

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")

UNAUDITED GROUP INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020, DEFERRAL OF PAYMENT OF CASH DIVIDEND, AND APPOINTMENT OF COMPANY SECRETARY

#### OVERVIEW

##### REVENUE

Down 40.2% to R314.2 million

##### PROFIT BEFORE INCOME TAX

Down 73.3% to R43.1 million

##### COMPARABLE PROFIT BEFORE INCOME TAX

Down 67.0% to R49.7 million

##### EARNINGS PER SHARE

Down 74.6% to 31.96 cents

##### DILUTED EARNINGS PER SHARE

Down 74.5% to 31.89 cents

##### HEADLINE EARNINGS PER SHARE

Down 74.6% to 31.96 cents

##### DILUTED HEADLINE EARNINGS PER SHARE

Down 74.5% to 31.88 cents

##### INTERIM DIVIDEND PER SHARE

Nil (H1 F2020: 78 cents)

##### CASH AND CASH EQUIVALENTS FOR THE PERIOD

Up 12.8m to R178.1 million

##### NET ASSET VALUE PER SHARE

Down 13.3% to R6.73

##### BALANCE SHEET REMAINS NET UNGEARED

#### TRADING PERFORMANCE

Spur Corporation total franchised restaurant sales across its local and international operations decreased by 29.5% to R2.9 billion with South African franchised restaurant sales declining by 31.0% for the period. International franchised restaurant sales, for the same period, decreased by 17.3%.

The global COVID-19 pandemic and the resultant national lockdown and trading restrictions in all countries of operation had a material impact on Spur Corporation's business operations and financial performance.

After the hard lockdown, restaurants were allowed to resume a full sit-down service from 29 June 2020, subject to strict social distancing protocols, restrictions on the number of customers and a ban on the sale of alcohol. The impact of the curfew in South Africa on evening restaurant trading hours is reflected in dinner sales for the group declining by 39%, and by 48% for the restaurant brands of The Hussar Grill, Casa Bella and Nikos in the period. Group alcohol sales were also 39% lower for the period as a result of the ban on sale of all alcoholic drinks for part of the period.

Improved trading conditions were experienced from September 2020 through to November 2020 as the relaxation of the national curfew extended trading hours and alcohol sales were permitted. Sales for the months of September and November 2020 declined by 26.2% and 21.0% respectively in South Africa relative to the prior year, with October 2020 being a particularly strong trading month in South Africa, trading behind the prior year by only 7.2%.

The second wave of COVID-19 infections in South Africa resulted in government's reintroduction of a national curfew and restrictions on social activity in December 2020. The imposition of the adjusted level 3 lockdown regulations in late December impacted restaurant sales, with the national curfew again limiting trading hours. Trading showed a marked improvement in February 2021, however, following the partial lifting of restrictions which extended our trading hours to 22:00 and allowed for the sale of alcohol in our restaurants. Sales for February 2021 were at 82%\* of the prior year, with Spur and RocoMamas being our strongest performing brands.

In South Africa, 17 restaurants were opened and 18 closed, while seven restaurants were opened and four closed internationally during the period. At 31 December 2020, the group's restaurant base comprised 633 outlets (30 June 2020: 631), including 87 outlets (30 June 2020: 84) operating outside of South Africa.

#### FINANCIAL PERFORMANCE

Group revenue declined by 40.2% from R525.0 million reported in the prior comparable period to R314.2 million for the period. Revenue from the South African operations accounts for 95.3% of total group revenue. International revenue declined by 28.9%.

Profit before income tax decreased by 73.3%, while comparable profit before income tax, excluding exceptional and one-off items and the impact of marketing funds, decreased by 67.0%.

Earnings per share decreased by 74.6% to 31.96 cents. Excluding the impact of the marketing funds and exceptional and one-off items, diluted headline earnings per share decreased by 67.8% to 36.45 cents.

#### PROSPECTS

President Ramaphosa's announcement on Sunday, 28 February 2021, of the relaxation of lockdown restrictions in South Africa to alert level 1 with effect from 1 March 2021, is a welcome development for the group, its franchisees and customers. The resumption of normal trading hours, without being limited by a curfew, and the increase in permitted restaurant seating capacity are expected to have a positive impact on trading in South Africa for all brands.

The new management aims to adopt a strategic direction which will steer the business towards a common purpose. The main drivers to expand the current brand experiences are transformation and innovation.

Evidence of this innovation is the planned extensions to trading formats, with the introduction of a RocoMamas drive-thru, Spur drive-thru-clip-on, a Bento's drive-thru click & collect and a speciality restaurant extension. Seven of the virtual kitchen (VK) brands, launched during lockdown and which have been trialled since May 2020, will move into the next phase of testing.

In addition to revamps and renovations planned for the 2021 calendar year, new restaurant development will include an estimated eight to ten outlets locally.

In the international business, an estimated four to six new sites will be opened.

#### DEFERRAL OF PAYMENT OF CASH DIVIDEND

On 26 February 2020, the board of directors ("board") declared an interim dividend in respect of the 2020 financial year of R70.978 million ("the interim 2020 dividend"), payable on 6 April 2020 subject to compliance with the JSE Listings Requirements and the South African Companies Act (Act No. 71 of 2008), as amended ("Companies Act").

Following the outbreak of COVID-19 and the potential impact of long-term trading restrictions on the group's cash reserves, the board advised shareholders on 30 March 2020 that payment of the interim 2020 dividend would be deferred until 5 October 2020. On 3 September 2020, and in response to reports of a second wave of infections being imminent, the board advised shareholders that payment of the interim 2020 dividend would be further deferred, with a decision on the payment date expected to be announced in March 2021.

Notwithstanding an initial improvement in trading during the second quarter of the period, the second wave of COVID-19 infections, coupled with the government's reintroduction of a national curfew and restrictions on social activity in December 2020, has again impacted profitability and cash generation in December 2020

through to February 2021.

While the board is confident that trading will continue to improve, there is no guarantee that this will be case.

In terms of the Companies Act, prior to sanctioning the payment of the interim 2020 dividend, the board must consider all reasonably foreseeable financial circumstances of the company at the time and for a period of 12 months immediately after payment of the interim 2020 dividend. The board believes 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 board has considered several alternative scenarios which are reasonably possible and projected cash flows for these scenarios. The payment of the interim 2020 dividend would 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, as well as the fiduciary responsibilities of its directors, the board determined it appropriate to defer the payment of the interim 2020 dividend until future cash flows can be predicted with a greater confidence level and will reassess the financial circumstances of the group ahead of the publication of its results for the year ending 30 June 2021, which are expected to be released in September 2021. A further announcement will be made at that time regarding the interim 2020 dividend.

#### CHANGE IN COMPANY SECRETARY

In terms of paragraph 3.59 of the JSE Limited Listings Requirements shareholders are advised that Mr Donfrey Meyer has been appointed as the company secretary of Spur Corporation with effect from 1 March 2021.

The board has considered whether, and concluded that, Mr Meyer has the necessary knowledge and experience to act as company secretary to the company and welcomes him to his new position.

For and on behalf of the board

Mike Bosman	Val Nichas
Chairman	Group chief executive officer

Cape Town  
2 March 2021

\* Provisional information available at time of publication.

#### DIRECTORS

Independent non-executive: M Bosman (chairman), C Fernandez, J Boggenpoel, L Molebatsi, A Parker, S Phillip, S Zinn

Executive: V Nichas (CEO), C Teixeira (CFO), K Robertson (COO), S du Plessis (CMO)

Company secretary: D Meyer (appointed 1 March 2021)

Registered office: 14 Edison Way, Century Gate Business Park, Century City, 7441

Transfer secretaries: Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Sponsor: Sasfin Capital, a member of the Sasfin Group

This short-form announcement is a summary of the information contained in the detailed interim results announcement which is available at <https://senspdf.jse.co.za/documents/2021/jse/isse/SUR/H12021.pdf> and on the company's website at [www.spurcorporation.com/investors/results-centre](http://www.spurcorporation.com/investors/results-centre). The full announcement is available for inspection, at no charge, at the company's registered office and at the offices of Sasfin Capital (29 Scott Street, Waverley, Johannesburg) and copies may be requested from the company's registered office during business hours. Any investment decision in relation to the company's shares should be based on consideration of the full announcement.

This short-form announcement is the responsibility of the board of directors and has been prepared under the supervision of the chief financial officer, Cristina Teixeira CA(SA).