Annual financial **statements** 2024

THE SPAR GROUP LTD

Contents

Commentary

Salient features – continuing operations

Rmillion		Year ended 30 September 2024	Year ended 30 September 2023 Represented*	% change
Turnover[1]		**152 337.5**	146 461.0	4.0
Operating profit		**2 895.5**	2 516.7	15.1
Earnings per share	(cents)	**855.9**	687.2	24.5
Headline earnings per share	(cents)	**917.9**	826.0	11.1
Diluted headline earnings per share	(cents)	**917.5**	825.7	11.1

[1] *Turnover represents revenue from the sale of merchandise.*

* *The Polish operation has been classified as discontinued and comparative numbers represented. Refer to note 42 of the consolidated annual financial statements for the year ended 30 September 2024 for further details.*

Summary segment analysis

	Continuing operations				Discontinued operation
Rmillion	**The SPAR Group Ltd**	**Southern Africa**	**Ireland**	**Switzerland**	**Poland**
Profit/(loss)					
Turnover[1]	**152 337.5**	**95 997.1**	**40 674.3**	**15 666.1**	**2 948.6**
Gross profit	**18 179.1**	**9 128.5**	**6 187.5**	**2 863.1**	**648.8**
Gross profit margin (%)	**11.9**	**9.5**	**15.2**	**18.3**	**22.0**
Operating profit/(loss)	**2 895.5**	**1 461.0**	**1 216.8**	**217.7**	**(1 100.7)**
Operating margin (%)	**1.9**	**1.5**	**3.0**	**1.4**	**(37.3)**
Profit/(loss) before taxation	**2 116.9**	**1 108.0**	**925.1**	**83.8**	**(1 274.1)**
Financial position					
Net Borrowings	**9 115.3**	**3 368.9***	**2 150.1**	**2 833.1**	**763.2****

[1] *Turnover represents revenue from the sale of merchandise.*

* *Includes R1.18bn for the bridge facility raised to settle Polish term debt.*

** *To be settled from balance of bridge facility*

Performance overview

Continuing operations

The Group has made significant strides in its strategic priorities as it aims to optimise operations and achieve its growth objectives. Amidst navigating a challenging trading environment and addressing consumer pressures across various territories, together with the ongoing impacts of the SAP system implementation in South Africa, SPAR's continuing operations have demonstrated a resilient performance.

Turnover for the Group's continuing operations in Southern Africa, Ireland and South-West England ("**BWG Group**"), and Switzerland, increased by 4.0% to R152.3 billion. Turnover growth slowed in the second half of the financial year across all geographies, influenced by the ZAR translation impacts of the foreign subsidiaries as the currency strengthened, together with slowing levels of food inflation, increased competition across all markets and consumers that continue to experience cost-of-living constraints.

Gross profit margins remained stable at 11.9% compared to the previous financial year. Whilst interventions to resolve the SAP impacts in the KZN region are well underway, it will take some time for the full effects to be felt and for the overhang on gross margins to be eliminated; gross profit margin for SPAR South Africa, including SPAR, Tops and Build it, decreased from 8.7% to 8.5%. BWG Group saw a slight increase in its overall gross profit margin from 15.1% to 15.2%, driven by a more favourable category mix. Improved margin management within the wholesale and TopCC cash and carry business saw SPAR Switzerland's gross margin improve from 17.8% to 18.3%.

Operating expenses were well managed, increasing by 3.5% to R18.7 billion, underpinned by an increased focus on cost management and efficiency initiatives across the Group. The translation effect of foreign currency also impacted this performance. The Group delivered an operating profit of R2.9 billion, reflecting a 15.1% year-on-year increase, with an improvement in operating profit margin to 1.9% (2023: 1.7%).

Notwithstanding gross finance costs increasing by 11.1%, profit before tax rose by 15.8% to R2.1 billion (2023: R1.8 billion). Profit after tax grew by 20.9% to R1.6 billion (2023: R1.4 billion) and diluted headline earnings per share for continuing operations grew by 11.1% to 917.5 cents.

Group net borrowings reduced by R2.0 billion, from R11.1 billion as at 31 March 2024, to R9.1 billion at 30 September 2024, resulting in the net borrowings/EBITDA (determined on a pre-IFRS 16 basis) ratio improving to 2.41 times from 3.02 times in the previous financial year.

SPAR Southern Africa, including SPAR, Tops, Build it and Pharma, reported a 3.7% increase in turnover in a trading environment characterised by high inflation, high interest rates and low GDP growth. Core grocery and liquor turnover rose by 3.6%, with SPAR private label growing by 7.0%. Wholesale price inflation was internally measured at 5.5%. Build it achieved a 2.3% rise in turnover, improving from a 4.3% decline in the previous financial year. Pharmacy at SPAR saw a 14.5% growth in turnover due to a strong performance from Scriptwise. The SPAR2U on-demand shopping app expanded to 525 sites by the end of September, with order volumes increasing 380% year-on-year. Operating profit in our Southern African segment, excluding non-recurring items, increased by 26.1%

SPAR South Africa has arrested recent market share declines and stabilised its share amongst its key customer base over the past year with monthly market share, according to NielsenIQ, staying flat since February 2024. In the case of the liquor segment, which continues to be a crucial contributor to SPAR's overall market position, monthly market share has grown year-on-year.

Turnover in Ireland and South-West England, represented by **BWG Group**, grew by 2.8% in EUR terms and 6.7% in ZAR terms. Both markets faced challenges from persistent higher living and operating costs. In Ireland, the successful integration of recent acquisitions made over the last 18 months into the Value Centre network provided synergies and contributed to turnover growth. Management's continued focus on cost containment in this region led to improved operating profit margins. The hospitality sector continued to grow in Ireland, even amidst cautious consumer spending. The UK business, Appleby Westward group, reported a steep decline in turnover as UK retailers struggled throughout the year. The summer trading months were particularly weak, affected by very poor weather. This business has also dealt with the challenge of the change to the national minimum wage which came into effect from April 2024 and resulted in an increase of 9.8% in the minimum wage.

The Swiss macro-economy showed little signs of recovery for consumers, leaving them opting for cheaper alternatives locally and abroad. **SPAR Switzerland's** turnover declined by 6.2% in CHF terms (down 0.3% in ZAR terms) compared to the previous financial year. The sustained contraction in the gastronomy sector continued to negatively impact the cash and carry business, TopCC, which reported a marked decline in turnover. To address and defend against intensifying competition, the Group is focused on cost-saving initiatives and on its convenience and fresh food offering to counteract cross-border shopping effects.

Update on key strategic priorities

SPAR Poland Disposal

As stated in the Group's trading statement published on SENS on 21 November 2024, the sale of the Group's interest in SPAR Poland was approved by the Polish anti-monopoly authorities (UOKiK) on 19 November 2024 ("**Approval**"). The purchaser is conducting a final confirmatory due diligence to be completed within 30 business days of the Approval. The disposal of the Polish business will be completed once this process is finalised. Management is expecting to finalise the exit from Poland by early January 2025.

SAP Implementation Update

Significant progress has been made in resolving SAP integration issues, including improving visibility of pricing and subsidies for buyers, as well as addressing warehouse management inefficiencies that increased labour and transport costs through the selection of a new warehouse management system. Service levels achieved are currently in excess of 90% with KZN loyalty rates rising from 68.6% in the second quarter of 2024 to 70.9% in fourth quarter of 2024.

Banking facilities

During September 2024, the Group secured a R2.0 billion bridge facility from local lenders. R1.2 billion of the facility was used to partially settle the Polish funding as required per the terms of the sale. This facility will be converted into a medium-term loan by the end of March 2025. The remaining funds will settle the Polish business's working capital facilities at disposal closure. The Polish bridge facility is included in the disclosed closing net debt balance of R9.1 billion.

The Group was in compliance with all financing covenants as at year-end and remains committed to its debt restructuring plans, with no plans to seek additional funding from shareholders.

Shareholder distribution

The Group has been focused on addressing various challenges over the past 18 months to ensure financial stability, balance sheet resilience and maximise its ability to position itself to take advantage of growth opportunities. Whilst significant progress has been made, work remains ongoing in these areas. Consequently, the Board believes it is prudent to not declare a dividend for the year ended 30 September 2024 (2023: 0.0 cents per share). This decision will be reconsidered based on future macro-economic and operating conditions. Prioritising improved capital allocation, including shareholder returns, remains important to the Board.

Outlook

The operating environment across our territories continues to be challenging with ongoing inflationary pressures in food, fuel and energy, though these are showing signs of easing in some areas.

In South Africa, we saw strong growth in our value focused formats compared to subdued growth in our higher end stores, illustrating the prevailing tough macro-economic conditions and the impact on the middle and higher segment consumers. We believe that every customer should be treated as a segment of one, and we are focused on clarifying our market positioning through clearer format and brand architecture. To that end, SPAR's tiered private label approach is well placed to offer better value for all shopping budgets with the launch of a bespoke high-end offering seeking to capture the higher income consumer segment. The revitalised SaveMor store format will include high quality products at competitive prices and the model will be focused on operational efficiency to establish SaveMor as a leading discount retailer. We will continue to scale our on-demand grocery delivery offering, SPAR2U, in line with evolving consumer needs.

Our European strategic review is well underway, but ongoing and we are evaluating the return on capital for each international business unit. This review will guide our investment decisions, identifying where to allocate more capital, reassess existing models, or consider exits as part of our growth strategy.

As committed to shareholders, we have made significant progress on our 2024 priorities, including finalising the sale of SPAR Poland, reducing debt and stabilising our balance sheet position, resolving SAP issues at the KZN distribution centre, and working towards a 3% operating margin in Southern Africa, a target which remains intact. In 2025, we will focus on supporting SPAR's independent retailers, defining our target operating model, improving Group profitability, and finalising the ERP system modernisation plan.

MJ Bosman
Chairman

AP Swartz
Group Chief Executive Officer

27 November 2024

Directors' approval of the financial statements

The Board of Directors (the Board) is responsible for the maintenance of adequate accounting records and the integrity and fair presentation of the financial statements of the Company and Group and related information. The financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa, 71 of 2008 (as amended). The Group's independent external auditors, PricewaterhouseCoopers Inc., have audited the financial statements and their unmodified report appears on pages 18 to 85.

The Board is also responsible for the system of internal controls which are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, adequately safeguard, verify and maintain accountability of the assets, record all liabilities, and prevent and detect material misstatement and loss. The system is implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Internal audit has performed a written assessment confirming the effectiveness of the Company's system of internal controls and risk management, including internal financial controls. The Board confirms that during the period under review the Group has maintained an efficient and effective process to manage key risks. The Board is not aware of any current or anticipated key risks that may threaten the sustainability of the business.

In preparing the financial statements, the Company and Group have used appropriate accounting policies, supported by reasonable judgements and estimates, and have complied with all applicable accounting standards. The Board is of the opinion that the financial statements fairly present the financial position of the Company and the Group as at 30 September 2024 and the results of their operations, changes in equity and cash flows for the year under review.

The annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the Board to indicate that the Company or the Group will not remain a going concern for the foreseeable future.

The annual financial statements were approved by the board of directors on 27 November 2024 and are signed on its behalf by:

MJ Bosman
Chairman

AP Swartz
Group Chief Executive Officer

27 November 2024

Responsibility statement

Each of the directors, whose names are stated below, hereby confirms that:

(a) the annual financial statements set out on pages 18 to 85, fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS;

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

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the annual financial statements of the Group;

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

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

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

AP Swartz
Group Chief Executive Officer

MW Godfrey
Group Chief Financial Officer

27 November 2024

Certificate by the Company Secretary

I, Neill O'Brien, in my capacity as the interim Group Company Secretary, certify that for the year ended 30 September 2024 the Company has, to the best of my knowledge and belief, lodged with the Companies and Intellectual Property Commission (CIPC) all returns and notices required of a public company in terms of the Companies Act (71 of 2008, as amended) of South Africa and that all such returns appear to be true, correct and up to date.

NP O'Brien
Interim Group Company Secretary

27 November 2024

Independent Auditor's report

To the Shareholders of The SPAR Group 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 The SPAR Group Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

The SPAR Group Limited's consolidated and separate financial statements set out on pages 18 to 85 comprise:

- the consolidated and separate statements of financial position as at 30 September 2024;
- the consolidated and separate statements of profit or loss and other 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; and
- the notes to the financial statements, including material accounting policy information.

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.

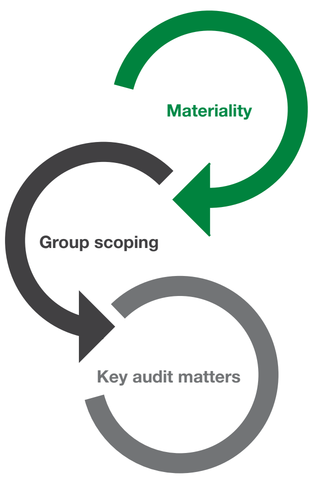
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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: R129.5 million, which represents 4.5% of the consolidated weighted average profit before tax.

Group audit scope

- The Group audit scope was determined based on indicators such as the contribution from each component to consolidated assets, consolidated revenue, and consolidated profit before taxation. Full scope audits were performed over all 9 financially significant components. A full scope audit was performed over 1 component given specific risks identified. Analytical procedures were performed over the remaining components.

Key audit matters

- Impairment assessment of goodwill, indefinite life assets and the Company's investment in its Polish subsidiary
- Classification of the Polish business as a disposal group held for sale and discontinued operation

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	R129.5 million
How we determined it	4.5% weighted average consolidated profit before tax
Rationale for the materiality benchmark applied	We chose consolidated weighted average profit before taxation as the benchmark because, in our view, it is the benchmark which most appropriately reflects underlying operations and is a generally accepted benchmark. We chose 4.5% which is an appropriate quantitative materiality thresholds used for profit-orientated companies in this sector.

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 is arranged around four geographies in Southern Africa, Ireland, Switzerland and Poland. Each component within these segments is an aggregation of a number of business units.

Based on our Group scoping assessment, Southern Africa, Ireland and Switzerland were considered to be financially significant and further scoping assessments were performed over the components within each geographical segment. Full scope audits were performed over components in Switzerland and Ireland. Although not financially significant, a full scope audit was also performed over the components in Poland given specific risks identified within this segment. The Southern African segment comprises seven distribution centres, a central office function, several statutory entities and equity-accounted associates. Full scope audits were performed on the central office function, five distribution centres and one statutory entity. Analytical procedures were performed over all financially inconsequential remaining components.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by the Group engagement team, component auditors from the PwC network firms and non-PwC firms operating under our instruction. The Group engagement team was directly responsible for the audit of the Group consolidation, the full scope audit of the central office function, one distribution centre which was also subject to a full scope audit and the analytical procedures over the remaining components. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained. We had various interactions with our component teams in which we discussed and evaluated recent developments, audit risks, materiality, the scope and findings of the work performed, and the reports issued by the component teams. The Group engagement leader engaged directly with the component teams through a combination of meetings and cross-file reviews, and attended the audit committee meetings for each of the foreign segments.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

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

Impairment assessment of goodwill, indefinite life assets and investment in Polish subsidiary (consolidated and separate)

As required by IAS 36, Impairment of Assets, management performs an annual impairment test, or more frequently, if there is an indicator of impairment, to assess the recoverability of the carrying value of goodwill and indefinite life assets as reflected in the consolidated financial statements, and if there is an indicator of impairment, to assess the recoverability of the investment in subsidiaries as reflected in the separate financial statements.

Refer to the accounting policies for Goodwill and Intangible Assets and Impairment of non-financial assets and to note 13, Goodwill and Intangible Asset.

As at 30 September 2024 the Group's consolidated statement of financial position included goodwill with a closing net book value of R4.6 billion and indefinite life intangible assets of R2.1 billion.

Management performed their annual impairment assessment of relevant group of cash-generating units (CGUs), to which goodwill and indefinite life intangible assets were allocated and based their assessment using a value-in-use calculation, which have been estimated using a discounted cash flow model.

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Value-in-use calculation

We performed the following audit procedures:

- Assessed the reasonableness of the valuation methodology applied by management by comparing the valuation methodology to generally accepted valuation methodology, and found this to be consistent;
- Tested the mathematical accuracy of the value-in-use calculation and the discounted cash flow model prepared by management, noting no material exceptions;
- Performed stress testing on the value-in-use model which involved assessment of management's cash flow forecast and assumptions by comparison to prior years' actual results, our understanding of the industry, the entity-specific circumstances and the economic environment, in order to determine the degree to which the key assumptions needed to change in order to trigger an impairment. We recalculated a range of values and compared this to the value calculated by management. Management's value fell within our independently calculated range of values;

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</table>

Key audit matter	How our audit addressed the key audit matter
In determining the value-in-use of the CGU, the following key assumptions were used by management: • Discount rate; • Sales growth rate; and • Terminal value growth rate. The value-in-use calculations are sensitive to changes in future cash flows included in the model, and changes in the discount rate and long-term growth rate applied. Future cash flows are estimated based on financial budgets and approved business plans covering a five-year period. The impairment assessment of the goodwill, and indefinite life intangible assets is considered to be a matter of most significance to the current year audit due to: • The significant judgement applied by management regarding determining the key assumptions and future cash flows that are included in the value-in-use calculation, and • The magnitude of the goodwill and indefinite life intangible assets balance to the consolidated financial statements. In the separate financial statements, management's impairment test performed over the investment in the Polish subsidiary, indicated that the carrying value of the investment was higher than the recoverable amount, resulting in an impairment charge of R1.7 billion.	• Agreed management's cash flow forecasts to approved budgets. For differences noted we confirmed that differences were both valid adjustments to either increase or decrease the approved budgets, and that adjustments were appropriate to include in a value-in-use discounted cash flow model as envisaged by IAS 36, *Impairment of non-financial assets,* noting no material exceptions; • Assessed the reasonableness of the business plans and budgeting process by comparing current year actual results with the prior year budgeted results, where budgeted results did not approximate actual results, appropriate adjustments were made to the value-in-use discounted cash flow calculated. No material exceptions were noted; • Compared the projections applied by management to historically achieved sales growth rates, margins and working capital rates. Where past actual performance showed significant deviation from budgets the projections used by management were appropriately reduced to align to historically achieved sales growth rates, margins and working capital rates; • Compared the terminal value growth rate used by management to long-term inflation rates obtained from independent sources. The independently determined rate was incorporated into our stress testing referred to above in order to assess the impact of any difference on the valuation results. The use of our independently determined terminal value growth rate would not have resulted in any additional impairment charge; • Making use of our internal valuation expertise, we independently calculated a weighted average cost of capital discount rate, taking into account independently obtained data such as the cost of debt, the risk-free rate in relevant territories, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We then compared the calculated weighted average cost of capital to the discount rate used by management. The difference in rates was included in our stress testing to assess the impact on the valuation results. The use of our independently calculated discount rates in the management assessments would not have resulted in any additional impairment charge. *Investment in Polish subsidiary* We compared the carrying value of the investment in the Polish subsidiary to the recoverable amount (less debt) of the underlying subsidiary with reference to the disposal value included in the signed sale and purchase agreement. We noted that the carrying value of the investment exceeded the recoverable amount of the subsidiary and therefore concur with management's conclusion that an impairment charge is processed.
Classification of the Polish business as a disposal group held for sale and discontinued operation (consolidated only) As required by IFRS 5, Non-current assets held for sale and discontinued operations, non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. If the disposal group meets the definition of a discontinued operation it affects the presentation of the statement of profit or loss and other comprehensive income. The financial result of a discontinued operation is measured as a single line item comprising: • post-tax profit or loss of discontinued operations, and • post-tax gain or loss from remeasurement of the discontinued operation to fair value less cost to sell. In 2023 the Group announced its intention to exit the Polish market and initiated an active programme to locate a buyer for the Polish subsidiary. Refer to note 42 Discontinued operations and assets held for sale for further information of the transaction.	We performed the following audit procedures: • We evaluated management's classification of the Polish business in terms of IFRS 5, Non-current assets held for sale and discontinued operations as a disposal group held for sale and discontinued operation; to ensure the appropriate accounting treatment for the intended sale. • We evaluated management's inclusion of assets and liabilities included within the disposal group based on the signed sale and purchase agreement; to ensure the appropriate classification of assets and liabilities for inclusion in the disposal group. • We considered the measurement of those assets and liabilities of the disposal group which are not included in the measurement scope of IFRS 5, Non-current assets held for sale and discontinued operations; to ensure the appropriate measurement of assets and liabilities included in the disposal group. • We reviewed management's determination of the fair value less costs to dispose with reference to the signed sale and purchase agreement; to ensure an appropriate reference point was applied in subsequent measurement of the disposal group.

Key audit matter	How our audit addressed the key audit matter

In accordance with IFRS 5 Non-current assets held for sale and discontinued operations the criteria for the classification of the disposal group as held for sale was met.
 	
The definition of a discontinued operation was also met and the statement of profit or loss and other comprehensive income was restated.
 	
An impairment of R945.1 million was recognised in the subsequent measurement of the disposal group. The fair value less cost to dispose was determined with reference to the sale and purchase agreement entered into on 3 September 2024 with Przedsiebiorstwo Produkcyjno Handlowo Uslugowe Specja Spólka z o.o. ("Specjal").
 	
The impairment was allocated to those assets within the measurement scope of IFRS 5 Non-current assets held for sale and discontinued operations resulting in the carrying amounts of Property, Plant and Equipment, Right-of-Use Assets, and Goodwill and Intangibles being reduced to nil.
 	
We considered the classification and measurement of the Polish business segment as a disposal group held for sale, and presentation as a discontinued operation, to be of most significance to the current year audit due to this being a significant transaction that is outside the Group's normal business, and the complexity in the classification, measurement and presentation of the Polish business as held for sale and a discontinued operation.
	• We recalculated the loss on remeasurement of the disposal group as at 30 September 2024 with reference to the fair value less costs to dispose as determined above, with no material differences.
	• We reviewed management's presentation of the Polish business as a discontinued operation, and
	  ° Agreed the post-tax loss of the discontinued operation to the audited results as obtained from our in-country component auditor, and
	  ° Agreed the post-tax loss from remeasurement of the discontinued operation to management's calculation; which was assessed as reasonable based on the procedures above.
	• We reviewed the disclosures related to the transaction as included in the annual financial statements to confirm that they are appropriate in terms of IFRS Accounting Standards.
	
	Based on the procedures we performed we noted no material differences, nor material disclosure deficiencies.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Annual financial statements 2024", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate 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 "The SPAR Group Ltd Integrated Annual Report", 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 IFRS Accounting 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.
- 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 The SPAR Group Limited for 7 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: TJ Howatt
Registered Auditor
Waterfall City, South Africa
27 November 2024

Directors' report

The directors of the Company have the pleasure in submitting their report on the audited annual financial statements of the Company for the year ended 30 September 2024.

Nature of business

SPAR is a warehousing and distribution business listed on the JSE Limited (JSE) in the food and drug retailer's sector. The Group owns several country licences for the SPAR retail brand, which is used by a network of independent retailers who trade under our brand and are supplied on a voluntary basis through our distribution centres. There were no material changes to the nature of the Group's business for the 2024 financial year.

Directorate and company secretary

During the financial year under review, the following changes to the composition of the Board occurred:

- Mr Andrew Waller resigned as independent non-executive director and Chairman of the Audit Committee effective 17 November 2023;
- Ms Jane Canny resigned as independent non-executive director effective 17 November 2023;
- Dr Elizabeth (Liesbeth) Botha and Ms Marie Jamieson were appointed as independent non-executive directors with effect from 1 February 2024;
- Ms Olufunke Ighodaro was appointed as an independent non-executive director and Chairman of the Audit Committee with effect from 21 February 2024; and
- Ms Shana Ashokumar resigned as Group Company Secretary effective 31 August 2024. Mr Neill O'Brien was appointed as the interim Group Company Secretary effective 1 September 2024.

Particulars relating to the directors' remuneration and interests and directors' share scheme interests are set out in notes 36 and 37.

Post the financial year end, the following changes to the composition of the Board occurred:

- Ms Trudi Makhaya has resigned as an independent non-executive director with effect from 31 December 2024;
- The Board approved the appointment of Mr Sundeep Naran as the new Chairperson of the Social, Ethics and Sustainability Committee.

Corporate governance

The directors are the custodians of corporate governance and subscribe to King IV. Refer to our governance structures, composition and functioning in the integrated report. Committee reports are disclosed as follows:

- Audit Committee report
- Nominations Committee report
- Remuneration Committee report
- Risk Committee report
- Social Ethics and Sustainability Committee report

The directors are not aware of any material non-compliance with statutory or regulatory requirements. The directors confirm that the Company is in compliance with the provisions of the Companies Act, No. 71 of 2008, as amended, the Listings Requirements of the JSE Limited and the relevant laws governing its establishment, specifically relating to its incorporation; and operating in conformity with its Memorandum of Incorporation.

Financial results

The results for the period are detailed in the annual financial statements that follow.

Going concern

The Board believes that the Company and Group have adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Company.

Stated capital

Details of the authorised and issued share capital of the Company and the movements during the period are disclosed in note 25 of the annual financial statements.

Details of the treasury shares of the Company are disclosed in note 26 of the annual financial statements.

Dividends

It is company policy to make two dividend payments each year, an interim payment in June and a final payment in December.

Recognising the challenges facing the Group, the Board believed it was prudent not to declare a final dividend for the period ended 30 September 2024 (2023: No dividend was paid). The Board will reconsider this decision, depending on the prevailing macro and operating conditions going forward. Returning capital to shareholders in the form of dividends and responsible capital allocation remains a priority for the board.

Share scheme

Particulars relating to the Company's share-based payments are set out in note 36 of the annual financial statements.

Subsidiaries

The interest of the Company in the aggregate net profit/loss after taxation of subsidiaries was a loss of R133.9 million (2023: loss of R97.6 million). Details of the Company's principal subsidiaries are set out in note 14 of the annual financial statements.

Special resolutions

The Company passed the following special resolutions at the annual general meeting held on 21 February 2024:

- Special resolution number 1 – Financial assistance to related or inter-related companies and
- Special resolution number 2 – Non-executive directors' fees

Litigation statement

The Company becomes involved from time to time in various claims and litigation proceedings incidental to the ordinary course of business. The directors are not aware of any existing, pending or threatened litigation proceedings which may have a material effect on the financial position of the Company. Refer to note 41 for further detail.

Events after the reporting date

Matters or circumstances arising since the end of the 2024 financial year, which have or may significantly affect the financial position of the Company, or the results of its operations are disclosed in note 40 of the annual financial statements.

Audit Committee report

The Audit Committee (the committee) presents its report for 2024 as per section 94(7)(f) of the Companies Act. The committee oversaw the implementation of control improvement plans to address control weaknesses uncovered during the previous financial year, and to remediate the SAP system implementation issues.

Committee governance

Role and responsibilities

The committee has specific statutory responsibilities to the Company's shareholders in terms of the Companies Act.

The committee supports the Board by advising on financial reporting, internal controls, internal and external audit functions, combined assurance and regulatory compliance, as defined by our annually reviewed terms of reference.

We receive feedback from the Risk Committee, Social, Ethics and Sustainability Committee of the Group, and the Audit Committees of the foreign subsidiaries.

Composition

As at 30 September 2024, the members of the committee were independent non-executive directors Funke Ighodaro (Chair), Lwazi Koyana and Sundeep Naran.

Permanent invitees are the Group CEO, CFO, COO, the outsourced internal auditor, external auditor and Group Company Secretary (who also acts as secretary of the committee).

The reconfiguration of the committee reflects a strong mix of financial and accounting expertise to fulfil our fiduciary duties. Shareholders appoint members based on recommendations from the Nominations Committee and the Board. The 2025 committee composition will be voted on at the 2025 AGM.

Meetings

The committee conducted four formal meetings this year, an increase from the previous two meetings. This increase aligns with industry standards and enhances our capacity to address critical issues effectively.

Evaluation

The committee undergoes a performance review every two years, with the last assessment conducted in 2023 and the next planned for 2025.

The Board is satisfied with the Audit Committee's performance and its ability to meet its responsibilities. The committee has the financial literacy, skills, and experience to perform its duties effectively.

Committee focus areas

- The Board worked effectively to ensure the smooth transition and changes to the membership of the Audit Committee.
- The committee oversaw the implementation of control improvement plans to address control weaknesses identified during the previous year.
- The poor implementation of the SAP system at the KZN distribution centre affected the Group's growth and operational efficiency in the short term. The Group is focused on addressing identified gaps to ensure a successful rollout across the rest of the group.
- The committee considered the disposal of the Group's Polish operations and the optimisation of group debt.
- The committee reviewed the Group's management results, assessing performance against budgets and prior year results and reviewing the underlying assumptions to ensure alignment to the Group's strategy and risk appetite.
- The Group's South African internal audit function was outsourced to EY in 2023. The Audit Committee reviewed audit findings and management action plans to address identified internal control gaps.
- The committee approved the external audit plan for the year and met with the auditors, reviewed and approved the annual financial statements and draft integrated annual report for recommendation to the Board.

External audit

PricewaterhouseCoopers Inc. (PwC) has served as SPAR's external auditor for seven years, with Thomas Howatt as the designated audit partner since 19 May 2020. The committee evaluated PwC and Thomas Howatt and found no concerns regarding their performance or independence based on audit quality indicators and regulatory criteria.

Thomas Howatt will rotate out as the designated audit partner in 2025. The committee recommended re-electing PwC for the 2025 financial year. After conducting interviews with suitable candidates, the committee recommended Pieter Pelcher as the designated audit partner to replace Thomas Howatt. These recommendations are included as a resolution for approval at the 2025 AGM, under section 61(8)(c)(i) of the Companies Act and paragraph 3.84 (g)(iv) of the JSE Listing Requirements. The committee satisfied itself that the external auditor, PwC, and its audit partner, complied with the suitability criteria for appointment as required in terms of paragraph 3.84(g)(iii) read with paragraphs 3.86 and 3.87 of the JSE Listings Requirements.

For external audit, the committee assessed independence and performance at each meeting, and reviewed documentation related to audit and non-audit services to ensure compliance with policies.

The committee reviewed the policy and controls related to non-audit services and found them satisfactory. The committee agreed the terms of engagement and fees for audit services provided by PwC, and reviewed the non-audit services provided, as detailed in note 3 of the annual financial statements.

The Chair met with the external auditor independently of management to discuss any concerns, and no issues were raised. We are satisfied that the external auditor is independent of the Group.

Key audit matters

Key audit matters identified by the external auditors are detailed in the annual financial statements. The matters which were most significant in the audit of the consolidated and separate financial statements, were discussed and agreed upon with management and presented to the committee.

While the auditors considered these issues in their overall audit and in forming their opinion, they did not issue a separate opinion on these specific matters. The committee considered the appropriateness of the key audit matters reported in the external audit opinion.

Internal audit

From the start of the 2024 financial year, the internal audit function was fully outsourced to EY, which had already been overseeing the Group's SAP programme as part of the IT audit. The committee approved the internal audit plan for 2024 and 2025 and evaluated the audit findings and audit plans and agreed timelines by management to address identified gaps.

The committee approved and recommended the internal audit charter to the Board. It confirmed that the function fulfilled its objectives, ensuring compliance with legal, regulatory and other obligations.

Internal controls

The directors are responsible for the Company's system of internal financial controls, which are designed to provide reasonable assurance regarding the reliability of financial statements, safeguard assets and prevent and detect misstatements and loss.

Committee statement

The committee is of the opinion that the Company's system of internal controls and risk management is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements. This is based on the results of the formal documented review of the company's system of internal controls and risk management, including the design, implementation and effectiveness of internal financial controls conducted by the internal audit function during the financial year. It also considers information and explanations given by management and discussions with the external auditor on the results of the external audit assessed by the Audit Committee.

The Audit Committee's opinion is supported by the Board.

During the year under review, the committee considered control weaknesses identified from various reports received by the committee in the context of the overall effectiveness of internal controls. Where deficient controls or matters were raised, the committee reviewed the progress on remedial plans.

The committee confirmed that appropriate financial reporting procedures were in place and that those procedures are operating for all entities included in the consolidated Group IFRS financial statements and that financial information was available for accurate preparation and reporting.

Group CFO and finance function

The committee is satisfied that Mark Godfrey has the necessary expertise and experience for his role as Group CFO. It reviewed the expertise and resources of the Group's finance function and found them adequate, with the senior management members responsible for the Group function meeting the required experience standards.

Committee priorities

The committee will focus on enhancing oversight and effectiveness. We will improve scrutiny across the Group by enhancing transparency and adherence to standards, as well as addressing past reputational issues through clear guidelines and robust oversight mechanisms. Ensuring appropriate procurement practices are entrenched in the Group and reviewing how internal controls are improved, will also be on the radar. The focus on oversight and effectiveness will be supported by aligning SPAR's combined assurance process, internal audit plan, and external audit plan through a risk-based approach.

The committee will also ensure conflicts of interest are identified and mitigated effectively by fostering a culture of accountability and rigorous internal controls. Additionally, the committee will maintain strong oversight of the SAP system, including monitoring its implementation and addressing related performance and integration issues.

Managing significant transactions, such as asset sales and debt-raising activities, will be another priority. The committee will ensure these processes are handled with due diligence, particularly in assessing management assumptions and evaluating their impact on the Group.

Acquisitions will be closely scrutinised to ensure that associated risks are thoroughly evaluated and managed, including their impact on the Group's overall risk profile.

Finally, the committee will assist the Board in evaluating strategic decisions, including the SPAR's geographical presence and long-term strengths, and reviewing methods to enhance loyalty while continuing to support retailer profitability.

Thanks go to the members of the committee for their dedicated and contructive contributions to the committee's functioning.

Funke Ighodaro
Audit Committee Chair

27 November 2024

Statement of profit or loss and other comprehensive income

for the year ended 30 September 2024

		GROUP		COMPANY	
Rmillion	Notes	**2024**	2023 Represented**	**2024**	2023 Restated*
Continuing operations					
Revenue – sale of merchandise	2	**152 337.5**	146 461.0	**91 089.3**	88 016.1
Cost of sales		**(134 158.4)**	(129 083.1)	**(83 264.9)**	(80 253.1)
Gross profit		**18 179.1**	17 377.9	**7 824.4**	7 763.0
Revenue – other	2	**3 145.5**	2 984.9	**1 122.8**	1 026.7
Other income	4	**299.6**	256.0	**470.8**	310.6
Net operating expenses	3	**(18 728.7)**	(18 102.1)	**(9 405.2)**	(9 178.2)
Warehousing and distribution expenses		**(5 876.1)**	(5 520.1)	**(2 820.8)**	(2 701.6)
Marketing and selling expenses		**(8 425.5)**	(7 697.9)	**(2 824.4)**	(2 767.6)
Administration and information technology expenses		**(4 210.0)**	(4 463.5)	**(1 935.8)**	(2 230.8)
Impairment of assets		**(69.7)**	(190.1)	**(1 695.6)**	(1 304.7)
Net ECL movement on financial assets		**(147.4)**	(230.5)	**(128.6)**	(173.5)
Operating profit/(loss)		**2 895.5**	2 516.7	**12.8**	(77.9)
Other non-operating items	5	**(1.9)**	(13.0)		
Finance income	6.1	**600.5**	577.2	**542.4**	533.4
Finance costs	6.2	**(1 383.5)**	(1 245.5)	**(908.9)**	(816.9)
Share of equity-accounted associate profits/(losses)	15	**6.3**	(7.0)		
Profit/(loss) before taxation		**2 116.9**	1 828.4	**(353.7)**	(361.4)
Taxation	7	**(468.6)**	(465.2)	**(230.9)**	(217.4)
Profit/(loss) after taxation from continuing operations		**1 648.3**	1 363.2	**(584.6)**	(578.8)
Discontinued operation	42	**(1 296.4)**	(920.7)		
Profit after taxation for the year		**351.9**	442.5		
Attributable to:					
Equity holders of the Company		**351.9**	401.3		
Non-controlling interests			41.2		
Profit after taxation attributable to owners:		**351.9**	401.3		
Continuing operations		**1 648.3**	1 322.0		
Discontinued operation		**(1 296.4)**	(920.7)		
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of employee benefits		**(6.8)**	6.0	**(6.8)**	6.0
Deferred tax relating to remeasurement of employee benefits		**1.8**	(1.6)	**1.8**	(1.6)
Remeasurement of retirement funds	27.1	**81.9**	56.8		
Deferred tax relating to remeasurement of retirement funds		**(9.9)**	(6.9)		
Items that may be reclassified subsequently to profit or loss:					
Exchange rate differences from translation of foreign operations		**(260.9)**	530.8		
Total comprehensive income/(loss)		**158.0**	1 027.6	**(589.6)**	(574.4)
Attributable to:					
Equity holders of the Company		**158.0**	986.4		
Non-controlling interests			41.2		

* *Comparative information has been restated – refer to note 43 for further detail.*
** *The Polish operation has been classified as discontinued and comparative numbers represented. Refer to note 42 for further detail.*

Statement of profit or loss and other comprehensive income
continued

for the year ended 30 September 2024

		GROUP		COMPANY	
Rmillion	Notes	**2024**	2023 Represented**	**2024**	2023 Restated*
Total comprehensive income attributable to owners:					
From:		**158.0**	986.4		
Continuing operations		**1 524.9**	2 117.1		
Discontinued operation	42	**(1 366.9)**	(1 130.7)		
Earnings per share from continuing operations attributable to owners:					
Basic		**855.9**	687.2		
Diluted		**855.6**	686.9		
Earnings per share from discontinued operation attributable to owners:					
Basic		**(673.2)**	(478.6)		
Diluted		**(672.9)**	(478.4)		
Earnings per share (cents)					
Basic	8	**182.7**	208.6		
Diluted	8	**182.7**	208.5		

* *Company comparative information has been restated due to a change in accounting policy. Refer to note 43 for further detail.*
** *The Polish operation has been classified as discontinued and comparative numbers represented. Refer to note 42 for further detail.*

Statement of financial position

as at 30 September 2024

		GROUP		COMPANY		
Rmillion	Notes	**2024**	2023 Restated*	**2024**	2023 Restated*	2022 Restated*
ASSETS						
Non-current assets		**31 416.6**	33 517.6	**12 349.5**	12 351.7	12 347.9
Property, plant and equipment	12	**9 602.8**	10 378.1	**2 581.5**	2 635.9	2 517.1
Right-of-use assets*	24	**8 004.4**	9 023.1	**666.1**	764.8	668.4
Lease receivable*	24	**4 215.1**	4 656.3	**4 149.0**	4 147.0	4 532.3
Goodwill and intangible assets	13	**8 165.0**	8 241.3	**1 947.0**	1 857.9	1 636.2
Investment in subsidiaries	14			**2 165.1**	2 158.2	2 212.0
Investment in associates and joint ventures	15	**159.2**	150.2	**137.9**	137.9	130.7
Other investments	16	**19.1**	17.8	**18.2**	16.9	15.0
Operating lease receivable		**0.1**	5.9			
Loans and other receivables	18	**771.4**	807.9	**596.1**	464.2	456.6
Block discounting loan receivable	17	**1.4**	18.3	**1.4**	18.3	47.5
Prepayments		**235.9**				
Deferred taxation asset	19	**132.8**	218.7	**87.2**	150.6	132.1
Employee benefit asset	27.1	**109.4**				
Current assets		**26 583.0**	28 295.4	**15 361.3**	15 504.5	14 835.6
Inventories	20	**6 364.3**	6 760.2	**2 800.5**	2 727.3	2 835.0
Trade and other receivables*	21	**17 234.2**	18 396.1	**11 384.7**	11 588.5	10 810.7
Prepayments		**340.8**	282.8	**137.5**	132.8	125.2
Loans and other receivables	18	**118.7**	146.0	**93.4**	97.9	164.6
Current portion of block discounting loan receivable	17	**2.3**	14.0	**2.3**	14.0	53.8
Income tax receivable	22	**11.6**	38.3		38.5	
Current portion of lease receivable*	24	**888.9**	950.0	**880.3**	853.4	799.2
Cash and cash equivalents – SPAR	23	**1 276.2**	1 421.7	**62.6**	52.1	47.1
Cash and cash equivalents – Guilds and trusts	23	**346.0**	286.3			
Assets held for sale	42	**1 257.1**	11.7	**27.5**		9.1
Total assets		**59 256.7**	61 824.7	**27 738.3**	27 856.2	27 192.6

* *Comparative information has been restated – refer to note 43 for further detail.*

Statement of financial position
continued

as at 30 September 2024

Rmillion	Notes	GROUP 2024	GROUP 2023 Restated*	COMPANY 2024	COMPANY 2023 Restated*	COMPANY 2022 Restated*
EQUITY AND LIABILITIES						
Capital and reserves		**10 373.7**	10 221.6	**4 828.6**	5 406.8	6 448.0
Stated capital	25	**2 231.5**	2 231.5	**2 231.5**	2 231.5	2 231.5
Treasury shares	26	**(1.5)**	(1.5)			
Reserves		**1 014.4**	1 213.7	**(53.7)**	(88.5)	165.7
Non-controlling interests			6.5			
Retained earnings		**7 129.3**	6 771.4	**2 650.8**	3 263.8	4 050.8
Non-current liabilities		**17 835.8**	21 532.1	**5 068.6**	5 154.6	5 382.9
Deferred taxation liability	19	**533.5**	545.4			
Employment benefit obligations	27	**297.9**	254.2	**269.1**	255.5	180.4
Long-term borrowings	29	**5 071.3**	7 318.2			
Block discounting loan payable	17	**1.5**	18.7	**1.5**	18.7	48.4
Lease liability*	24	**11 931.6**	13 395.6	**4 798.0**	4 880.4	5 154.1
Current liabilities		**29 684.5**	30 071.0	**17 841.1**	17 294.8	15 361.7
Trade and other payables*	30	**22 275.6**	23 774.8	**12 747.5**	13 377.6	11 563.9
Current portion of financial liabilities*	28	**21.9**		**102.7**	420.3	495.9
Current portion of long-term borrowings	29	**1 623.3**	947.0	**1 183.5**		36.3
Current portion of block discounting loan payable	17	**2.3**	15.2	**2.3**	15.2	55.6
Provisions		**50.4**	51.8	**49.8**	51.8	45.6
Current portion of lease liability*	24	**1 972.8**	2 110.5	**1 026.0**	991.2	950.8
Income tax payable	22	**41.3**	13.8	**26.3**		7.0
Bank overdrafts	23	**3 696.9**	3 157.9	**2 703.0**	2 438.7	2 206.6
Liabilities associated with assets held for sale	42	**1 362.7**				
Total equity and liabilities		**59 256.7**	61 824.7	**27 738.3**	27 856.2	27 192.6

* *Comparative information has been restated – refer to note 43 for further detail.*

Statement of changes in equity

for the year ended 30 September 2024

Rmillion	Notes	Stated capital	Treasury shares	Currency translation reserve
GROUP				
Balance at 30 September 2022		2 231.5	(30.9)	706.3
Profit for the year				
Remeasurement of employee benefits	27			
Remeasurement of retirement funds	27			
Recognition of share-based payments				
Take-up of share options	26		38.0	
Transfer arising from take-up of share options				
Settlement of share-based payments			32.6	
Treasury shares acquired	26		(41.2)	
Dividends paid	10			
Additional shareholding acquired from non-controlling interest				
Share-based payments transferred to retained earnings				
Exchange rate translation				530.8
Balance at 30 September 2023		2 231.5	(1.5)	1 237.1
Profit for the year				
Remeasurement of employee benefits	27			
Remeasurement of retirement funds	27			
Recognition of share-based payments				
Settlement of share-based payments			**16.9**	
Treasury shares acquired	26		**(16.9)**	
Additional shareholding acquired from non-controlling interest				
Transfer to retained earnings				
Exchange rate translation				**(260.9)**
Balance at 30 September 2024		**2 231.5**	**(1.5)**	**976.2**
COMPANY				
Balance at 30 September 2022		2 231.5	–	–
Change in accounting policy*				
Restated balance at 30 September 2022		2 231.5	–	–
Restated loss for the year				
Remeasurement of employee benefits	27			
Recognition of share-based payments				
Contribution to employee share trust				
Transfer arising from take-up of share options				
Settlement of share-based payments			32.6	
Treasury shares acquired	26		(32.6)	
Share-based payments transferred to retained earnings				
Dividends paid	10			
Balance at 30 September 2023		2 231.5	–	–
Loss for the year				
Remeasurement of employee benefits	27			
Recognition of share-based payments				
Settlement of share-based payments			**16.9**	
Treasury shares acquired	26		**(16.9)**	
Transfer to retained earnings				
Balance at 30 September 2024		**2 231.5**	**–**	**–**

* *Company comparative information has been restated due to a change in accounting policy – refer to note 43 for further detail.*

Share-based payment reserve	Retained earnings	Equity reserve	Hedging reserve	Non-controlling interest	Total equity
285.8	6 644.7	(26.8)	(28.2)	226.7	10 009.1
	401.3			41.2	442.5
	4.4				4.4
	49.9				49.9
8.8					8.8
(9.5)					28.5
9.5	(9.5)				–
(32.9)	0.3				–
					(41.2)
	(433.5)			(3.1)	(436.6)
	(116.3)			(258.3)	(374.6)
(230.1)	230.1				–
					530.8
31.6	6 771.4	(26.8)	(28.2)	6.5	10 221.6
	351.9				**351.9**
	(5.0)				**(5.0)**
	72.0				**72.0**
28.9					**28.9**
(22.3)	**5.4**				**–**
					(16.9)
	(11.4)			**(6.5)**	**(17.9)**
	(55.0)	**26.8**	**28.2**		**–**
					(260.9)
38.2	**7 129.3**	**–**	**–**	**–**	**10 373.7**
285.8	4 546.7	(91.9)	(28.2)	–	6 943.9
	(495.9)				(495.9)
285.8	4 050.8	(91.9)	(28.2)	–	6 448.0
	(578.8)				(578.8)
	4.4				4.4
8.8					8.8
(9.5)					(9.5)
9.5	(9.5)				–
(32.9)	0.3				–
					(32.6)
(230.1)	230.1				–
	(433.5)				(433.5)
31.6	3 263.8	(91.9)	(28.2)	–	5 406.8
	(584.6)				**(584.6)**
	(5.0)				**(5.0)**
28.9					**28.9**
(22.3)	**4.8**				**(0.6)**
					(16.9)
	(28.2)		**28.2**		**–**
38.2	**2 650.8**	**(91.9)**	**–**	**–**	**4 828.6**

Statement of cash flows

for the year ended 30 September 2024

Rmillion	Notes	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
CASHFLOWS FROM OPERATING ACTIVITIES		**3 467.5**	4 386.7	**884.8**	1 399.7
Cash generated from operations	32.1	**4 805.6**	6 152.3	**1 127.4**	2 300.2
Finance income received		**614.9**	585.7	**531.4**	516.8
Finance costs paid		**(1 595.0)**	(1 373.9)	**(903.9)**	(807.0)
Taxation paid	22	**(358.0)**	(540.8)	**(102.7)**	(288.6)
Dividend income	4			**232.6**	111.8
Dividends paid	10		(436.6)		(433.5)
CASHFLOWS USED IN INVESTING ACTIVITIES		**(334.1)**	(1 234.3)	**(1 272.3)**	(596.8)
Acquisition of businesses/subsidiaries	33.4	**(192.3)**	(307.4)	**(55.9)**	(56.8)
Proceeds from disposal of businesses	33.2	**1.5**	8.7	**1.5**	8.7
Investment to expand PPE and intangible assets		**(659.1)**	(1 269.3)	**(218.6)**	(450.8)
Investment to maintain operations		**(473.6)**	(666.8)	**(159.3)**	(165.0)
– Replacement of PPE and intangible assets		**(599.3)**	(765.1)	**(177.1)**	(177.5)
– Proceeds on disposal of PPE and intangible assets		**125.7**	98.3	**17.8**	12.5
Principal element of lease receipts		**994.8**	919.4	**887.0**	817.3
Cash inflows on loans and investments	32.2	**319.6**	413.2	**145.7**	341.6
Cash outflows on loans and investments	32.2	**(325.0)**	(332.1)	**(1 872.7)**	(1 091.8)
CASHFLOWS (USED IN)/FROM FINANCING ACTIVITIES		**(3 724.9)**	(2 638.4)	**133.7**	(1 030.0)
Sale of treasury shares			28.5		
Principal element of lease payments	32.3	**(2 248.7)**	(2 114.4)	**(1 031.7)**	(961.1)
Proceeds from borrowings	32.3	**1 187.7**	343.9	**1 182.3**	
Principal element of repayments of borrowings	32.3	**(2 632.7)**	(612.1)		(36.3)
Non-controlling interest share repurchases		**(14.3)**	(187.1)		
Settlement of financial liability			(56.0)		
Treasury shares acquired	26	**(16.9)**	(41.2)	**(16.9)**	(32.6)
Net (decrease)/increase during the year		**(591.5)**	514.0	**(253.8)**	(227.1)
Net overdrafts at the beginning of the year		**(1 449.9)**	(1 900.2)	**(2 386.6)**	(2 159.5)
Exchange rate translation		**(33.3)**	(63.7)		
Net overdrafts at the end of the year	23	**(2 074.7)**	(1 449.9)	**(2 640.4)**	(2 386.6)

The cash flows above are derived from both continuing and discontinued operations, refer to note 42 for cash flows relating to the discontinued operation.

Notes to the financial statements

for the year ended 30 September 2024

1. Accounting policies

Statement of compliance

The consolidated (Group) and separate (Company) annual financial statements are stated in South African rand (R) and are prepared in accordance with IFRS® Accounting Standards and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the Group at 30 September 2024, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa, No. 71 of 2008, as amended and the Listings Requirements of the JSE Limited.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the valuation of share-based payments and the post-retirement obligations. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies are consistent with those of the previous year. The Group has considered and adopted all new standards, interpretations and amendments to existing standards that are effective as at year end.

Functional and presentation currency

South African rand

Rounding policy

Rand million

New accounting pronouncements

The following new standards relevant to the Group, which are not yet effective, have not yet been adopted by the directors. The directors continue to assess the impact thereof.

Applicable standard	Description	Expected impact to the annual financial statements
IFRS 18 – Presentation and disclosure in Financial Statements	The IASB issued IFRS 18 which replaces IAS 1 The standard introduces categories and defined subtotals in the statement of comprehensive income with the purpose of providing additional relevant information and a structure that is more comparable between entities. IFRS 18 also introduces the disclosure of management-defined performance measures (MPM) in the notes to the annual financial statements. IFRS 18 is effective for financial periods beginning on or after 1 January 2027.	IFRS 18 is expected to have a material impact to the disclosures in SPAR's annual financial statements. Currently SPAR is not expected to early adopt IFRS 18 prior to the effective date.
Amendments to IAS 1 – Presentation of Financial Statements – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of liabilities as current or non-current. The amendment is effective for financial periods beginning on or after 1 January 2024.	SPAR is currently assessing the potential impact of these amendments, but it is not expected to result in material changes to the classification of liabilities.
Amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments	These amendments provide guidance on the classification of financial assets and the introduction of disclosure requirements for certain instruments. The amendment is effective for financial periods beginning on or after 1 January 2024.	SPAR is currently assessing the amendments, but it is not expected to result in a material impact to the classification and measurement of financial instruments.

1. Accounting policies continued

Standards effective for the first time in the current year

Applicable standard	Description	Impact to the annual financial statements
IFRS 17 – Insurance Contracts	IFRS 17 replaces IFRS 4 and establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts, including financial guarantee contracts, to provide a more consistent and transparent approach to financial reporting.	SPAR has adopted IFRS 9 to measure financial guarantee liabilities, resulting in a significant impact at a Company level. Refer to note 43 of the financial statements for further detail.
Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	These amendments clarify that the initial recognition exemption does not apply to transactions giving rise to equal amounts of taxable and deductible temporary differences, such as leases and decommissioning obligation.	SPAR has adopted the amendment to the deferred tax recognised in respect of leases, resulting in a reclassification of deferred tax. Refer to note 19 for further detail.
Amendments to IAS 12 – Income Taxes – International Tax Reform – Pillar Two Model Rules	These amendments introduce a mandatory exception to the deferred tax accounting for top-up taxes and require disclosure of the entity's exposure to such taxes.	SPAR has adopted these amendments in the current year and has applied mandatory exception recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The impact is limited to additional disclosures about exposure to Pillar Two top-up taxes and does not significantly affect the financial statements. Refer to note 7 for further detail.

Significant accounting policies

The following is a summary of the significant accounting policies applicable to the consolidated annual financial statements. These accounting policies include only the areas in IFRS where elections have been made or policy choices exercised (including the choice or election made) as well as measurement criteria applied. The accounting policies also include information where it will assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position and was included based on its significance thereof.

Reference index

Significant area	Accounting policy reference	Note reference if applicable
Basis of consolidation		
Foreign currencies	1.2	
Business combinations	1.3	33
Assets and liabilities		
Property, plant and equipment	1.5	12
Right-of-use assets and leases	1.6	24
Goodwill	1.3.2	13
Intangible assets	1.7	13
Investment in subsidiaries	1.3.1	14
Investments in associates and joint ventures	1.4	15
Financial instruments	1.16	39
Deferred tax	1.18	19
Inventories	1.12	20
Cash and cash equivalents and bank overdrafts	1.14	23
Employee benefits	1.17	27
Income tax payable/receivable	1.18	22
Assets/liabilities held for sale and discontinued operations	1.19	42
Profit and loss		
Revenue from contracts with customers	1.8	2
Cost of sales	1.11	
Other income	1.9	4
Employee benefits	1.17	3
Finance income	1.10	6
Finance costs	1.10	6
Share of equity-accounted associate (losses)/profits	1.4	15
Taxation	1.18	7
Capital and reserves		
Stated capital	1.15	25
Reserves	1.15	
Treasury shares	1.15	26

1. Accounting policies continued

1.1 Basis of consolidation

The consolidated financial statements incorporate the results and financial position of the Company and all its subsidiaries, which are defined as entities over which the Group has the ability to exercise control so as to obtain benefits from their activities. The results of subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal. All inter-company transactions and balances between Group companies are eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the Group.

Investments acquired with the intention of disposal within 12 months are not consolidated.

1.2 Foreign currency transactions

Transactions in currencies other than the rand are initially recorded at the exchange rate on the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date. Exchange differences arising on the settlement of monetary items or on reporting the Group's monetary items at rates different from those at which they were initially recorded, are recognised to profit or loss in the period which they arise.

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity is expressed in rand, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in rand using exchange rates prevailing at year end. Profit or loss items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. All resulting translational differences are recognised in other comprehensive income and presented as a separate component of equity in the currency translation reserve.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

1.3 Business combinations

The Company's investments in ordinary shares of its subsidiaries are carried at cost less accumulated impairment and if denominated in foreign currencies, are translated at historical rates. With the Group policy as follows:

1.3.1 Investment in subsidiaries

Subsidiaries are entities controlled by the Group. The Group also considers the following facts and circumstances in assessing whether it has power over an entity:

a) Rights arising from contractual arrangements

b) The Group's voting rights and potential voting rights

The acquisition of businesses are accounted for under the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of the exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Subsidiaries are consolidated from the date of acquisition, which is the date on which the Group obtains control of the subsidiary and continue to be consolidated until the date that control ceases.

1.3.2 Goodwill

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations*, are recognised at their fair values at acquisition date, with the difference between the consideration transferred recognised as goodwill.

Goodwill arising on acquisition is initially recognised at cost with an annual impairment test.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs). CGUs to which goodwill has been allocated are tested annually for impairment or more frequently when there is an indication that the CGU may be impaired. Any impairment loss is recognised directly to profit and loss. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of an entity, attributable goodwill is included in the determination of the profit and loss on disposal.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities that are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, that if known, would have affected the amounts recognised at that date.

For assets acquired, to be considered a business, the acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

1. Accounting policies continued

1.3 Business combinations continued

1.3.2 Goodwill continued

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the purchase consideration in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. A contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

1.3.3 Non-controlling interests (NCI)

Represents their present share of ownership interests and are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Arrangements to acquire non-controlling interests at future dates are recognised as financial liabilities at the present value of the expected payment. Changes in the measurement of the financial liability due to unwinding of the discount, changes in the expected future payment or foreign exchange translation are recognised in profit or loss as a fair value adjustment. The effect of translating the closing balance of financial liabilities to the reporting currency is reported in other comprehensive income. In such cases, The SPAR Group Ltd consolidates 100% of the subsidiary's results.

1.3.4 Consolidated entities

Entities where SPAR has effective control through control over the Board are consolidated using the principles described above.

1.3.5 Change in ownership interests

Entities where SPAR has acquired a further share capital arising in control of the investee, shall be treated as a business combination through a step acquisition.

SPAR shall remeasure its previously held equity interest in the acquiree at its acquisition date fair value and recognise the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

1.3.6 Inter-company transactions

All inter-group balances, transactions, income and expenses are eliminated in full in the consolidated annual financial statements.

1.4 Investment in associates and joint ventures

Associates include investees for which SPAR has a significant influence but not control. Significant influence is currently assessed as a shareholding greater than 20% and the IFRS 10 control assessment is not met.

Joint ventures include investments for which SPAR holds shared control with other investors in equal proportion.

The Company's investments in ordinary shares of its associates and joint ventures are carried at cost less accumulated impairment and if denominated in foreign currencies, are translated at historical rates.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

When the Group's share of losses of an associate and joint venture exceeds the Group's interest in that associate or joint venture the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

1. Accounting policies continued

1.5 Property, plant and equipment (PPE)

Property, plant and equipment are initially recognised at cost, plus any initial direct costs incurred directly attributable to bringing the asset to a point capable of operating in the manner intended by management and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are held for use in the supply of goods.

Improvements to leasehold properties are shown at cost and written off over the remaining period of the lease and the asset's useful life.

The cost less residual values of property, plant and equipment is depreciated over their estimated useful lives on a straight line basis. The useful lives and residual values of all assets are reviewed annually and are adjusted should any changes arise. Depreciation is recognised in profit or loss. No depreciation is provided for land and assets under construction. The following depreciation rates apply to the categories below:

Category	Depreciation method	Useful life
Buildings	Straight line	0% – 2% per annum
Motor vehicles	Straight line	10% – 25% per annum
Internal transport, plant and equipment	Straight line	6.7% – 33.3% per annum
Office equipment, fixtures and fittings	Straight line	4% – 33.3% per annum
Computer equipment	Straight line	10% – 33.3% per annum

Assets are tested for impairment, when there is an indication that it may be impaired, by determining the recoverable amount of the assets at a CGU level. With any resulting impairment recognised in profit or loss should the recoverable amount have declined below the carrying value of the asset.

1.6 Right-of-use (ROU) assets and leases

ROU assets include all categories of assets as described in the PPE note above. These ROU assets are measured at cost comprising of the initial measurement of the lease liability, initial direct cost, any lease payments made at or before the commencement date less any incentives received.

ROU assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and are depreciated over the shorter period between the lease term and the useful life of the asset on a straight line basis.

Where the Group head leases a property and enters into a back-to-back sublease arrangement with a lessee, the Group recognises a lease receivable rather than a ROU asset. Depreciation is recognised on the shorter of the lease term or useful life of the leased asset.

Lease liabilities are initially measured at the present value of the lease payments that are due at the commencement date, discounted using the interest rate implicit in the lease, where this cannot be determined the lessee's incremental borrowing rate is used. Financing income is recognised and measured on the lease liability as described in 1.10 below.

Lease liabilities are subsequently measured at amortised cost and remeasured when there is a change in future lease payments arising from a change in term or if the Group changes its assessment on whether it will exercise a purchase, extension or termination option at the end of the contract.

The Group has applied the use of a single discount rate to each portfolio of leases that have reasonably similar terms, underlying assets and economic circumstances. The majority of property leases within each segment are on similar underlying assets (stores) within similar economic environments, and with the same lease terms. However, the Irish portfolio of leases is further split into leases based in Ireland and in the UK.

The Group accounts for leases with lease terms of less than 12 months as short-term leases. No ROU asset recognised with lease payments recognised as an expense, on a straight line basis, in profit or loss.

Variable payment terms are mainly used on the lease of a store where a portion of the rental is based on the turnover made by the store. Variable payment terms also occur when the utility costs related to a property are on-charged as part of the rental. These variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

SPAR considers smaller items of leased equipment as "low value" with corresponding lease payments recognised on a straight line basis in profit or loss.

1. Accounting policies continued

1.7 Intangible assets

Intangible assets comprise those identifiable non-monetary assets without physical substance. Intangible assets acquired through business combinations are recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and any recognised impairment losses, on the same basis as intangible assets that are acquired separately and are amortised on a straight line basis over its useful life.

Computer software and licences are recognised at cost, plus any initial direct costs incurred directly attributable to bringing the asset to a point capable of operating in the manner intended by management and are subsequently measured at cost less accumulated amortisation and any recognised impairment losses.

Intangible assets acquired separately and through business combinations are amortised on a straight line basis over its useful life with computer software and licences amortised on a straight line basis at a range between 8.3% and 20%.

Acquired brands and licences are considered to have indefinite useful lives and are not amortised but are tested at least annually for impairment and carried at cost less any recognised impairment.

As required by the applicable accounting standards, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill and indefinite useful life intangible assets. Determining whether goodwill and indefinite useful life intangible assets are impaired requires an estimation of the value-in-use of the CGU to which the goodwill and intangible assets relate. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate to calculate the present value. Details of the assumptions used in the impairment tests are in note 13.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

1.8 Revenue from contract with customers

Our revenue mainly comprise the revenue from the sale of merchandise, marketing and promotional activities as well as franchise fees. Revenue is recognised on a transfer of control basis.

Revenue from sale of merchandise include warehouse and dropshipment sales which are recognised only once all performance obligations of SPAR to the retailer have been satisfied and to the extent that it is highly probable that a significant reversal will not occur. Transfer of control occurs at a point in time on the day our merchandise is delivered to the retailer together with a signed goods received note.

Other revenue includes marketing services rendered, promotional activities provided and franchise fees received. Marketing and promotional activities are recognised in terms of the relevant contractual arrangements. The Group is satisfied that these services are distinct within the context of the relevant contracts. Transfer of control occurs over time in which the services are rendered and in the case of franchise fees over the duration of the contract.

Revenue from sales is measured based on the price specified in the contract net of value added tax (VAT), rebates, discounts and other allowances.

The Group does not expect to have any contracts where the period between the transfer of goods or services, and the receipt of payment exceeds a year as the payment for sales is either due immediately or made with a credit term of between 15 and 48 days, which is consistent with market practice. Therefore, the transaction prices are not adjusted for the time value of money.

1. Accounting policies continued

1.9 Other income

Comprises dividends, rental, commission income insurance proceeds, guarantee fees and income from marketing or sundry services all-inclusive of both amounts received and accrued for.

Dividend received is recognised as and when the Company is entitled to receive such dividend unless the dividend is due from an entity which operates under severe long-term restrictions. Dividends from these companies are recognised on a cash basis.

Rental income in respect of short-term leases is recognised on a straight line basis over the lease term.

Income from marketing and other services is recognised when the related promotional activity or service has occurred. Other income is measured at fair value being the consideration received.

1.10 Finance income and costs

Finance income include interest received or accrued on surplus cash balances, loans receivable, lease receivables, overdue debtors and the financial asset described in 1.16. This income is recognised in profit or loss using the effective interest rate method.

Finance costs include interest paid or accrued on bank overdrafts, loans payable, lease liabilities and the financial liabilities described in 1.16. This expense is recognised in profit or loss using the effective interest rate method.

1.11 Cost of sales

Cost of sales represents the net cost of purchases from suppliers after discounts, rebates and incentive allowances received from suppliers, adjusted for opening and closing inventory.

Rebates and allowances include volume-related rebates, promotional and marketing allowances, other fees and discounts, and are received in connection with the purchase of goods or for the provision of services.

1.12 Inventories

The carrying value of inventory comprise the stock on hand at the reporting date net of any obsolescence provision raised.

Stock is initially measured at cost, which comprise the cost to purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and is subsequently measured at the lower of cost and net realisable value.

Cost is determined on a weighted average basis. Obsolete, redundant and slow-moving inventory is identified and written down to estimated economic or realisable values. Net realisable value represents the selling price less all estimated costs to be incurred in the marketing, selling and distribution thereof.

When inventory is sold, the carrying amount is recognised to cost of sales. Any write-down of inventory to net realisable value and all losses of inventory or reversals of previous write-downs are recognised in cost of sales.

The provision for obsolescence represents management's estimate of the extent to which inventory on hand at the reporting date will be sold below cost. This estimate takes into consideration past trends, evidence of impairment at year end and an assessment of future saleability.

1.13 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are raised for supplier claims when distribution centres expect a cash outflow to occur for claims made by suppliers.

Supplier provisions are subsequently measured using managements best estimate on the outflow expected to occur resulting in increases or decreases to the said provision.

The provisions for supplier claims, termination of leases and onerous leases represent management's best estimate of the Group's liability. The supplier claims provision represents the value of disputed deliveries and other issues. Termination of leases relates to specific leases which have been identified for surrender. The provision is based on historic experience of three years' rental to surrender. Onerous lease provisions represent the value by which the unavoidable costs of meeting lease obligations exceed the economic benefits expected to be received under certain lease agreements.

1. Accounting policies continued

1.14 Cash and cash equivalents and bank overdrafts

Cash comprises cash on hand and cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value, are initially carried at cost and subsequently measured at cost and where these balances are denominated in foreign currencies, are translated at the relevant closing exchange rates.

Bank overdrafts are disclosed separately on the face of the statement of financial position.

1.15 Capital and reserves

Capital and reserves of the Group include the following:

- Share capital
- Reserves
- Treasury shares

Share capital includes the ordinary shares issued by the Company and is recorded at the net of proceeds received and issue costs.

Reserves include the foreign currency translation (FCTR), share-based payment (SBP). The FCTR comprises the effect of translating Group companies from their functional currency to rands at the respective reporting date. While the SBP reserve arises as a result of IFRS 2 transactions the relevant share scheme and is measured net of options/shares granted to and taken up by participants.

Treasury shares are purchases made by the Group of its own equity instruments and those held in a trust. The consideration paid is deducted from equity. Where shares repurchased are subsequently sold, the consideration received is included in equity attributable to owners of The SPAR Group Ltd, net of any directly attributable incremental transaction cost and the related tax effects. No profit or loss is recorded.

1.16 Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when the Company or Group becomes a party to the contractual provisions of the instrument. The below is an illustration of our major categories of financial instruments including how these are recognised and measured:

Category	Includes	Recognition and measurement
Financial assets	Loans and other receivables Block discounting loan receivable Trade and other receivables Lease receivables Cash and cash equivalents	Initially recognised at fair value plus initial direct costs and subsequently measured at amortised cost using the effective interest rate method less expected credit losses.
Financial liabilities	Long-term borrowings Block discounting loan payables Other financial liabilities Bank overdrafts Lease liability	Initially recognised at fair value plus initial direct costs and subsequently measured at amortised cost using the effective interest rate method less expected credit losses.
Financial guarantee contracts	The guarantees provided by the Group to subsidiaries and affiliates.	These financial guarantees are accounted for under IFRS 9 recognised as financial liabilities and must be measured at their fair value upon initial recognition. Subsequently, they are measured at the higher of the expected credit losses (ECL) calculated in accordance with IFRS 9's impairment model, or the amount initially recognised less the cumulative amount of income recognised in accordance with the principles of IFRS 15.

1. Accounting policies continued

1.16 Financial instruments continued

The Group makes use of an allowance account to recognise any loss allowances as prescribed by IFRS 9 *Financial Instruments*. The Group estimates its ECL provision as follows:

Trade and other receivables:

The simplified method is used, whereby lifetime expected losses are estimated using a matrix approach. Historical loss rates are adjusted for forward looking factors to calculate an adjusted rate which is applied to the trade receivable balances in various ageing buckets (after removing specifically provided for debtors).

Loans and other financial assets:

A probability of default (PD) method is used and involves applying these PDs to the various loans in its relevant stages, taking into account relevant forward looking factors.

In measuring the financial guarantee contracts, management applied judgement in assessing the best estimate of the expenditure to settle the present obligation. The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of the provision. Management has assessed that the amount that it would rationally pay to settle the obligation is nil. Refer to note 34 for further details.

1.17 Employee benefits

Employee benefits comprise the following:

- Short-term benefits
- Post-employment medical aid benefits
- Post-employment retirement benefits
- Long-term employee benefits

Short-term benefits include the employee's basic salary, performance-related bonuses, travel allowances and other benefits. Short-term employee benefits are recognised as incurred, usually the earlier of payment or accrual date. The expected cost of bonus payments are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performances.

The Company provides post-retirement healthcare benefits to certain of its retirees. The entitlement to these benefits is based on qualifying employees remaining in service until retirement age. These are measured using the projected unit credit method of valuation is used to calculate the post-retirement medical aid obligations, which costs are accrued over the period of employment. Actuarial gains and losses are recognised immediately in equity as other comprehensive income. These benefits are actuarially valued annually. The liability is unfunded.

Post-retirement benefits include the payments to defined contribution retirement benefit plans which are recognised as an expense when employees have rendered services entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. The Group presents the service costs and net interest income or expense in profit or loss in the line item "defined benefit plan expenses". Curtailment gains and losses are accounted for as past service costs. Remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurements recognised in other comprehensive income are reflected immediately in retained earnings and shall not be reclassified to profit or loss.

Past service costs are recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plans.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

1. Accounting policies continued

1.17 Employee benefits continued

Long-term employee benefits include long service awards payable to employees per human resources policy and share-based payments.

The Group provides long service awards to employees based on their length of service. These awards are classified as long-term employee benefits under IAS 19 and are measured at the present value of the obligation. Current service costs are recognised in profit or loss, while actuarial gains and losses arising from changes in assumptions are recognised in other comprehensive income in the period in which they occur.

Share option scheme

The Group issues equity-settled share-based payments to certain employees. These share-based payments are measured at fair value at the date of the grant and are recognised to profit or loss on a straight line basis over the vesting period, with a corresponding adjustment to the share-based payment reserve. Fair value is measured at grant date by use of a binomial model. The expected life used in the model is adjusted, based on management's best estimate of the effect of non-market vesting conditions.

The scheme has been closed and all options have either been expired or forfeited.

Conditional share plan (CSP)

The Group operates a CSP under which it receives services from employees as consideration for equity instruments of the Company. In terms of the CSP, the Group has granted shares to executives, senior management and key talent specifically identified in the form of performance share awards.

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value of the employee service received in exchange for the grant of shares is recognised as an expense on a straight line basis over the vesting period, with a corresponding adjustment to the share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of shares granted, including any market performance conditions and excluding the impact of any non-market performance vesting conditions. Non-market performance vesting conditions are included in the assumptions regarding the number of shares granted that are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of shares granted that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

1.18 Taxation

The taxation expense is determined as the sum of the current and deferred taxation amounts recognised in profit or loss. Current tax assets or liabilities arise from the balance receivable or payable to relevant tax authorities.

Current taxation is payable based on taxable profit for the year. Taxable profit will differ from reported profit because it will exclude items of profit or loss that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been substantively enacted at the statement of financial position date.

Deferred tax assets or liabilities arise from timing differences between IFRS and relevant tax laws creating future charges or deductions for taxation purposes.

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position method. Deferred tax liabilities and assets are generally recognised for all taxable temporary differences and effectively represents the "accrual" adjustment to current taxation payable excluding the effect of permanent differences.

Deferred taxation is calculated using taxation rates at the statement of financial position date and is charged or credited to the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is dealt with in equity.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill.

Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which future deductible temporary differences can be utilised. The carrying amount of deferred taxation assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available.

1. Accounting policies continued

1.19 Assets Held for Sale and Discontinued Operations

Assets Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

This classification is made only when the asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such asset and the sale is highly probable, with management committed to a plan to sell, and the sale is expected to be completed within one year from the date of classification.

Non-current assets and disposal groups held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Depreciation ceases on non-current assets once classified as held for sale.

Any impairment losses arising from the initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of cumulative impairment losses.

Discontinued Operations

A discontinued operation is a component of the Group that has either been disposed of or is classified as held for sale and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations, net of tax, are presented separately in the statement of comprehensive income as a single line item. Comparative figures are represented to reflect discontinued operations separately from continuing operations.

Where a discontinued operation is disposed of, any resulting gain or loss on disposal is calculated as the difference between the net proceeds from the sale and the carrying amount of the asset or disposal group, including any associated goodwill.

1.20 Key management judgements and estimates

There are a number of areas where judgement is applied in the application of the accounting policies in the consolidated financial statements. Significant areas of judgements and estimates have been identified as:

Consolidation of Guilds

Management have consolidated the Guilds on the basis that The SPAR Group Ltd has effective control over these entities in accordance with a control assessment performed by management with reference to the requirements of IFRS 10 *Consolidated Financial Statements*.

Management concluded that in relation to the marketing and advertising activities of the Guilds, the Guilds act as an agent on behalf of the independent retailers who form part of the voluntary trading groups. As a result, the Guilds account for the marketing and advertising income and expenditure as an agent, i.e. on a net agency basis. This net amount is then included in the consolidated statement of profit or loss and other comprehensive income.

Control over retail stores acquired

Note 33 details the acquisition of retail stores. In these acquisitions 100% of the assets of the business were acquired. The directors of the Company assessed whether or not the Group has control over these retail stores based on whether the Group has the practical ability to direct the relevant activities of the stores unilaterally. As no other party has the ability to direct the activities of the business, the directors concluded that the Group has control over the retail stores acquired.

Acquisition of assets vs business

An acquisition is considered a business combination if the assets acquired and liabilities assumed constitute a business. Management applies judgement in order to assess whether assets purchased constitute a business by assessing the facts and circumstances of the transaction. Management considers whether the purchase includes an integrated set of activities (inputs and processes) that is capable of being managed and conducted in order to provide a return. In instances where only an asset such as a property, is purchased, with no related processes and inputs, this is treated as an acquisition of an asset rather than a business. In instances such as the purchase of a store, which includes the employment of staff, and processes relating to the running of the store that can be managed in order to provide a return, the assets acquired are treated as a business in terms of IFRS 3.

1. Accounting policies continued

1.20 Key management judgements and estimates continued

Macro-economic forward looking factors in expected loss model

The Group has identified the inflation rate, fuel costs, the prime interest rate and the unemployment rate as the most relevant factors in calculating a forward looking adjustment to the historical loss rates. These have been applied to the loss rates used in the expected credit loss model for loans and trade and other receivables.

Probability of vesting of rights to equity instruments granted in terms of the CSP

The cumulative expense recognised in terms of the Group's CSP reflects, in the opinion of the directors, the number of rights to equity instruments granted that will ultimately vest. At each reporting date, the unvested rights are adjusted by the number forfeited during the year to reflect the actual number of instruments outstanding. Management is of the opinion that this number, adjusted for future attrition rates and performance conditions, represents the most accurate estimate of the number of instruments that will ultimately vest.

Supplier rebates

Management applied judgement in assessing whether rebates and other income should be presented as a reduction of cost of sales, included in revenue – other or offset in expenses. In this regard, management assessed whether the services provided to the suppliers are considered part of the overall supplier relationship in accordance with IAS 2 *Inventories*, or are distinct and specific services, or whether the income received represents a genuine refund of selling expenses.

Dropshipment agent vs principal

Revenue from the sale of merchandise is recognised as and when the control over goods and services are transferred to customers. The Group has assessed its dropshipment sales which is recorded on a gross principal basis and has concluded that this will continue to be recognised on a gross basis.

Taxation

The Group is subject to taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide accrual for income taxes. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated income tax positions based on best informed estimates of whether additional income taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax assets and liabilities in the period in which such determination is made.

Estimation is also required of temporary differences between the carrying amount of assets and liabilities and their tax base. Deferred tax liabilities are recognised for all taxable temporary differences but, where there are deductible temporary differences, management's judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits.

Lease renewals

In determining the number of years of rental payments which should be present valued for the purpose of IFRS 16, renewal options should be considered when the lessee is reasonably certain to exercise.

In South Africa, the majority of property leases are entered into for an initial period of 10 years, with renewal options of five years. It has been concluded that these renewal options will only be recognised when it is reasonably certain that they will be entered into which is generally within six months of the renewal coming into effect.

In Ireland, management identify leases for which they are reasonably certain not to exercise break clauses. No renewal assumptions/rights have been incorporated into the lease terms.

In Switzerland, renewal clauses have been taken into account on a lease by lease basis where it is applicable and it is considered to be reasonably certain that the Group will exercise the renewal options in order to retain control of the sites.

In determining the number of years of rental payments which should be present valued for the purpose of IFRS 16, renewal options should be considered when the lessee is reasonably certain to exercise.

1. Accounting policies continued

1.20 Key management judgements and estimates continued

Segmental reporting

The principal segments of the Group have been identified on a primary basis by geographical segment which is representative of the internal reporting used for management purposes as well as the source and nature of business risks and returns. These geographical segments also represent operating segments as they meet the quantitative threshold.

Other non-operating items

Other non-operating items comprise business acquisition costs.

Intangible asset cost allocation

The Group has embarked on a programme to design, build and deploy a SAP template for the South African business. The development of the SAP template constitutes the development of an internally generated intangible asset, which will ultimately be split within the South African business between local divisional distribution centres (DCs). The unit of account for the purpose of the capitalisation of development costs is a matter of judgement. Each instance of the implementation within the respective DC is considered to be a separate unit of account. The quantification for costs allocation to each DC is driven by the licences linked to the SAP project on the date of the DC going live. The capital work in progress amounts are recognised and tested for impairment in South Africa using the discounted cash flows for the SPAR Group Limited separate Company.

2. Revenue from contracts with customers*

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
Revenue – sale of merchandise	**152 337.5**	146 461.0	**91 089.3**	88 016.1
Revenue other	**3 145.5**	2 984.9	**1 122.8**	1 026.7
Marketing and service revenues	**2 031.4**	1 957.6	**1 122.8**	1 026.7
Franchise fees	**642.5**	629.3		
Other services	**471.6**	398.0		
Total revenue	**155 483.0**	149 445.9	**92 212.1**	89 042.8
Timing of revenue recognition				
Point in time	**152 337.5**	146 461.0	**91 089.3**	88 016.1
Over time	**3 145.5**	2 984.9	**1 122.8**	1 026.7

Disaggregated revenue is presented in note 11.

* *The Polish operation has been classified as discontinued and comparative numbers represented. Refer to note 42 for further detail.*

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
3. Net operating expenses*				
Net operating expenses include the following:				
Auditors remuneration:**	**36.2**	35.8	**13.0**	15.1
Audit fees	**32.5**	29.5	**12.0**	12.1
Other fees	**3.7**	6.3	**1.0**	3.0
Other lease expenses:	**166.7**	118.0	**44.7**	13.9
Low value lease payments	**1.6**	8.3	**1.6**	7.3
Variable lease payments	**27.2**	23.8		
Short-term lease expense	**137.9**	85.9	**43.1**	6.6
Total employment costs	**8 303.9**	7 589.3	**3 043.9**	2 830.3
Employment benefits:	**345.2**	340.5	**223.1**	218.3
Post retirement medical aid (refer to note 27.2)	**24.2**	22.9	**24.2**	22.9
Defined contribution plans	**252.9**	241.8	**198.9**	195.4
Defined benefit plans (refer to note 27.1)	**68.1**	75.8		
Other employment costs	**7 958.7**	7 248.8	**2 820.8**	2 612.0
Delivery costs-fuel	**1 715.4**	1 744.8	**790.0**	793.4
Advertising	**1 671.1**	1 743.4	**1 039.0**	1 128.7
Depreciation	**2 136.4**	2 028.2	**423.2**	409.5
Amortisation	**117.9**	130.3	**40.6**	33.6
Impairment of assets	**69.7**	190.1	**1 695.6**	1 304.7
Impairment of assets held for sale	**50.0**	2.1	**21.9**	
Impairment of goodwill	**19.7**	133.7	**19.7**	36.9
Impairment of PPE and intangible assets		53.7		
Impairment to right-of-use asset		0.6		
Impairment of subsidiary investment			**1 654.0**	1 267.8
4. Other income*				
Commission income	**54.3**	48.0	**22.7**	11.4
Dividend income			**232.6**	111.8
Inter-company guarantee fee income			**86.5**	92.5
Insurance proceeds	**7.7**	6.4	**7.7**	6.4
Marketing income	**55.6**	26.9	**55.6**	26.9
Rental income	**81.7**	77.9	**12.8**	11.0
Sundry income	**100.3**	96.8	**52.9**	50.6
Total other income	**299.6**	256.0	**470.8**	310.6
5. Other non-operating items				
Business acquisition costs (refer to note 33.1)	**1.9**	13.0		
6. Finance income/costs*				
6.1 Finance income				
Bank deposits	**66.9**	46.6	**31.2**	21.7
Loans	**21.1**	24.9	**14.1**	17.7
Block discounting loan receivable	**4.9**	11.0	**4.9**	11.0
Lease receivable	**436.5**	428.5	**433.4**	425.6
Overdue debtors	**67.0**	65.1	**55.5**	56.2
Other	**4.1**	1.1	**3.3**	1.2
Total finance income	**600.5**	577.2	**542.4**	533.4

* *The Polish operation has been classified as discontinued and comparative numbers represented. Refer to note 42 for further detail.*

** *Audit fees paid to the auditors of the Polish business are included in the loss from discontinued operations. The total fees paid for the current year are R7.0 million.*

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023

6. Finance income/costs continued

6.2 Finance costs

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Security deposits	**(12.4)**	(10.6)	**(12.4)**	(10.7)
Loans	**(255.5)**	(226.3)	**(1.2)**	
Block discounting loan payable	**(3.8)**	(9.9)	**(3.8)**	(9.9)
Lease liability	**(720.3)**	(681.9)	**(510.0)**	(491.3)
Bank overdraft	**(382.0)**	(301.6)	**(371.9)**	(291.5)
Other	**(9.5)**	(13.6)	**(9.6)**	(13.5)
Financial liabilities at fair value through profit or loss		(1.6)		
Total finance costs	**(1 383.5)**	(1 245.5)	**(908.9)**	(816.9)

7. Taxation

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Current taxation				
– Current year	**439.5**	460.1	**172.5**	241.0
– Prior year (over)/under provision	**(29.5)**	(12.3)	**(7.1)**	1.3
Deferred taxation				
– Current year	**84.5**	68.5	**54.5**	(26.8)
– Prior year (over)/under provision	**(5.7)**	19.6	**8.9**	1.1
– Change in tax rate[1]	**0.1**			
Foreign withholding income tax	**2.0**	0.8	**2.1**	0.8
Taxation expense for the year	**490.9**	536.7	**230.9**	217.4
Taxation expense from discontinued operation	**22.3**	71.5		
Taxation expense from continuing operations	**468.6**	465.2		
Reconciliation of effective taxation rate (%)				
South African current income tax rate at 27%	**27.0**	27.0	**27.0**	27.0
Non-taxable income relating to:				
Dividends received			**17.7**	6.9
Employee tax incentives	**(0.3)**	(0.3)	**0.7**	0.6
Share plans[2]		0.5	**(0.1)**	(1.1)
Non-deductible expenses relating to:				
Business acquisition costs		0.1		
Write-off of SAP asset under construction	**0.4**	1.2	**(1.0)**	(1.1)
Impairment of subsidiary investment			**(126.2)**	(78.4)
Impairment of goodwill	**0.6**	6.8	**(1.5)**	(2.3)
Impairment of PPE and intangible assets		4.1		
Impairment to right-of-use asset		1.1		
Impairment of assets held for sale	**31.9**		**(1.7)**	
Movement in financial guarantee liability	**0.7**		**24.2**	
Non-deductible interest costs	**2.1**	1.9		
Accounting loss on disposal of businesses	**0.4**		**(1.1)**	
Other operating costs	**(0.3)**	1.3	**(2.6)**	(1.4)
Other items:				
Assets not eligible for capital allowances	**0.3**	0.1	**(0.1)**	
Income tax allowances	**(0.4)**	(0.5)	**0.7**	0.8
Withholding income tax	**0.2**	0.1	**(0.6)**	(0.2)
Prior year income tax over provision	**(2.1)**	(0.1)	**(0.5)**	(0.5)
Controlled Foreign Companies income	**0.1**	0.1	**(0.1)**	(0.1)
Unutilised tax losses	**11.4**	7.8		
Write off of deferred tax asset	**2.6**	7.3		
Non-deductible temporary differences	**(4.3)**	0.5		
Foreign tax rate differential	**(12.0)**	(4.2)		
Effective taxation rate	**58.3**	54.8	**(65.2)**	(49.8)

[1] *Change in the corporate tax rate in Namibia from 32% to 31% effective 1 October 2024 for the Group.*

[2] *Temporary differences between deferred tax asset balance raised for future costs to be incurred and income tax deduction granted in current year for costs actually incurred on the CSP.*

7. Taxation continued

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

The OECD Pillar Two model rules apply to multinational enterprises that have consolidated revenues (which, as defined by the OECD, include any form of income and are therefore not limited to revenue recognised in accordance with IFRS 15) of €750 million in at least two out of the last four years.

The Group is within the scope of the OECD Pillar Two model rules which have been substantively enacted in Ireland, UK and Switzerland and will come into effect in the 2025 financial period. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure.

The Group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Under the legislation, the Group is liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate. If the effective tax rate based on accounting profit of a jurisdiction is below 15%, the Group's exposure to paying Pillar Two income taxes might not be for the full difference in tax rates in relation to that jurisdiction. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with IAS 12.

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. The approach followed has been to determine whether the jurisdictions that the Group operates in qualify for any of the Transitional CBCR Safe Harbours. Where this is not the case, a high level GLoBE Income calculation has been performed to determine the potential top-up tax payable.

Based on management's assessment, most of the jurisdictions that the Group operates in will meet at least one of the Transitional Safe Harbour tests, resulting in no top-up tax being due for that jurisdiction. Ireland is however expected to pay a top-up tax, the quantum is not expected to be significant at this stage.

8. Earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares (net of treasury shares) in issue during the year. In the case of basic earnings per share, the weighted average number of ordinary shares (net of treasury shares) in issue during the year was 192 584 666 (2023: 192 379 568). In respect of diluted earnings per share, the weighted average number of ordinary shares (net of treasury shares) was 192 654 607 (2023: 192 450 389).

The calculation of the basic and diluted earnings per share attributable to ordinary shareholders is based on the following data:

		GROUP		COMPANY	
		2024	2023	**2024**	2023
Earnings					
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	Rmillion	**351.9**	401.3	**(584.6)**	(654.4)
Earnings per share:					
Basic	cents	**182.7**	208.6		
Diluted	cents	**182.7**	208.5		
Number of shares					
Weighted average number of ordinary shares (net of treasury shares) for the purposes of basic earnings per share	'000	**192 585**	192 380	**192 585**	192 380
Effect of diluted potential ordinary shares:					
Share options and contingently issuable ordinary shares	'000	**70**	71	**70**	71
Weighted average number of ordinary shares (net of treasury shares) for the purposes of diluted earnings per share	'000	**192 655**	192 451	**192 655**	192 451

Rmillion		GROUP 2024	GROUP 2023
9. Headline earnings			
Profit for the year attributable to equity holders of the Company		**351.9**	401.3
Adjusted for:			
Loss on sale of PPE and intangible assets		**21.1**	35.8
Write-off of SAP asset under construction		**13.0**	94.1
Impairment of assets held for sale		**995.1**	2.1
Impairment of goodwill		**19.7**	344.5
Impairment of PPE and intangible assets			229.3
Impairment of right-of-use asset			56.4
Loss on disposal of businesses		**17.9**	3.4
Headline earnings		**1 418.7**	1 166.9
Headline earnings from discontinued operation		**(349.0)**	(422.1)
Headline earnings from continuing operations		**1 767.7**	1 589.0
Headline earnings per share			
Basic	cents	**736.7**	606.6
Diluted	cents	**736.4**	606.3
Headline earnings per share from discontinued operation			
Basic	cents	**(181.2)**	(219.4)
Diluted	cents	**(181.2)**	(219.3)
Headline earnings per share from continuing operations			
Basic	cents	**917.9**	826.0
Diluted	cents	**917.5**	825.7

Rmillion		GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
10. Dividends paid					
2022 final dividend declared 16 November 2022 – Paid 12 December 2022			433.5		433.5
Dividends paid to non-controlling interest			3.1		
Total dividends		**–**	436.6	**–**	433.5
2022 final dividend per share declared 16 November 2022 – Paid 12 December 2022	cents		225.0		225.0
Total dividends per share	cents	**–**	225.0	**–**	225.0

No dividends have been declared or paid in the current financial year.

11. Segment reporting

Segment accounting policies are consistent with those adopted for the preparation of the condensed consolidated financial results.

The principal segments of the Group have been identified on a primary basis by geographical segment, which is representative of the internal reporting used for management purposes as well as the source and nature of business risks and returns. These geographical segments also represent operating segments as they meet the quantitative thresholds.

The chief executive officer is the chief operating decision maker (CODM) and assesses the performance of the operating segments based on profit before tax and for joint ventures and associates based on earnings after tax, and is of the opinion that the operations of the individual distribution centres within Southern Africa are substantially similar to one another and that the risks and returns of these distribution centres are likewise similar. The risks and returns of the Ireland, Switzerland and Poland operations are not considered to be similar to those within Southern Africa or each other and are therefore disclosed as separate reportable segments.

11. **Segment reporting** continued

As a result, the geographical segments of the Group have been identified as Southern Africa, Ireland, Switzerland and Poland. All segment revenue and expenses are directly attributable to the segments. Segment assets and liabilities include all operating assets and liabilities used by a segment, with the exception of inter-segment assets and liabilities, and IFRS adjustments made by segments to their management report for the purposes of IFRS compliance. These assets and liabilities are all directly attributable to the segments.

The principal activity of the reporting segments is the wholesale and distribution of goods and services to SPAR grocery stores and multiple other branded Group retail outlets.

The Group deals with a broad spread of customers, with no single customer exceeding 10% of the Group's revenue.

Analysis per reportable segment:

Rmillion	Southern Africa	Ireland	Switzerland	Poland*	Consolidated Total
2024					
Statement of profit or loss					
Revenue from contracts with customers	**97 110.6**	**41 323.6**	**17 048.8**		**155 483.0**
Cost of sales	**86 868.6**	**34 486.8**	**12 803.0**		**134 158.4**
Depreciation and amortisation	**496.0**	**789.0**	**969.3**		**2 254.3**
Total employment costs	**3 520.4**	**2 808.3**	**1 975.2**		**8 303.9**
Impairment of goodwill	**19.7**				**19.7**
Delivery costs – Fuel	**950.1**	**633.0**	**132.3**		**1 715.4**
Advertising	**1 102.2**	**270.3**	**298.6**		**1 671.1**
Operating profit	**1 461.0**	**1 216.8**	**217.7**		**2 895.5**
Profit before tax	**1 108.0**	**925.1**	**83.8**		**2 116.9**
Finance income	**572.0**	**15.8**	**12.7**		**600.5**
Finance costs	**931.3**	**305.6**	**146.6**		**1 383.5**
Share of equity-accounted associate profits	**6.3**				**6.3**
Taxation	**368.5**	**82.8**	**17.3**		**468.6**
Statement of financial position					
Total assets	**27 750.6**	**18 177.5**	**12 281.8**	**1 046.8**	**59 256.7**
Total liabilities	**24 395.4**	**13 120.1**	**9 227.4**	**2 140.1**	**48 883.0**
2023					
Statement of profit or loss					
Revenue from contracts with customers	93 630.6	38 742.2	17 073.1		149 445.9
Cost of sales	83 783.4	32 381.0	12 918.7		129 083.1
Impairment of PPE and intangible assets		53.7			53.7
Depreciation and amortisation	472.2	722.1	964.2		2 158.5
Total employment costs	3 232.5	2 501.2	1 855.6		7 589.3
Impairment of goodwill	66.7	67.0			133.7
Delivery costs – Fuel	948.3	620.9	175.6		1 744.8
Advertising	1 176.2	247.5	319.7		1 743.4
Operating profit/(loss)	1 217.6	1 062.3	236.8		2 516.7
Profit/(loss) before tax	942.0	773.3	113.1		1 828.4
Finance income	557.0	9.2	11.0		577.2
Finance costs	835.4	275.4	134.7		1 245.5
Share of equity-accounted associate profits/(losses)	3.0	(10.0)			(7.0)
Taxation	313.6	125.2	26.4		465.2
Statement of financial position					
Total assets	27 953.4	18 678.1	13 192.6	2 000.6	61 824.7
Total liabilities	23 680.8	14 409.5	10 174.3	3 338.5	51 603.1

* *The Polish operation has been classified as discontinued and comparative numbers re-presented. Refer to note 42 for further detail.*

Segment disclosure of material costs for 2024 and 2023 has been provided in accordance with IFRS 8.23(f).

Rmillion	GROUP 2024	GROUP 2023

11. Segment reporting continued

Disaggregated Revenue as reviewed by the CODM

Rmillion	2024	2023
Southern Africa		
Revenue – sale of merchandise	**95 997.1**	92 611.9
SPAR	**72 793.8**	70 749.1
TOPS at SPAR	**11 156.6**	10 197.4
Build it	**9 928.4**	9 706.7
S Buys	**1 762.8**	1 539.1
Encore	**355.5**	419.6
Revenue – Other	**1 113.5**	1 018.7
Revenue from contracts with customers	**97 110.6**	93 630.6
Ireland		
Revenue – sale of merchandise	**40 674.3**	38 137.5
BWG	**35 016.5**	32 476.5
Appleby Westward	**5 657.8**	5 661.0
Revenue – Other	**649.3**	604.7
Revenue from contracts with customers	**41 323.6**	38 742.2
Switzerland		
Revenue – sale of merchandise	**15 666.1**	15 711.6
Wholesale	**7 371.9**	7 526.1
TopCC	**5 955.5**	5 957.8
Retail	**2 338.7**	2 227.7
Revenue – Other	**1 382.7**	1 361.5
Revenue from contracts with customers	**17 048.8**	17 073.1
Total Revenue – sale of merchandise	**152 337.5**	146 461.0
Total Revenue – other	**3 145.5**	2 984.9
Total Revenue from contracts with customers	**155 483.0**	149 445.9

Rmillion	Land and buildings	Motor vehicles	Internal transport, plant and equipment

12. Property, plant and equipment

GROUP

Rmillion	Land and buildings	Motor vehicles	Internal transport, plant and equipment
Carrying value at 30 September 2022	5 180.7	527.1	1 885.3
Cost	5 418.4	1 129.7	4 074.7
Accumulated depreciation	(237.7)	(602.6)	(2 189.4)
Additions	173.2	280.8	506.2
Additions through business combinations	105.8	12.2	26.7
Disposals	(19.4)	(17.3)	(28.7)
Disposal through sale of business			(4.0)
Depreciation	(20.8)	(112.5)	(467.1)
Impairment	(2.4)		(54.4)
Exchange rate translation	450.9	12.3	185.5
Category reclassification	7.0		96.0
Carrying value at 30 September 2023	5 875.0	702.6	2 145.5
Cost	6 149.1	1 375.4	4 681.9
Accumulated depreciation	(274.1)	(672.8)	(2 536.4)
Additions	**89.4**	**192.1**	**283.1**
Additions through business combinations	**110.8**		**13.6**
Disposals	**(7.5)**	**(20.7)**	**(27.3)**
Disposal through sale of business		**(0.1)**	**(4.2)**
Depreciation	**(13.3)**	**(133.8)**	**(482.8)**
Transfers			**3.3**
Exchange rate translation	**(81.2)**	**(5.4)**	**(41.7)**
Reclassified to assets held for sale	**(438.5)**		**(71.1)**
Category reclassification	**2.3**	**(20.1)**	**65.0**
Carrying value at 30 September 2024	**5 537.0**	**714.6**	**1 883.4**
Cost	**5 737.6**	**1 452.3**	**4 612.1**
Accumulated depreciation	**(200.6)**	**(737.7)**	**(2 728.7)**

Office equipment, fixtures and fittings	Computers equipment	Assets under construction	Total
971.5	146.7	285.4	8 996.7
2 023.7	791.3	285.4	13 723.2
(1 052.2)	(644.6)		(4 726.5)
409.3	84.3	109.9	1 563.7
2.0	0.5		147.2
(48.6)	(0.4)	(9.7)	(124.1)
(0.1)			(4.1)
(268.0)	(78.9)		(947.3)
(0.5)			(57.3)
120.2	10.9	23.5	803.3
188.8		(291.8)	–
1 374.6	163.1	117.3	10 378.1
2 826.2	914.5	117.3	16 064.4
(1 451.6)	(751.4)		(5 686.3)
218.0	**56.1**	**50.5**	**889.2**
2.4	**0.3**		**127.1**
(42.0)	**(1.0)**	**(40.0)**	**(138.5)**
(0.3)	**(0.1)**		**(4.7)**
(231.1)	**(73.1)**		**(934.1)**
(3.3)			**–**
(15.8)	**(1.8)**	**2.0**	**(143.9)**
(42.7)	**(0.1)**	**(18.0)**	**(570.4)**
30.6	**0.7**	**(78.5)**	**–**
1 290.4	**144.1**	**33.3**	**9 602.8**
2 742.6	**787.6**	**33.3**	**15 365.5**
(1 452.2)	**(643.5)**		**(5 762.7)**

12. Property, plant and equipment continued

COMPANY

Rmillion	Land and buildings	Motor vehicles	Internal transport, plant and equipment
Carrying value at 30 September 2022	1 433.7	456.2	445.8
Cost	1 533.4	999.0	1 195.5
Accumulated depreciation	(99.7)	(542.8)	(749.7)
Additions	50.2	116.5	109.6
Additions through business combinations		3.0	22.4
Disposals		(6.4)	(4.5)
Disposal through sale of businesses			(4.0)
Category reclassification			16.0
Depreciation	(0.8)	(81.9)	(114.3)
Carrying value at 30 September 2023	1 483.1	487.4	471.0
Cost	1 583.6	1 087.2	1 304.2
Accumulated depreciation	(100.5)	(599.8)	(833.2)
Additions	**4.1**	**125.8**	**80.6**
Additions through business combinations			**10.9**
Disposals		**(9.9)**	**(5.8)**
Disposal through sale of businesses			**(4.2)**
Reclassified to assets held for sale	**(38.4)**		
Depreciation	**(0.9)**	**(88.3)**	**(111.3)**
Category reclassification			**16.5**
Carrying value at 30 September 2024	**1 447.9**	**515.0**	**457.7**
Cost	**1 549.3**	**1 169.9**	**1 367.4**
Accumulated depreciation	**(101.4)**	**(654.9)**	**(909.7)**

Carrying value of fixed property encumbered as security for borrowings set out in note 29 is R4 040.2 million (2023: R3 598.3 million).

Included in the carrying value of property, plant and equipment are land and buildings of R306.3 million (2023: R398.7 million) which are leased to external parties. During the current year, additions to property leased externally were R0.7 million (2023: R0.9 million), depreciation on property leased externally was R nil (2023: R0.8 million), and disposals were R7.0 million (2023: R nil). The effect of foreign currency translation on the closing balance of property leased externally was a R11.2 million decrease in the closing balance (2023: a R32 million increase in the closing balance).

	Office equipment, fixtures and fittings	Computer equipment	Assets under construction	Total
	82.8	62.2	36.4	2 517.1
	218.5	247.0	36.4	4 229.8
	(135.7)	(184.8)		(1 712.7)
	23.6	27.9	20.7	348.5
	1.4	0.4		27.2
	(0.4)	(0.4)		(11.7)
	(0.1)			(4.1)
	1.3		(17.3)	–
	(23.4)	(20.7)		(241.1)
	85.2	69.4	39.8	2 635.9
	229.5	246.2	39.8	4 490.5
	(144.3)	(176.8)		(1 854.6)
	13.3	**26.3**	**2.5**	**252.6**
	1.3	**0.3**		**12.5**
	(4.2)	**(0.9)**		**(20.8)**
	(0.3)	**(0.2)**		**(4.7)**
	(7.0)		**(3.9)**	**(49.3)**
	(23.0)	**(21.2)**		**(244.7)**
	1.9	**0.7**	**(19.1)**	**–**
	67.2	**74.4**	**19.3**	**2 581.5**
	227.3	**254.8**	**19.3**	**4 588.0**
	(160.1)	**(180.4)**		**(2 006.5)**

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023

13. Goodwill and intangible assets

13.1 Total goodwill and intangible assets

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Goodwill	**4 647.5**	4 711.2	**696.2**	687.0
Indefinite useful life intangible assets	**2 095.1**	2 183.1		
Definite useful life intangible assets	**1 422.4**	1 347.0	**1 250.8**	1 170.9
Carrying value at end of year	**8 165.0**	8 241.3	**1 947.0**	1 857.9
Analysed as follows:	**8 165.0**	8 241.3	**1 947.0**	1 857.9
Cost	**9 647.0**	9 778.8	**2 323.2**	2 183.4
Accumulated amortisation and impairment	**(1 482.0)**	(1 537.5)	**(376.2)**	(325.5)

13.2 Goodwill

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Carrying value at beginning of year	**4 711.2**	4 356.5	**687.0**	702.1
Impairment	**(19.7)**	(344.5)	**(19.7)**	(36.9)
Goodwill derecognised on disposal of business	**(14.7)**	(8.2)	**(14.7)**	(8.2)
Business combinations (Refer to note 33)	**136.1**	233.1	**43.6**	30.0
Measurement period adjustment	**10.1**	24.3		
Reclassified to assets held for sale	**(71.0)**			
Exchange rate translation	**(104.5)**	450.0		
Carrying value at end of year	**4 647.5**	4 711.2	**696.2**	687.0
Analysed as follows:				
Cost	**5 002.1**	5 168.2	**778.3**	749.4
Accumulated impairment	**(354.6)**	(457.0)	**(82.1)**	(62.4)
Grouping of CGUs with significant goodwill				
Southern African entities				
– SPAR distribution centres	**734.0**	724.6	**696.2**	687.0
– SPAR Encore Limited	**60.9**	60.9		
– S Buys Holdings (Pty) Ltd	**63.5**	63.5		
Irish and UK entities (BWG, Gilletts and Heaney Meats)				
– BWG and Gilletts	**3 090.6**	2 991.9		
– Heaney Meats		162.8		
New Polish Investments (Polish entity)				
SPAR Holding AG (Swiss entity)	**698.5**	707.5		
Carrying value at end of year	**4 647.5**	4 711.2	**696.2**	687.0

Goodwill is allocated to the Group's CGUs. These CGUs are determined as the Group of assets acquired as part of a business combination to which the goodwill can be allocated, and which generates largely independent cash flows and will benefit from synergies of the combination.

Management view a grouping of CGUs as appropriate for impairment testing where the strategic direction is provided by a central management function, funded by a central financing facility and there is a large degree of inter-connection between divisions. However, a separate impairment review is conducted for assets other than goodwill where there is an indicator of performance and operational challenges faced by a business unit within a grouping of CGUs.

In the prior years, Heaney Meats Catering Co Ltd (Heaney Meats) was considered a separate CGU and not aggregated into the Irish and UK business as there was not a large degree of inter-connectedness between Heaney Meats and other businesses in the segment. In the 2023 financial year, the business made the strategic decision to close the meat processing unit of Heaney Meats resulting in an impairment of their assets and goodwill. On 1 October 2023, the remaining trade and assets of Heaney Meats was transferred into BWG Foods and the business fully integrated into BWG Foods. As a result, Heaney Meats is no longer viewed as a separate CGU and is grouped within the BWG and Gilletts CGU.

Goodwill relating to retail stores acquired in South Africa are included within the associated distribution centre (DC) as the applicable goodwill is monitored and tested for impairment in a way that is consistent with management's internal management systems. Therefore each distribution centre is a standalone CGU.

The recoverable amount of a CGU is determined based on the value-in-use calculations.

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023

13. Goodwill and intangible assets continued

13.3 Indefinite useful life intangible assets

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Carrying value at beginning of year	**2 183.1**	2 090.8	**–**	–
Impairment		(172.1)		
Exchange rate translation	**(88.0)**	264.4		
Carrying value at end of year	**2 095.1**	2 183.1	**–**	–
Analysed as follows:				
Brands	**2 095.1**	2 183.1		
Licences				

Indefinite useful life intangible assets represent acquired brands. The acquired brands are established trademarks in the retail environment in Ireland and the UK. History indicates that competitor movements had no significant impact on the sales generated by these brands. On this basis, in addition to future prospects, management considered that the brands have indefinite useful lives.

The carrying values of brands relating to the TIL CGU amounts to R2 087.9 million (2023: R2 175.9 million) and Encore amounts to R7.2 million (2023: R7.2 million).

13.4 Definite useful life intangible assets

Rmillion	GROUP Computer Software	GROUP Assets under construction	GROUP Total	COMPANY Computer Software	COMPANY Assets under construction	COMPANY Total
Carrying value at 30 September 2022	281.6	846.7	1 128.3	130.1	804.0	934.1
Cost	1 150.8	846.7	1 997.5	359.8	804.0	1 163.8
Accumulated amortisation	(869.2)		(869.2)	(229.7)		(229.7)
Additions	85.2	347.2	432.4	7.0	281.8	288.8
Disposals	(9.6)		(9.6)	(0.7)		(0.7)
Amortisation	(132.2)		(132.2)	(33.6)		(33.6)
Write-off of SAP asset under construction		(94.1)	(94.1)		(17.7)	(17.7)
Reclassifications	145.9	(145.9)		133.6	(133.6)	–
Exchange rate translation	17.1	5.1	22.2			–
Carrying value at 30 September 2023	388.0	959.0	1347.0	236.4	934.5	1170.9
Cost	**1 468.5**	**959.0**	**2 427.5**	**499.5**	**934.5**	**1 434.0**
Accumulated amortisation	**(1 080.5)**		**(1 080.5)**	**(263.1)**		**(263.1)**
Additions	**156.6**	**103.6**	**260.2**	**41.6**	**101.4**	**143.0**
Reclassified to assets held for sale	**(14.4)**	**(27.4)**	**(41.8)**			**–**
Disposals	**(9.5)**		**(9.5)**	**(9.5)**		**(9.5)**
Amortisation	**(118.2)**		**(118.2)**	**(40.6)**		**(40.6)**
Write-off of SAP asset under construction		**(13.0)**	**(13.0)**		**(13.0)**	**(13.0)**
Reclassifications	**112.6**	**(112.6)**	**–**	**111.6**	**(111.6)**	**–**
Exchange rate translation	**(4.1)**	**1.8**	**(2.3)**			**–**
Carrying value at 30 September 2024	**511.0**	**911.4**	**1 422.4**	**339.5**	**911.3**	**1 250.8**
Cost	**1 638.4**	**911.4**	**2 549.8**	**633.6**	**911.3**	**1 544.9**
Accumulated amortisation	**(1 127.4)**		**(1 127.4)**	**(294.1)**		**(294.1)**

The asset under construction balance includes the SAP software asset to be rolled out in the business. As at 30 September 2024, the balance relating to the SAP software asset was R825.0 million (2023: R896.7 million).

The balance also includes amounts relating to the second phase of the SPAR2U online shopping service totalling R10.2 million (2023: R28.2 million) which is still in development. Costs totalling R44.6 million (2023: R12 million) relating to the project have already been brought into use in the current year.

The asset under construction balance was tested for impairment as at 30 September 2024 and sufficient headroom was available. The write-off of the SAP asset under construction relates to the discontinuation of the project in Switzerland and Sri Lanka.

13. Goodwill and intangible assets continued

13.5 Impairment testing

The value-in-use discounted cash flow model was applied in assessing the carrying value of goodwill and indefinite intangible assets. Cash flows were projected over the next five-year period based on financial budgets or forecasts approved by management.

		GROUP	
		2024 %	2023 %
The following rates were applied in determining the value-in-use:			
Southern African entities (SPAR distribution centres, S Buys and SPAR Encore):			
Pre-tax Discount rate	(%)	**13.1**	13.9
Sales growth rate – SPAR distribution centres	(%)	**3.0 – 12.0**	5.0
Sales growth rate – Encore	(%)	**8.0 – 9.0**	8.0 – 11.0
Sales growth rate – S Buys	(%)	**7.0 – 10.0**	7.0 – 9.0
Terminal value growth rate	(%)	**4.4**	5.0
Irish and UK entities (BWG and Gilletts):			
Pre-tax Discount rate	(%)	**9.0**	9.0
Sales growth rate – BWG and Gilletts (incl. Heaney Meats)	(%)	**3.5**	3.5
Sales growth rate – Heaney Meats	(%)		2.0 – 29.0
Terminal value growth rate	(%)	**2.0**	2.0
Swiss entity (SPAR Holding AG):			
Pre-tax Discount rate	(%)	**3.9**	5.4
Sales growth rate	(%)	**1.00 – 1.5**	1.4
Terminal value growth rate	(%)	**1.3**	1.5

Discount rates applied are consistent with external sources, and sales and terminal value growth rates reflect expected performance.

14. Investment in subsidiaries

	COMPANY	
Rmillion	**2024**	2023
Carrying value at beginning of year	**2 158.2**	2 212.0
Investments in subsidiaries	**1 660.9**	1 214.0
Impairment of investment	**(1 654.0)**	(1 267.8)
Carrying value at end of year	**2 165.1**	2 158.2

As at 30 September 2024, the Polish segment continues to be in a negative equity position as disclosed in note 11, Segment Reporting. This is an impairment indicator for the purposes of IAS 36 *Impairment of non-financial assets*, and a test on the recoverable amount of the investment in subsidiary was performed. The Company's separate statement of financial position includes a further investment in the Polish subsidiary of R1 654 million which has been fully impaired at year end. SPAR has engaged a process to dispose of its interests in Poland, refer to note 42 for further detail.

14. **Investment in subsidiaries** continued

Name of subsidiary	Principal place of business	Issued share capital 2024 Rmillion	Issued share capital 2023 Rmillion	Voting rights 2024 %	Voting rights 2023 %	Cost of investment 2024 Rmillion	Cost of investment 2023 Rmillion
SAH Ltd[4] (registered in the Isle of Man)	Switzerland	**687.7**	685.4	**100**	100	**687.7**	685.4
TIL JV Ltd[4] (registered in the Isle of Man)	Ireland	**0.1**	0.1	**100**	100	**798.6**	798.6
SPAR South Africa (Pty) Ltd[2]	South Africa			**100**	100		
SPAR Namibia (Pty) Ltd[1] (registered in Namibia)	Namibia			**100**	100		
The SPAR Group (Botswana) (Pty) Ltd[1] (registered in Botswana)	Botswana			**100**	100		
SPAR Mozambique Limitada[1] (registered in Mozambique)	Mozambique			**100**	100		
Sun Village Supermarket (Pty) Ltd[1]	South Africa			**100**	90	**3.7**	
SaveMor Products (Pty) Ltd[2]	South Africa			**100**	100		
SPAR Academy of Learning (Pty) Ltd[2]	South Africa			**100**	100		
SPAR Retail Stores (Pty) Ltd[1]	South Africa			**100**	100		
SPAR Mopani Rural Hub (Pty) Ltd[1]	South Africa			**100**	100		
Annison 45 (Pty) Ltd[1]	South Africa			**60**	60		
SPAR Lowveld Rural Hub (Pty) Ltd[1]	South Africa			**100**	100		
Clusten 45 (Pty) Ltd[2]	South Africa			**100**	100		
SPAR Financial Services (Pty) Ltd[2]	South Africa			**100**	100		
Knowles Shopping Centre Investments (Pty) Ltd[3]	South Africa			**100**	100		
S Buys Holdings (Pty) Ltd[4]	South Africa	**79.8**	79.8	**100**	100	**130.9**	130.9
Spar Trading (Pty) Ltd (Registered in eSwatini)(1)	eSwatini			**100**	100		
New Polish Investments Sp. z o.o.(Registered in Poland)(4)	Poland			**100**	100		
SPAR Encore Ltd[4]	South Africa			**100**	100	**544.2**	543.3
Consolidated entities* **							
The SPAR Guild of Southern Africa[1]**	South Africa						
The Build it Guild of Southern Africa[1]**	South Africa						
The SPAR Group Ltd Employee Share Trust (2004)[1]*	South Africa						
The SPAR BBBEE Employee Trust[1]*	South Africa						
The SPAR BBBEE Retailer Employee Trust[1]*	South Africa						
Supplier Development Hub NPC**[2]	South Africa						
Total						**2 165.1**	2 158.2

All legal entities are incorporated in the Republic of South Africa unless otherwise indicated.
The issued share capital nil value items relate to share capital below R100 000 and therefore have not been presented.

* *The SPAR Group Ltd Employee Share Trust (2004), the SPAR BBBEE Employee Trust, and the SPAR BBBEE Retailer Employee Trust have 28 February as their year end. All other companies have a 30 September year end.*

** *Non-profit companies over which the Company exercises control.*

*** *These entities are consolidated as the Group has effective control over these entities due to the Group's control over the Board.*

(1) *Operating company or entity.*
(2) *Dormant.*
(3) *Property owning company.*
(4) *Holding company.*

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
15. Investment in associates and joint ventures				
Carrying value at beginning of year	**150.2**	130.7	**137.9**	130.7
Share of profits/(losses) for the year	**6.3**	(7.0)		
Investment in associates and joint ventures		11.8		7.2
Foreign currency translation	**2.7**	14.7		
Carrying value at end of year	**159.2**	150.2	**137.9**	137.9

Summarised financial statements of the Group's share of associates and joint ventures

	GROUP 2024	GROUP 2023
Statement of profit or loss		
Revenue	**477.4**	608.8
Profits/(losses) for the year attributable to ordinary shareholders	**6.3**	(7.0)
Statement of financial position		
Total assets	**147.1**	191.7
Total liabilities	**(66.8)**	(93.5)
Net assets	**80.3**	98.2

The associates have share capital consisting solely of ordinary shares, which are held directly by the Group. These are private companies and no quoted market prices are available for their shares.

Details of the Group's shareholding and carrying values

	Nature of relationship	Shareholding in associates and joint ventures 2024 (%)	Shareholding in associates and joint ventures 2023 (%)	GROUP 2024 Rmillion	GROUP 2023 Rmillion	COMPANY 2024 Rmillion	COMPANY 2023 Rmillion
SPAR SL (Pvt) Ltd	(joint venture)	**50.0**	50.0	**97.3**	86.0	**136.6**	136.6
JB Retail 2401 (Pty) Ltd – Richdens	(associate)	**40.0**	40.0	**3.9**	3.7	**1.3**	1.3
Fresh Opportunities Ltd	(associate)	**40.0**	40.0	**58.0**	60.5		
Piotr i Pawel Plus Sp. z o.o.	(associate)	**48.0**	48.0				
				159.2	150.2	**137.9**	137.9

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
16. Other investments				
Carrying value at beginning of year	**17.8**	15.7	**16.9**	15.0
Additional investments during the year	**0.8**		**0.8**	
Fair value adjustments	**0.5**	2.7	**0.5**	2.7
Disposals		(0.8)		(0.8)
Foreign exchange differences		0.2		
Carrying value at end of year	**19.1**	17.8	**18.2**	16.9
Analysed as follows:				
Group Risk Holdings (Pty) Ltd (GRH)	**1.0**	0.6	**1.0**	0.6
Group Risk Mutual Limited (GRML)	**6.3**	5.4	**6.3**	5.4
Schnellimmo Ltd	**0.9**	0.9		
Buying International Group SPAR (B.V. BIGS)	**0.9**	0.9	**0.9**	0.9
SA SME Fund Ltd	**10.0**	10.0	**10.0**	10.0

	GROUP		COMPANY	
Rmillion	2024	2023	2024	2023

17. Block discounting loans

Rmillion	Group 2024	Group 2023	Company 2024	Company 2023
Block discounting loan receivable	**1.4**	18.3	**1.4**	18.3
Current portion of block discounting loan receivable	**2.3**	14.0	**2.3**	14.0
Total block discounting loan receivable	**3.7**	32.3	**3.7**	32.3
Block discounting loan payable	**1.5**	18.7	**1.5**	18.7
Current portion of block discounting loan payable	**2.3**	15.2	**2.3**	15.2
Total block discounting loan payable	**3.8**	33.9	**3.8**	33.9

SPAR gives out loans at the prime interest rate to retailers which are immediately sold at prime less 1% to an approved financial institution under a block discounting agreement with recourse. The financial institution fulfils all administrative activities relating to the repayment of these loans, and will only revert to SPAR in the unusual instance of default on the part of the retailer.

These loans have been discounted to the financial institution with full recourse, resulting in SPAR still being exposed to the credit risk on this transaction. It has been concluded that these loan receivables do not meet the derecognition criteria for financial assets in terms of IFRS 9. This has resulted in the recognition of a financial asset held at amortised cost which represents the amount owing by the retailer, and a financial liability held at amortised cost which represents the amount owing to the financial institution. The block discounting loans are considered to have low credit risk and the loss allowance recognised was therefore limited to 12-months expected losses.

Retailer loans are secured by notarial bonds over assets, deeds of suretyship, cession and pledge of shares and in some instances, lease options. The recoverability of amounts owed by retailers is regularly reviewed and assessed on an individual basis. This is estimated considering past experience and additional risk factors such as significant actual or expected changes in the operating results or business conditions of the retailer. To the extent that a loan is considered irrecoverable, the debt is written off. Refer to note 39 for the credit risk assessment of these receivable balances.

18. Loans and other receivables

Rmillion	Group 2024	Group 2023	Company 2024	Company 2023
Retailer loans advanced by SPAR	**790.6**	1 018.4	**646.3**	513.0
Retailer loans advanced by Guild	**151.7**	107.9		
Loans to Group companies	**1.2**	1.2	**114.9**	120.8
Advance to The Share Trust			**1.5**	1.5
Total	**943.5**	1 127.5	**762.7**	635.3
Less: Current portion of retailer loans	**(118.7)**	(146.0)	**(93.4)**	(97.9)
Less: Loss allowance	**(53.4)**	(173.6)	**(73.2)**	(73.2)
Non-current loans	**771.4**	807.9	**596.1**	464.2

Retailer loans advanced by SPAR

Retailer loans are both secured and unsecured, bear interest at variable floating rates and have set repayment terms.

The recoverability of amounts owed by retailers is regularly reviewed and assessed on an individual basis (refer to note 39).

Retailer loans advanced by Guild

The retailers contribute to a development member fund, which is utilised to issue out loans to retailers for store revamps. As at 30 September 2024 members' cumulative contributions are in excess of the loans advanced through to members. These loans are unsecured, bear no interest and have set repayment terms.

Advance to The Share Trust

The advance to The SPAR Group Ltd Employee Share Trust (2004) is unsecured, bears no interest and has no set repayment terms. The Company advanced money to the trust to enable it to finance the repurchase of the Company's shares (refer to note 25). This advance constitutes a loan and a contribution. The loan portion is recoverable from the trust upon exercise of share options to the extent of the sum of option strike prices of options exercised. The contribution portion will be the difference between the cost price of treasury shares and the option strike prices of the equivalent number of treasury shares utilised to satisfy option holders who exercise their option rights.

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
19. Deferred taxation				
Asset				
Deferred taxation asset analysed by major category:				
Property, plant and equipment (PPE)	**(251.3)**	(251.3)	**(249.2)**	(250.2)
Provisions, claims and prepayments	**334.8**	428.0	**294.3**	363.5
Right-of-use assets[1]	**(225.3)**	(212.7)	**(173.9)**	(198.4)
Lease receivable[1]	**(1 369.4)**	(1 356.1)	**(1 356.5)**	(1 352.9)
Lease liability[1]	**1 644.0**	1 610.8	**1 572.5**	1 588.6
Carrying value at end of year	**132.8**	218.7	**87.2**	150.6
Reconciliation:				
Carrying value at beginning of year	**218.7**	253.6	**150.6**	132.1
Employee share plan equity	**(1.8)**	(5.6)	**(1.8)**	(5.6)
Rate change – P/L impact (Refer to Note 7)	**(0.1)**			
Profit or loss effect	**(87.4)**	(40.3)	**(63.4)**	25.7
Exchange rate translation	**1.5**	12.6		
Other comprehensive income effect	**1.9**	(1.6)	**1.8**	(1.6)
Carrying value at end of year	**132.8**	218.7	**87.2**	150.6
Liability				
Deferred taxation liability analysed by major category:				
PPE and intangible assets[1]	**(539.4)**	(536.8)		
Defined benefit obligations	**12.3**	0.2		
Provisions, claims and prepayments	**(76.9)**	(81.7)		
Right-of-use assets[1]	**(871.4)**	(953.1)		
Lease receivable[1]	**(13.9)**	(15.4)		
Lease liability[1]	**955.8**	1 041.4		
Carrying value at end of year	**(533.5)**	(545.4)	**–**	–
Reconciliation:				
Carrying value at beginning of year	**(545.4)**	(435.5)	**–**	–
Profit or loss effect	**8.6**	(47.8)		
Exchange rate translation – P/L impact	**15.7**	(55.3)		
Other comprehensive income effect	**(12.4)**	(6.8)		
Carrying value at end of year	**(533.5)**	(545.4)	**–**	–
Total net (liability)/asset	**(400.7)**	(326.7)	**87.2**	150.6

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries.

[1] *FY2023 figures have been restated to show the deferred tax asset/liability split between ROU assets, PPE, lease receivables and lease liabilities.*

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023

20. Inventories

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Merchandise	**6 484.7**	6 895.5	**2 842.7**	2 770.5
Less: Provision for obsolescence	**(120.4)**	(135.3)	**(42.2)**	(43.2)
Carrying value of inventories	**6 364.3**	6 760.2	**2 800.5**	2 727.3
Write-down of inventories recognised within cost of sales	**208.2**	261.2	**1.1**	43.8

21. Trade and other receivables

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Trade debtors	**17 021.9**	17 421.3	**10 970.9**	10 846.5
Less: Loss allowance	**(1 587.1)**	(1 534.4)	**(944.7)**	(816.1)
Net trade debtors	**15 434.8**	15 886.9	**10 026.2**	10 030.4
Other receivables*	**1 799.4**	2 509.2	**1 358.5**	1 558.1
Total trade and other receivables	**17 234.2**	18 396.1	**11 384.7**	11 588.5

The other receivables balance includes various operational debtors such as refundable deposits, income accruals, insurance claims receivable, staff debtors and loans made by the Guild to SPAR retail members.

Reconciliation of loss allowance:	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Carrying value at beginning of year	**(1 534.4)**	(1 270.9)	**(816.1)**	(638.6)
Reclassified to assets held for sale	**189.6**			
Loss allowance raised during the year	**(351.6)**	(322.6)	**(129.1)**	(201.9)
Loss allowance reversed during the year	**116.9**	131.3	**0.5**	24.4
Reclassification (from)/to loans and other receivables	**(25.7)**	1.6		
Exchange rate translation	**18.1**	(73.8)		
Carrying value at end of year	**(1 587.1)**	(1 534.4)	**(944.7)**	(816.1)
Irrecoverable debts written off net of recoveries	**165.4**	415.1	**119.7**	330.9

* *A prior year correction was made to other receivables. Refer to note 43 for further detail.*

Trade receivables

The Group provides trade credit facilities to its independent retailers. The recoverability of amounts owing by retail members to the Group is regularly reviewed and assessed on an individual basis. The loss allowance represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered. This estimate takes into consideration past trends and makes an assessment of additional and forward looking risk factors to determine the expected credit loss. Further information regarding risk assessment for these receivables has been detailed in note 39. To the extent considered irrecoverable, debts are written off. It is a prerequisite for appropriate security to be obtained from retailers to reduce the level of credit exposure.

Standard credit terms granted to members are as follows:

SPAR

Ex-warehouse supply	15/25 days from weekly statement
Ex-direct supplier delivery	25/31 days from weekly statement

Build it

Ex-direct supplier delivery	38/48 days from weekly statement

The directors consider the carrying value of trade and other receivables to approximate their fair values.

22. Taxation paid

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
(Receivable)/payable at beginning of year	**(24.5)**	63.4	**(38.5)**	7.0
Business combinations	**0.4**			
Exchange rate translation	**(0.2)**	4.3		
Charge to profit or loss (refer to note 7)	**412.0**	448.6	**167.5**	243.1
Net (payable)/receivable at end of year	**(29.7)**	24.5	**(26.3)**	38.5
Total taxation paid	**358.0**	540.8	**102.7**	288.6

Group tax refunds received during the year amounted to R47.5 million (2023: R11.9 million).

Company tax refunds received during the year amounted to R45.6 million (2023: R11.6 million).

23. Cash and cash equivalents/overdrafts

For the purpose of the statement of cash flow, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. The Group separately discloses the bank balances of SPAR, Guild and trust bank balances. Guild balances comprise retailer funds and other cash deposits attributable to The SPAR Guild of Southern Africa, and the Build it Guild of Southern Africa. Deposits received by the SPAR Guild of Southern Africa from the SPAR retail members are included in other payables. Trust balances comprise cash on hand at year end held by the BBBEE trusts pending payment to beneficiaries. The liability to the beneficiaries is included in trade and other payables.

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow can be reconciled to the related items in the statement of financial position as follows:

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
Bank balances – Guilds and Share trusts	**308.9**	251.3		
Bank balances – BBBEE trusts	**37.1**	35.0		
Bank balances – Guilds and trusts	**346.0**	286.3		
Bank balances – SPAR	**1 276.2**	1 421.7	**62.6**	52.1
Bank overdrafts – SPAR	**(3 696.9)**	(3 157.9)	**(2 703.0)**	(2 438.7)
Net cash and cash equivalents	**(2 074.7)**	(1 449.9)	**(2 640.4)**	(2 386.6)

24. Right-of-use assets and leases

Lease arrangements by segment

SPAR Southern Africa leases mostly relate to head lease arrangements on key strategic retail sites that are viewed as fundamental to the Group's growth strategy. These include a back-to-back sublease agreement with our independent retailers. IFRS 16 requires the recognition of the obligation to pay rent under the head lease as a lease liability, with a corresponding asset representing the lease receivable. For these back-to-back sublease agreements, the accounting for the head lease and the sublease under IFRS 16 has an equal and opposite impact on the statement of comprehensive income. To the extent of leased property that is not sublet, the Group recognises a right-of-use asset and a finance lease liability. SPAR Ireland leases mostly relate to property leases which are franchised to retailers or operated by the Group. There are also motor vehicles leases. For both the property leases and motor vehicle leases, a right-of-use asset and finance lease liability are recognised. For the property leases where the Group is a lessor, a finance lease asset is recognised instead of the right-of-use asset. SPAR Switzerland has property, trucks and information technology (IT) hardware leases. The property leases do not include back-to-back sublease agreements resulting in a right-of-use asset and finance lease liability being recognised.

Right-of-use assets

The following amounts are relating to leases where the Group is a lessee:

Rmillion	Land and buildings	Motor vehicles	Internal transport, plant and equipment	Office equipment, fixtures and fittings	Computers equipment	Total
GROUP						
Carrying value at 1 October 2022	8 123.2	128.8	49.6	3.8	15.1	8 320.5
Cost	17 222.1	248.8	76.4	11.0	23.7	17 582.0
Accumulated depreciation and impairment	(9 098.9)	(120.0)	(26.8)	(7.2)	(8.6)	(9 261.5)
Additions	915.5	37.4	18.4	8.2		979.5
– Additions*	697.8	36.6	18.7	7.6		760.7
– Modifications	217.7	0.8	(0.3)	0.6		218.8
Additions through business combinations	61.4					61.4
Disposals	(35.3)	(0.4)	(7.5)	(0.5)		(43.7)
Impairment	(56.4)					(56.4)
Transfer to lease receivable		9.7	(9.7)			–
Depreciation	(1 107.0)	(58.7)	(11.9)	(4.0)	(5.2)	(1 186.8)
Exchange rate translation	924.5	15.5	6.3	0.7	1.6	948.6
Carrying value at 30 September 2023	8 825.9	132.3	45.2	8.2	11.5	9 023.1
Cost	19 900.5	285.4	71.9	13.9	25.5	20 297.2
Accumulated depreciation and impairment	(11 074.6)	(153.1)	(26.7)	(5.7)	(14.0)	(11 274.1)

* *Comparative information has been restated – refer to note 43 for further detail.*

24. Right-of-use assets and leases continued

Right-of-use assets continued

Rmillion	Land and buildings	Motor vehicles	Internal transport, plant and equipment	Office equipment, fixtures and fittings	Computers equipment	Total
GROUP						
Additions	**857.8**	**60.4**	**(0.1)**	**7.0**		**925.1**
– Additions	**533.6**	**60.7**	**0.5**	**5.2**		**600.0**
– Modifications	**324.2**	**(0.3)**	**(0.6)**	**1.8**		**325.1**
Additions through business combinations	**26.1**					**26.1**
Disposals	**(105.4)**	**(0.6)**	**(0.1)**	**(0.5)**		**(106.6)**
Reclassified to assets held for sale	**(506.4)**	**(1.1)**	**(9.8)**			**(517.3)**
Transfer to lease receivable	**(7.6)**					**(7.6)**
Depreciation	**(1 145.0)**	**(58.9)**	**(11.3)**	**(4.4)**	**(5.2)**	**(1 224.8)**
Effect of foreign currency exchange differences	**(109.6)**	**(3.6)**	**0.1**	**(0.5)**		**(113.6)**
Carrying value at 30 September 2024	**7 835.8**	**128.5**	**24.0**	**9.8**	**6.3**	**8 004.4**
Cost	**18 720.0**	**308.1**	**52.7**	**17.7**	**25.2**	**19 123.7**
Accumulated depreciation	**(10 884.2)**	**(179.6)**	**(28.7)**	**(7.9)**	**(18.9)**	**(11 119.3)**

Rmillion	Land and buildings
COMPANY	
Carrying value at 1 October 2022	668.4
Cost	1 125.0
Accumulated depreciation	(456.6)
Additions*	264.8
Depreciation	(168.4)
Carrying value at 30 September 2023	764.8
Cost	**1 389.8**
Accumulated depreciation	**(625.0)**
Additions	**79.8**
Depreciation	**(178.5)**
Carrying value at 30 September 2024	**666.1**
Cost	**1 469.6**
Accumulated depreciation	**(803.5)**

Lease receivable*

The balance sheet shows the following amounts relating to property leases where the Group is a lessee and lessor in back-to-back sub-lease arrangements:

	GROUP		COMPANY	
Rmillion	2024	2023	2024	2023
Current	**888.9**	950.0	**880.3**	853.4
Non-current	**4 215.1**	4 656.3	**4 149.0**	4 147.0
Total	**5 104.0**	5 606.3	**5 029.3**	5 000.4

Minimum lease receipts on lease receivables on an undiscounted basis are as follows*:

	GROUP		COMPANY	
Rmillion	2024	2023	2024	2023
Within 1 year	**1 299.3**	1 347.3	**1 297.1**	1 239.9
Between 1 and 2 years	**1 212.3**	1 227.4	**1 211.8**	1 136.2
Between 2 and 3 years	**1 073.0**	1 123.3	**1 072.4**	1 039.9
Between 3 and 4 years	**897.2**	968.3	**896.5**	883.2
5 years and later	**2 164.7**	2 477.8	**2 083.8**	2 149.4
	6 646.5	7 144.1	**6 561.6**	6 448.6

* *Comparative information has been restated – refer to note 43 for further detail.*

24. Right-of-use assets and leases continued

Lease receivable* continued

The total cash inflow for leases was as follows:

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
Principle element of lease receipts	**994.8**	919.4	**887.0**	817.3
Finance income	**456.7**	450.3	**433.4**	425.6
Operating lease receipts	**96.0**	97.3	**12.8**	11.0
Total	**1 547.5**	1 467.0	**1 333.2**	1 253.9

Lease liability*

The following amounts relate to both leases where the Group is a lessee, and where the Group is a lessee and lessor in back-to-back head and sub-lease arrangements:

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
Current	**1 972.8**	2 110.5	**1 026.0**	991.2
Non-Current	**11 931.6**	13 395.6	**4 798.0**	4 880.4
Total	**13 904.4**	15 506.1	**5 824.0**	5 871.6

* *Comparative information has been restated – refer to note 43 for further detail.*

The total cash outflow for leases in 2024 was as follows:

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
Principal element of lease payments	**2 248.7**	2 114.4	**1 031.7**	961.1
Interest	**764.2**	720.8	**510.0**	491.3
Short-term lease payments	**137.9**	86.8	**43.1**	6.6
Low value lease payments	**12.2**	17.5	**1.6**	7.3
Variable lease payments	**59.9**	51.0		
Total	**3 222.9**	2 990.5	**1 586.4**	1 466.3

25. Stated capital

25.1 Authorised

250 000 000 (2023: 250 000 000) ordinary shares				
Issued and fully paid				
192 602 355 (2023: 192 602 355) ordinary shares	**2 231.5**	2 231.5	**2 231.5**	2 231.5
Carrying value at end of year	**2 231.5**	2 231.5	**2 231.5**	2 231.5
Number of shares				
Ordinary shares				
Outstanding at beginning of year	**192 602 355**	192 602 355	**192 602 355**	192 602 355
Outstanding at end of year	**192 602 355**	192 602 355	**192 602 355**	192 602 355

All authorised and issued shares of the same class rank pari passu in every respect. The unissued shares of the Company are under the control of the directors to the extent that such shares may be required to satisfy option holders' requirements. This authority will expire at the forthcoming annual general meeting.

There are no conversion or exchange rights in respect of the ordinary shares and a variation of share rights requires approval by a special resolution from the shareholders at a general meeting in accordance with the Memorandum of Incorporation.

25.2 Shares subject to option

Details of share options granted in terms of the Company's share option scheme are as follows:

		Number of shares under option	
Option strike price per share	Option exercisable until	**2024**	2023
R122.81	13 November 2022		2 800
R126.43	12 November 2023		254 700
R124.22	7 February 2024		50 000
		–	307 500

No further awards have been made under the share option scheme which has been closed.

26. Treasury shares

During the year, The Share Trust purchased nil (2023: 60 000) shares in the Company at an average purchase price per share of nil (2023: R144.38). The trust purchased and holds these shares for the purpose of satisfying option holder requirements as and when option holders exercise their share option rights.

During the year, The SPAR Group Ltd purchased 149 232 shares (2023: 223 352), for the CSP, at an average purchase price per share of R107.17 (2023: R145.78) amounting to R16.9 million (2023: R32.6 million).

	GROUP	
Rmillion	**2024**	2023
Cost of shares		
Carrying value at beginning of year	**1.5**	30.9
Treasury shares acquired	**16.9**	41.2
Settlement of share-based payments – Continuation participants	**(8.5)**	(13.0)
Settlement of share-based payments – Retired participants	**(8.4)**	(19.6)
Shares sold to option holders on exercise of share option rights		(38.0)
Carrying value at end of year	**1.5**	1.5

	Number of shares held	
	2024	2023
Shares held in trust		
Balance at beginning of year	**17 689**	190 289
Treasury shares acquired		60 000
Share issues to trust on exercise of share option rights		
Shares sold to option holders on exercise of share option rights		(232 600)
Balance at end of year	**17 689**	17 689

27. Employment benefit obligations

27.1 Retirement benefit funds

	The BWG Group retirement funds		The SPAR Handels AG retirement funds		Total	
Rmillion	**2024**	2023	**2024**	2023	**2024**	2023
Fair value of fund assets						
Carrying value at beginning of year	**1 178.6**	1 023.4	**2 889.7**	2 513.3	**4 068.3**	3 536.7
Interest income on plan assets	**46.1**	40.1	**56.9**	60.7	**103.0**	100.8
Remeasurement – return on plan assets (excluding interest income)	**166.1**	(6.9)	**173.4**	8.3	**339.5**	1.4
Contributions	**36.8**	33.9	**135.3**	131.5	**172.1**	165.4
Benefits paid	**(44.3)**	(40.6)	**(176.8)**	(135.1)	**(221.1)**	(175.7)
Exchange rate translation	**(57.0)**	128.7	**(42.2)**	311.0	**(99.2)**	439.7
Carrying value at end of year	**1 326.3**	1 178.6	**3 036.3**	2 889.7	**4 362.6**	4 068.3
Present value of defined benefit obligation						
Carrying value at beginning of year	**(1 177.3)**	(1 091.8)	**(2 885.1)**	(2 450.6)	**(4 062.4)**	(3 542.4)
Interest cost	**(45.3)**	(21.0)	**(56.6)**	(59.2)	**(101.9)**	(80.2)
Remeasurement (effect of changes in financial assumptions)			**(135.5)**	(85.4)	**(135.5)**	(85.4)
Arising from a change in demographic assumptions			**126.9**	5.1	**126.9**	5.1
Arising from a change in financial assumptions			**(262.4)**	(90.5)	**(262.4)**	(90.5)
Current service cost	**(18.5)**	(42.1)	**(50.6)**	(52.8)	**(69.1)**	(94.9)
Benefits paid/accrued to be paid	**44.3**	40.6	**176.8**	135.1	**221.1**	175.7
Plan participants contributions	**(4.8)**	(4.4)	**(67.8)**	(66.1)	**(72.6)**	(70.5)
Actuarial (loss)/gain	**(67.1)**	76.3			**(67.1)**	76.3
Exchange rate translation	**51.8**	(134.9)	**40.5**	(306.1)	**92.3**	(441.0)
Carrying value at end of year	**(1 216.9)**	(1 177.3)	**(2 978.3)**	(2 885.1)	**(4 195.2)**	(4 062.4)

27. Employment benefit obligations continued

27.1 Retirement benefit funds continued

Rmillion		The BWG Group retirement funds 2024	The BWG Group retirement funds 2023	The SPAR Handels AG retirement funds 2024	The SPAR Handels AG retirement funds 2023	Total 2024	Total 2023
Reconciliation of effect of asset ceiling							
Present value asset ceiling at the beginning of year				**(4.6)**	(62.7)	**(4.6)**	(62.7)
Interest cost				**(0.1)**	(1.5)	**(0.1)**	(1.5)
Change in effect of asset ceiling				**(55.0)**	64.5	**(55.0)**	64.5
Exchange rate translation				**1.7**	(4.9)	**1.7**	(4.9)
Present value of asset ceiling at the end of year		**–**		**(58.0)**	(4.6)	**(58.0)**	(4.6)
Amounts recognised on the statements of financial position							
Present value of fund obligations		**(1 216.9)**	(1 177.3)	**(2 978.3)**	(2 885.1)	**(4 195.2)**	(4 062.4)
Fair value of plan assets		**1 326.3**	1 178.6	**3 036.3**	2 889.7	**4 362.6**	4 068.3
		109.4	1.3	**58.0**	4.6	**167.4**	5.9
Impact of asset ceiling				**(58.0)**	(4.6)	**(58.0)**	(4.6)
Net asset recognised in the statement of financial position		**109.4**	1.3			**109.4**	1.3
Amounts recognised on the statement of profit or loss and other comprehensive income							
Statement of profit or loss		**(17.7)**	(23.0)	**(50.4)**	(52.8)	**(68.1)**	(75.8)
Current service cost		**(18.5)**	(42.1)	**(50.6)**	(52.8)	**(69.1)**	(94.9)
Net interest on obligation		**0.8**	19.1	**0.2**		**1.0**	19.1
Interest on obligation		**(45.3)**	(21.0)	**(56.7)**	(60.7)	**(102.0)**	(81.7)
Interest income on fund assets		**46.1**	40.1	**56.9**	60.7	**103.0**	100.8
Other comprehensive income		**99.0**	69.4	**(17.1)**	(12.6)	**81.9**	56.8
Remeasurement – return on plan assets (excluding interest income)		**166.1**	(6.9)	**173.4**	8.3	**339.5**	1.4
Remeasurement – defined benefit obligation				**(135.5)**	(85.4)	**(135.5)**	(85.4)
Impact of asset ceiling				**(55.0)**	64.5	**(55.0)**	64.5
Net actuarial (losses)/gains recognised in the current year		**(67.1)**	76.3			**(67.1)**	76.3
The fair value of plan assets at end of period for each category are as follows:							
Cash and cash equivalents	(%)	**0.0**	0.0	**3.1**	4.8		
Equities	(%)	**47.6**	43.9	**39.3**	34.8		
Property	(%)	**2.6**	3.2	**23.5**	25.0		
Fixed interest bonds	(%)	**49.8**	52.9	**34.1**	35.4		
		100.0	100.0	**100.0**	100.0		
Sensitivity of pension cost trend rates							
The impact on the defined benefit obligation, based on a quantitative sensitivity analysis for the pension cost trend rate, is set out below:	(%)						
Defined benefit obligation	0.5	**(97.5)**	(94.3)	**(160.9)**	(154.5)		
Defined benefit obligation	(0.5)	**109.5**	106.0	**197.2**	171.1		
The key actuarial assumptions applied in the determination of fair values include:							
Inflation rate	(%)	**2.00**	2.60	**1.10**	1.50		
Salary escalation rate	(%)	**2.00**	2.60	**1.20**	1.60		
Discount rate	(%)	**3.40**	3.90	**1.05**	1.95		
Expected rate of return on plan assets	(%)	**3.40**	3.90	**3.04**	2.00		

27. Employment benefit obligations continued

27.1 Retirement benefit funds continued

The defined benefit plans typically expose the Group to actuarial assumptions such as investment risk, interest rate risk, longevity risk and salary risk. Changes in these variables will result in a change to the defined benefit plan liability.

In the current year, the actuarial gain is primarily attributable to an increase in discount and inflation rate assumptions.

The SPAR Group Ltd retirement funds (Southern Africa)

The Company contributes towards retirement benefits for substantially all permanent employees who, depending on preference, are members of either the Group's defined contribution pension fund, defined contribution staff provident fund, defined contribution management provident fund or defined benefit fund. Contributions to fund obligations for the payment of retirement benefits are recognised in profit or loss when due.

All funds are governed by the Pension Funds Act, No 24 of 1956. The funds are managed by appointed administrators and investment managers, and their assets remain independent of the Company.

The SPAR Group Ltd contribution funds

In terms of their rules, the defined contribution funds have annual financial reviews, which are performed by the funds' consulting actuaries. At the date of their last reviews the funds were judged to be financially sound. Contributions of R200.8 million (2023: R197.1 million) and R198.9 million (2023: R195.4 million) were expensed for the Group and Company respectively during the year.

The BWG Group retirement funds (Ireland)

The BWG Group contributes towards retirement benefits for approximately 878 (2023: 892) current and former employees who are members of either the Group's defined benefit staff pension scheme (BWG Foods Ltd Staff Pension Scheme), defined benefit executive pension scheme (BWG Ltd Executive Pension Scheme) or one of the defined contribution schemes. All schemes are governed by the Irish Pensions Act, No 25 of 1990 (as amended per Irish statute). The bulk of the funds is invested with Irish Life Investment Managers, with small holdings managed by SSgA and F&C and directly by the scheme. The schemes' assets remain independent of the Group.

The BWG Group defined benefit funds

In terms of their rules, the defined benefit funds have annual financial reviews, which are performed by the funds' consulting actuaries. At the date of their last reviews the funds were judged to be on track to meet their obligations. Current service costs, past service cost or credit and net expense or income are recognised to profit or loss. The defined benefit pension scheme's obligations were valued at R1 216.9 million (2023: R1 177.3 million) using the projected unit credit method and the funds were found to be in a sound financial position. At that date the actuarial fair value of the plan assets represented 109.0% (2023: 100.1%) of the plan liabilities. Total employer contributions of EUR1.0 million are estimated in the 2025 financial year.

The next actuarial valuation of the defined benefit schemes will take place on 1 January 2027. These schemes are closed to further membership.

The BWG Group contribution funds

The BWG Group operates a number of defined contribution pension schemes. Contributions of R52.1 million (2023: R44.7 million) were expensed during the year.

The SPAR Holding AG retirement funds (Switzerland)

The pension plan of SPAR Holding AG and the undertakings economically linked to it is a contribution based plan which guarantees a minimum interest credit and fixed conversion rates at retirement. Disability and death benefits are defined as a percentage of the insured salary. The plan for additional risk benefits provides disability and death benefits defined as a percentage of the additional risk salary. IAS 19.139(a)(ii) provides benefits over the LPP/BVG law, which stipulates the minimum requirement of the mandatory employer's sponsored pension plan in Switzerland. The pension plan is set up as a separate legal entity. The foundation is responsible for the governance of the plan and the Board is composed of an equal number of representatives from the employer and the employees. The plan must be fully funded under LPP/BVG law on a static basis at all times. In case of underfunding, recovery measures must be taken, such as additional financing from the employer or from the employer and employees, or reduction of benefits or a combination of both. The foundation has set up investment guidelines, defining in particular the strategic allocation with margins.

SPAR Switzerland retirement funds contribute towards retirement benefits for approximately 1 382 (2023: 1 384) current and former employees. Total employer contributions of CHF3.2 million are estimated in the 2025 financial year.

The next actuarial valuation of the defined benefit schemes will take place on 31 March 2025. These schemes are closed to further membership.

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023

27. Employment benefit obligations continued

27.2 Post-retirement medical aid provision

Rmillion		GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Carrying value – actuarial valuation at beginning of year		**(182.6)**	(180.4)	**(182.6)**	(180.4)
Recognised as an expense during the current year		**(24.2)**	(22.9)	**(24.2)**	(22.9)
Interest cost		**(23.1)**	(21.8)	**(23.1)**	(21.8)
Current service cost		**(1.1)**	(1.1)	**(1.1)**	(1.1)
Employer contributions		**17.6**	14.7	**17.6**	14.7
Actuarial (loss)/gain		**(19.9)**	6.0	**(19.9)**	6.0
Arising from a change in demographic assumptions		**(16.5)**	(6.4)	**(16.5)**	(6.4)
Arising from a change in financial assumptions		**(3.4)**	12.4	**(3.4)**	12.4
Carrying value at end of year		**(209.1)**	(182.6)	**(209.1)**	(182.6)
The principal actuarial assumptions applied in the determination of fair values include:					
Discount rate – in service members	(%)	**10.6**	13.2	**10.6**	13.2
Discount rate – continuation members	(%)	**10.6**	13.2	**10.6**	13.2
Medical inflation – in service members	(%)	**7.0**	9.2	**7.0**	9.2
Medical inflation – continuation members	(%)	**7.0**	9.2	**7.0**	9.2
Average retirement age	(years)	**63/65**	63/65	**63/65**	63/65

The obligation of the Group to pay medical aid contributions after retirement is not part of the conditions of employment for employees engaged after 1 March 1997. There are 246 (2023: 252) pensioners and current employees who remain entitled to this benefit. The expected payments to retired employees for the next financial year is R13.6 million (2023: R13.6 million).

The impact on the defined benefit obligation, based on a quantitative sensitivity analysis for significant assumptions is set out below:

Rmillions	Sensitivity % change	Discount rate 2024	Discount rate 2023	Medical inflation 2024	Medical inflation 2023
Defined benefit obligation	1.0	**(15.7)**	(13.7)	**19.2**	16.6
Defined benefit obligation	(1.0)	**18.2**	15.7	**(16.8)**	(14.6)

The sensitivity analysis has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in the key assumptions occurring at the end of the reporting period. Based on past experience, life expectancy is assumed to remain unchanged. The last actuarial valuation was performed in September 2024 and the next valuation is expected to be performed in September 2025.

27.3 Other employment benefit obligations

Long service awards are payable to employees per human resources policy. An actuarial valuation was performed in the current year and the associated obligation was updated.

The carrying value of these awards are set out below:

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Long service award obligation	**88.8**	72.9	**60.0**	72.9

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
28. Financial liabilities				
Present value				
Financial guarantee liabilities*	**21.9**		**102.7**	420.3
Total financial liabilities	**21.9**	–	**102.7**	420.3
Less: Short-term portion of financial liabilities*	**(21.9)**		**(102.7)**	(420.3)
Long-term portion of financial liabilities		–		

Refer to notes 29, 34 and 39 for the carrying value of the borrowings guaranteed, the full exposure of the financial guarantees and the maturity analysis of the Group financial guarantees respectively.

* *Company comparative information has been restated due to a change in accounting policy – refer to note 43 for further detail.*

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
29. Borrowings				
Unsecured borrowings	**2 440.8**	2 909.4	**1 183.5**	
Secured borrowings	**4 253.8**	5 355.8		
Total borrowings	**6 694.6**	8 265.2	**1 183.5**	
Current portion	**1 623.3**	947.0	**1 183.5**	
Non-current portion	**5 071.3**	7 318.2		
29.1 Reconciliation of carrying value of borrowings				
Carrying value at beginning of year	**8 265.2**	7 596.6		36.3
Proceeds from borrowings	**1 187.7**	343.9	**1 182.3**	
Finance cost	**351.0**	294.7	**1.2**	0.5
Repayments of borrowings	**(2 980.6)**	(893.1)		(36.8)
Foreign exchange adjustments	**(128.7)**	923.1		
Carrying value at end of year	**6 694.6**	8 265.2	**1 183.5**	–

29. Borrowings continued

29.2 Analysis of total Group borrowings

Secured/unsecured	Segment	Financial institution	Facility type
Unsecured borrowings	Southern Africa	Standard Bank and RMB	Term loan
		WesBank	Asset finance
	Switzerland	Credit Suisse	Term loan
		Hypo Vorarlberg Bank AG	Rollover credit
		Thurgauer Kantonalbank	Rollover credit
		Credit Suisse	Rollover credit
	Poland	Nedbank	Term loan
		European Bank for Reconstruction and Development (EBRD)	Term loan
Secured borrowings	Southern Africa	Rand Merchant Bank	Mortgage bond
		First National Bank	Mortgage bond
	Switzerland	Thurgauer Kantonalbank	Mortgage bonds
		acrevis Bank	Mortgage bonds
		Hypo Vorarlberg Bank	Mortgage bonds
		BTV Vier Lander Bank	Mortgage bonds
		Raiffeisen Bank	Mortgage bonds
	Ireland	Irish banking syndicate	Term loan
		Irish banking syndicate	Rolling credit
		Irish banking syndicate	Rolling credit
		Rabobank (Ireland)	Term loan
	Poland	SGB Bank	Mortgage bond

* *Intention and right to extend beyond maturity date.*

^ *On the 27 September 2024, the Company secured a syndicated bridge loan with Standard Bank and RMB to refinance the Polish debt. This debt will be converted into syndicated term debt before maturity of the bridge loan.*

29.3 Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with covenants as specified by the financial institution:

- Leverage ratio (pre-IFRS 16): Net debt (total borrowings and bank overdrafts less unencumbered cash) to earnings before interest, income tax, depreciation, and amortisation (EBITDA), as reported and adjusted for the impact of IFRS 16.
- The interest cover ratio: EBITDA to finance costs, as reported and adjusted for the impact of IFRS 16.
- Fixed charge cover: EBITDAR to fixed charges (net finance costs plus rental payments), as reported and adjusted for the impact of IFRS 16.
- Dividend cover: Headline earnings per share divided by dividends per share.
- Equity ratio: Equity to liabilities.

At the 2024 year end reporting date, the covenant levels are all within the required amended levels set by the lenders.

	Covenant level set by lenders	Level achieved	Compliant
GROUP COVENANTS			
Leverage ratio (pre-IFRS 16)	**Must not exceed 3.0 times***	**2.41**	**Yes**
Interest cover	**Minimum of 4 times**	**5.84**	**Yes**
Fixed charge cover	**Minimum of 2 times**	**2.42**	**Yes**
Dividend cover	**Minimum of 1.4 times**	**No dividends declared in current year**	**Yes**
IN-COUNTRY COVENANTS			
Ireland			
Leverage ratio	**Must not exceed 3.5 times**	**1.57**	**Yes**
Interest cover	**Minimum of 4 times**	**9.01**	**Yes**
Switzerland			
Leverage ratio	**Must not exceed 6.1 times****	**6.04**	**Yes**
Equity ratio	**Minimum of 35%****	**44.7%**	**Yes**

* *SPAR requested and obtained consent to amend the Group leverage covenant ratio (pre-IFRS 16) from 2.75 times to 3.0 times in the parent guarantee for the period ending on the 30 September 2024.*

** *SPAR Switzerland requested and obtained consent to amend the in-country leverage covenant ratio from 5 times to 6.1 times and the in-country equity ratio from 30% to 35%.*

Currency	Maturity date	Interest rate	Carrying Value 2024 Rmillion	2023 Rmillion
ZAR	31/03/2025^	JIBAR+2.5%	**1 183.6**	
ZAR	01/11/2024 – 01/05/2026	Prime less 0.5% – Prime	**6.4**	4.7
CHF	31/03/2027	SARON plus 2.0%	**653.1**	826.8
CHF	30/11/2024 – 31/01/2025*	SARON plus 0.85% – SARON plus 1.45%	**367.3**	372
CHF	31/12/2024 – 31/12/2028*	SARON plus 0.90% – SARON plus 1.9%	**230.6**	233.6
CHF	30/09/2024	SARON plus 0.8%		165.3
EUR	30/09/2024	EURIBOR plus 3.25%		800.5
EUR	30/09/2024	EURIBOR plus 2%		506.5
	Total Unsecured Borrowings		**2 441.0**	2 909.4
ZAR	01/06/2025	6.74%	**113.4**	124.9
ZAR	30/09/2024	Prime less 0.75%		0.1
CHF	31/12/2024 – 08/11/2029	SARON plus 0.75% – SARON plus 2.47%	**367.3**	376.2
CHF	31/12/2025	SARON + 1.95%	**157.1**	159.2
CHF	31/12/2025 – 30/06/2028	SARON plus 0.65% – SARON plus 1.80%	**171.3**	179.2
CHF	30/06/2025 – 30/06/2031	SARON plus 0.75% – SARON plus 1.88%	**340.8**	355.4
CHF	31/10/2024 – 31/10/2028	SARON plus 0.75% – SARON plus 0.80%	**749.9**	785.7
EUR	18/12/2026	EURIBOR plus 1.2%	**2 197.5**	2 394.1
EUR	18/12/2026	EURIBOR plus 1.05%		
GBP	18/12/2026	SONIA plus 1.05%	**98.3**	237.2
EUR	Early settlement in January 2024	EURIBOR plus 3.35%		678.3
PLN	28/11/2031	WIBOR 3M plus 1.95%	**58.2**	65.5
	Total Secured Borrowings		**4 253.8**	5 355.8

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
30. Trade and other payables				
Trade payables	**17 423.4**	17 776.6	**10 106.5**	10 056.1
Accrued expenses	**1 655.3**	1 780.4	**651.2**	591.6
Accrual for rebates and discounts	**1 022.9**	1 092.1	**707.8**	733.1
Development Fund payables	**358.2**	298.4		
Amount payable in respect of Encore acquisition		198.3		198.3
Other payables*	**1 815.8**	2 629.0	**1 282.0**	1 798.5
Trade and other payables	**22 275.6**	23 774.8	**12 747.5**	13 377.6

* *A prior year correction was made to other payables. Refer to note 43 for further detail.*

The directors consider the carrying amount of trade and other payables to approximate their fair values due to their short-term duration. Further information regarding risk assessment for these payables have been detailed in note 39.

31. Related-party transactions

Related-party relationships exist between the Company, its subsidiaries, key personnel within the Group and its shareholders.

These transactions occurred under terms and conditions no more favourable than transactions concluded with independent third parties, unless otherwise stated below:

31.1 Company

During the year, the following related-party transactions occurred:

Rmillion	2024	2023
Transactions and balances with associates of the Group		
Sales	124.1	120.2
Trade receivable due to the Group	29.7	28.4
Transactions with subsidiaries of the Company		
Dividends received	232.6	111.8
Marketing and selling fees received**	121.3	146.9
Sales	209.2	204.9
Purchases	(5 714.4)	(5 252.8)
Inter-company guarantee fee	86.5	92.4
Balances with subsidiaries of the Company		
Inter-company receivable due to Spar Group Limited*	746.6	633.0
Inter-company payable by Spar Group Limited	(564.5)	(639.5)
Transactions and balances with associates of the Company		
Sales	106.2	114.2

* *These inter-company receivables due to Spar Group Limited are interest-free, unsecured and no date has been set for payment.*
** *Marketing and selling fees received from Encore, previously disclosed in Rebates, discounts and recoveries has been disclosed separately in the current year with the relevant comparative disclosure updated.*

31.2 Investment in subsidiaries

Details of the Company's investment in its subsidiaries are disclosed in note 14.

31.3 Investment in associates and joint ventures

Details of the Company's investment in its associates and joint ventures are disclosed in note 15.

31.4 Shareholders

Analysis of ordinary shareholders as at 30 September 2024.

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	4	0.01%	250 545	0.14%
Directors and associates	2	0.01%	184 459	0.10%
Treasury	1	0.00%	53 097	0.03%
Share schemes	1	0.00%	12 989	0.01%
Public shareholders	23 234	99.99%	192 351 810	99.86%
Total	23 238	100.00%	192 602 355	100.00%

Beneficial shareholders with a holding greater than 5% of the issued shares	Number of shares	% of issued capital
Government Employees Pension Fund	43 945 206	22.82%
Allan Gray	15 120 683	7.85%
M & G Investments	12 895 373	6.70%
Alexander Forbes Investments	10 678 839	5.54%
Old Mutual Group	10 580 495	5.49%
Total	93 220 596	48.40%

31.5 Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the Group. No key management personnel had a significant interest in any contract with any Group company during the year under review. Details of directors' emoluments and shareholding in the Company are disclosed in notes 36 and 37 as well as in the directors' statutory report. The Board has determined that there are no prescribed officers in accordance with the Companies Act.

Company Key management personnel remuneration comprises:

Rmillion	2024	2023
Directors' fees	**14.8**	23.2
Remuneration for management services	**103.3**	82.2
Retirement contributions	**10.4**	9.1
Medical aid contributions	**3.2**	2.9
Performance bonuses	**35.0**	3.1
Fringe and other benefits	**1.8**	13.6
Expense relating to share options granted	**6.0**	18.0
Total	**174.5**	152.1

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of the individual and market trends.

32. Cash generated from operations

32.1 Cash generated from operations

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
Operating profit/(loss) from:				
Continuing operations	**2 895.5**	2 516.7		
Discontinued operation	**(1 100.7)**	(699.7)		
Operating profit including discontinued operation	**1 794.8**	1 817.0	**12.8**	(77.9)
Adjusted for the following items recognised in profit or loss:				
Depreciation and amortisation	**2 277.1**	2 266.3	**463.8**	443.0
Net loss on disposal of PPE and Intangible assets	**21.1**	35.8	**12.5**	(0.2)
Write-off of SAP asset under construction	**13.0**	94.1	**13.0**	17.7
Movement in employee benefit provisions	**14.1**	94.7	**14.1**	94.7
Movement in employee benefit provisions – Retirement fund	**4.7**	(19.1)		
Movement in financial guarantee liability*	**21.9**		**(317.6)**	(75.6)
Share-based payment expenses	**30.7**	14.2	**29.2**	13.2
Movement in provisions raised against trade receivables and loans	**296.8**	62.4	**128.6**	173.5
Gain on lease modification	**(11.0)**	(18.5)	**(8.0)**	(16.9)
Lease smoothing adjustment	**0.6**	0.2		
Loss on disposal of businesses	**17.9**	3.4	**17.9**	3.4
Impairment of subsidiary investment			**1 654.0**	1 267.8
Impairment of goodwill	**19.7**	344.5	**19.7**	36.9
Impairment of PPE and Intangible assets		229.3		
Impairment of right-of-use asset		56.4		
Loan write off	**(13.8)**	120.5		5.8
Fair value adjustment – other investments	**(0.5)**	(2.7)	**(0.5)**	(2.7)
Impairment of assets held for sale	**995.1**	2.1	**21.9**	
Dividend income			**(232.6)**	(111.8)
Other	**(4.8)**	8.2	**3.9**	(0.4)
Foreign exchange adjustments	**(93.7)**	(112.7)	**17.1**	(26.3)
Cash generated from operations before:	**5 383.7**	4 996.1	**1 849.8**	1 744.2
Net working capital changes	**(578.1)**	1 156.2	**(722.4)**	556.0
Decrease/(increase) in inventories	**135.7**	262.0	**(73.3)**	107.8
Decrease in trade and other receivables*	**(29.4)**	(951.0)	**(3.5)**	(1 034.9)
(Decrease)/Increase in trade payables and provisions*	**(684.4)**	1 845.2	**(645.6)**	1 483.1
Cash generated from operations	**4 805.6**	6 152.3	**1 127.4**	2 300.2

* *Company comparative information has been restated due to a change in accounting policy – refer to note 43 for further detail.*

32. Cash generated from operations continued

32.2 Net movement in loans and investments

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Net movement in loans and investments	**(5.4)**	81.1	**(1 727.0)**	(750.2)
Cash inflows on loans and investments	**319.6**	413.2	**145.7**	341.6
Proceeds from disposal of other investments		0.7		0.7
Repayments of retailer and subsidiary loans	**319.6**	412.5	**145.7**	312.4
Repayments of loan to the share trust				28.5
Cash outflows of loans and investments	**(325.0)**	(332.1)	**(1 872.7)**	(1 091.8)
Other investments acquired	**(0.8)**		**(0.8)**	
Advances on retailer and subsidiary loans	**(324.2)**	(320.3)	**(276.8)**	(284.5)
Investment in associates		(11.8)		(7.2)
Investment in subsidiaries			**(1 595.1)**	(791.4)
Advances to the share trust				(8.7)

32.3 Net debt reconciliation

Rmillion	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Carrying value at beginning of year	**23 771.3**	22 591.0	**5 871.6**	6 141.2
Reclassified to liabilities held for sale**	**(907.1)**			
New leases*	**1 725.9**	1 496.7	**984.1**	727.8
Proceeds from borrowings	**1 187.7**	343.9	**1 182.3**	
Principal Element of repayments of borrowings	**(2 632.7)**	(612.1)		(36.3)
Principal element of lease payments	**(2 248.7)**	(2 114.4)	**(1 031.7)**	(961.1)
Foreign exchange adjustments	**(300.4)**	2 052.3		
Other changes	**3.0**	13.9	**1.2**	
Carrying value at end of year	**20 599.0**	23 771.3	**7 007.5**	5 871.6

* *Company comparative information has been restated due to a change in accounting policy – refer to note 43 for further detail.*
** *The Polish operation has been classified as discontinued and comparative numbers re-presented. Refer to note 42 for further detail.*

33. Business combinations

33.1 Acquisitions

Retail stores acquired

During the financial year, SPAR acquired the assets of five retail stores in South Africa (2023: seven), one of which is leased to an independent retailer trading the store for his account. The BWG Group acquired the assets of four stores in the United Kingdom (UK) and Ireland (2023: seven stores in the UK). The principal activity of these acquisitions is that of retail trade and all its aspects. The UK retail stores were purchased as part of the strategy for growth, while the stores purchased by BWG Group and SPAR South Africa were largely for defensive reasons. The goodwill arising on the business combinations is indicative of future turnover expected to be made by the Group as a result of wholesale sales to these acquired stores as well as net profits to be made by the stores. These acquisitions were funded from available cash resources.

Ireland wholesale business

On 2 April 2024, the BWG group purchased the trade and assets of Faherty Wholesale for R9.3 million. The contingent consideration for this acquisition is based on the performance of this company during the measurement period. The measurement period for this acquisition is 12 months, commencing 2 April 2024. The wholesale business was acquired to access their customer base and new markets, and to avail of economies of scale and synergies. This acquisition was funded from available cash resources.

KS Market Sp. z o.o.

On the 20 June 2024, SPAR Poland acquired the entire share capital of KS Market Sp. z o.o.. KS Market is a retail company that owns four retail stores located in and around Poznan.

33. Business combinations continued

33.1 Acquisitions continued

Assets acquired and liabilities assumed at date of acquisition

Rmillion	GROUP 2024 SA Retail Stores	GROUP 2024 UK and Irish Retail Stores	GROUP 2024 Ireland wholesale business	GROUP 2024 KS Market Sp. z o.o.	GROUP 2024 Total	COMPANY 2024 SA retail stores
Assets	12.5	145.4	2.0	23.5	183.4	12.5
Property, plant and equipment	12.5	111.5		3.1	127.1	12.5
Right-of-use assets		26.1			26.1	
Trade and other receivables		1.2		8.4	9.6	
Cash and cash equivalents		0.2		2.9	3.1	
Inventories		6.4	2.0	9.1	17.5	
Liabilities	(0.2)	(26.5)		(94.5)	(121.2)	(0.2)
Lease liability		(26.1)		(0.7)	(26.8)	
Long term borrowings				(6.2)	(6.2)	
Trade and other payables	(0.2)	(0.4)		(87.6)	(88.2)	(0.2)
Total identifiable net assets/(liabilities) at fair value	12.3	118.9	2.0	(71.0)	62.2	12.3
Goodwill arising from acquisition	43.6	14.2	7.3	71.0	136.1	43.6
Purchase consideration	55.9	133.1	9.3		198.3	55.9
Cash balances acquired		(0.2)		(2.9)	(3.1)	
Business acquisition costs		1.9			1.9	
Contingent consideration (refer to note 33.5)			(4.8)		(4.8)	
Net cash outflow/(Inflow) on acquisition	55.9	134.8	4.5	(2.9)	192.3	55.9

33.2 Assets and liabilities at date of disposal

The assets and liabilities disposed of relate to three South African retail stores (2023: Three retail stores).

Rmillion	GROUP 2024 SA Retail stores	COMPANY 2024 SA Retail stores
Assets	19.4	19.4
Property, plant and equipment	4.7	4.7
Goodwill	14.7	14.7
Loss on disposal of businesses	(17.9)	(17.9)
Proceeds	1.5	1.5
Net cash inflow on disposal	1.5	1.5

33.3 Contribution to results for the year

Rmillion	GROUP 2024 SA Retail Stores	GROUP 2024 UK and Irish Retail Stores	GROUP 2024 Ireland wholesale business	GROUP 2024 KS Market Sp. z o.o.	GROUP 2024 Total	COMPANY 2024 SA retail stores
Revenue	242.9	37.1	19.7	46.2	345.9	242.9
Operating (loss)/profit	(10.9)	(1.6)	1.0	(0.7)	(12.2)	(10.9)

33. Business combinations continued

33.3 Contribution to results for the year continued

Had all acquisitions been consolidated from the beginning of the financial year, the contribution to the results would have been as follows:

	GROUP					COMPANY
	2024					2024
Rmillion	**SA Retail Stores**	**UK and Irish Retail Stores**	**Ireland wholesale business**	**KS Market Sp. z o.o.**	**Total**	**SA retail stores**
Revenue	**556.7**	**182.8**	**40.9**	**194.3**	**974.7**	**556.7**
Operating (loss)/profit	**(45.0)**	**6.4**	**2.1**	**(4.1)**	**(40.6)**	**(45.0)**

Revenue figures included are those contributed by the business inclusive of inter-company sales to SPAR.

33.4 Cash flow on acquisition of business/subsidiaries

The cash flow on acquisition of businesses/subsidiaries is noted as being the amount disclosed in note 33.1 and the contingent consideration and deferred consideration as described below.

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
Net cash outflow (Refer to note 33.1)	**192.3**	301.6	**55.9**	56.8
Contingent consideration cash outflow on prior year business combinations		5.8		
Total net cash outflow relating to acquisitions	**192.3**	307.4	**55.9**	56.8

33.5 Contingent and deferred consideration

Faherty Wholesale's contingent consideration of R4.8 million will be payable in April 2025 and is based on the 12 month sales performance in the measurement period.

In the current period, the contingent consideration on the Ireland wholesale businesses purchased in 2023 was increased by R10.1 million in line with their performance expectations.

34. Financial guarantees

Financial guarantees may be provided by the Group to subsidiaries and affiliates. These financial guarantees are accounted for in terms of IFRS 9 and measured at the higher of fair value or expected credit loss. Management has formally assessed the IFRS 9 fair values of the guarantees and confirms that no legal obligation exists at the reporting date to settle these guarantees issued.

Management's assessment is based on the principles of IFRS 13 *Fair value measurement* and on the ability of subsidiaries and affiliates having sufficient cash resources, in country, to service the underlying debt instrument's obligations as and when these become due.

The risk relating to financial guarantees is managed per geographical region through review of cash flow forecasts, budgets and monitoring of covenants.

The Company has also provided a financial guarantee on the TIL JV Ltd bank facilities to the value of EUR249.8 million (2023: EUR289.2 million), and the SPAR Holding AG borrowing facilities to the value of CHF32.0 million (2023: CHF40.0 million).

The SPAR Group had a facility with WesBank where SPAR undertook to stand guarantee for loans issued to retailers up to a limit of R1.0 billion. This facility arrangement was concluded under a direct deal basis which meant that the retailer signed the loan agreement directly with the bank and SPAR signed a separate guarantee for this loan. Exposure on the direct deals facility is disclosed as a financial guarantee and is not recognised on our balance sheet. The balance disclosed in the statement of financial position as at September 2024 relate to the full recourse deals.

The Company has also provided a financial guarantee on the NPI Sp. z o.o. bank facilities to the value of EUR40.0 million (2023: EUR105.0 million).

The Group has provided a limited guarantee relating to a loan facility held by Numlite (Pty) Ltd exposing the Group to credit risk in the event that Numlite (Pty) Ltd defaults on its loan facility payments. In 2009 the Company sold its investment in retail computer equipment and ceded its right to receive payment of the existing and future rental streams to Numlite (Pty) Ltd, who in turn raises finance via a loan facility with an independent financial institution. At year end, 1 067 SPAR stores (2023: 1 079), 788 TOPS at SPAR stores (2023: 764), 22 Pharmacy at SPAR stores (2023: 57) and 133 Build it stores (2023: 120) were participants in the IT retail scheme, with an average debt of R107 065 per store (2023: R115 680).

34. **Financial guarantees** continued

The table below represents the full exposure of the Group in relation to utilisation on these financial guarantees as at 30 September:

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
Guarantee of TIL JV Ltd borrowing facilities			**2 541.8**	3 342.9
Guarantee of SPAR Holding AG borrowing facilities			**653.0**	826.7
Guarantee of SPAR Retail Stores (Pty) Ltd finance obligations			**0.3**	2.0
Guarantee of SPAR Mopani Rural Hub (Pty) Ltd finance obligations			**6.3**	3.8
Guarantee of SPAR Lowveld (Pty) Ltd finance obligations				0.4
Guarantee of WesBank direct deal loan agreements	**359.1**	495.0	**359.1**	495.0
Guarantee of NPI Investment Sp. z o.o.			**810.7**	1 995.7
Guarantee of retailer finance obligation	**31.7**	34.8	**31.7**	34.8
Guarantee of Numlite (Pty) Ltd finance obligations	**215.2**	233.7	**215.2**	233.7
	606.0	763.5	**4 618.1**	6 935.0

35. **Commitments**

Capital commitments

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
Contracted	**668.2**	377.7	**362.2**	194.9
Approved but not contracted	**716.6**	984.1	**531.3**	856.0
Total capital commitments	**1 384.8**	1 361.8	**893.5**	1 050.9
Analysed as follows:				
Property, plant and equipment	**411.0**	567.8	**144.0**	281.9
Intangible assets	**820.8**	779.7	**749.5**	768.9
Investments	**153.0**	14.3		

Capital commitments will be financed from Group resources.

36. **Directors' remuneration and interests report**

36.1 **Emoluments**

R'000	**Basic salary**	**Performance-related bonus[2]**	**Retirement funding contributions**	**Allowances and other benefits[1]**	**Lumpsum payment**	**Share scheme gains**	**Total**
2024							
Executive directors							
AP Swartz	**9 559**	**4 359**	**1 111**	**1 016**			**16 045**
ML Pydigadu	**10 083**	**4 135**					**14 218**
MW Godfrey	**7 045**	**3 523**	**824**	**698**		**1 084**	**13 174**
Total emoluments	**26 687**	**12 017**	**1 935**	**1 714**	**–**	**1 084**	**43 437**
2023							
Executive directors							
BW Botten*	2 835		330	1 806	12 721	7 351	25 043
MW Godfrey	6 710		784	632		1 149	9 275
M Bosman (Executive Chairman)*	14 400			469			14 869
Total emoluments	23 945	–	1 114	2 907	12 721	8 500	49 187

* *BW Botten retired as Group CEO on 31 January 2023 and as a result, a temporary operating arrangement was implemented, and MJ Bosman was appointed by the Board as Executive Chairman.*

[1] *Other benefits include medical aid contributions, leave pay and long service awards as applicable.*

[2] *The performance-related bonuses relate to amounts earned in the current year.*

R'000	GROUP 2024	2023

36. Directors' remuneration and interests report continued

36.2 Fees for services as non-executive directors

R'000	GROUP 2024	2023
MJ Bosman (Chairman)[be]	**6 140**	221
G O'Connor (Chairman)		1 205
M Mashologu		1 093
P Mnganga		379
AG Waller	**110**	1 522
LM Koyana[acd]	**1 335**	972
JA Canny	**112**	1 385
ST Naran[acg]	**1 054**	873
SA Zinn[bd]	**1 828**	706
PMP da Silva[ce]	**1 909**	979
GB Makhaya[cd]	**957**	25
EC Botha[cdef]	**765**	
O Ighodaro[ac]	**1 255**	
MJ Jamieson[de]	**566**	
Total fees	**16 031**	9 360

MJ Jamieson and EC Botha were appointed as independent non-executive directors on 1 February 2024.
O Ighodaro was appointed as an independent non-executive director on 21 February 2024.
M Mashologu resigned on 30 September 2023.
P Mnganga resigned on 14 February 2023.
A Waller and J Canny resigned on 17 November 2023.
GO O'Connor retired at the AGM on 14 February 2023.

[a] *Member of Audit Committee.*
[b] *Member of Remuneration and Nominations Committee.*
[c] *Member of Risk Committee.*
[d] *Member of Social and Ethics Committee.*
[e] *Business Transformation Committee.*
[f] *Member of the Remuneration Committee.*
[g] *Member of the Nominations Committee.*

36.3 Directors' interests in the share capital of the Company

Number of shares		GROUP 2024	2023
Executive directors			
AP Swartz	– direct beneficial holding	**12 637**	
MW Godfrey	– direct beneficial holding	**84 452**	78 984
Non-executive directors			
AG Waller	– direct beneficial holding		16 200

As at the date of this report the directors' interests in the share capital of the Company remained unchanged.

No SPAR ordinary shares are indirectly held by directors and/or their associates, both at the date of this report and in the prior financial year.

36.4 Declaration of disclosure

Other than that disclosed above and in note 37, to the annual financial statements, no consideration was paid to or by any third party, or by the Company itself, in respect of the services of the Company's directors, as directors of the Company, during the year ended 30 September 2024.

37. Directors' share scheme interests

The Group's option scheme provides the right to the option holder to purchase shares in the Company at the option price. On election by option holders, one-third of the options granted vest after three years, with a further third vesting on the expiry of years four and five respectively. Option holders have 10 years from the date of issue to exercise their option rights. No further awards will be made under the share option plan.

37.1 Options held over shares in The SPAR Group Ltd

	Date of option issue	Option price Rand	Number of options held 2024	Number of options held 2023
Executive director				
MW Godfrey	12/11/2013	126.43		30 000
			–	30 000

37.2 Shares held by participants in terms of the Conditional Share Plan

In terms of the conditional share plan, the Group has granted shares to executives, senior management and key talent specifically identified in the form of performance share awards. These shares vest over a period of three years subject to performance conditions at year end. No exercise price is allocated to these awards.

Awards to participants in terms of the Conditional Share Plan are as follows:

	Award date	Share price on date of grant Rand	Number of awards held 2024	Number of awards held 2023
Executive directors				
AP Swartz	2020/02/11	198.01	**2 334**	
AP Swartz	2021/02/16	181.15	**6 667**	
AP Swartz	2022/08/11	142.83	**13 300**	
AP Swartz	2023/12/07	113.00	**18 400**	
AP Swartz	2024/02/20	107.22	**52 640**	
MW Godfrey	2019/02/12	175.20		2 667
MW Godfrey	2020/02/11	198.01	**2 800**	5 600
MW Godfrey	2021/02/16	181.15		30 000
MW Godfrey	2022/08/11	142.83	**23 100**	23 100
MW Godfrey	2023/12/07	113.00	**31 600**	
MW Godfrey	2024/02/20	107.22	**49 450**	
ML Pydigadu	2024/02/20	107.22	**52 640**	
			252 931	61 367

37.3 CSP gains

	Trade Date	Taxable Gain R'000
MW Godfrey	21/02/2024	1 084

38. Share-based payments

38.1 Share option scheme

The Company has an equity settled share option scheme in place which is operated through The SPAR Group Ltd Share Employee Trust (2004) (the trust). On election by option holders, one-third of the options granted vest after three years, with a further third vesting on the expiry of years four and five respectively. Options issued by the trust expire 10 years from grant date. Options are forfeited if the employee leaves the Group before vesting date.

Share options outstanding at year end are as follows:

	Number of options	
	2024	2023
Balance at beginning of year	**307 500**	466 700
Options exercised and paid in full		(139 500)
Options expired	**(306 200)**	
Options forfeited	**(1 300)**	(19 700)
Balance at end of year	**–**	307 500
Weighted average grant price of options exercised during the year		122.61
Weighted average selling price of options exercised during the year		144.12

No further issues of options have been granted under the share option scheme. Refer to the conditional share plan in note 38.2.

38.2 Conditional share plan

The Group operates a CSP under which it receives services from employees as consideration for equity instruments of the Company. Shares granted in terms of the CSP meet the definition of an equity-settled, share-based payment.

In terms of the CSP, the Group has granted shares to executives, senior management and key talent specifically identified in the form of performance share awards. Awards can comprise shares (restricted shares) that are subject to the condition that the participants remain employed with the Group (employment condition) and/or shares (performance shares) that are subject to an employment condition and Company-related performance conditions (performance condition) over a predetermined period (performance period). The award will only be settled after the vesting date and the participant will not have any shareholder or voting rights prior to the vesting date. Participants do not receive dividends during the vesting period and will only begin receiving dividends if and after the awards have vested. Participants terminating employment due to resignation or dismissal on grounds of misconduct, proven poor performance or proven dishonest or fraudulent conduct, or any reason other than stated below will be classified as bad leavers and will forfeit all unvested awards.

Participants terminating employment due to death, retirement, retrenchment, ill health, disability, injury or sale of SPAR will be classified as good leavers and a portion of all unvested awards will vest on the date as soon as reasonably possible after the date of termination of employment.

The CSP officially grants performance share awards to employees which vest over a period of three years. These shares were awarded subject to the following three performance conditions:

- Headline earnings per share (HEPS) growth
- Return on net assets (RONA)/Return on capital employed (ROCE)
- Total shareholder return (TSR)

The fair value (excluding attrition) is calculated as the share price at grant date, multiplied by the number of shares granted. The fair value is then adjusted for attrition. To determine the number of shares that will vest at the end of the vesting period as a result of the performance conditions, a model is used that has both stochastic and deterministic features. The assumptions and inputs used in the valuation of the units issued are summarised in the table that follows. Also taken into account in this calculation are: SPAR forecast HEPS growth, SPAR Remuneration Committee HEPS tentative target set in November 2014 had raised the expectation for future RONA to midway between the tentative target and upper target; SPAR forecast average RONA, SPAR forecast average ROCE and consumer price index to grant date. As expectations are revised during the performance period, the value per unit will be restated accordingly.

The volatilities of the TSR of SPAR and each of the peer companies were based on the three-year historical annualised standard deviations of the weekly log returns. It should be noted that the absolute values of the volatility assumptions are less important than most other schemes. This is because the proportion of shares vesting under the TSR performance condition is determined largely by performance relative to the peer group.

38.2 Conditional share plan continued

Model inputs and assumptions as at 30 September 2024	2024	2023	2022
Description	**February 2024 grant**	December 2023 grant	August 2022 grant
Grant date	**20 February 2024**	07 December 2023	11 August 2022
Vesting date	**22 February 2027**	07 December 2026	11 August 2025
Performance period for TSR condition	**01 October 2023 to 30 September 2026**	01 October 2022 to 30 September 2025	1 October 2021 to 30 September 2024
Total number of units granted	**847 730**	574 800	527 000
Total number of retention units granted*	**33 901**		70 000
Fair value of retention shares vesting in 2025			131.32
Fair value of retention shares vesting in 2026			127.70
Fair value of retention shares vesting in 2027	**107.22**		124.17
Fair value of retention shares vesting in 2028	**107.22**		
Fair value of retention shares vesting in 2029	**107.22**		
Total number of units outstanding at 30 September 2024	**881 631**	574 800	446 697
Share price at grant date	**107.22**	113.0	142.83
Expected total CPI over the performance period	**11.92%**	12.67%	17.16%
Risk-free rate	**Term structure used**	Term structure used	Term structure used
Dividend yield	**Term structure used**	Term structure used	Term structure used
Volatility	**Varies by company**	Varies by company	Varies by company
Forfeiture rate	**5.00% p.a.**	5.00% p.a.	5.00% p.a.

* *Retention grants will expire in three equal tranches following the three, four and five year anniversaries from the allocation date of these instruments. All of the retention awards granted issued in November 2018 have vested. Two thirds of the retention awards granted in November 2019 have already vested with a remaining balance of 16 138 still to vest. One third of the retention awards granted in November 2020 have already vested with a remaining balance of 73 675 still to vest.*

Movement in the number of full share grants awarded in terms of the CSP

	GROUP	
Rmillion	2024	2023
Balance at beginning of year	**1 020 544**	1 488 506
Shares granted during the year	**1 456 431**	
Shares forfeited during the year	**(334 802)**	(339 527)
Shares vested during the year	**(149 232)**	(128 435)
Balance at end of year	**1 992 941**	1 020 544
Charge to profit or loss for the year	**30.7**	14.2

39. Financial risk management

	GROUP		COMPANY	
Rmillion	2024	2023	2024	2023
Financial instruments classification				
Financial assets held at amortised cost				
Loans and other receivables	**890.1**	953.9	**689.5**	562.1
Block discounting loan receivable	**3.7**	32.3	**3.7**	32.3
Lease receivable*	**5 104.0**	5 606.3	**5 029.3**	5 000.4
Trade and other receivables*	**17 234.2**	18 396.1	**11 384.7**	11 588.5
Financial liabilities at amortised cost				
Net bank overdrafts	**(2 074.7)**	(1 449.9)	**(2 640.4)**	(2 386.6)
Block discounting loan payable	**(3.8)**	(33.9)	**(3.8)**	(33.9)
Lease liability*	**(13 904.4)**	(15 506.1)	**(5 824.0)**	(5 871.6)
Trade and other payables*	**(22 275.6)**	(23 774.8)	**(12 747.5)**	(13 377.6)
Borrowings	**(6 694.6)**	(8 265.2)	**(1 183.5)**	
Financial guarantee liabilities*	**(21.9)**		**(102.7)**	(420.3)

* *Comparative information has been restated – refer to note 43 for further detail.*

The Company and Group's financial instruments primarily consist of bank balances and overdraft funding from banks, trade payables, loans and other receivables, block discounting loans, borrowings, financial liabilities and trade receivables. The carrying amount of trade receivables, after accounting for the expected credit losses and bad debts written off, approximates fair value.

39. Financial risk management continued

Trade receivables represent the estimated future cash to be received in the short term. The book values of the other categories of financial instruments approximate fair value.

In the normal course of its operations the Group is, *inter alia*, exposed to credit, interest, liquidity and currency risk on its financial instruments. Executive management meets on a regular basis to analyse these risks and to re-evaluate financial management strategies.

The Group does not have any exposure to commodity price movements.

Currency risk

The Group is subject to translation exposure through the import of merchandise and its investments in foreign operations by way of translation risks and currency risks relating to the financial liabilities.

Foreign currency risks that do not influence the Group's cash flows (i.e. the risks resulting from the translation of assets and liabilities of foreign operations in the Group's reporting currency) are not hedged.

Southern Africa

Import of merchandise

It is the Group's policy to cover its material foreign currency exposure in respect of liabilities and purchase commitments. Forward exchange contracts have been taken out to hedge this currency risk at year end. There were no speculative positions in foreign currencies.

Interest rate risk

The Group is exposed to interest rate risk on its cash deposits, loan receivables and loan payables which impacts the cash flow arising from these instruments. In the current year, from continuing operations, net interest paid on bank overdrafts was R315.1 million (2023: R255.0 million), interest received from loans was R21.1 million (2023: R24.9 million) and interest paid on loans was R255.5 million (2023: R226.3 million).

The exposure of cash deposits and overdrafts to interest rate risk is managed through the Group's cash management system which enables the Group to maximise returns while minimising risk. Loan receivables are funded from the Group's cash resources.

The Group is not exposed to interest rate risk on the block discounting loan receivable and payable balances, as the loan receivable at the prime interest rate is immediately sold at prime less one to an approved financial institution.

Sensitivity analysis

Changes in market interest rates relating to loan receivables do not have a material impact on the Group's profits and hence no sensitivity analysis has been presented. Net bank overdraft of R2 420.7 million (2023: R1 736.2 million) and total borrowings of R6 694.6 million (2023: R8 265.2 million) expose the Group to interest rate risk. The sensitivity of these short-term balances is assessed below:

Southern Africa

If interest rates relating to bank overdraft balances had been 0.5% higher/lower and all other variables held constant, the Group's profit before tax for the year would (decrease)/increase by:

	GROUP		
Rmillion	Sensitivity % change	**2024**	2023
Profit before tax	0.5	**(13.7)**	(11.6)
Profit before tax	(0.5)	**13.7**	11.6

Ireland

If interest rates relating to Irish loans had been 0.5% higher/lower and all other variables held constant, the Group's profit before tax for the year would decrease/increase by:

	GROUP		
Rmillion	Sensitivity % change	**2024**	2023
Profit before taxation	0.5	**(11.5)**	(16.5)
Profit before taxation	(0.5)	**11.5**	16.5

Switzerland

If interest rates relating to Swiss loans had been 0.5% higher/lower and all other variables held constant, the Group's profit before tax for the year would (decrease)/increase by:

	GROUP		
Rmillion	Sensitivity % change	**2024**	2023
Profit before taxation	0.5	**(15.2)**	(17.3)
Profit before taxation	(0.5)	**15.2**	17.3

39. Financial risk management continued

Credit risk

Trade receivables, short-term investments, loans and guarantees to retailers represent the significant categories of the Group's financial instruments exposed to credit risk amounting to R18 734.0 million (2023: R20 063.0 million). Concentration risk is mitigated as the Group deals with a broad spread of customers.

Trade receivables consist of:

Southern Africa:	SPAR, Build it and Pharmacy retailer receivables
Ireland:	Retailer and hospitality customers
Switzerland:	SPAR retailers, TopCC and hospitality customers

Overdue trade receivables balances, representing 14.3% (2023: 13.6%) of the total trade receivables balance, amounted to R2 441.8 million (2023: R2 363.3 million) at the reporting date. Expected credit losses totalling R1 587.1 million (2023: R 1 534.4 million) have been raised against overdue balances.

Impairment of financial assets

The Group has five types of financial assets that are impacted by IFRS 9's expected credit loss model:

- Trade receivables for sales of inventory
- Loans provided by The SPAR Group
- Block discounting Loans
- Cash and cash equivalents
- Lease receivables

Expected credit losses on cash and cash equivalents are calculated in terms of the general model for impairment. All cash and cash equivalents were determined to be in stage 1 as counterparties have a low risk of default and a strong capacity to meet contractual cash flows. There was no significant increase in credit risk relating to the cash and cash equivalents. The expected credit losses were therefore limited to 12-month expected losses and the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables making use of a provision matrix.

To measure the expected credit losses, trade and other receivable balances have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses are based on the payment profiles of historical sales for customers and associated write-offs. The historical loss rates are adjusted to reflect current and forward looking information on macro-economic factors affecting the ability of customers to settle the receivables. The Group has identified the inflation rate, fuel cost, prime rate fluctuations and the unemployment rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors. Management considers these the most significant factors which effect the business's operations, and their ability to service trade debt as the Group's customers are independent retailers who heavily rely on the disposal income of end-consumers.

Distribution centres have adopted a robust model in assessing and raising allowances relating to trade receivables with specific financial issues.

The credit risk associated with lease receivables are low as these relate to "back to back" sub lease arrangements for which SPAR acts as an intermediary between the head lessor and the lessee giving rise to the respective receivable and payable. SPAR has assessed the risk associated with this lease receivables as low since SPAR has the right to terminate the sub lease in less than one month, step into the lease, run the business and in doing so, service the amount due to the head lessor. The historic loss rate on these lease receivables has been insignificant.

Credit impaired financial assets are defined as financial assets for which there is any level of non-performance in terms of contractual arrangements and the Group has exposure after taking into consideration the financial assets' security held. SPAR assesses the ability of each retailer individually by store to service their debt. SPAR holds close relationships with its retailers so that all factors are understood, including macro-economic factors which have different effects on different stores' consumers.

Trade receivables are written off when there is no reasonable expectation of recovery. Debt is considered to be irrecoverable if continuous attempts to collect outstanding amounts are unsuccessful, which have been handed over to legal for collection or if management has identified a specific financial issue with the customer.

39. Financial risk management continued

Credit risk continued

The loss allowance is calculated using the matrix approach based on the total trade receivables balances; segregated for the below:

	GROUP		COMPANY	
Rmillion	**2024**	2023	**2024**	2023
Total trade receivables and other receivables	**18 821.3**	19 930.5	**12 329.4**	12 404.6
Excluded from assessment	**(1 327.6)**	(1 373.2)	**(692.2)**	(766.5)
Trade receivables with specific financial issues – these are credit impaired financial assets which have been specifically identified.	**(2 086.5)**	(1 955.3)	**(1 734.5)**	(1 340.7)
Remaining balance subject to matrix approach	**15 407.2**	16 602.0	**9 902.7**	10 297.4

Amounts excluded from the provisioning matrix assessment include supplier rebates, guild loan balances and bridging loans which have been extended to retailers awaiting WesBank funding. These are considered to have low credit risk as the supplier rebates could be credited against payable balances, guilds are in a cash surplus position and bridging loans are supported by acknowledgement of debts as well as notarial bonds gives the Group the ability to recover the full amount.

On that basis, the loss allowance as at 30 September 2024 and 2023 for trade and other receivables is summarised as follows:

	GROUP				COMPANY			
Rmillion	**1 – 4 weeks**	**5 – 8 weeks**	**8+ weeks**	**Total**	**1 – 4 weeks**	**5 – 8 weeks**	**8+ weeks**	**Total**
30 September 2024								
Expected loss rate	**0.5%**	**1.1%**	**23.6%**		**0.4%**	**0.6%**	**4.5%**	
Trade and other receivables-balance subject to matrix	**12 214.4**	**1 918.8**	**1 274.0**	**15 407.2**	**8 340.7**	**1 059.2**	**502.8**	**9 902.7**
Loss allowance excluding VAT	**56.2**	**20.5**	**300.1**	**376.8**	**28.0**	**5.4**	**19.5**	**52.9**
Specific allowances raised				**1 210.3**				**891.8**
Total loss allowance				**1 587.1**	**–**	**–**	**–**	**944.7**
30 September 2023								
Expected loss rate	0.4%	1.5%	29.5%		0.3%	0.5%	3.5%	
Trade and other receivables-balance subject to matrix*	13 348.5	2 013.6	1 239.9	16 602.0	8 360.7	1 297.9	638.8	10 297.4
Loss allowance excluding VAT	54.1	30.6	365.2	449.9	28.1	5.4	19.5	53.0
Specific allowances raised				1 084.5				763.1
Total loss allowance				1 534.4				816.1

* *Comparative information has been restated – refer to note 43 for further detail.*

The ECL allowance represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered. This estimate takes into consideration past trends and makes an assessment of additional risk factors which are likely to impact recoverability such as significant actual or expected changes in the operating results or business conditions of the retailer. To the extent considered irrecoverable, debts are written off. Debt is written off when all legal attempts to recover the debt have been exhausted.

It is a prerequisite for appropriate forms of security to be obtained from retailers to reduce exposure on trade receivable balances. Trade receivable balances are secured by general and specific notarial bonds over movable assets, deeds of suretyship, cession and pledge of shares and in some instances, lease options. General notarial bonds constitute the majority of the security held, which provide the Group with a preferential claim over the movable assets. This bond can be perfected when the retailers account is in arrears. As at 30 September 2024 security to the value of R12 987.6 million (2023: R13 047.1 million) was held by the Group. Ongoing credit evaluations are performed including regular reviews of security cover held (refer to note 21).

The Group selectively assists retail members suffering financial stress in order to ensure the continued operation of stores, thereby preserving the recoverability of trade receivable balances.

The directors are of the opinion that the credit risk in respect of short term cash investments is low as funds are only invested with acceptable financial institutions of high credit standing and within specific guidelines laid down by the Board.

Credit risk continued

Loans receivables and block discounting loans

The Group extends loans to retailers in the form of block discounting loans (refer to note 17) and retailer loans (refer to note 18). These loans are fully secured, and as such the Group has not incurred a loss on these balances in the past five years.

The Group has adopted the general approach for loans receivable, which involves a three-stage approach to the recognition of credit losses and interest.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward looking information. Default is generally considered a missed payment.

A significant increase in credit risk has not been presumed if a debtor is more than 30 days past due in making a contractual payment, but has been treated as an indicator for further investigation of credit risk assessment.

Three categories of loans have been determined which reflect the credit risk profile based on default and timely payment history as follows:

Category	Company definition of category	Basis for recognition of expected credit losses
Performing	Loans whose credit risk is in line with original expectations, no defaults or late payments recorded in previous 12-month period.	12 months expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
Underperforming	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due, which is defined as a late payment but no default.	Lifetime expected losses (stage 2).
Non-performing	Interest and/or principal repayments are 90 days past due, i.e. three consecutive missed payments or it becomes probable a customer will enter bankruptcy.	Lifetime expected losses (stage 3).
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery.	Asset is written off.

The expected credit losses have been determined using the formula:

Probability of default (PD) x loss given default (LGD) x exposure at default (EAD).

PD is considered on initial recognition of an asset and credit risk is assessed throughout each reporting period for significant increases. To assess whether a significant increase has occurred, the Group will compare the credit risk at the reporting date with that of the credit risk at initial recognition, taking into account macro-economic conditions and supportable forward-looking information. These mirror the factors in the trade receivables section above.

LGD is the loss which is expected to arise at the date of default. The Group has securities over the financial assets which are preferential to the settlement of any trade debts, management has applied judgement in determining an amount which could be recorded as a loss should a default event occur.

EAD is the outstanding balance at reporting date.

Over the term of the loans, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considered historical loss rates for each category of loans, which includes the leverage ratios of the lender, and adjusts for forward looking macro-economic data. The Group provides for credit losses against loans to customers as follows:

	GROUP			COMPANY
	Southern Africa	Ireland	Switzerland	South Africa
Category of expected credit loss and rates				
Performing	**0.07%**	**14.82%**	**0.3%**	**0.07%**
Under performing	**4.64%**	**46.66%**	**60.9%**	**4.64%**
Non-performing	**10.02%**	**100.00%**	**99.5%**	**91.30%**
Gross carrying amounts				
Performing	**753.6**	**43.0**	**1 344.9**	**682.5**
Under-performing		**4.6**	**7.4**	
Non-performing		**35.3**	**1.5**	**80.2**
	753.6	**82.9**	**1 353.8**	**762.7**

39. Financial risk management continued

Credit risk continued

Loans receivables and block discounting loans continued

The loss allowance for loans to customers as at 30 September 2024 and 2023 reconciles to the opening loss allowance for that provision as follows:

	GROUP				COMPANY			
Rmillion	Performing	Under-performing	Non-performing	Total	Performing	Under-performing	Non-performing	Total
Opening loss allowance as at 1 October 2023	**15.2**	**95.8**	**62.6**	**173.6**			**73.2**	**73.2**
Change in expected credit loss %	**(0.3)**	**(0.2)**	**1.2**	**0.7**				**–**
Reclassified to assets held for sale		**(78.7)**	**(8.1)**	**(86.8)**				**–**
Reclassified to trade receivables		**(25.7)**		**(25.7)**				**–**
New financial assets		**21.7**		**21.7**				**–**
Recoveries	**(4.8)**	**(3.6)**	**(17.6)**	**(26.0)**				**–**
Write-offs		**(6.3)**		**(6.3)**				**–**
Foreign exchange differences	**(1.4)**	**4.8**	**(1.2)**	**2.2**				**–**
Loss allowance as at 30 September 2024	**8.7**	**7.8**	**36.9**	**53.4**	**–**	**–**	**73.2**	**73.2**
Opening loss allowance as at 1 October 2022	14.6	64.7	174.2	253.5			77.2	77.2
Change in expected credit loss %	(1.3)	19.2	0.3	18.2			1.7	1.7
Reclassified from trade and other receivables		1.6		1.6				–
New financial assets	4.0	4.7	3.3	12.0				–
Recoveries	(3.8)	(4.3)	(21.4)	(29.5)				–
Write-offs			(120.5)	(120.5)			(5.7)	(5.7)
Foreign exchange differences	1.7	9.9	26.7	38.3				–
Loss allowance as at 30 September 2023	15.2	95.8	62.6	173.6	–	–	73.2	73.2

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Concentrations of risk are assessed by considering financial instruments with similar maturity profiles and those which are payable in foreign currencies.

The Group has the following overdraft/call facilities at its disposal:

	Southern Africa		Ireland		Switzerland	
Rmillion	2024	2023	2024	2023	2024	2023
Unsecured bank overdraft facilities, reviewed annually, and at call:						
– Utilised as at year end	**2 697.2**	2 601.8	**237.1**	15.9		
– Unutilised	**4 301.8**	2 987.2	**470.5**	906.5	**400.0**	355.5
Total available overdraft/call and borrowing facilities	**6 999.0**	5 589.0	**707.6**	922.4	**400.0**	355.5

39. **Financial risk management** continued

Liquidity risk continued

Maturity analysis of Group financial liabilities:

	GROUP					
	2024			2023		
Rmillion	**Less than 1 year**	**Between 2 and 5 years**	**More than 5 years**	Less than 1 year	Between 2 and 5 years	More than 5 years
Trade payables	**17 423.4**			17 776.6		
Block discounting loans	**2.3**	**1.8**		14.3	25.5	
Borrowings	**1 745.9**	**3 062.9**	**2 184.6**	1 230.1	5 357.4	2 422.3
Lease liability	**2 627.6**	**8 201.2**	**6 261.6**	2 795.4	8 956.9	6 957.9
Financial guarantees (refer to note 34)	**606.0**			763.5		

	COMPANY					
	2024			2023		
Rmillion	**Less than 1 year**	**Between 2 and 5 years**	**More than 5 years**	Less than 1 year	Between 2 and 5 years	More than 5 years
Trade payables	**10 106.5**			10 056.1		
Block discounting loans	**2.3**	**1.8**		14.3	25.5	
Borrowings	**1 183.5**					
Lease liability	**1 482.1**	**4 419.7**	**1 670.0**	1 445.5	4 428.7	1 705.2
Financial guarantees (note 34)	**4 618.1**			6 935.0		

Financial guarantees disclosed in less than 1 year represent the maximum total exposure to the Group. Refer to note 34 for further detail.

The majority of the trade payables at year end will be paid within 30 days of year end from available facilities or cash received from trade debtors.

The Group has long-term borrowings giving rise to cash payment obligations. The Company has unlimited borrowing powers in terms of the Memorandum of Incorporation. For further disclosures regarding Group borrowings and covenant compliance, refer to note 29.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders.

The Group's overall capital management strategy remained unchanged in 2024. The strategy entails a philosophy of tight risk management and minimum use of derivative instruments.

The capital structure of the Group consists of equity attributable to shareholders comprising issued capital, reserves and retained earnings as disclosed in notes 25 and 38 respectively and borrowings as disclosed in note 29.

Treasury shares (refer to note 26) are held from time to time for the purpose of settling option holder obligations and these are only acquired on approval from shareholders and where the market presents value in their acquisition.

The strong cash inflow generated by Group operations is utilised to fund distribution centre expansions and other capital expenditure, and to settle dividends declared, taxation and trade payable obligations.

40. Events after the reporting date

On 4 November 2024, the Group entered into a sale agreement for the disposal of the property owned by Knowles Shopping Centre Investments Proprietary Limited and the Central Office Building owned by the SPAR Group Limited as described in note 42. The sale agreement is subject to certain conditions precedent, which are anticipated to be fulfilled in the upcoming months.

This transaction is considered a non-adjusting event in accordance with IAS 10 *Events after the Reporting Period*, as the sale agreement was signed after the reporting date and does not provide evidence of conditions that existed at the reporting date. Consequently, no adjustments have been made to the financial statements as at 30 September 2024 in respect of this transaction.

Post the end of the financial year management have formally decided to dispose of a non-core property on the West Rand.

40. Events after the reporting date continued

Appointment of new directors

The Board has resolved to appoint Mr Moegamat Reeza Isaacs as Group Chief Financial Officer Designate with effect from 1 November 2024, and as Group Chief Financial Officer and as an executive director of the Board with effect from 1 January 2025.

Changes to the Board

Ms Trudi Makhaya has resigned as an independent non-executive director with effect from 31 December 2024.

The Board approved the appointment of Mr Sundeep Naran as the new Chairperson of the Social, Ethics and Sustainability Committee.

41. Contingent liability

Southern Africa

As was initially reported in 2022, summons was served on the Company by one of its larger retailers, the Giannacopoulos Group, for alleged damages of R2.1 billion arising from a membership dispute. The Company denied any liability and has filed a plea to defend the matter.

Management have engaged extensively with the retailer and while many issues have been successfully resolved, a few major dispute matters could not be finalised. The parties have agreed that the dispute be dealt with through a legal process. The Company remains satisfied that, based on legal opinion, there is insufficient evidence to substantiate the claim and does not recognise any liability for damages.

Switzerland

The Swiss business has received a notification of an "intention to sanction" from the Swiss Competition Commission (WEKO) regarding findings in connection with compensation received from a trading and service cooperative. The Company has been given the opportunity to respond to the notice, make representations relating to the findings and to make submissions as to why some, or all, of the intended sanctions should not be imposed. The Company has engaged a specialist lawyer to examine the claim and to prepare formal responses. It is therefore not yet possible to reliably estimate the form of any resolution or amount of any possible sanction.

42. Discontinued operation and assets held for sale

Discontinued operation

On 28 September 2023, the Board announced its intention to exit the Polish market. In accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale* and Discontinued Operations, NPI met the criteria to be considered held for sale and discontinued on 1 December 2023.

On 3 September 2024 SPAR entered into a sale and purchase agreement with Przedsiebiorstwo Produkcyjno Handlowo Uslugowe Specja Spólka z o.o. (Specjal or the Purchaser), in terms of which SPAR will dispose of its entire shareholding in New Polish Investments Spólka z o.o. (SPAR Poland).

The associated assets and liabilities of NPI were consequently presented as held for sale and reported as a discontinued operation.

Financial performance

Rmillion	**Audited Year ended September 2024**	Audited Year ended September 2023
Revenue – sale of merchandise	**2 948.6**	2 863.3
Cost of sales	**(2 299.8)**	(2 295.5)
Gross profit	**648.8**	567.8
Revenue – other	**4.5**	6.6
Other income	**28.1**	36.9
Net operating expenses*	**(1 782.1)**	(1 311.0)
Operating loss	**(1 100.7)**	(699.7)
Finance income	**28.5**	29.9
Finance costs	**(201.9)**	(179.4)
Loss before taxation	**(1 274.1)**	(849.2)
Taxation	**(22.3)**	(71.5)
Loss from discontinued operation	**(1 296.4)**	(920.7)
Exchange loss differences from translation of discontinued operation	**(70.5)**	(210.0)
Total comprehensive loss	**(1 366.9)**	(1 130.7)

* *Includes a R945.1 million impairment of assets held for sale in the disposal group (NPI).*

42. Discontinued operation and assets held for sale continued

Financial performance continued

Rmillion	Audited Year ended September 2024	Audited Year ended September 2023
Cash flow information		
Statement of cash flows		
Net cash outflows from operating activities	**(359.2)**	(384.8)
Net cash inflows from investing activities	**90.8**	25.9
Net cash outflows from financing activities#	**(1 477.2)**	(366.0)
Details of disposal group (NPI) held for sale		
Assets	**1 032.6**	
Property, plant and equipment**		
Right-of-use assets**		
Lease receivable	**398.1**	
Goodwill and intangible assets**		
Loans and other receivables	**83.6**	
Inventories	**219.9**	
Trade and other receivables	**320.2**	
Prepayments	**10.8**	
Liabilities	**1 362.7**	
Lease liability	**907.1**	
Trade and other payables	**416.0**	
Provisions	**39.6**	

** *These assets have been fully impaired.*
# *Excludes inter-group financing from SPAR.*

Other Assets held for sale

A decision has been made to dispose of the property owned by Knowles Shopping Centre Investments Proprietary Limited and the Central Office Building owned by the SPAR Group Limited. These assets have a combined carrying value of R221.0 million and have met the criteria to be classified as held for sale at 30 September 2024.

SPAR also holds other items of PPE relating to owned stores, classified as held for sale, totalling R3.5 million.

43. Change in Accounting Policy and Prior Period Errors

Change in accounting policy

In the current financial year, SPAR implemented a change in accounting policy for its financial guarantee contracts. Previously, these financial guarantees were accounted for under IFRS 4 *Insurance Contracts*. Under IFRS 4, SPAR was able to classify certain financial guarantees as insurance contracts, which primarily required disclosures but did not mandate full recognition and measurement as liabilities on the statement of financial position.

IFRS 17 *Insurance Contracts* replaced IFRS 4 for financial periods beginning on or after 1 January 2023 and as such applies to the current reporting period in which these annual financial statements are presented. Management has determined that accounting for these financial guarantees under IFRS 9 *Financial Instruments* provides a more consistent approach that aligns better with SPAR's existing accounting policies. As a result, SPAR has changed the accounting policy to account for its financial guarantees under IFRS 9 *Financial Instruments* from the current financial year.

Under IFRS 9, financial guarantees are recognised as financial liabilities and must be measured at their fair value upon initial recognition. Subsequently, they are measured at the higher of:

- The expected credit losses (ECL) calculated in accordance with IFRS 9's impairment model, or
- The amount initially recognised less the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Impact of the change

This change in accounting policy was applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates, and Errors*. The retrospective adjustment was made only at the Company level and not the Group level, as it relates specifically to material financial guarantees provided by SPAR to its foreign subsidiaries. Consequently, the Group's consolidated financial statements remain unaffected by this change.

The adjustments made to Company are as follows:

	COMPANY					
	2023			2022		
Rmillion	As previously reported	Adjustment	Restated	As previously reported	Adjustment	Restated
Statement of financial position						
Capital and reserves						
Retained earnings	3 684.1	(420.3)	3 263.8	4 546.7	(495.9)	4 050.8
Current liabilities						
Current portion of financial liabilities		(420.3)	(420.3)		(495.9)	(495.9)
Statement of profit or loss						
Net operating expenses	(9 253.8)	75.6	(9 178.2)			
Administrative and information technology expenses	(2 306.4)	75.6	(2 230.8)			
Operating (loss)/profit	(153.5)	75.6	(77.9)			
(Loss)/profit before taxation	(437.0)	75.6	(361.4)			
(Loss)/profit after taxation	(654.4)	75.6	(578.8)			

Prior period errors

Lease remeasurements

During the current financial year, the Group identified a prior period error in relation to the accounting for leases under IFRS 16 *Leases*. SPAR has entered into "back-to-back" leasing arrangements with certain landlords and retailers, whereby it acts as both a lessee and a lessor for the same underlying assets.

In the prior period, certain renewal clauses within these back-to-back lease agreements were exercised by both SPAR and the counterparties. However, these renewals were not reflected in the Group's lease accounting, resulting in an understatement of both lease receivables and lease payables as at the prior period end.

This only impacted the statement of financial position of the Group and Company for the prior financial year.

Reclassification of other receivables and payables

During the current financial year, the Group identified a prior period error in relation to other receivable and payable balances which was classified incorrectly.

In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Group has retrospectively corrected these prior period errors. The financial statements for each prior period presented have been restated to reflect the impact of the prior period errors.

43. Change in Accounting Policy and Prior Period Errors continued

Prior period errors continued

Impact of the change

The Group and the Company, as applicable, have retrospectively corrected these prior period errors, the financial impact of which has been outlined in the table below:

	GROUP			COMPANY		
	2023			2023		
Rmillion	As previously reported	Adjustment	Restated	As previously reported	Adjustment	Restated
Statement of financial position						
Right-of-use assets	8 974.2	48.9	9 023.1	715.9	48.9	764.8
Lease receivable	4 564.1	92.2	4 656.3	4 054.8	92.2	4 147.0
Current assets						
Current portion of lease receivable	945.0	5.0	950.0	848.4	5.0	853.4
Trade and other receivables	18 313.3	82.8	18 396.1			
Non-current liabilities						
Lease payable	(13 259.5)	(136.1)	(13 395.6)	(4 744.3)	(136.1)	(4 880.4)
Current liabilities						
Current portion of lease payable	(2 100.5)	(10.0)	(2 110.5)	(981.2)	(10.0)	(991.2)
Trade and other payables	(23 692.0)	(82.8)	(23 774.8)			

Abbreviations and definitions

AGM
Annual general meeting

APA
Auditing Profession Act No 26 of 2005

B.V. BIGS
The Buying International Group SPAR

Company
The SPAR Group Limited

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CGU
Cash-generating unit

CODM
Chief Operating Decision Maker

CSP
Conditional Share Plan

Companies Act
Companies Act, No. 71 of 2008 (as amended)

ECL
Expected credit loss

EBRD
European Bank for Reconstruction and Development

ETI
Employee tax incentive

EURIBOR
Euro Interbank Offered Rate

ESP
Employee Share Plan

FV
Fair value

GRH
Group Risk Holdings (Pty) Ltd

Group companies
Subsidiaries, joint ventures and associates of SPAR

Guild
The SPAR and Build it Guilds of Southern Africa

HEPS
Headline earnings per share

IFRS
IFRS Accounting Standards

IRBA
Independent Regulatory Board for Auditors

JSE
JSE Limited

JSE Listings Requirements
Listings Requirements of the JSE Limited

Leases
Lease liabilities and lease assets

Loss allowances
All ECL allowances calculated in accordance with IFRS 9

OCI
Other comprehensive income

Operating profit
Excludes equity accounted profits/(losses), business acquisition costs, interest and tax

p.a
Per annum

PiP
The Piotr i Pawel Group

P/L
Profit or loss

PPE
Property, plant and equipment

PwC
PricewaterhouseCoopers Inc.

ROU
Right-of-use

SAICA
South African Institute of Charted Accountants

SARON
Swiss Average Rate Overnight

SONIA
Sterling overnight index average

SGB
Spółdzielcza Grupa Bankowa

SPAR or the Group
The SPAR Group Ltd, all of its subsidiaries, joint operations and equity-accounted investees

the Board
The Board of directors of The SPAR Group Ltd

the current year
The financial year ended 30 September 2024

the next year
The financial year ending 30 September 2025

the previous year
The financial year ended 30 September 2023

The Share Trust
The SPAR Group Ltd Employee Share Trust (2004)

WACC
Weighted average cost of capital

WIBOR
Warsaw Interbank offer rate

Corporate information

The SPAR Group Ltd

(SPAR or the Group)

Registration number: 1967/001572/06

ISIN: ZAE000058517

JSE and A2X share code: SPP

https://thespargroup.com

Directors

MJ Bosman* (Chairperson), SA Zinn* (Deputy Chairperson), AP Swartz (Group CEO), MW Godfrey (Group CFO), M Pydigadu (Group COO), EC Botha*, PMP da Silva*, O Ighodaro*, MJ Jamieson*, LM Koyana*, GB Makhaya*, ST Naran*

* *Independent non-executive.*

Interim Group Company Secretary

NP O'Brien

Registered office

The Umhlanga Arch

1 Ncondo Place

Umhlanga Ridge

Durban

Transfer secretaries

JSE Investor Services (Pty) Ltd

PO Box 4844

Johannesburg

2000

Auditor

PricewaterhouseCoopers Inc.

Waterfall City Heliport

4 Lisbon Lane

Jukskei View, Midrand

2090

Sponsor

One Capital

17 Fricker Road

Illovo

2196

Banker and corporate broker

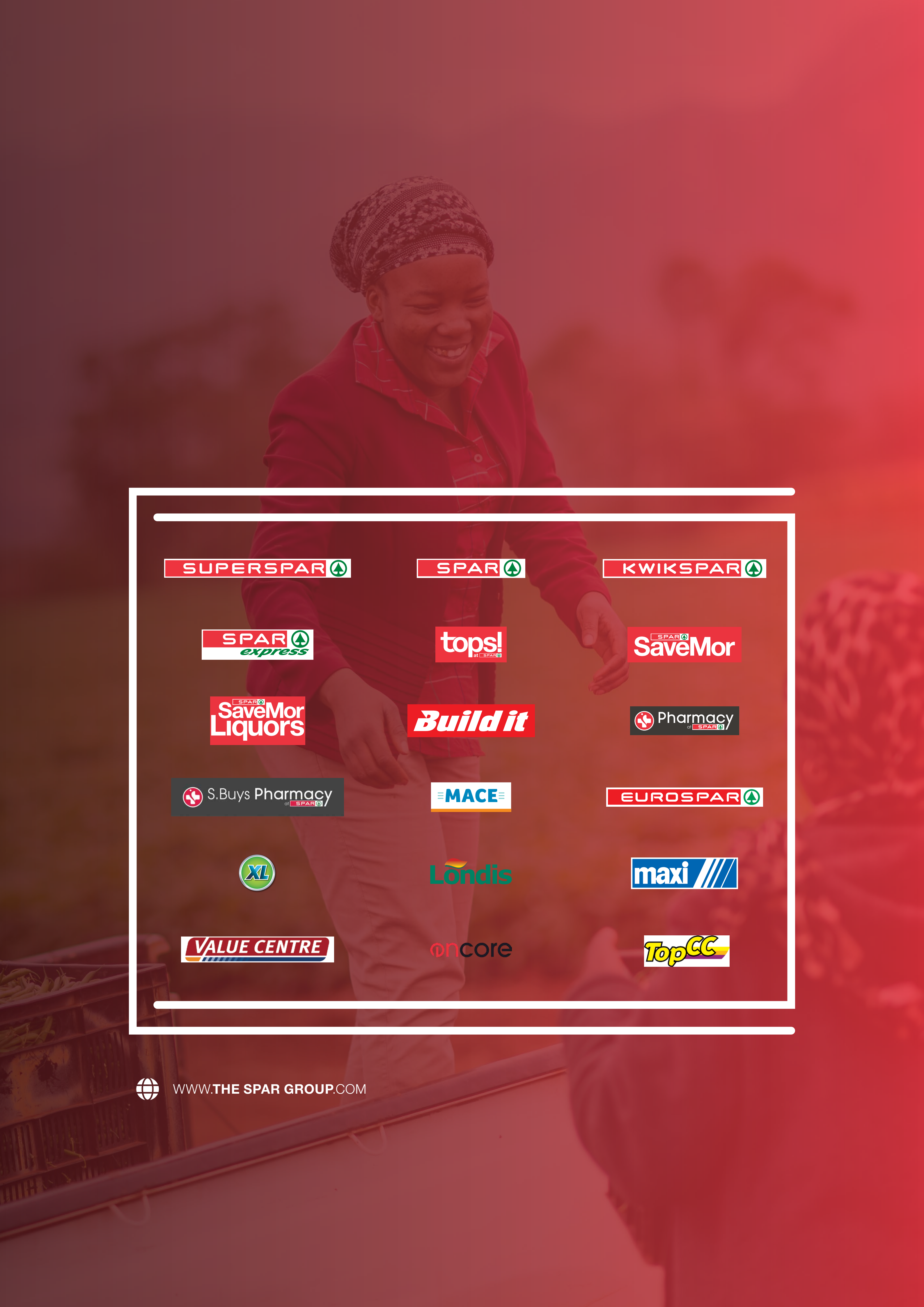
Rand Merchant Bank, a division of FirstRand Bank Ltd

PO Box 4130

The Square

Umhlanga Rocks

4021



SUPERSPAR
SPAR
KWIKSPAR
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