

THE SPAR GROUP LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1967/001572/06

JSE Code: SPP

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("SPAR" or the "Group")

VOLUNTARY ANNOUNCEMENT: UPDATE ON CIVIL UNREST IN SOUTH AFRICA AND ITS IMPACT ON THE GROUP

Headquartered in Durban, SPAR has been shocked and deeply saddened by the recent civil unrest in KwaZulu-Natal (KZN) and parts of Gauteng. The full extent of the financial impact on the Group is still being determined, however this announcement serves as an update to shareholders of our preliminary assessment as of 22 July 2021.

- The Group's Central Office and all distribution facilities in the affected areas remain secure and are undamaged
- KZN distribution centre will be fully operational by 25 July 2021
- 38 stores looted have been cleaned, restocked and reopened
- 112 stores remain closed as repair and cleanup operations continue
- Both wholesale and retail insurance claims assessed to be adequately covered
- Short-term bridging finance secured to extend support to the retailers impacted

Commenting on the situation, Brett Botten, CEO for SPAR said:

"Despite the loss of business caused by the recent civil unrest, the SPAR retailers have expressed a firm commitment to start again. This speaks to the resilience and entrepreneurial spirit of SPAR's retailers, who are intensely aware of the role they play within their communities. We are understandably concerned about the impact on our communities and our country and for this reason SPAR has resolute desire to rebuild and help lessen the extent of the damage and devastation caused within our communities. Our thoughts are with those who have been severely impacted by the recent unrest. We thank the SPAR retailers and customers for their understanding, co-operation and patience during this stressful time for all concerned."

SPAR Central Office and distribution centres

SPAR reacted quickly to the initial unrest by closing all distribution centres considered to be at risk and increasing security protocols at these facilities, for the safety of our staff and to secure the Group's assets. We are pleased to report that no harm came to our people and that SPAR's Central Office and distribution centres remained secure and undamaged during the unrest. Only one SPAR truck was lost in the violence.

While distribution operations in KZN were severely disrupted last week, limited deliveries did commence again on Friday, 16 July 2021, once assessed safe to do so. As part of our contingency plan, the distribution centres in neighboring provinces are distributing to retailers in parts of KZN until our local facility is fully operational again. Supplier inbound deliveries to the KZN distribution centre are returning to normal and this division is expected to be fully operational by Sunday, 25 July 2021.

The South Rand distribution centre in Gauteng was closed for one day as a precaution but has resumed normal operations. None of the other four regional distribution centres have been impacted by the unrest.

SPAR Retailers

Many of our SPAR retailers have been severely impacted by the looting, vandalism and destruction of property that took place last week. At first count, a total of 184 stores (including 62 TOPS liquor stores and 31 Build it stores) reported varying degrees of looting and damage. As soon as it has been considered safe, retailers and their staff, often with help from the local communities, have begun cleaning and restocking. So far, 38 of the stores have reopened. In addition, 34 TOPS liquor stores are ready to trade but will remain closed due to the Government's Covid-19 restrictions.

There are currently 112 stores across various formats closed, representing less than 5% of our store network across Southern Africa. Repair operations are under way. The Group is confident that most of these stores will reopen in the short term, but a few will be delayed for longer due to the extent of the damage caused.

A total of eight corporate stores are included in the total of stores looted that remain closed. Four of these stores are TOPS liquor stores.

Insurance cover

At the wholesale level, the Group is adequately covered for asset damage, stock and business interruption. Work has already commenced with insurers and loss adjustors to prepare the necessary insurance claims as soon as possible.

SPAR is engaging with all the retailers impacted by the looting and unrest to provide any necessary assistance with their insurance claims. All affected retailers have the necessary SASRIA cover in place to ensure full recovery.

SPAR will continue working with insurers to accelerate the timeframe required to reopen stores.

Funding assistance

The Group is committed to helping our retailers affected by the unrest and will offer temporary financial support by suspending repayment of all trade accounts until they are able to reopen their stores. This assistance is expected to be short-term in duration, however, this will be dependent on the time in which stores can be trading again. SPAR has the necessary facilities to provide this relief.

Potential supply constraints and suppliers

We are experiencing disruption in the availability of certain products due to the damage and destruction caused to certain supplier facilities and warehouses. We are working closely with all our affected suppliers to try and ensure these products are back on shelf as soon as possible. The Group is also engaging with severely impacted smaller suppliers and will offer them all necessary assistance.

Social impact

The Group is deeply concerned about the knock-on consequences the unrest will inflict upon the poor in this country. Certain areas affected by the unrest have been left without food stores due to the level of damage caused. This has a direct and dire impact on the ability to get food and interferes with the Government's ability to pay social grants, which are typically collected from SPAR and other food retail stores. We are working closely with SPAR retailers and their local communities, as well as local authorities to help alleviate the level of devastation caused in these areas. The Group has launched a number of aid initiatives during this time and will continue to support local communities and existing organisations that rely on our assistance.

By order of the Board
Pinetown
23 July 2021

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