciation	Im-pairment	Closing balance
Land and buildings	589 587	–	(846)	(5 039)	8 787	–	1 747	(5 002)	–	589 234
Leasehold improvements	87 960	77	(2 751)	–	29 479	–	120	(17 085)	–	97 800
Furniture and equipment	422 784	1 402	(31 630)	–	127 225	–	1 044	(100 354)	(4 686)	415 785
Vehicles	23 675	1 679	(625)	–	–	–	–	(3 299)	–	21 430
Aircraft	5 277	–	–	(2 050)	–	–	–	(4)	(3 223)	–
Right-of-use asset+	1 224 547	289 224	(46 668)	–	–	26 882	7 185	(223 801)	(7 041)	1 270 238
Capital work in progress*	–	165 491	–	–	(165 491)	–	–	–	–	
	2 353 830	**457 873**	**(82 520)**	**(7 089)**	**–**	**26 882**	**10 096**	**(349 545)**	**(14 950)**	**2 394 577**

Capital work in progress mainly relates to store refurbishments during the period.
^ *Refer to note 14 for details of buildings classified as held for sale.*
\+ *The opening balance for the right-of-use asset is the balance as at take-on 1 July 2019 for the adoption of IFRS 16.*
~ *Disposal of right of use of assets relates to the termination of a lease agreement.*
\# *Lease modification relates to a change in scope of the lease.*

Reconciliation of property, plant and equipment 30 June 2019

	Group									
Figures in Rand thousand	Opening balance	Additions	Dis-posals	Classified as held for sale	Transfers	Lease Modi-fication#	Foreign exchange movements	De-preciation	Im-pairment	Closing balance
Land and buildings	531 497	–	(4 933)	–	69 393	–	(2 159)	(4 211)	–	589 587
Leasehold improvements	86 941	479	(1 746)	–	18 486	–	(51)	(16 149)	–	87 960
Furniture and equipment	429 896	6 186	(11 714)	–	105 355	–	(1 166)	(105 773)	–	422 784
Vehicles	29 420	1 971	(2 522)	–	–	–	–	(5 194)	–	23 675
Property held under joint	17 048	–	(17 048)	–	–	–	–	–	–	–
Aircraft	5 330	–	–	–	–	–	–	(53)	–	5 277
Capital work in progress*	–	193 234	–		(193 234)	–	–	–	–	–
	1 100 132	201 870	(37 963)	–	–	–	(3 376)	(131 380)	–	1 129 283

Capital work in progress mainly relates to store refurbishments during the period.
^ *Refer to note 14 for details of buildings classified as held for sale.*
\+ *The opening balance for the right of use asset is the balance as at take-on 1 July 2019 for the adoption of IFRS 16.*
~ *Disposal of right of use of assets relates to the termination of a lease agreement.*
\# *Lease modification relates to a change in scope of the lease.*

Notes to the Annual Financial Statements

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for the year ended 28 June 2020

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	4 to 5 years
• Aircraft (engine)	Flight hours	2 000
• 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.*

	Group		Company	
Figures in Rand thousand	**2020**	2019	**2020**	2019
Amounts recognised in profit and loss for the year:				
Loss on disposal of property, plant and equipment and assets held for sale	**(3 528)**	(8 340)	**–**	–
Profit on disposal of IFRS 16	**29 891**	–		
Repairs and maintenance expenditure	**42 315**	44 433	**–**	–

5. IMPAIRMENT OF ASSETS

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 28 June 2020 was determined using assumptions regarding company profitability, growth rates, discount rates and target net working capital days. These assumptions and sensitivity thereof are presented below.

Key assumptions used to determine value-in-use and sensitivity thereof

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 period up to June 2025, after which a terminal value has been determined. The recoverable amount of Cashbuild South Africa operating segment has also been determined based on a value-in-use calculation covering a period of five years with a terminal value applied.

Based on the value-in-use calculated for the operating segments, no impairment has been identified or recognised by management.

Due to the positive experience post-Covid-19 lockdown no changes were made to the assumptions.

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. Both The Terminal growth rate and Growth rate can decrease with 15.5% and 6% respectively before there is an impairment and the Discount rate can increase with 3.4% before resulting in an impairment. The recoverable amount determined in terms of the value-in-use of the P&L Hardware operating segment is R99.2 million (June 2019: R16.4 million) higher than the carrying amount.

	June 2020 Assumptions applied	**June 2020 Sensitivity**	June 2019 Assumptions applied	June 2019 Sensitivity
P&L Hardware operating segment				
Growth rate	**8.0%**	**15.5%**	6.0%	3.5%
Terminal growth rate	**4.5%**	**6.0%**	5.3%	4.0%
Discount rate	**17.1%**	**3.4%**	18.1%	18.7%
Target net working capital days*	**-1 day**	**14 days**	11 days	14 days

** The operating segment is currently one day better than its target movement, due to the improvement in inventory days.*

	June 2020 Assumptions applied	June 2019 Assumptions applied
Cashbuild South Africa operating segment		
Growth rate	**3.0%**	4.5%
Terminal growth rate	**3.0%**	4.5%
Discount rate	**11.8%**	16.0%

Growth rates are based on current inflation levels and where applicable adjusted further for expected unit growth. Terminal growth rates are also largely inflation-based, however are referenced to a long-term inflation rate. Discount rates used are derived from company weighted average cost of capital (WACC).

No sensitivity has been disclosed for the Cashbuild South Africa operating segment, due to there being no impairment resulting from any reasonably possible change in any of the assumptions.

Figures in Rand thousand	
Goodwill allocation	
P&L Hardware	196 302
Cashbuild (South Africa) Proprietary Limited	112 833
Total goodwill as per intangible assets note 7	309 135
P&L Hardware indefinite lived trademark as per intangible assets note 7	96 409

	Group		Company	
Figures in Rand thousand	**2020**	2019	**2020**	2019
Impairment losses recognised				
Furniture and equipment	**4 686**	–	**–**	–
Aircraft	**3 223**	–	**–**	–
	7 909	–	**–**	–

The impairment loss recognised is included in the administrative expenses line of the statement of comprehensive income.

Value in use

Based on past experience, when a store is closed 66% 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 loss-making stores that lease premises, the value in use is calculated as the lower of the net present value of the monthly forecasted cashflows per store (calculated to the end of the lease term). The discount rate applied to the cash flow projections was 16.3%.

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6. INVESTMENT PROPERTY

Joint operations – Nasrec

During the 2014 financial period, 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 rights and control in the owner consortium with the other 50% participant being S-Identity Holdings Proprietary Limited.

Cashbuild has contributed infrastructure development cost to the project totalling R5.0 million cash (paid in previous financial years). An amount of R0.2 million owing by JAD Building and Maintenance Projects (Pty) Ltd (a developer used for the development but no longer involved) has been offset against this investment in the current financial year. An amount of R22.0 million, being the cost of a portion of the property owned by Cashbuild allocated for the development was also contributed during the previous financial year. Cashbuild's share of the property is classified as investment property.

S-Identity Holdings Proprietary Limited has in its own capacity, raised finance from a third party to fund the remaining construction of the shopping centre. Neither of the operators are entitled to receive any share in the profits of the joint operation until the financed amounts are fully repaid to the third party.

The fair value of Cashbuild's share in the investment property is R59 million based on the external valuation obtained in November 2018.

Joint operation – Ekhaya mall

During the 2019 financial period, Cashbuild entered into a joint operation 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 rights and control in the owner consortium. S-Identity Holdings Proprietary Limited holds 60% and Nomatiki Trading Enterprise Proprietary Limited holds the balance of 20% of the participation rights and control in the owner consortium.

Cashbuild has contributed R30 million in cash towards the development costs during the period ended 28 June 2020.

The shopping centre is under construction phase and is expected to start trading early in 2021.

Figures in Rand thousand	**28 June 2020**	30 June 2019
Reconciliation of investment property		
Investment in Nasrec – joint operation	**26 974**	27 208
Kranskop Unit 4, Stand 1237, Monument Park Ext. 2, Tshwane, South Africa	**950**	950
Investment in Ekhaya Mall – joint operation	**30 000**	–
	57 924	28 158

7. INTANGIBLE ASSETS

	Group					
	2020			2019		
Figures in Rand thousand	**Cost**	**Accumulated amortisation/ impairment**	**Carrying value**	Cost	Accumulated amortisation/ impairment	Carrying value
Trademarks^	**99 403**	**(2 952)**	**96 451**	99 403	(2 940)	96 463
Computer software	**95 025**	**(77 510)**	**17 515**	102 805	(82 005)	20 800
Goodwill	**309 135**	**–**	**309 135**	309 135	–	309 135
Total	**503 563**	**(80 462)**	**423 101**	511 343	(84 945)	426 398

Reconciliation of intangible assets

	Group							
Figures in Rand thousand	**Opening balance**	**Additions**	**Disposals**	**Transfers**	**Foreign exchange movements**	**Amortisation**	**Impairment loss***	**Closing balance**
28 June 2020								
Trademarks^	**96 463**	**–**	**–**	**–**	**–**	**(12)**	**–**	**96 451**
Computer software	**20 800**	**1 444**	**(35)**	**–**	**569**	**(5 263)**	**–**	**17 515**
Goodwill	**309 135**	**–**	**–**	**–**	**–**	**–**	**–**	**309 135**
	426 398	**1 444**	**(35)**		**569**	**(5 275)**	**–**	**423 101**
30 June 2019								
Trademarks	98 694	–	–	–	–	(13)	(2 218)	96 463
Computer software	25 638	1 684	(23)	–	6	(6 505)	–	20 800
Goodwill	309 135	–	–	–	–	–	–	309 135
	433 467	1 684	(23)	–	6	(6 518)	(2 218)	426 398

Amortisation rates

Trademarks (excluding indefinite lived)	Straight-line basis	10 years
Computer software	Straight-line basis	5 years

^ *Includes indefinite lived trademarks of R96,409 (refer note 5 for the impairment testing).*

* *The impairment relates to the Buffalo Building Supplies Proprietary Limited trademark acquired in the business combination. The stores acquired have subsequently been branded as P&L Hardware stores.*

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8. INVESTMENTS IN SUBSIDIARIES

The following Trusts were created for the purpose of facilitating employee benefit schemes. Refer to note 16 for further details.

These Trusts are controlled by the Group:

- Cashbuild Empowerment Trust
- Cashbuild Store Operations Management Member Trust
- Give a brick trust

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

	Group			
	Issued share capital	**Nature of business**	**% holding June 2020**	% holding June 2019
Cashbuild (Botswana) Proprietary Limited	**P1 500 000**	**A**	**100**	100
Cashbuild Kanye Proprietary Limited	**P2**	**B**	**100**	100
Cashbuild (Lesotho) Proprietary Limited	**M100 000**	**A**	**80**	80
Cashbuild Lilongwe Ltd	**MWK100 000**	**A**	**51**	51
Cashbuild (Namibia) Proprietary Limited	**N$1**	**A**	**100**	100
Cashbuild (South Africa) Proprietary Limited	**R54 000**	**A**	**100**	100
Cashbuild (Swaziland) Proprietary Limited	**E500**	**A**	**100**	100
Roofbuild Trusses Proprietary Limited	**R100**	**A**	**100**	100
Cashbuild Zambia Proprietary Limited	**ZMK2**	**A**	**100**	100
P&L Hardware Proprietary Limited	**R100**	**A**	**100**	100
P&L Boerebenodighede Investments Proprietary Limited	**R1 000**	**B**	**100**	100
Rio Ridge 1027 Proprietary Limited	**R100**	**A**	**100**	100
Tradebuild Proprietary Limited	**R4**	**B**	**100**	100
Cashbuild (Kwandebele) Proprietary Limited	**R200 000**	**C**	**100**	100
Cashbuild (Transkei) Proprietary Limited	**R250 000**	**C**	**100**	100
Cashbuild (Properties) Proprietary Limited	**R1**	**C**	**100**	100
Cashbuild (Venda Properties) Proprietary Limited	**R1**	**C**	**100**	100
Cashbuild (Properties Holdings) Proprietary Limited	**R1**	**C**	**100**	100
Cashbuild Management Services Proprietary Limited	**R4 000**	**D**	**100**	100

A Trading company.
B Dormant company.
C Property holding company.
D Holding company of subsidiaries.

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 16 for details of the share option schemes.

	Group		Company	
Figures in Rand thousand	**2020**	2019	**2020**	2019
Share-based payment capital contribution	**–**	–	**95 262**	79 137
Loan to subsidiary	**–**	–	**37 258**	33 617
	–	–	**132 520**	112 754

The loan advanced to Cashbuild Management Services is recoverable as Cashbuild Management Services is a wholly-owned subsidiary of Cashbuild Limited, and therefore, if Cashbuild Management Services has no sufficient liquid assets to pay 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 expected credit loss is therefore 0%.

Non-controlling interests

There are no individual subsidiaries within the Group that have material non-controlling interests. The aggregate non-controlling interest is also not material to the Group, therefore no additional disclosures required by IFRS 12: Disclosure of Interests in Other Entities have been included.

9. DEFERRED TAX

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
Deferred tax liability				
Property, plant and equipment	**(52 782)**	(50 146)	**–**	–
Prepayments	**(4 144)**	(3 971)	**–**	–
Intangible assets	**(26 335)**	(28 068)	**–**	–
Third party contingency	**–**	766	**–**	–
Bad debts provision	**–**	(28)	**–**	–
Unrealised foreign exchange differences	**–**	2 691	**–**	–
IFRS 15 – sales return provision	**–**	(106)	**–**	–
Total deferred tax liability	**(83 261)**	(78 862)	**–**	–
Deferred tax asset				
Provisions and accruals	**21 840**	30 735	**–**	–
Deferred lease incentive/straight-lining of rent prepayments	**2 109**	53 093	**–**	–
Assessed losses	**25 422**	23 908	**–**	–
Unrealised foreign exchange differences	**1 100**	–	**–**	–
IFRS 16 Right of use of asset and lease liability	**94 870**	–	**–**	–
IFRS 15 – sales return provision	**1 960**	–	**–**	–
Total deferred tax asset	**147 301**	107 736	**–**	–
The deferred tax assets and the deferred tax liabilities have been presented in the statement of financial position as follows:				
Deferred tax liability	**(35 138)**	(36 907)	**–**	–
Deferred tax asset	**99 178**	65 781	**–**	–
Total net deferred tax liability	**64 040**	28 874	**–**	–
Deferred tax assets are supported by the expected taxable income generated by the relevant 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	**17 865**	(36 907)		
Deferred tax to be recovered within 12 months	**46 175**	65 781		
	64 040	28 874		

10. PREPAYMENTS

Cashbuild has entered into agreements with developers whereby advances were granted to the developers in exchange for reduced rentals over the period of the lease. With the adoption of IFRS 16 on 1 July 2019, the balance of these advances have now been set off against lease liability. Refer to note 19 for more details.

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
Rental prepayments	**–**	66 470	**–**	–
Total non-current prepayments	**–**	66 470	**–**	–
Rental prepayments	**–**	4 539	**–**	–
Other current prepayments*	**40 319**	21 208		
Total current prepayments	**40 319**	25 747	**–**	–

**Other current prepayments relate mostly to prepaid advertising, IT expenses and Workman's Compensation.*

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
11. INVENTORIES				
Merchandise	**1 266 587**	1 541 295	**–**	–

Cost of inventories recognised as an expense and included in cost of sales amounted to R8.2 billion (June 2019: R8.8 billion).

The provision for the net realisable value of inventory at year-end is R70.5 million (June 2019: R76.5 million).

The right of return relating to the sales returns provision included in the amount above is R28.6 million (June 2019: R27.6 million).

Cost of inventories written off and included in cost of sales amounted to R23.0 million (June 2019: R29.9 million).

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
12. TRADE AND OTHER RECEIVABLES				
Financial instruments				
Trade receivables	**121 540**	128 117	**–**	–
Loss allowance	**(32 334)**	(20 272)	**–**	–
Trade receivables at amortised cost	**89 206**	107 845	**–**	–
Other receivables	**12 629**	5 291	**–**	–
Non-financial instruments: VAT	**1 842**	4 671	**–**	–
Total trade and other receivables	**103 677**	117 807	**–**	–

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 period-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.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 60 days past due. If still unpaid after 90 days, the debtor is provided for in full and written off after three years when the debt prescribes.

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.

Impact of COVID-19
It is expected that the impact of Covid-19 lockdown will manifest in cash constraints for our credit customers. As a result we have been more cautious in awarding credit and act sooner when payment terms have been exceeded. Other than less credit being issued no other consideration was applied to the provisions for the charge cards estimates. We based our estimates on the current year to date numbers and have not agreed to any payment holidays. Due to the positive experience post-Covid-19 lockdown no changes were made to assumptions and estimates. The impact is immaterial to the Group.

Charge cards
Cashbuild is primarily a cash business but 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 set by submitting a request to the insurer and retrieving credit ratings. A memo is compiled with the information received to be approved by management based on the credit limit applied for.

Expected credit losses 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. Because expected credit losses 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 balances are handed over for legal collection.

Rebate debtors
The amount owing on rebate debtors are for suppliers who owe us money for rebate and advertising contributions as per trade agreement with them. The contribution is based on purchases made and is calculated on either a percentage of purchases or on volume.

The loss allowance as at 28 June 2020 for trade receivables for which the provision matrix has been applied is determined as follows:

	Group			
Figures in Rand thousand	**2020 Estimated gross carrying amount at default**	**2020 Loss allowance (Lifetime expected credit loss)**	2019 Estimated gross carrying amount at default	2019 Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Sundry debtors				
Current	**19 359**	**(4 594)**	18 213	(4 668)
Legal debtors				
Current	**1 215**	**(8)**	6 686	(7)
30 days past due	**119**	**(12)**	461	(19)
60 days past due	**-**	**-**	637	(289)
90 days past due	**436**	**(131)**	258	(46)
120 days past due	**2 333**	**(521)**	269	(6)
150 days past due	**22 660**	**(20 598)**	15 597	(13 984)
	26 763	**(21 270)**	23 908	(14 351)
Charge cards				
Current	**16 634**	**(222)**	25 462	(4)
30 days past due	**6 344**	**(125)**	12 676	(376)
60 days past due	**215**	**(16)**	1 572	(222)
90 days past due	**2 790**	**(1 314)**	626	(196)
120 days past due	**2 162**	**(1 254)**	64	(25)
150 days past due	**5 121**	**(3 342)**	500	(22)
	33 266	**(6 273)**	40 900	(845)
Rebate debtors				
Current	**42 152**	**(197)**	45 096	(408)
Total	**121 540**	**(32 334)**	128 117	(20 272)

There were no debts written off in the current financial year as a result all movements in the expected credit loss relates to the movement in the provisions.

Rebate debtors were 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 the related purchases.

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Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019

13. CASH AND CASH EQUIVALENTS

	Group 2020	Group 2019	Company 2020	Company 2019
Cash and cash equivalents consist of:				
Cash on hand	**1 615**	1 556	**–**	–
Bank balances	**1 949 967**	588 594	**9 206**	2 776
	1 951 582	590 150	**9 206**	2 776

14. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale include land and buildings and the aircraft acquired in the P&L Hardware business combination which were placed on the market after approval by the Board. The Group is engaged in an active plan to sell these assets, it is highly probable that the assets will be sold by the end of the next reporting period.

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
Land and buildings held for sale				
Cashbuild non-common monetary operations				
– Plot 2461 Serowe – Botswana	**–**	878	**–**	–
Cashbuild South Africa				
– Remaining extent of portion 6 (a portion of portion 5) of the farm de rust #12, Hazyview, South Africa	**1 570**	1 614	**–**	–
– Erf 214 Thohoyandou	**–**	1 084	**–**	–
Cashbuild common monetary operations				
– Lot 273 portion 2-Piggs Peak	**5 083**	–	**–**	–
P&L Hardware				
– 2005 Piper (aircraft) Saratoga PA32R ZS-STW Rio Ridge	**2 050**	–	**–**	–
	8 703	3 576	**–**	–

The values of these assets are disclosed at the lower of carrying amount or fair value less costs to sell.

The Hazyview property was classified as held for sale in the 2017 financial year. The municipality wants the seller to contribute R1.3 million to bulk services. A potential buyer has now been found and a sale agreement has been signed. As per the resolution it is anticipated that the sale of the property should be concluded at the end of October 2020.

The Piggs Peak property was classified as held for sale in the 2020 financial year. A sale agreement has been signed and it is expected that the transfer will occur before October 2020.

The Rio Ridge aircraft was classified as held for sale in the 2020 financial year. A buyer for the plane has been found, the aircraft is currently undergoing repairs as agreed with the buyer.

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019

15. SHARE CAPITAL

	Group 2020	Group 2019	Company 2020	Company 2019
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 financial year.				
Reconciliation of number of shares issued:				
Reported as at 1 July 2019	**250**	250	**250**	250
Less: treasury shares held	**(23)**	(23)	**–**	–
Opening balance: 2 275 448 shares	**(23)**	(23)	**–**	–
Total issued shares	**227**	227	**250**	250
Share premium				
Opening balance	**(274 414)**	(274 414)	**1 024**	1 024
Shares purchased for The Cashbuild Trusts		–	**–**	–
Shares sold by The Cashbuild Trusts		–	**–**	
Total share premium	**(274 414)**	(274 414)	**1 024**	1 024
Share premium consists of:				
Share premium	**3 935**	3 935	**1 024**	1 024
Treasury share premium	**(278 349)**	(278 349)	**–**	–
Total share capital	**(274 187)**	(274 187)	**1 274**	1 274

16. SHARE-BASED PAYMENTS

Forfeitable Share Plan

Cashbuild adopted and implemented a new 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 shortly after 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 and will be subject 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:

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
Opening balance	**239 323**	126 852	**239 323**	126 852
Share movement	**105 784**	112 471	**105 784**	112 471
Total performance shares awarded	**345 107**	239 323	**345 107**	239 323

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16. SHARE-BASED PAYMENTS CONTINUED

Outstanding options	1st Award	2nd Award	3rd Award	4rd Award
Award date	27 September 2016	4 December 2017	1 October 2018	7 October 2019
Vesting date	27 September 2019	4 December 2020	1 October 2021	7 October 2022
Exercise price	Nil	Nil	Nil	Nil
Expected option lifetime	3 years	3 years	3 years	3 years
Share price at grant date	R408.37	R383.20	R285.06	R236.78
Expected share price volatility	10%	10%	10%	10%

Vesting conditions consist of company performance conditions (refer to detail below) and a retention condition that the employees remain in the employ of the Company for three years.

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	WACC	WACC +10% p.a

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

Figures in Rand thousand	Number of shares as at 28 June 2020#	Award face value*
Executive directors		
WF de Jager	**56 674**	**17 076**
A Hattingh	**26 977**	**7 963**
AE Prowse	**37 148**	**11 250**
SA Thoresson	**33 863**	**10 263**
W van Aswegen	**26 293**	**7 761**
	180 954	**54 313**
Key management		
PA Champion	**18 434**	**5 633**
W Dreyer	**18 405**	**5 675**
AHS Havenga	**16 913**	**5 215**
MS Masala	**16 385**	**4 965**
Z Matolo	**6 053**	**1 433**
I McKay	**16 755**	**5 113**
T Myburg	**2 891**	**874**
H Roos	**7 402**	**1 949**
H Steenberg	**13 486**	**3 880**
	116 724	**34 737**

 # 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 period 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 period 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, second, third and fourth schemes (2012, 2013, 2014 and 2015 schemes respectively) have fully vested. The fifth year 2016 scheme qualified for 9 371 shares, the sixth 2017 scheme has qualified for 1 291 shares at the end of June 2017. The seventh 2018 scheme qualified for 5 328 shares, the eighth 2019 scheme qualified for 9 007 shares and the ninth 2020 scheme provisionally qualified for 10 952 shares at the end of June 2020.

Summary of share-based payments for all schemes

The Group's expense and related movement in the share-based payment reserve is R16.3 million (June 2019: R13.6 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	**2020**	2019	**2020**	2019
Share-based payments reserve				
Opening balance	**79 137**	65 509	**79 137**	65 509
– Forfeitable Share Scheme: 1st award	**776**	3 713	**776**	3 713
– Forfeitable Share Scheme: 2nd award	**4 396**	4 467	**4 396**	4 467
– Forfeitable Share Scheme: 3rd award	**5 471**	4 166	**5 471**	4 166
– Forfeitable Share Scheme: 4th award	**4 861**	–	**4 861**	–
– Operations Management Member Trust Schemes	**621**	1 282	**621**	1 282
	95 262	79 137	**95 262**	79 137

17. FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

	Group		Company	
Figures in Rand thousand	**2020**	2019	**2020**	2019
Opening balance	**2 149**	(2 934)	**–**	–
Currency translation differences	**22 223**	5 083	**–**	–
Closing balance	**24 372**	2 149	**–**	–

18. LOANS FROM GROUP COMPANIES

The Cashbuild Share Incentive Trust				
The loan was unsecured, non-interest bearing with no fixed repayment terms and was fully repaid in the current year	**–**	–	**–**	42 431

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
19. LEASE LIABILITY				
Details pertaining to leasing arrangements, where the Group is the lessee are presented below:				
Net carrying amounts of right-of-use assets				
Building subject to lease arrangements	**1 270 997**	–	**–**	–
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	**223 801**	–	**–**	–
Other disclosures				
Interest expense on lease liabilities	**188 226**	–	**–**	–
Lease liabilities				
Lease liabilities have been included in the lease liabilities line item on the statements of financial position.				
The maturity analysis of lease liabilities is as follows:				
Within one year	**182 610**	–	**–**	–
Lease liability current portion	**182 610**	–	**–**	–
Two to five years	**806 706**	–	**–**	–
More than five years	**625 884**	–	**–**	–
Lease liability non-current portion	**1 432 590**	–	**–**	–
Total lease liability	**1 615 200**	–	**–**	–
Lease commitment under IAS 17 at 30 June 2019	**(2 176 327)**	–	**–**	–
Leases expiring within 12 months and therefore excluded	**4 962**	–	**–**	–
Discounting at the incremental borrowing rate	**653 098**	–	**–**	–
IFRS 16 lease liability at adoption date after discounting at the incremental borrowing rate	**1 518 267**	–	**–**	–
Payments	**(325 330)**	–	**–**	–
Covid rental reduction	**(13 628)**			
Interest	**188 226**	–	**–**	–
Additional leases	**292 044**	–	**–**	–
Modifications	**27 447**	–	**–**	–
Disposals	**(75 489)**	–	**–**	–
Foreign exchange movement	**3 663**	–	**–**	–
Total lease liability	**1 615 200**	–	**–**	–

Rental reductions were received from the landlords during the hard lockdown period. Cashbuild made use of the IFRS 16 amendment for all the rental concession by accounting for the rental concession as a variable lease payment, applying paragraph 38 of IFRS 16, in the period in which the rental concession was received.

Comparative information for lease liabilities under IAS 17

Operating lease liability
The Group has entered into various operating leases in respect of premises. Rentals comprise minimum monthly payments and additional payments based on turnover levels. Deferred lease incentives are reimbursements from the landlords for repairs done to leased premises and are recognised as income over the lease period of the underlying operating lease.

	Group		Company	
Figures in Rand thousand	**2020**	2019	**2020**	2019
Deferred operating lease liability	**–**	185 746	**–**	–
Deferred lease incentives received	**–**	1 998	**–**	–
Realised lease incentives portion in profit and loss	**–**	(366)	**–**	–
	–	187 378	**–**	–

The information presented for lease liabilities for the comparative period has been prepared on the basis of IAS 17, and therefore, only represents the liability as at that date for finance leases and not for operating leases. In addition to the information presented in the table above, IAS 17 required an entity to present a reconciliation of the present value of lease payments for finance leases. This information is presented in the table which follows:

	Group		Company	
Figures in Rand thousand	**2020**	2019	**2020**	2019
Minimum lease payments due				
– within one year	**–**	290 345	**–**	–
– in second to fifth year inclusive	**–**	1 110 392	**–**	–
– later than five years	**–**	775 590	**–**	–
	–	2 176 327	**–**	–

20. TRADE AND OTHER PAYABLES

Financial instruments				
Trade payables	**1 600 322**	910 870	**–**	–
Employee related accruals	**73 944**	72 090	**–**	–
Accruals	**164 456**	82 379	**8 809**	2 378
Retirement awards and gifts	**7 536**	7 484	**–**	–
Refundable deposits held*	**515 018**	429 053	**–**	–
Non-financial instruments				
VAT	**160 405**	52 691	**–**	–
	2 521 681	1 554 567	**8 809**	2 378

** Refundable deposits held are made up of bulk deposits made by customers in respect of future purchases. These amounts are refundable to the customer on demand.*

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019

21. REVENUE

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
Revenue from contracts with customers*				
Sale of goods (recognised at point of time)	**10 090 910**	10 821 235	**–**	–
Revenue				
Dividends received (trading)	**–**	–	**223 353**	195 170
	10 090 910	10 821 235	**223 353**	195 170

Disaggregation of revenue from contracts with customers

*** Both the disaggregation level as well as the measurement basis for revenue from customers in terms of IFRS 15 and segmental revenue are considered to be the same. Refer to note 3 for the disaggregation of revenue per operating segment.*

Impact of COVID-19

Refer to the Directors Report for more information.

22. COST OF SALES

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
Sale of goods	**7 565 860**	8 101 229	**–**	–

23. OTHER INCOME

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
Sundry income	**5 804**	14 217	**–**	–
Rental related income	**15 026**	160	**–**	–
Insurance recoveries	**–**	1 020	**–**	–
Profit on sale of non-current assets	**26 362**	–	**–**	–
	47 192	15 397	**–**	–

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019

24. OPERATING PROFIT

Operating profit for the year includes the following significant items:

	Group 2020	Group 2019	Company 2020	Company 2019
Expenses by nature:				
Cost of goods sold	**7 565 860**	8 101 229	**–**	–
Employee costs	**907 820**	923 439	**–**	–
Operating lease charges - premises	**9 422**	309 824	**–**	–
Depreciation and amortisation	**354 820**	137 898	**–**	–
Delivery charges	**129 006**	132 297	**–**	–
Advertising expenses	**140 844**	160 975	**–**	–
Impairment loss	**14 950**	2 250	**–**	–
Loss on sale of assets	**3 528**	7 947	**–**	–
Bank and speed point charges	**75 322**	77 557	**–**	–
Municipal utility charges	**64 731**	63 295	**–**	–
Other income	**(47 192)**	(15 397)	**–**	–
Consumables	**5 553**	4 717	**–**	–
Movement in expected credit loss provision	**9 474**	3 586	**–**	–
Repairs and maintenance	**42 315**	44 433	**–**	–
Telephone and fax	**13 642**	13 811	**–**	–
Security	**30 849**	27 936	**–**	–
Printing and stationery	**13 806**	14 698	**–**	–
Net foreign exchange differences	**10 115**	15 082	**–**	–
Software licences	**16 563**	14 201	**–**	–
Other expenses	**103 825**	127 606	**6 050**	5 794
	9 465 253	10 167 384	**6 050**	5 794

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Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
24. OPERATING PROFIT CONTINUED				
Auditor remuneration	**9 868**	9 734	**–**	–
Non-audit services	**4 125**	781	**–**	–
	13 993	10 515	**–**	–
Remuneration paid for outsourced services:				
Information technology	**72 779**	70 220	**–**	–
Administrative	**16 386**	8 482	**–**	–
Secretarial	**358**	610	**–**	–
Technical	**732**	2 430	**–**	–
Taxation services	**1 097**	2 569	**–**	–
	91 352	84 311	**–**	–
Total	**9 570 598**	10 262 210	**6 050**	5 794
Classified on income statement as:				
Cost of sales	**7 565 860**	8 101 229	**–**	–
Selling and marketing expenses	**1 765 022**	1 884 034	**–**	–
Administrative expenses	**282 531**	279 056	**6 050**	5 794
Other operating expenses	**4 377**	13 288	**–**	–
Other income	**(47 192)**	(15 397)	**–**	–
	9 570 598	10 262 210	**6 050**	5 794
Employee costs:				
Salary cost	**770 841**	795 103	**–**	–
Pension fund contributions – defined contribution fund	**108 012**	102 598	**–**	–
Employee benefits – long service awards	**869**	1 132	**–**	–
Share-based payments	**16 125**	13 628	**–**	–
Dividends paid to participants of The Cashbuild Empowerment Trust	**11 973**	10 978	**–**	–
	907 820	923 439	**–**	–

25. FINANCE INCOME

	Group 2020	Group 2019	Company 2020	Company 2019
Interest income				
Earned on bank balances	**64 382**	57 541	**–**	–
Received from revenue authorities	**800**	337	**–**	–
	65 182	57 878	**–**	–

26. FINANCE COSTS

	Group 2020	Group 2019	Company 2020	Company 2019
Bank overdraft	**2 028**	1 945	**–**	–
Finance lease and loan interest	**188 226**	1 377	**–**	–
Interest on loan	**881**	–	**–**	–
Revenue authorities	**383**	868	**–**	–
	191 518	4 190	**–**	–

Figures in Rand thousand		Group 2020	Group 2019	Company 2020	Company 2019

27. TAX EXPENSE

		Group 2020	Group 2019	Company 2020	Company 2019
Major components of the tax expense:					
Normal taxation					
Current		**112 687**	185 388	**–**	–
Under/(over) provision in prior periods		**4 305**	–	**–**	–
– prior year adjustment – reverse to Retained earnings		**833**	726	**–**	–
Withholding tax		**383**	652	**–**	–
Foreign income tax – current period		**21 604**	21 498	**–**	–
Foreign income tax – under/(over) provision in prior periods		**(679)**	(160)	**–**	–
		139 133	208 104	**–**	–
Deferred					
Current period temporary differences		**(8 454)**	(20 706)	**–**	–
Under/(over) provision in prior periods		**(4 305)**	(84)	**–**	–
Prior year adjustments		**–**	–	**–**	–
Foreign – Current period temporary differences		**(5 068)**	(7 020)	**–**	–
		(17 827)	(27 810)	**–**	–
		121 306	180 294	**–**	–
Reconciliation of effective tax rate:					
Applicable tax rate	(%)	**28**	28	**28.0**	28,0
Exempt income	(%)	**(1.4)**	(0.8)	**(28.0)**	(28.0)
Prior year adjustment income tax	(%)	**(1.5)**	0.4	**–**	–
Lower foreign tax rates	(%)	**(0.7)**	(0.5)	**–**	–
Disallowable charges^	(%)	**4.0**	1,9	**–**	–
Withholding tax on dividends	(%)	**0.9**	0.6	**–**	–
Prior year adjustments deferred tax	(%)	**1.5**	(0.2)	**–**	–
	(%)	**30.8**	29.4	**–**	–

^ Disallowable charges relates to IFRS 2 adjustments relating to the FSP share-based payments.

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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 period. The weighted average number of shares in issue is calculated net of treasury shares acquired/sold during the year. Shares held by The Cashbuild Share Incentive Trust, The Cashbuild Operations Management Member Trust and Cashbuild (South Africa) Proprietary Limited 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		**2020**	2019	**2020**	2019
Attributable earnings		**267 371**	427 357	**217 303**	189 376
Weighted number of shares in issue		**22 722**	22 716	**24 990**	24 990
Basic earnings per share	(cents)	**1 176.7**	1 881.3	**869.6**	757.8
Weighted average number of ordinary shares in issue	('000)				
Ordinary shares in issue beginning of the year		**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		**(19)**	(17)	**-**	–
– Cashbuild (South Africa) (Pty) Ltd*		**(484)**	(492)	**-**	–
		22 722	22 716	**24 990**	24 990

** Shares held for Cashbuild FSP share scheme current and future share allocations. For more details refer to the share-based payments note 16.*

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		**2020**	2019	**2020**	2019
Attributable earnings		**267 371**	427 357	**189 376**	189 376
Diluted number of ordinary shares in issue		**22 734**	22 726	**25 000**	25 000
Diluted earnings per share	(cents)	**1 176.1**	1 880.6	**757.5**	757.5
Fully diluted weighted average number of ordinary shares in issue					
Weighted number of shares in issue	('000)	**22 722**	22 716	**24 990**	24 990
Dilutive effect of the following:					
– Future potential issue of shares	('000)	**12**	10	**10**	10
	('000)	**22 734**	22 726	**25 000**	25 000

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 period 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.

Figures in Rand thousand		Group 2020	Group 2019	Company 2020	Company 2019
Reconciliation between earnings and headline earnings:					
Basic earnings		**267 371**	427 357	**189 376**	189 376
Adjusted for:				**–**	–
Net loss on disposal of property, plant and equipment		**1 405**	4 980	**–**	–
Gross loss on disposal of property, plant and equipment		**3 528**	7 947	**–**	–
Tax effect		**(2 123)**	(2 967)	**–**	–
Net profit on IFRS 16		**(20 781)**	–	**–**	–
Gross profit on disposal of IFRS 16		**(29 891)**	–	**–**	–
Tax effect		**9 110**	–	**–**	–
Net impairment		**10 687**	1 620	**–**	–
Gross impairment		**14 950**	2 250	**–**	–
Tax effect		**(4 263)**	(630)	**–**	–
Headline earnings		**258 682**	433 597	**189 376**	189 376
Headline earnings		**258 682**	433 597	**189 376**	189 376
Weighted average number of shares in issue		**22 722**	22 716	**24 990**	24 990
Headline earnings per share	(cents)	**1 138.5**	1 910.4	**757.8**	757.8
Headline earnings		**258 682**	433 597	**189 376**	189 376
Fully diluted weighted average number of shares in issue		**22 734**	22 726	**25 000**	25 000
Fully diluted headline earnings per share	(cents)	**1 137.9**	1 909.5	**757.5**	757.5
Interim	(cents)	**435**	435	**435**	435
Final	(cents)	**272**	420	**272**	420

For additional details of the dividends declared refer to the directors' report.

29. CASH GENERATED FROM OPERATIONS

Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019
Profit before taxation	**393 976**	612 713	**217 303**	189 376
Adjustments for:				
Depreciation and amortisation	**354 820**	137 898	**–**	–
Impairment of assets	**14 950**	2 250	**–**	–
Covid-19 lease relief	**(13 628)**	–	**–**	–
Profit on disposal of assets held for sale	**–**	–	**–**	–
Loss on sale of non-current assets	**3 528**	7 947	**–**	–
(Profit) on disposal of right of use asset	**(29 891)**	–	**–**	–
Dividends received (trading)	**–**	–	**(223 353)**	(195 170)
Finance income	**(65 182)**	(57 878)	**–**	–
Finance costs	**191 518**	4 190	**–**	–
Movement in deferred operating lease liability	**–**	24 448	**–**	–
Movements in share-based payments reserve	**16 125**	13 628	**–**	–
Non-cash IFRS 3 unwind	**–**	–	**–**	–
Revaluation of contingent consideration	**–**	–	**–**	–
Changes in working capital:				
Inventories	**283 364**	734	**–**	–
Trade and other receivables	**14 628**	682	**–**	–
Prepayments	**(19 111)**	13 850	**–**	–
Trade and other payables	**963 402**	(547 383)	**6 431**	(2 901)
	2 108 499	213 079	**381**	(8 695)

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Figures in Rand thousand	Group 2020	Group 2019	Company 2020	Company 2019

30. TAX PAID

	Group 2020	Group 2019	Company 2020	Company 2019
Balance at beginning of the year	**(28 413)**	(74 174)	**–**	–
Current tax for the year recognised in profit or loss	**(121 306)**	(180 294)	**–**	–
Movement in deferred tax	**(4 643)**	(25 359)	**–**	–
Balance at end of the year	**18 614**	28 413	**–**	–
	(135 748)	(251 414)	**–**	–

31. DIVIDENDS PAID

	Group 2020	Group 2019	Company 2020	Company 2019
Final dividend – prior period (Div 53)	**(96 437)**	(79 079)	**(104 957)**	(86 464)
Interim dividend – current period (Div 54)	**(100 541)**	(99 881)	**(108 706)**	(108 706)
Amounts paid to non-controlling shareholders	**(1 258)**	(1 713)	**–**	–
	(198 236)	(180 673)	**(213 663)**	(195 170)

Dividends are paid out of income reserves.

32. PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Group 2020	Group 2019	Company 2020	Company 2019
Net book value	**35 887**	15 997	**–**	–
Loss on sale of assets	**(3 528)**	(7 947)	**–**	–
	32 359	8 050	**–**	–

33. COMMITMENTS

Authorised capital expenditure:

Capital expenditure to be funded from internal resources as approved by the directors:

	Group 2020	Group 2019	Company 2020	Company 2019
*Authorised, contracted	**149 339**	166 095	**–**	–
*Authorised but not contracted for	**158 344**	142 854	**–**	–

The capital commitments are for building and infrastructure for new stores, store refurbishments or relocations.

Precautionary measures have been put in place to prevent the spread of Covid-19. We remain committed to our store expansion plan and the refurbishment of our stores.

34. 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.

	Group		Company	
Figures in Rand thousand	**2020**	2019	**2020**	2019
Bank guarantees	**6 794**	16 022		–

35. RELATED PARTIES

Relationships
Intermediate holding company:
Cashbuild Management Services Proprietary Limited

Subsidiaries:
Refer to note 8

	Group 2020	Group 2019	Company 2020	Company 2019
Loan accounts – Owing (to) by related parties				
– Kier and Kawder (Pty) Ltd	**(1 960)**	(1 960)	**-**	–
– UBM P and L (Pty) Ltd: Related party of P&L Hardware (Pty) Ltd	**-**	311	**-**	–
– Cashbuild Management Services Proprietary Limited	**-**	–	**37 258**	33 617
– The Cashbuild Share Incentive Trust	**-**	–	**-**	(42 431)
Amounts included in trade receivable (trade payable) regarding related parties				
– The Cashbuild Empowerment Trust	**-**	–	**174**	174
Related party transactions				
Purchases				
– Exploit Tools (Pty) Ltd: Related party of P&L Hardware (Pty) Ltd	**-**	3 823	**-**	–
Rental paid				
– Optimprops 90 (Pty) Ltd: Related party of P&L Hardware (Pty) Ltd	**-**	22 342	**-**	–
Interest received				
– UBM P and L (Pty) Ltd: Related party of P&L Hardware (Pty) Ltd	**-**	(30)	**-**	–
Flight income				
– Optimprops 90 (Pty) Ltd: Related party of P&L Hardware (Pty) Ltd	**-**	(200)	**-**	–
Dividends received				
– Cashbuild Management Services Proprietary Limited	**-**	–	**(223 353)**	(195 170)

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36. 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 28 June 2020 Cashbuild Limited had 24 989 811 (June 2019: 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 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 to the beneficiaries of the Trust of R61.89 million, which excludes transaction costs associated with the transaction of R1.62 million. As at 28 June 2020, The Cashbuild Empowerment Trust held 1 764 999 (June 2019: 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	**2020**	2019	**2020**	2019
Dividends paid to the Trust and distributed to employees as follows:				
– Final 2019 (2018)	**7 413**	6 107	**–**	–
– Interim 2020 (2019)	**7 678**	7 678	**–**	–
	15 091	13 785	**–**	–

37. DIRECTORS', KEY STAFF AND PRESCRIBED OFFICER'S EMOLUMENTS

Executive	**Basic salary**	**Expenses and travel allowance**	**Medical benefits**	**Company's pension scheme contributions**	**Bonus~**	**Shares vesting value**	**Total**
June 2020							
WF de Jager	**5 147**	**121**	**174**	**481**	**884**	**426**	**7 233**
A Hattingh	**2 650**	**75**	**–**	**242**	**303**	**170**	**3 440**
AE Prowse	**3 299**	**138**	**–**	**254**	**386**	**282**	**4 359**
SA Thoresson	**2 956**	**175**	**–**	**263**	**351**	**259**	**4 004**
W van Aswegen	**2 405**	**194**	**–**	**231**	**296**	**166**	**3 292**
	16 457	**703**	**174**	**1 471**	**2 220**	**1 303**	**22 328**

Executive	Basic salary	Expenses and travel allowance	Medical benefits	Company's pension scheme contributions	Bonus+	Shares vesting value	Total
June 2019							
WF de Jager	4 425	201	158	415	509	–	5 708
A Hattingh	2 449	195	–	230	193	–	3 067
AE Prowse	3 136	161	–	242	245	–	3 784
SA Thoresson	2 810	204	–	250	223	–	3 487
W van Aswegen	2 282	214	–	220	188	–	2 904
	15 102	975	158	1 357	1 358	–	18 950

~ *Bonus accrued for the current year.*
+ *Paid in the current financial year.*

Share options granted to directors:
Refer to note 16 for details of share incentive schemes of which directors are beneficiaries of at year-end.

Non-executive	Directors' fees	Total
June 2020		
IS Fourie (Resigned 25 November 2019)	**261**	**261**
M Bosman	**494**	**494**
HH Hickey	**546**	**546**
AGW Knock	**777**	**777**
Dr DSS Lushaba	**519**	**519**
NV Simamane	**468**	**468**
GM Tapon Njamo	**502**	**502**
	3 567	**3 567**
June 2019*		
IS Fourie	834	834
M Bosman (appointed 1 March 2019)	96	96
HH Hickey	522	522
AGW Knock	512	512
Dr DSS Lushaba	505	505
NV Simamane	519	519
GM Tapon Njamo	428	428
	3 416	3 416

* *Amounts include VAT (where applicable).*

Prescribed Officers and key staff are paid by the subsidiary company Cashbuild (South Africa) (Pty) Limited.

	Basic salary	Expenses and travel allowance	Medical benefits	Company pension scheme contributions	Bonus~	Shares vesting value	Total
June 2020							
P Champion	**2 022**	**151**	**96**	**186**	**184**	**149**	**2 788**
W Dreyer	**2 052**	**92**	**112**	**205**	**178**	**157**	**2 796**
A Havenga	**1 946**	**69**	**–**	**183**	**163**	**144**	**2 505**
MS Masala*	**1 849**	**177**	**119**	**196**	**171**	**126**	**2 638**
I Mckay	**1 930**	**226**	**72**	**170**	**170**	**126**	**2 694**
H Steenberg	**1 805**	**142**	**–**	**169**	**157**	**–**	**2 273**
T Myburg	**1 446**	**317**	**131**	**143**	**145**	**22**	**2 204**
H Roos	**1 795**	**101**	**–**	**186**	**153**	**59**	**2 294**
M Scholes	**1 612**	**150**	**–**	**150**	**145**	**25**	**2 082**
Z Matolo	**1 867**	**51**	**83**	**205**	**165**	**–**	**2 371**
	18 324	**1 476**	**613**	**1 793**	**1 631**	**808**	**24 647**

	Basic salary	Expenses and travel allowance	Medical benefits	Company pension scheme contributions	Bonus+	Shares vesting value	Total
June 2019							
P Champion	1 969	179	57	177	500	–	2 882
W Dreyer^	1 633	109	84	163	311	–	2 300
A Havenga	1 843	68	–	174	435	–	2 520
MS Masala*^	439	41	28	47	339	–	894
I Mckay^	1 503	259	55	133	239	–	2 189
H Steenberg	1 714	131	–	161	419	–	2 425
A Prinsloo^	2 528	483	–	–	-	–	3 011
	11 629	1 270	224	855	2 243	–	16 221

~ *Bonus accrued for the current year.*
* *Prescribed officer.*
^ *Salary earned prior to being appointed as director.*
\+ *Paid in the current financial year.*

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38. RISK MANAGEMENT

Financial risk management

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 managing the risk and the methods used to measure the risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group 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 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 Group Audit 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 Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty 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.

Credit risk consists mainly of 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.

Sales to retail customers are settled in cash or using debit and credit cards. Except for the total exposure represented by the respective statement 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.

The table below shows the cash invested at the statement of financial position date at financial institutions grouped per the Fitch short-term credit rating (BB+) of the financial institutions:

	Group		Company	
Figures in Rand thousand	**28 June 2020**	30 June 2019	**28 June 2020**	30 June 2019
Cash held at financial institutions	**1 951 582**	590 150	**9 206**	2 776

Credit is only given to a small number of customers of which the majority is covered by credit insurance. At year-end only 3% (June 2019: 3%) of our trade debtors over 90 days were not covered by credit insurance. Therefore, from a credit risk perspective, trade debtors are considered an insignificant portion of the business. Accordingly, the Group has no significant concentrations of credit risk.

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. The Group review includes external ratings, bank references and obtaining credit reports. Purchase limits are established for each customer. Furthermore, credit insurance is taken out for the majority of receivables balances. For smaller customers, surety from directors is required.

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 12.

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 R644 million (June 2019: R622 million).

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Group				
Figures in Rand thousand	30 days or less	More than 30 days but less than one year	One to five years	Over five years	Total
Non-derivative financial liabilities					
June 2020					
Lease liabilities	**–**	**(182 610)**	**(806 706)**	**(625 884)**	**(1 615 200)**
Trade liabilities	**(639 177)**	**(961 145)**	**–**	**–**	**(1 600 322)**
June 2019					
Trade liabilities	–	(910 870)	–	–	(910 870)

	Company				
Figures in Rand thousand	30 days or less	More than 30 days but less than one year	One to five years	Over five years	Total
Non-derivative financial liabilities					
June 2020					
Trade liabilities	**–**	**(8 809)**	**–**	**–**	**(8 809)**
June 2019					
Trade liabilities	–	(2 378)	–	–	(2 378)

Trade liabilities and accruals we expect to be settled by cash resources and changes in working capital. At reporting date, the Group held cash of R1 952 million and R590 million respectively, which are expected to readily generate cash inflows to manage any liquidity risk.

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 borrowings 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.

38. RISK MANAGEMENT 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. There were no open forward exchange contracts at period end.

Foreign currency exposure at the end of the reporting period

Figures in Rand thousand	**2020**	2019
Botswana Pula exposed to Rand		
Trade receivables	**3 533**	6 864
Cash and cash equivalents	**131 797**	65 599
Trade payables	**(83 519)**	(60 070)
Malawi Kwacha exposed to Rand		
Trade receivables	**360**	39
Cash and cash equivalents	**39 430**	12 722
Trade payables	**(15 870)**	(8 771)
Zambia Kwacha exposed to Rand		
Trade receivables	**–**	523
Cash and cash equivalents	**1 488**	2 593
Trade payables	**(87 242)**	(78 888)
US Dollar exposed to Rand (Zambia)		
Cash and cash equivalents	**(264)**	67
Exchange rates used for conversion were:		
Botswana Pula – Reporting date rate	**1.48**	1.33
Botswana Pula – Average rate	**1.41**	1.34
Malawi Kwacha – Reporting date rate	**0.02278**	0.01779
Malawi Kwacha – Average rate	**0.02212**	0.01892
Zambia Kwacha – Reporting date rate	**0.93**	1.09
Zambia Kwacha – Average rate	**1.02**	1.19
US Dollar – Reporting date rate	**18.41**	12.92

If the currency had weakened/strengthened by 10% against the Malawi Kwacha with all other variables, in particular interest rates held constant, comprehensive income for the year would have been affected by R2.3 million (June 2019: R0.5 million) mainly as a result of foreign exchange gains or losses on translation of Kwacha denominated trade receivables, cash and cash equivalents and trade payables.

If the currency had weakened/strengthened by 10% against the Botswana Pula with all other variables, in particular interest rates held constant, comprehensive income for the year would have been affected by R5.2 million (June 2019: R0.5 million) mainly as a result of foreign exchange gains or losses on translation of Pula denominated trade receivables, cash and cash equivalents and trade payables.

If the currency had weakened/strengthened by 10% against the Zambia Kwacha with all other variables, in particular interest rates held constant, comprehensive income for the period would have been affected by R8.6 million (June 2019: R6.9 million) mainly as a result of foreign exchange gains or losses on translation of Zambian Kwacha denominated trade receivables, cash and cash equivalents and trade payables. Zambian operations are also exposed to the US Dollar and if that currency had weakened/strengthened by 10% the Group results would be affected by R0.2 million (June 2019: R0.5 million) mainly as a result of foreign exchange gains or losses on translation of US Dollar denominated trade receivables, cash and cash equivalents and trade payables.

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 only interest rate risk that the Company is exposed to relates to bank borrowings and deposits.

Price risk

The Group is not exposed to significant commodity price risk.

Capital risk management

The capital structure of the Group consists of debt, cash and cash equivalents disclosed in note 13, and equity as disclosed in the statement 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.

The Group's target is to maintain a dividend cover of two times annual result. The Group has achieved an actual dividend cover of two times annual result in both the current and prior financial period.

COVID-19 risk

Cashbuild supports the measures the South African Government and Governments of the other countries in which it trades have outlined to contain the spread of the Covid-19 virus and complies with the required regulations in regard to protection of staff and customers at its stores and support office. Cashbuild has appropriate response mechanisms in place to deal with any positive Covid-19 cases reported at its stores, resulting in deep cleaning and self-isolation of staff while the stores continue trading utilising staff from nearby stores or towns.

39. EVENTS AFTER THE REPORTING PERIOD

Cashbuild has entered into a definitive sale and purchase agreement ("SPA") on 3 August 2020 with Pepkor Holdings Limited ("Pepkor"), subject to conditions, to acquire 100% of the issued share capital of The Building Company Proprietary Limited ("TBC"), a wholly-owned subsidiary of Pepkor, and the shareholder loan claims of Pepkor against TBC, for a purchase consideration of R1 074 700 000 (the "Transaction").

Key terms of the transaction

The purchase consideration payable by Cashbuild is R1 074 700 000 (the "Purchase Consideration"), payable at the time of Transaction closing, subject to:

- an escalation rate of 5.5% per annum from 1 January 2021 until the Transaction closing date; and
- the sum of the Purchase Consideration and the total escalation not exceeding R1 119 700 000.

Conditions Precedent

The Transaction, is subject to, *inter alia*, the following conditions precedent ("Conditions Precedent"):

- all regulatory approvals (including but not limited to the required competition authorities and Takeover Regulation approvals, as defined in the Companies Act No. 71 of 2008) being obtained; and
- the Debt Financing agreements being duly executed and becoming unconditional.

Categorisation of the transaction

In terms of the JSE Listings Requirements, the Transaction is classified as a category 2 transaction and accordingly, does not require approval by the shareholders of Cashbuild.

More details of the transaction are available on the Company website.

40. NEW STANDARDS AND INTERPRETATIONS

40.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:

- IFRS 16 Leases

Refer to note 2 for the impact of adopting new standards.

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model.

40.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE AND ADOPTED

There were no standards not yet effective that would have a material impact on the financial statements.

4

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Shareholders' Analysis

Listed below is an analysis of holdings extracted from register of ordinary holders at 28 June 2020:

Distribution of Shareholders	% Holding*	Number of shares
Directors	0.07	17 232
The Cashbuild Empowerment Trust	7.06	1 764 999
Cashbuild (South Africa) (Pty) Ltd	1.92	480 554
The Cashbuild Operations Management Member Trust	0.10	24 029
Assurance Companies	1.82	454 426
Close Corporations	0.07	18 439
Collective Investment Schemes	22.91	5 724 571
Custodians	9.13	2 281 547
Foundations & Charitable Funds	0.49	122 138
Government organisations	5.66	1 415 101
Hedge Funds	0.78	195 786
Insurance Companies	0.15	36 379
Investment Partnerships	0.02	5 948
Managed Funds	0.03	7 493
Medical Aid Funds	0.71	176 559
Private Companies	18.79	4 694 869
Public Companies	0.22	55 977
Public Entities	0.07	17 597
Retail Shareholders	13.74	3 431 868
Retirement Benefit Funds	11.08	2 769 711
Scrip Lending	3.92	979 660
Stockbrokers & Nominees	0.41	102 188
Trusts	0.85	212 693
Unclaimed Scrip	0.00	47
Total	**100.00**	**24 989 811**
Shareholder spread		
1 - 1,000	1.50	374 429
1,001 - 10,000	5.04	1 261 164
10,001 - 100,000	17.25	4 310 283
100,001 - 1,000,000	43.98	10 989 574
Over 1,000,000	32.23	8 054 361
Total	**100.00**	**24 989 811**

The following shareholders held in excess of 5% of the shares of the Company at 28 June 2020:

	% Holding	Number of shares
Allan Gray	21.44	5 358 173
Pat Goldrick	10.02	2 504 823
Cashbuild Empowerment Trust	7.06	1 764 999
SRA Investments (Pty) Ltd	6.00	1 500 000
Ninety One	5.27	1 317 993
Public Investment Corporation	5.26	1 314 015

Directors' shareholding at 28 June 2020:	Holdings	Number of shares
AE Prowse	2	11 632
WF de Jager	1	2 698
NV Simamane	1	1 200
SA Thoresson	1	1 038
WP van Aswegen	1	664
	6	**17 232**

Public/non-public shareholders	No. of shareholders	No. of shares	%
Non-public shareholders	**9**	**2 286 814**	**9.15**
Directors and associates (excluding employee share schemes)	6	17 232	0.07
Cashbuild Empowerment Trust	1	1 764 999	7.06
Cashbuild (South Africa) (Pty) Ltd	1	480 554	1.92
The Cashbuild Operations Management Member Trust	1	24 029	0.10
Public shareholders	2 384	22 702 997	90.85
Total	**2 393**	**24 989 811**	**100.00**

Shareholders' Diary

Final results published	1 September 2020
Final dividend paid	28 September 2020
2020 Integrated Report posted to shareholders	30 October 2020
Annual General Meeting	30 November 2020
Interim results for the six months ending December 2020	March 2021
Annual results for the year ending June 2021	September 2021

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 34th Annual General Meeting of shareholders of Cashbuild will be held in the Boardroom, Cashbuild Support Office, 101 Northern Parkway Road, Ormonde, Johannesburg on Monday, 30 November 2020 at 10:00.

1. RECEIPT OF ANNUAL FINANCIAL STATEMENTS, AUDIT COMMITTEE REPORT AND SOCIAL AND ETHICS COMMITTEE REPORT

1.1 To receive the audited Annual Financial Statements of the Company and of the Cashbuild Group (being Cashbuild and its subsidiaries) for the year ended 28 June 2020, together with the reports of the directors, the Audit Committee and the External Auditors. The Annual Financial Statements can be obtained from the Cashbuild website at www.cashbuild.co.za/report_2020.php or can be requested from the Company Secretary.

1.2 To receive the report of the Social and Ethics Committee for the year ended 28 June 2020, as required in terms of Regulation 43 of the Companies Regulations, 2011 ("the Regulations"), as set out in the Integrated Report.

2. 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 and the Companies Act, as read with the JSE Listings Requirements:

2.1 ORDINARY RESOLUTION NUMBER ONE: RE-ELECTION OF DIRECTOR

To RESOLVE to re-elect Ms HH Hickey in terms of clause 13.4 of the MOI, who became a director on 1 July 2012, and who retires by rotation but, being eligible, offers herself for re-election. The Board supports her re-election.

A brief biography of Ms Hickey is contained on page 35 of the Integrated Report.

2.2 RE-ELECTION OF DIRECTOR: NV SIMAMANE

To note that Ms NV Simamane was due to be re-elected as a director in terms of clause 13.4 of the MOI. Ms Simamane does not offer herself for re-election.

2.3 ORDINARY RESOLUTION NUMBER TWO: RE-APPOINTMENT OF INDEPENDENT AUDITOR

To RESOLVE to appoint PricewaterhouseCoopers Incorporated ("PwC") to act as the independent auditor of the Company for the financial year ending 30 June 2021 until the end of the next Annual General Meeting in November 2021. The individual registered auditor responsible for the audit is Mr Andries Rossouw.

The Audit Committee has concluded that the appointment of PwC will comply with the requirements of section 90 of the Companies Act and the Regulations, and accordingly nominated PwC for re-appointment as auditor of the Company.

The Audit and Risk Committee initiated a project during the financial year for the implementation of the Mandatory Audit Firm Rotation ("MAFR") for the Group. In terms of the MAFR requirements, the Group must be compliant by 30 June 2024. The Committee has determined to make a recommendation at the Annual General Meeting to be held during 2021.

Notice of Annual General Meeting continued

2. ORDINARY RESOLUTIONS CONTINUED

2.4 ORDINARY RESOLUTIONS NUMBERS THREE, FOUR, FIVE AND SIX: APPOINTMENT OF AUDIT COMMITTEE MEMBERS

To RESOLVE, as provided in section 94 of the Companies Act, to elect the following directors to serve as members of the Audit Committee until the end of the next Annual General Meeting, each by way of a separate vote:

2.4.1 Ordinary Resolution number three

To appoint Mr M Bosman as a member of the Audit Committee.

2.4.2 Ordinary Resolution number four

To appoint Ms HH Hickey as Chairperson and member of the Audit Committee (subject to her re-election as a director in terms of Ordinary Resolution number one).

2.4.3 Ordinary Resolution number five

To appoint Dr DSS Lushaba as a member of the Audit Committee.

2.4.4 Ordinary Resolution number six

To appoint Ms GM Tapon Njamo as a member of the Audit Committee.

3. 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 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.

3.1 ORDINARY RESOLUTION NUMBER SEVEN: ENDORSEMENT OF THE COMPANY'S REMUNERATION POLICY

To ENDORSE, on an advisory basis, the Company's Remuneration Policy as set out in Section A of the Remuneration Report contained in the Integrated Report.

Motivation for advisory endorsement
In terms of King IV™ and the JSE Listings Requirements, an advisory vote should be obtained from the shareholders on the Company's Remuneration Policy. The vote allows shareholders to express their views on the remuneration policy, but will not be binding on the Company.

3.2 ORDINARY RESOLUTION NUMBER EIGHT: ENDORSEMENT OF THE IMPLEMENTATION OF THE COMPANY'S REMUNERATION POLICY

To ENDORSE, on an 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.

Motivation for advisory endorsement
In terms of King IV™ and the JSE Listings Requirements, an advisory vote should be obtained from shareholders on the implementation report of the Company's Remuneration Policy. The vote allows shareholders to express their views on the extent of the implementation of the Company's Remuneration Policy, but will not be binding on the Company.

4. 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:

4.1 SPECIAL RESOLUTION NUMBER ONE: REMUNERATION OF NON-EXECUTIVE DIRECTORS

To APPROVE that the remuneration of the non-executive directors of the Company remains unchanged from the previous year, for the period 1 July 2020 to 30 June 2021, as set out below:

		Excluding VAT	Payable
Annual retainer	Chairman	**300 000**	Annually
	Director	**190 000**	Annually
Board and Strategy meetings	Chairman	**51 500**	Each meeting
	Director	**27 000**	Each meeting
Audit and Risk Committee meetings	Chairman	**20 000**	Each meeting
	Director	**16 500**	Each meeting
All other meetings	Chairman	**18 000**	Each meeting
	Director	**15 000**	Each meeting

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.

4.2 SPECIAL RESOLUTION NUMBER TWO: FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT 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 thinks fit, but subject to compliance with the requirements of the MOI, the Companies Act and 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.

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 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 inter-related 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.

4. SPECIAL RESOLUTIONS CONTINUED

4.2 SPECIAL RESOLUTION NUMBER TWO: FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT TO ASSOCIATED OR GROUP COMPANIES CONTINUED

In terms of the Treasury Management function and policies of the Group, Cashbuild is required, from time-to-time, to provide financial assistance to other entities within the Group in the ordinary course of business.

The authorisation of any such financial assistance will be, and remain, subject to the Board being satisfied that immediately after granting the financial assistance, the Company will satisfy the solvency and liquidity test set out in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

In accordance with section 45(5) of the Companies Act, the Board gives notice to shareholders of its intention to propose a resolution authorising the Company to provide financial assistance to certain related and/or inter-related companies, which Board resolution will take effect on the passing of Special Resolution Number two set out above.

75% of voting rights exercised will be required for this special resolution to be adopted.

4.3 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 has 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 effect 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 International Financial Reporting Standards; 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 150 of the Integrated Report
Capital structure of the Company	Page 129 of the Integrated Report

Explanatory note in respect of Special Resolution number 3
The reason for Special Resolution number 3 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 page 34 and 35 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 audit report for the financial year ended 28 June 2020 and up to the date of this Notice of the 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, 20 November 2020, with the last day to trade in order to be able to participate and vote at the Annual General Meeting being Tuesday, 17 November 2020.

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 make application in writing using the electronic participation form attached to this notice of Annual General Meeting (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate, to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, at its address below, to be received by the Transfer Secretaries at least five business days 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.

Notice of Annual General Meeting continued

VOTING AND PROXY 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).

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

31 August 2020

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 BOARDROOM, CASHBUILD SUPPORT OFFICE, 101 NORTHERN PARKWAY ROAD, ORMONDE, JOHANNESBURG ON MONDAY, 30 NOVEMBER 2020 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, 30 November 2020 at 10:00 and at any adjournment thereof, in the boardroom, Cashbuild Support Office, 101 Northern Parkway Road, Ormonde, Johannesburg, and to vote for me/us in respect of the undermentioned Resolutions in accordance with the following instructions.

		Number of voting rights (one vote per share)		
		For	Against	Abstain
1.	Ordinary Resolution number one: Re-election of director: HH Hickey			
2.	Ordinary Resolution number two: Re-appointment of Independent Auditor			
3.	Ordinary Resolutions number three, four, five and six: Appointment of Audit Committee members:			
3.1	Ordinary Resolution number three: M Bosman			
3.2	Ordinary Resolution number four (subject to ordinary resolution number One being passed): HH Hickey			
3.3	Ordinary Resolution number five: DSS Lushaba			
3.4	Ordinary Resolution number six: GM Tapon Njamo			
4.	Ordinary Resolution number seven: Endorsement, on a non-binding advisory basis, of the Company's remuneration policy			
5.	Ordinary Resolution number eight: Endorsement, on a non-binding advisory basis, of the implementation of the Company's remuneration policy			
6.	Special Resolution number one: Remuneration payable to non-executive directors			
7.	Special Resolution number two: Financial assistance to associated or Group companies			
8.	Special Resolution number three: General repurchase of shares			

Signed at on 2020

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 need not be a shareholder of the Company.

Form of Proxy continued

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 proxy form.
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 proxy forms with the Transfer Secretaries:

   Computershare Investor Services Proprietary Limited

   Hand deliveries:
   Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

   OR postal deliveries:
   Private Bag X9000
   Saxonwold, 2132

   OR facsimile:
   011 688-5238

   OR email:
   proxy@computershare.co.za

   by no later than 24 hours before the Annual General Meeting, being Friday, 27 November 2020, 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 them 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 IN 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 Computershare, by delivering the duly completed Form to: Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank, 2196, or posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the Participant), or by email to proxy@computershare.co.za so as to be received by Computershare by no later than 09:00 on Monday, 23 November 2020. Computershare 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 meeting at 09:00 on Friday, 27 November 2020, 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 form)

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:

Notes

Abbreviations and Definitions

The abbreviations and definitions listed below have been used throughout this Integrated Report.

"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
"CAGR"	Compounded Annual Growth Rate
"Cashbuild" or "the Group" or "the Company"	Cashbuild Limited and its subsidiaries
"CB"	Cashbuild
"CGR"	Corporate Governance Report contained within this IR
"CIPC"	Companies and Intellectual Property Commission
"CO2e"	Carbon dioxide equivalent
"CPI"	Consumer Price Index
"Closing PE ratio"	Market value per share at 28 June divided by HEPS
"Companies Act"	Companies Act No 71 of 2008, as amended
"CSDP"	Central Securities Depositary Participants
"CSI"	Corporate Social Investment
"DEA"	Department of Environmental Affairs
"Dividend cover"	EPS divided by dividend per share
"DWT"	Dividend Withholding Tax
"Earnings yield"	HEPS as a percentage of market value per share
"EBIT"	Earnings before interest and taxation
"ED"	Enterprise Development
"EDRA"	European DIY Retail Association
"EE"	Employment Equity
"EPS"	Earnings per share
"ERP"	Earnings per share
"ESG"	Enterprise Resource Planning system
"FSP"	Forfeitable Share Plan
"GDP"	Gross Domestic Product
"GHIN"	Global Home Improvement Network
"GRI"	Global Reporting Initiative
"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
"ILO"	International Labour Organisation
"IR"	Integrated Report
"IT"	Information and Technology
"JSE"	JSE Limited
"King IV™"	Report on Corporate Governance for South Africa 2016
"kWh"	kilowatt-hour
"Listings Requirements"	Listings Requirements of the JSE
"Ltd"	Limited
"LTI"	Long-Term Incentive
"MOI"	Memorandum of Incorporation
"MWth"	Megawatts thermal
"N/A"	Not applicable
"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
"NQF"	National Qualifications Framework
"OHSAS"	Occupational Health and Safety Advisory Service
"Operating profit margin"	Operating profit as a percentage of revenue
"OR"	Ordinary Resolution
"P&L Hardware"	P&L Hardware (Pty) Ltd
"PDI"	Previously Disadvantaged Individual
"PE"	Price earnings, market value per share divided by HEPS
"Pty"	Proprietary
"PwC"	PricewaterhouseCoopers Inc.
"RMR"	Risk Management Review
"ROCE"	Return on Capital Employed
"SABS"	South African Bureau of Standards
"SARS"	South African Revenue Services
"SECOM"	Social and Ethics Committee
"SENS"	Stock Exchange News Service
"SETA"	Sector Education and Training Authority
"SHE"	Safety, Health and Environment
"SKU"	Stock Keeping Unit
"SOQ"	Suggested Order Quantity
"SPR"	Special Resolution
"SR"	Sustainability Report contained within this IR
"SRI"	Socially Responsible Investment
"STI"	Short-Term Incentive
"the Board"	The Board of Directors of Cashbuild
"the Company"	Cashbuild Limited
"the current year"	The financial year ended 28 June 2020
"the next year"	The financial year ending 30 June 2021
"the previous year"	The financial year ended 30 June 2019
"TSR"	Total Shareholder Return
"UN"	United Nations
"VAT"	Value Added Tax
"WACC"	Weighted-Average Cost of Capital

Corporate Information

Registration number	1986/001503/06
Share code	CSB
ISIN	ZAE000028320
Registered office	101 Northern Parkway 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	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07) Rosebank Towers, 15 Biermann Avenue Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132)
Investor Relations	Keyter Rech Investor Solutions CC (Registration number 2008/156985/23 Fountain Grove Office Park, 5 2nd Road Hyde Park, 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

Cashbuild

www.cashbuild.co.za