SPUR CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1998/000828/06)

Share Code: SUR & ISIN: ZAE000022653

(“the company” or “the group”)

TRADING STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Shareholders are referred to the sales update released on SENS on 29 January 2021 in which the group advised that total franchised restaurant sales declined by 29.4% to R2.9 billion for the six months to 31 December 2020 (“the reporting period”), against the R4.1 billion reported for the six months to 31 December 2019 (the “prior comparative period”).

Ongoing COVID-19 pandemic lockdown trading restrictions, although at reducing levels in the first half of the reporting period, compounded by the second wave of the pandemic and the resultant implementation of revised level 3 restrictions in the key trading month of December 2020, curtailed franchised restaurant sales in the period. As expected, these restrictions, combined with weaker consumer disposable income, were the main contributors to the decline in total franchised restaurant sales.

Group revenue has been further impacted by temporary fee reductions (“concessions”) granted to franchisee partners for both franchise and marketing fees. The concessions were implemented to assist the franchisee base through the difficult trading periods from the start of the lockdown in March 2020. The concessions are reviewed monthly by the executive team and have gradually been revised as trading conditions have improved and hard lockdown restrictions eased.

Sales and profit from the group’s sauce manufacturing kitchen as well as sales volumes from the group’s outsourced product distribution business were impacted by the lower franchised restaurant sales. This was partially offset by increased sales of the group’s retail sauces.

Earnings for the period were further impacted by costs related to a voluntary retrenchment programme undertaken during the period as part of the group's austerity measures in response to COVID-19. A charge against earnings was recorded in the current reporting period to recognise the present value of once-off employee benefit liabilities. These combined costs totalled R11.8 million.

Profit for the prior comparative period includes a financial instrument impairment net reversal of R10.2 million relating primarily to the unwinding of the Grand Parade Investments Limited ("GPI") black economic empowerment transaction in October 2019, which is not repeated in the current period.

In addition, net finance income declined as a result of the conclusion of the aforementioned GPI transaction and related share repurchase in October 2019, and lower cash generated from subdued trading activities as a result of COVID-19.

As a result of the factors outlined above, the group expects to report the following earnings performance for the reporting period:

	Six months to 31 December 2020	Six months to 31 December 2019	% change
Earnings per share ("EPS") (cents)	29,0 – 35,3	125,9	72% – 77%
Diluted EPS (cents)	28,8 – 35,0	125,0	72% – 77%
Headline earnings per share (cents)	28,9 – 35,2	125,8	72% – 77%
Diluted HEPS (cents)	28,7 – 35,0	124,9	72% – 77%

As previously reported, month-on-month restaurant sales showed a pleasingly steady post-lockdown recovery across most of the group's brands in the first four months of the financial year to October 2020. Furthermore, trading has improved in February since the easing of level 3 trading restrictions announced on 2 February 2021. The improving trading environment is encouraging for both the company and its franchisee partners. The group's balance sheet remains ungeared.

The financial information on which this trading statement is based is the responsibility of the directors and has not been reviewed or reported on by the group's independent auditor.

The group's unaudited interim results for the six months ended 31 December 2020 are expected to be released on 2 March 2021.

Cape Town

24 February 2021

Sponsor

SASFIN CAPITAL

A member of the Sasfin Group