

Spur Corporation Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/000828/06)
Share code: SUR
ISIN: ZAE 000022653
("Spur Corporation" or "the group" or "the company")

BOARD AND COMMITTEE CHANGES; DELAY IN RELEASE OF ANNUAL RESULTS; FURTHER DEFERMENT OF INTERIM 2020 DIVIDEND

RESIGNATION OF NON-EXECUTIVE DIRECTORS

Shareholders are advised that Mntungwa Morojele and Dineo Molefe have resigned as non-executive directors of the group with effect from 1 September 2020 and 3 September 2020 respectively.

Spur Corporation chairman Mike Bosman said: "Dineo's resignation follows her appointment as chief financial officer of MTN South Africa which was announced this week and we congratulate her on this appointment. Mntungwa has resigned owing to increased professional responsibilities which include starting a new business in the field of renewable energy and his appointment from 1 September 2020 as a non-executive director of another listed company."

"On behalf of the board of directors I thank Mntungwa and Dineo for their contributions as independent non-executive directors over the past 10 years and 7 years respectively. In particular, I thank Mntungwa for the role he has played as lead independent director and Dineo for her leadership of the audit committee over the past two years. We wish them both continued success in their careers."

APPOINTMENT OF CHAIR OF AUDIT COMMITTEE

Cora Fernandez, an independent non-executive director and member of the audit committee, has been appointed chair of the audit committee with effect from 3 September 2020, to replace Dineo Molefe.

DELAY IN THE RELEASE OF FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

Shareholders are referred to the JSE Limited's general announcement of 3 April 2020 and the third market notice issued by the Financial Sector Conduct Authority ("FSCA") on 7 July 2020 relating to the impact of the Covid-19 pandemic and national lockdown on financial reporting and auditing processes.

The board of directors of the company ("board") have resolved to utilise the extension period granted by the FSCA. The audited financial results for the year ended 30 June 2020, the audited annual financial statements and the integrated annual report will therefore be released on or about 28 October 2020.

FURTHER DEFERMENT OF INTERIM DIVIDEND PAYMENT FOR THE SIX MONTHS ENDED DECEMBER 2019

Shareholders are referred to the SENS announcements dated 30 and 31 March 2020 advising that payment of the interim dividend for the six months ended 31 December 2019, announced on 27 February 2020, in the amount of R71 million (“the interim 2020 dividend”), was deferred to 5 October 2020, subject to compliance with the JSE Listings Requirements and the South African Companies Act (“Companies Act”).

The group experienced a significant decline in income for the duration of the national lockdown period in South Africa and in most foreign jurisdictions, as reported on SENS on 13 May 2020 and 23 July 2020. Following the total prohibition of restaurant trading in April 2020, the group’s franchised restaurant sales declined by 85.7% for May 2020 and by 79.0% for June 2020, as restaurant trading was restricted to deliveries for May 2020 and to deliveries and takeaways for June 2020, with sit-down service only resuming on 29 June 2020.

Trading has steadily improved since the beginning of May 2020, although still significantly down on pre-lockdown levels. While the board is confident that trading will continue to improve, there is no guarantee that this will be case.

In terms of sections 46(1) and 46(3) of the Companies Act, prior to sanctioning the payment of the interim 2020 dividend on 5 October 2020, the board must conclude and resolve that the company will satisfy the solvency and liquidity test in terms of section 4 of the Companies Act (“solvency and liquidity test”) immediately after payment of the interim 2020 dividend. The solvency and liquidity test requires the board to consider all reasonably foreseeable financial circumstances of the company at the time of making the assessment. The directors believe that it is a reasonably foreseeable possible event that more stringent trading restrictions could be re-imposed if the Covid-19 infection rate increases, which could have a further negative impact on the business of the group. Similarly, should the current restrictions be extended over the long term, the current projected recovery will be delayed. Based on an assessment of the most likely projected cash flows and currently available information, the board is confident that the group’s current cash reserves will be sufficient for the foreseeable future. The payment of the interim 2020 dividend would however significantly reduce the group’s available cash reserves and would result in a cash deficit should certain of the scenarios projected occur. Accordingly, in compliance with the Companies Act, the board has had to defer the payment of the interim 2020 dividend and will reassess the solvency and liquidity test prior to the publication of its interim results for the period ending 31 December 2020, which are expected to be issued in March 2021. A further announcement will be made at that time regarding the interim 2020 dividend.

Cape Town
3 September 2020

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