

UNAUDITED INTERIM GROUP RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Six months to 31 Aug 2020	Six months to 31 Aug 2019
Revenue	62 326	62 057
Cost of sales	(38 562)	(38 561)
Gross profit	23 764	23 496
Other income	376	44
Distribution costs	(5 555)	(5 948)
Administration expenses	(16 058)	(17 186)
Finance costs	(311)	(551)
Profit/(loss) before tax	2 216	(145)
Taxation	(1 155)	22
Profit/(loss) for the period	1 061	(123)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Movement in foreign currency translation reserve	156	(31)
Total comprehensive income/(loss) for the period attributable to ordinary shareholders	1 217	(154)
Profit/(loss) per ordinary share		
— basic and diluted (cents)	13,03	(1,51)
Headline profit/(loss) per ordinary share		
— basic and diluted (cents)	12,94	(1,51)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 31 Aug 2020	As at 31 Aug 2019
Assets		
Non-current assets	34 033	33 333
Property, plant and equipment	27 602	26 877
Right of use assets	4 260	4 636
Intangibles	1 734	1 383
Goodwill	437	437
Current assets	42 170	35 622
Inventories	18 997	16 711
Trade receivables and other receivables	21 116	17 378
Cash and cash equivalents	2 057	1 533
Total assets	76 203	68 955
Liabilities		
Non-current liabilities	7 578	8 268
Deferred tax liabilities	5 961	5 667
Borrowings	1 617	2 601
Current liabilities	19 955	16 478
Trade and other payables	12 558	13 033
Bank overdraft	5 835	2 122
Borrowings	1 562	1 323
Total liabilities	27 533	24 746
Net assets	48 670	44 209
Equity		
Capital and reserves attributable to the Company's equity holders		
Ordinary shares and premium	6 871	6 871
Reserves	41 799	37 338
Total equity	48 670	44 209
Net asset value per share (cents)	597,69	542,91

DIVIDENDS

R'000	Six months to 31 Aug 2020	Six months to 31 Aug 2019
Dividend declared per ordinary share (cents)		
— interim	—	—

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Six months to 31 Aug 2020	Six months to 31 Aug 2019
Cash flows from operating activities		
Cash receipts from customers	59 134	60 947
Cash paid to suppliers and employees	(58 748)	(53 783)
Cash (used in)/from operations	386	7 164
Interest paid	(311)	(551)
Taxation paid	(229)	—
Net cash (used in)/from operating activities	(154)	6 613
Cash flows from investing activities		
Purchases of property, plant and equipment	(230)	(39)
Purchases of intangible assets	(40)	(152)
Proceeds on sale of property, plant and equipment	177	—
Net cash used in investing activities	(93)	(191)
Cash flows from financing activities		
Repayment of lease liabilities	(412)	(813)
Net cash used in financing activities	(412)	(813)
Net (decrease)/increase in cash and cash equivalents	(659)	5 609
Cash and cash equivalents at beginning of period	(3 013)	(6 242)
Effect of exchange rate changes on cash and cash equivalents	(106)	44
Cash and cash equivalents at end of period	(3 778)	(589)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Six months to 31 Aug 2020	Six months to 31 Aug 2019
Ordinary shares	407	407
Share premium	6 464	6 464
Foreign currency translation reserve	281	91
Opening balance	125	60
Movement for the period	156	31
Revaluation reserve	8 418	7 491
Opening balance	8 396	7 497
Movement for the period	22	(6)
Retained earnings	33 100	29 756
Opening balance	32 060	29 873
Total profit/(loss) for the period	1 061	(123)
Movement for the period	(21)	6
Total shareholders' equity	48 670	44 209

RECONCILIATION OF HEADLINE EARNINGS

R'000	Six months to 31 Aug 2020	Six months to 31 Aug 2019
Profit/(loss) attributable to shareholders	1 061	(123)
Profit on disposal of property, plant and equipment	(10)	—
Income tax effect on disposal	3	—
Headline earnings/(loss)	1 054	(123)
Weighted average number of ordinary shares in issue ('000)	8 143	8 143
Headline earnings/(loss) per ordinary share		
— basic and diluted (cents)	12,94	(1,51)

SUPPLEMENTARY INFORMATION

R'000	Six months to 31 Aug 2020	Six months to 31 Aug 2019
Capital expenditure	(739)	(911)

UNAUDITED INTERIM GROUP RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2020

OPERATING SEGMENTS

R'000	Automotive	Industrial	Exports	Consumer goods	Head office, manufacturing and other	Total
Six months to 31 Aug 2020						
Segment sales	18 071	21 091	9 212	13 648	304	62 326
External foreign customers	2 530	284	9 212	—	—	12 026
External local customers	15 541	20 807	—	13 648	304	50 300
Segment cost of sales	(7 588)	(9 122)	(4 878)	(10 627)	(6 347)	(38 562)
External foreign customers	(960)	(88)	(4 878)	—	—	(5 926)
External local customers	(6 628)	(9 034)	—	(10 627)	(6 347)	(32 636)
Segment gross profit/(loss)	10 483	11 969	4 334	3 021	(6 043)	23 764
External foreign customers	1 570	196	4 334	—	—	6 100
External local customers	8 913	11 773	—	3 021	6 043	17 664
Segment other income	—	—	—	—	376	376
Segment distribution costs	(1 261)	(1 277)	(2 001)	—	(1 016)	(5 555)
Segment administrative expenses	(2 331)	(2 052)	(764)	—	(10 911)	(16 058)
Segment finance costs	—	—	—	—	(311)	(311)
Profit/(loss) before tax	6 891	8 640	1 569	3 021	(17 905)	2 216
Taxation	—	—	(80)	—	(1 075)	(1 155)
Profit/(loss) for the period	6 891	8 640	1 489	3 021	(18 980)	1 061
Six months to 31 Aug 2019						
Segment sales	17 995	24 570	8 376	10 930	186	62 057
External foreign customers	2 263	342	8 376	—	—	10 981
External local customers	15 732	24 228	—	10 930	186	51 076
Segment cost of sales	(9 107)	(11 414)	(4 172)	(8 390)	(5 478)	(38 561)
External foreign customers	(1 006)	(152)	(4 172)	—	—	(5 330)
External local customers	(8 101)	(11 262)	—	(8 390)	(5 478)	(33 231)
Segment gross profit/(loss)	8 888	13 156	4 204	2 540	(5 292)	23 496
External foreign customers	1 257	190	4 204	—	—	5 651
External local customers	7 631	12 966	—	2 540	(5 292)	17 845
Segment other income	—	—	—	—	44	44
Segment distribution costs	(1 247)	(1 732)	(2 021)	(28)	(920)	(5 948)
Segment administrative expenses	(2 665)	(2 881)	(680)	—	(10 960)	(17 186)
Segment finance costs	—	—	—	—	(551)	(551)
Profit/(loss) before tax	4 976	8 543	1 503	2 512	(17 679)	(145)
Taxation	—	—	(94)	—	116	22
Profit/(loss) for the period	4 976	8 543	1 409	2 512	(17 563)	(123)

BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 31 August 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, and Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act and the JSE Listings Requirements.

The condensed consolidated interim financial statements do not include all the disclosures required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the directors and the directors take full responsibility for the preparation thereof.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 29 February 2020. The unaudited condensed consolidated interim financial statements have been prepared by the Financial Director: S Vassan Makan CA(SA).

COMMENTARY

Points of interest:

- Revenue consistent with prior year at R62 326 000
- Profit after tax increased to R1 061 000 from a loss of R123 000
- NAV increased 10% to 597,69 cents per share

Statement by the Chief Executive Officer: Tracy Spanjaard

After a significant transformation at Board level in the prior financial year, Spanjaard Limited began the 2021 financial year with renewed vigour and enthusiasm along with key strategic drivers that included a focus on growth while also strengthening all pillars of the business to improve operational efficiencies and profitability.

Spanjaard experienced significant disruption following the South African Government declaring a National Disaster in March 2020 followed by a National lockdown in response to the COVID-19 global pandemic. The lockdown led to a total shutdown of all non-essential services, with a gradual relaxation of lockdown levels in the ensuing months.

In response to the lockdown, the Company acted swiftly by identifying risks and developing a continuity plan which allowed the Company to continue to operate, although at a significantly reduced capacity.

Furthermore, in response to health risks presented by COVID-19, Spanjaard developed a hand and surface sanitiser for its staff members. Soon thereafter the product was made available to essential service providers to meet some of the critical demand. The development of this product, along with Spanjaard's food manufacturing division played a significant role in enabling the business to continue operating.

As an essential service provider, materials utilised in producing the essential service products were available which allowed the business to continue to trade during the lockdown. The Company's Dutch operation, Spanjaard EU BV, also continued trading during the lockdown period as trading between European Countries was still permitted during the lockdown period.



SPANJAARD LIMITED (Incorporated in the Republic of South Africa)
REGISTRATION NUMBER: 1960/004393/06 **SHARE CODE:** SPA
ISIN: ZAE000006938 ("Company" or "Group")

UNAUDITED INTERIM GROUP RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2020

Despite the significantly challenging economic environment in South Africa as well as the restrictions brought about by the global pandemic, Spanjaard managed to maintain Revenue for the period at R62,326 million. Profit after tax improved to R1,061 million from a loss of R123 thousand in the prior period, while Headline Earnings per Share (HEPS) increased to 12.94 cents per share from a headline loss of 1.51 cents per share compared to the same period in the prior year. The Company's Net Asset Value (NAV) increased by 10 percent to 597.69 cents per share.

Factors that contributed to the positive results included: the development of the hand and surface sanitiser; increased sales of our Consumer Goods products (which is likely to be attributed to an increase in consumers cooking at home as a result of lockdown); lower distribution costs as a result of customers collecting inventory at our warehouse during the period; reduction in once-off costs that were incurred in the prior period; strict cost management over the lockdown period, and weakened exchange rates contributing to improved revenue generated through exports.

The Automotive segment sales remained stable with a slight decrease noted in the Industrial segment sales. This was due to the closure of all major industrial clients over the period due to the lockdown.

Despite the pandemic, the Company has managed to maintain its cash flow position through strict cash management, selling of sanitiser on a cash basis and negotiating favourable payment terms with suppliers and a lower prime overdraft rate. As at the period end, the Company reverted to normal payment terms with all suppliers.

The Company continues to strive to grow the business and anticipates revenue to be maintained going forward as lockdown rules are relaxed and the country slowly resumes economic activity. The Force Majeure, declared by a major gas supplier, that impacted the Company in the second half of the prior year is not anticipated to recur which will assist in maintaining stock levels and therefore revenue during the second half of the financial year.

On 31 March 2020, Mr MJ Siddall resigned from the Board. Mr M Notrica was appointed Interim Chairman of the Board and Mr HF Kocks was appointed to the Board on 25 May 2020 as an Independent Non-executive Director. Furthermore, the Board confirmed my permanent appointment as Chief Executive Officer effective 1 September 2020.

We remain focused while exercising vigilance in our approach to the business and look to opportunities for future growth. The leadership at Spanjaard is committed to serving customers, shareholders and the industry with excellence, and to ensuring that we continue the strong work inspired by our Founder. As a Board we will remain deeply committed to actively responding to the voice of our shareholders.

Interim dividend

No interim dividend was declared by the Board for the six months ended 31 August 2020 (31 August 2019: RNil).

By order of the Board

M Notrica
Independent Non-executive Chairman

SS Zikalala
Chairman — Audit Committee

TN Spanjaard
CEO

30 November 2020

COMPANY INFORMATION

Registration number

1960/004393/06

Directors

M Notrica* (Independent Non-executive Chairman), TN Spanjaard (Chief Executive Officer), S Vassan Makan (Financial Director), GF Cort, CKT Palmer, HF Kocks*, SS Zikalala*

* Independent Non-executive.

Registered office

748-750 Fifth Street, Wynberg, Sandton, 2090

Company Secretary

Levitt Kirson Business Services (Pty) Ltd, 4th Floor, Aloe Grove, Houghton Estate Office Park, 2 Osborn Road, Houghton, 2198

Transfer Secretaries

Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Bierman Avenue, Rosebank, Johannesburg, 2196

Sponsor

AcaciaCap Advisors Proprietary Limited, 20 Stirrup Lane, Woodmead Office Park, Corner Woodmead Drive and Van Reenens Avenue, Woodmead 2191

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