THE SPAR GROUP LTD

Unaudited interim results for the six months ended 31 March 2021 and cash dividend declaration

+7.5% to R64.2bn

Group turnover[1]

+28.1% to R1.7bn

Operating profit

+34.4% to 608.3 cents

Normalised[2] diluted HEPS

+40.0% to 280.0 cents

Interim dividend per share

OUR PURPOSE

to inspire people to do and be more

SALIENT FEATURES

Rmillion		Unaudited six months ended 31 March 2021	Unaudited six months[3] ended 31 March 2020	% change
Turnover[1]		**64 240.5**	59 749.4	7.5
Operating profit		**1 710.2**	1 334.9	28.1
Earnings per share	(cents)	**616.4**	390.0	58.1
Headline earnings per share	(cents)	**620.7**	408.0	52.1
Diluted headline earnings per share	(cents)	**618.5**	406.5	52.2
Normalised[2] diluted headline earnings per share	(cents)	**608.3**	452.7	34.4
Dividend per share	(cents)	**280.0**	200.0	40.0
Net asset value per share	(cents)	**3 961.1**	3 602.7	9.9

[1] *Turnover represents revenue from the sale of merchandise.*
[2] *Diluted headline earnings adjusted for fair value adjustments to, and foreign exchange effects on financial liabilities, and business acquisition costs.*
[3] *The prior comparative period includes 183 days, versus 182 days in the current period.*

SUMMARY SEGMENT ANALYSIS

Rmillion	Southern Africa	Ireland	Switzer-land	Poland	The SPAR Group Ltd
Income statement					
Turnover	41 472.2	14 428.8	7 064.7	1 274.8	64 240.5
Gross profit	4 193.6	1 916.9	1 263.1	192.5	7 566.1
Operating profit	1 313.0	398.5	220.6	(221.9)	1 710.2
Profit before taxation	1 257.1	299.4	219.1	(233.4)	1 542.2
Financial position					
Total assets	24 537.0	14 270.3	9 296.8	2 406.5	50 510.6
Total liabilities	19 634.7	12 187.2	8 101.1	2 961.3	42 884.3

PERFORMANCE OVERVIEW

SPAR delivered strong growth, increasing group turnover by 7.5% to R64.2 billion. Reported operating profit saw excellent growth of 28.1% to R1.7 billion, reflecting the exceptionally strong performances from operations in Switzerland and Ireland, as well as reduced operational losses in Poland. Diluted headline earnings per share increased by 52.2%, in part due to the final minority interests in both the Irish and Swiss businesses having been fully settled during the period, thereby reducing accounting adjustments for these financial liabilities. Normalised diluted headline earnings per share increased by 34.4% and reflects the strong underlying performance of the group, fundamentally driven by the foreign regions as described above. The board has declared an interim dividend of 280 cents per share, an increase of 40.0% on the prior reporting period.

SPAR Southern Africa delivered wholesale turnover growth of 3.1%, continuing to reflect the weaker consumer spend and disruptions to the liquor business. Within this, the core SPAR grocery business reported turnover growth of 0.8%. Turnover growth slowed significantly in the month of March 2021, as it lapped the extraordinary performance recorded in March 2020, when consumers stocked up in advance of the COVID-19 lockdown. SPAR house brands performed ahead of the business delivering growth of 3.4% to R7.7 billion and represents 24.2% of core SPAR turnover. Within house brands, turnover for the SPAR private label range has grown by 4.8%. TOPS at SPAR continued to be negatively impacted by the reduced retail hours and lost trading days, effectively losing 72 trading days, approximately 40% of available trading days during this period. Although the liquor business has started to recover in the last quarter, the impact of the lost trading days saw wholesale liquor sales decline by 7.8% for the period. In a related category, the cigarette business was severely impacted by the initial restrictions on the sale of cigarettes. This business has not seen any meaningful recovery since restrictions were lifted and turnover was down by 13.1%. The Build it business continued to outperform expectations with sales of building materials increasing by a remarkable 26.2%. The consumer in this market remains surprisingly resilient and continued to invest in home improvements. The total Southern African store network increased to 2 457 stores, with 43 net new stores across all formats. In addition to launching new stores, the group completed 159 store upgrades during the period, which is a noteworthy achievement under difficult circumstances.

BWG Foods (Ireland and South West England) delivered strong turnover growth of 13.3%, a solid 3.3% in EUR-denominated terms. Other than stores located in city centres and business parks, all retail brands continued to perform strongly as consumers supported their local community stores during the extended lockdown while Ireland experienced its third wave of the pandemic. The hospitality and foodservice businesses continued to be severely impacted as bars, hotels and restaurants remained closed for the period. The South West England based business, Appleby Westward, maintained its strong contribution to the business through the corporate retail store additions, together with growth in neighbourhood retail driving the wholesale business. SPAR Ireland's retail network now totals 1 392 stores.

SPAR Switzerland reported an increase in turnover of 21.6% for the six-month period. This represents an impressive 11.1% growth in CHF-denominated terms. This region continues to experience the impact of the COVID-19 pandemic with ongoing lockdown regulations. Neighbourhood SPAR retailers have benefitted from consumers choosing to shop locally rather than at the large malls. The acquisition of Store Service AG (SSAG), the owner of 60 petro-convenience stores, in March 2021, has also positively impacted the wholesale business. With lockdown regulations causing many restaurants, bars and hotels to close for partial periods, the TopCC cash and carry business reported a less than expected decline in turnover of 3.5% in CHF-denominated terms, recognising Swiss managements' initiatives to drive sales. SPAR Switzerland's total store network has grown to 388 stores during the period, boosted by the SSAG acquisition.

SPAR Poland reported turnover growth of 32.2% (26.9% in PLN-denominated terms). Trading performance reflects slowly improving retailer loyalty. The mall-based stores have been significantly impacted by the closure of malls. During the reporting period the business rescue proceedings of the Piotr i Paweł business acquired in 2019 were finalised, which is a significant step forward in normalising business operations. Despite the ongoing disruptions caused by the COVID-19 pandemic, the business has made steady progress in the first half. The store network stands at 230 stores, including just eight remaining Piotr i Paweł stores yet to be converted to SPAR stores.

OUTLOOK

The impact of COVID-19 in the short to medium term remains uncertain and trading conditions are expected to remain challenging. Across all regions, the third quarter of the financial year will be impacted by the base effect of the prior year, which saw an extraordinary boost in grocery wholesale turnover due to a surge in home consumption, with consumers staying home due to lockdown regulations from March 2020 onwards. Conversely to this, certain categories in Southern Africa and revenue streams in the foreign regions will benefit from the effect of a low base.

In South Africa, consumer spending is expected to remain constrained. The business will focus on supporting the independent retailers through focused promotional and marketing initiatives, as well as growing the house brands offering, thereby securing better value for consumers. A strong pipeline of new stores and upgrades is planned across all formats, which will drive both total and organic growth. The COVID-19 regulations imposed on liquor and cigarettes may have disrupted the market for these categories indefinitely. Liquor sales should continue to show recovery against a weak comparative period unless further sales restrictions are enforced. While the Build it business is expected to perform strongly in the third quarter of the financial year, the continued high double-digit sales growth trajectory thereafter is uncertain due to the high base.

In Europe, lockdown measures are expected to ease during the summer months, which should enable some recovery for both the Irish hospitality and foodservice businesses, as well as the TopCC cash and carry business in Switzerland. These markets are also expected to benefit from people staying home for their summer holidays. Conversely to this, we expect a potential decline in home consumption impacting the retail stores as consumers venture back to restaurants during the summer months, or change their shopping habits.

The Polish business is focused on driving retailer loyalty and achieving breakeven. The finalisation of the business rescue process is a significant step in stabilising this business. Despite the setbacks while launching this business, we expect to make steady progress in the months ahead, which should benefit from an easing of lockdown regulations during the summer months.

Although uncertainty remains, the group benefits from its diversity, demonstrating its robustness against adverse cycles brought on by the pandemic and remains resilient during these disruptive times. At the core, is SPAR's extensive distribution and logistics capability, market-leading brands and overall support of independent retailers and this ensures that we remain suitably positioned to deliver strong profitability.

Graham O'Connor
Chairman

Brett Botten
Chief Executive Officer

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that an interim gross cash dividend of 280 cents (2020: 200 cents) per share has been declared by the board in respect of the six months ended 31 March 2021. The dividend has been declared out of income reserves.

The salient dates for the payment of the interim dividend are detailed below:

Declaration date	Tuesday, 25 May 2021
Last day for shares to trade *cum*-dividend	Tuesday, 8 June 2021
Shares to commence trading *ex*-dividend	Wednesday, 9 June 2021
Record date	Friday, 11 June 2021
Payment of dividend	Monday, 14 June 2021

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Wednesday, 9 June 2021 and Friday, 11 June 2021, both days inclusive.

In terms of South African taxation legislation effective from 1 April 2012, the following additional information is disclosed:

- The South African local dividend tax rate is 20%;
- The net local dividend amount is 224 cents per share for shareholders liable to pay tax on dividends and 280 cents per share for shareholders exempt from such dividend tax;
- The issued share capital of The SPAR Group Limited is 192 602 355 ordinary shares; and
- The SPAR Group Limited's tax reference number is 9285/168/20/0.

By order of the board

Kevin O'Brien
Acting Company Secretary

Pinetown
25 May 2021

ABOUT THIS ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details thereof.

The full announcement can be found on SENS at https://senspdf.jse.co.za/documents/2021/JSE/ISSE/SPP/Interim_21.pdf

The full announcement is also available on the company's website at https://investor-relations.spar.co.za/ and copies may also be requested from the company's registered office and at the office of the JSE sponsor at no charge, during office hours. Any investment decision in relation to the company's shares should be based on the full announcement. The information contained in this short-form announcement has neither been audited nor reviewed by the company's external auditors.

www.spar.co.za

CORPORATE INFORMATION

Directors: GO O'Connor** *(Chairman)*, BW Botten *(Chief Executive Officer)*, JA Canny*, MW Godfrey, LM Koyana*, M Mashologu*, HK Mehta*, P Mnganga*, AG Waller* (Lead independent)
(Independent non-executive) (** Non-executive)*
Acting Company Secretary: KJ O'Brien **THE SPAR GROUP LTD:** (SPAR) or (the company) or (the group) **Registration number:** 1967/001572/06 **ISIN:** ZAE000058517
JSE share code: SPP **Registered office:** 22 Chancery Lane, PO Box 1589, Pinetown 3600
Transfer secretaries: JSE Investor Services (Pty) Ltd, PO Box 4844, Johannesburg 2000
Auditors: PricewaterhouseCoopers Inc., PO Box 1274, Umhlanga Rocks 4320 **Sponsor:** One Capital, PO Box 784573, Sandton 2146
Bankers and corporate broker: Rand Merchant Bank, a division of FirstRand Bank Ltd, PO Box 4130, The Square, Umhlanga Rocks 4021
Attorneys: Garlicke & Bousfield, PO Box 1219, Umhlanga Rocks 4320

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