PRELIMINARY REVIEWED CONDENSED GROUP RESULTS

for the year ended 30 September 2021 and cash dividend declaration

THE SPAR GROUP LTD

OUR PURPOSE

to inspire people to do and be more

+102	+2.9%	+5.5%	+6.1%	816.0 cents
Net new stores	Group turnover	Diluted headline earnings per share	Net asset value per share	Dividend per share

SALIENT FEATURES

Rmillion		Year ended 30 Sep 2021	Year ended 30 Sep 2020[2]	% change
Turnover[1]		**127 940.5**	124 277.4	2.9
Operating profit		**3 392.6**	3 442.6	(1.5)
Earnings per share	(cents)	**1 176.3**	1 078.7	9.0
Headline earnings per share	(cents)	**1 196.2**	1 135.3	5.4
Diluted headline earnings per share	(cents)	**1 193.7**	1 131.5	5.5
Dividend per share (cents)	(cents)	**816.0**	865.0	(5.7)
Net asset value per share	(cents)	**4 350.5**	4 102.2	6.1

[1] *Turnover represents revenue from the sale of merchandise.*
[2] *The prior comparative period includes 366 days, versus 365 days in the current period.*

PERFORMANCE OVERVIEW

The group has delivered a robust performance despite the numerous challenges endured during the period. Turnover increased by 2.9% to R127.9 billion. In constant currency, turnover increased by 3.9%, highlighting the impact of the strengthening rand on the current period. The group has experienced ongoing COVID-19 restrictions across all markets, as well as the impact of the civil unrest in South Africa. Irish and Swiss operations once again delivered strong performances. In Poland, although a great deal of progress has been made to lay the foundations for future growth, this region failed to deliver the expected financial improvement. The mixed performance across regions delivered group operating profit of R3.4 billion, down 1.5% on the prior period. Diluted headline earnings per share increased by 5.5%, influenced positively by the final settlement of the minority interests in the Irish and Swiss businesses during the period, thereby reducing accounting adjustments for these financial liabilities. The board of directors (board) has declared a final dividend of 536.0 cents per share.

- **SPAR Southern Africa** contributed growth in wholesale turnover of 3.4% to R81.3 billion. Our core wholesale food business sales declined by 0.4%. As previously reported, the business has seen changing consumer behaviour over the past 18 months due to the pandemic, the impact of the extended lockdowns and restricted liquor trading, all of which have weighed heavily on certain stores. Furthermore, the civil unrest and subsequent closure of damaged and looted stores has also negatively impacted the business during the fourth quarter. The liquor business once again lost a third of its total trading days due to the retail bans on the sale of liquor. The TOPS at SPAR liquor business delivered wholesale turnover growth of 11.2%, but was still down 6.4% against the year ended 30 September 2019, indicating the severity of the liquor bans on trading yet again this year. Build it delivered an outstanding performance, with wholesale turnover up 23.5%, driven by the continued rural home development and urban home improvement spend. During the period, the total Southern African store network grew to 2 440 stores, with 26 net new stores opened across all brands, heavily impacted by the closure of 53 stores due to the civil unrest which remained closed at year end. The group completed 373 store upgrades (219 SPAR stores), against 310 upgrades (167 SPAR stores) in the comparable prior period and 298 upgrades (181 SPAR stores) in 2019, highlighting the aggressive upgrade programme, as well as retailer appetite to reinvest in their stores.
- **BWG Foods** (Ireland and South West England) once again delivered an impressive performance with turnover growth of 3.5% in EUR-denominated currency, amid a year of significant management transition, as well as the realisation of Brexit, which were extremely well managed. All retail brands recorded positive sales growth. Hospitality has continued to suffer due to ongoing COVID-19 restrictions, negatively impacting the foodservice and cash and carry businesses, which have remained resilient within an industry that has seen significant change. Appleby Westward in South West England delivered a strong performance, despite labour headwinds. A key setback for both of these markets during the second half has been the severe shortage of labour in both warehousing and transportation, which currently remains an industry-wide challenge. Combined, the total store network of BWG Foods has grown to 1 406 stores, a net increase of 15 stores.
- **SPAR Switzerland** delivered another excellent performance with turnover increasing by 5.6% in CHF-denominated currency. Having benefited from initial severe lockdowns and border closures during 2020, this business has managed to retain a significant portion of the new business acquired during that time, as locals shopped closer to home. The acquisition of the Store Services AG (SSAG) business, the owner of 60 petro-convenience stores in March 2021, has positively impacted the wholesale business and all stores have been successfully integrated into SPAR, with approximately half of them already rebranded SPAR Express stores. Our TopCC cash & carry business has been impacted by the disruptive closure of restaurants and pandemic-related restrictions on eating out. SPAR Switzerland's total store network has grown to 386 stores (a net increase of 53 stores) during the period, with 32 stores upgraded.
- **SPAR Poland** has made significant progress during the period, despite the many challenges this new business has had to overcome as a result of trying to launch during the onset of the COVID-19 pandemic. Turnover increased by 16.2% in PLN-denominated currency terms and continued to reflect the slowly improving retailer loyalty. Retailer loyalty level for the existing SPAR retailers in the South was 27.0% for September 2021, falling short of the 40.0% target. In the month of September 2021, management made the strategic decision not to sell a food production factory in Poznań, profits from which had been included in the 2021 forecast for this region. The Polish store network stands at 227 stores, including just one remaining Piotr i Paweł store yet to convert to a SPAR store.

SUMMARY SEGMENT ANALYSIS

Rmillion	Southern Africa	Ireland	Switzer-land	Poland	The SPAR Group Ltd
Income statement					
Turnover	**81 261.4**	**30 332.1**	**13 983.2**	**2 363.8**	**127 940.5**
Gross profit	**8 256.8**	**4 092.6**	**2 633.5**	**376.1**	**15 359.0**
Operating profit/(loss)	**2 486.2**	**968.4**	**415.2**	**(477.2)**	**3 392.6**
Profit/(loss) before taxation	**2 371.3**	**793.2**	**379.2**	**(526.6)**	**3 017.1**
Financial position					
Total assets	**25 006.5**	**14 917.5**	**9 965.0**	**2 177.8**	**52 066.8**
Total liabilities	**19 888.4**	**12 625.1**	**8 258.3**	**2 915.9**	**43 687.7**

RESPONSE TO CIVIL UNREST

We were shocked and deeply saddened by the civil unrest that occurred in South Africa in July this year. Many of our retailers in the Gauteng and predominantly Kwa-Zulu Natal provinces were significantly impacted by the unrest. SPAR reacted quickly to the initial violence 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. No harm came to our people and SPAR's Central Office and distribution centres remained secure and undamaged during the unrest. Only one SPAR truck was lost in the violence.

Of the 184 SPAR stores that were initially affected, 131 stores had reopened by the end of the period. The group continues to work closely with the affected retailers in an effort to open the remaining stores as soon as possible.

At the wholesale level, the group is adequately covered for asset damage, stock and business interruption. The estimated wholesale turnover loss for the period is R638.4 million across our core grocery, liquor and Build it businesses (approximately 0.8% of turnover for these businesses combined). During the reporting period, we recognised R30.0 million for loss of profits, as confirmed by our insurers. SPAR has worked closely with its independent retailers and certain suppliers impacted by the looting and unrest to provide assistance with their insurance claims and has helped facilitate the payout of R572.0 million to them from the South African Special Risks Insurance Association (SASRIA) to date. The group continues to assist all SPAR retailers affected by the unrest, by suspending repayment of all trade accounts until they can reopen their stores.

The group expresses its deepest gratitude to its people, the SPAR retailers and their communities, who pulled together and worked tirelessly to protect, clean, restock and rebuild stores, bringing hope to their communities at a time when there were serious concerns around safety and food security.

PROSPECTS

Across our geographies, there remains a degree of uncertainty around the COVID-19 pandemic. However, all our businesses have learnt to deal with these disruptions and react accordingly. Despite the extraordinary and unexpected setbacks experienced in recent times, we remain focused on our vision of being the first-choice brand in the communities we serve and how we can continue to adapt and evolve to assist our retailers in addressing the ever-changing needs of consumers. In the year ahead we will embark on the group-wide roll out of SAP. We have an excellent team and execution plan in place to ensure that any interruption to business operations is mitigated.

In South Africa, the consumer environment is expected to remain constrained. We have increased our promotional programme for the year ahead to assist our retailers in supporting consumers and their communities. We have a strong pipeline of new stores for development, as well a robust store upgrade programme committed to by our retailers. We remain focused on driving retailer profitability, recognising that our success lies in the success of our retailers. Furthermore, we are developing a centralised e-commerce platform for our retailers, in response to the growing demand for grocery online shopping and will be launching this in the year ahead. This system will also be available to provide greater support with online demand in our other regions.

The Irish economy is expected to return to a greater level of normality in 2022. BWG Foods management is cautiously optimistic about both Ireland and South West England, due to the unprecedented labour challenges and related increasing costs. However, the businesses are strong and remain well positioned for a positive year ahead.

In Switzerland, the team is focused on retaining the new business acquired through its community-based stores with their convenient offering focused on excellence in 'fresh' and food-to-go and will be driving deeper penetration of the newly launched three-tier private label offering. The Swiss team will convert the balance of SSAG stores to SPAR Express stores, as well as explore new opportunities within the petro-convenience space – an area where SPAR is rapidly building a firm partner reputation.

In Poland, our management team is acutely aware that urgent improvement is needed to make this business work for our stakeholders and to realise the opportunity we continue to see in this growing market. We will be adopting new measures in how we do business with our SPAR retailers and driving greater efficiencies in logistics to reduce costs. With the integration of existing SPAR retailers now complete, we are ready and determined to drive new business development, targeting a 30% increase on the existing number of stores in this region for the year ahead.

The group has commenced a strategic SAP implementation and looks to continue the expansion of the Polish business. In order to fund these initiatives, the board is investigating various financing alternatives and wishes to advise that this might include an adjustment to the current dividend policy.

We thank our people and our retailers for their unwavering commitment and resilience to embed SPAR at the heart of its communities, living our brand essence of 'it's personal', because to us at SPAR, it is personal. We also thank them for embodying our purpose and leading the way to inspire people to do and be more.

Graham O'Connor
Chairman

Brett Botten
Chief Executive Officer

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 and complete details thereof.

The full announcement can be found at
https://senspdf.jse.co.za/documents/2021/jse/isse/SPP/FY21Report.pdf.

The full announcement is also available on the company's website at https://thespargroup.com/ 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. The preliminary condensed group results were reviewed by the group's auditors, PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion thereon.

WWW.THESPARGROUP.COM

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that a gross final cash dividend of 536.0 cents (2020: 665.0 cents) per share has been declared by the board in respect of the year ended 30 September 2021. The dividend has been declared out of income reserves. This brings the total gross dividend for the year to 816.0 cents (2020: 865.0 cents) per ordinary share.

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

Last day to trade *cum*-dividend	Tuesday, 7 December 2021
Shares to commence trading *ex*-dividend	Wednesday, 8 December 2021
Record date	Friday, 10 December 2021
Payment of dividend	Monday, 13 December 2021

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 8 December 2021 and Friday, 10 December 2021, both days inclusive.

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

- The South African local dividend tax rate is 20%;
- The net local dividend amount is 428.8 cents per share for shareholders liable to pay tax on dividends and 536.0 cents per share for shareholders exempt from such dividend tax;
- The issued share capital of The SPAR Group Ltd is 192 602 355 ordinary shares; and
- The SPAR Group Ltd's tax reference number is 9285/168/20/0.

Following the discontinuation of cheque payments by South African banks, the company no longer issues cheques and all payments will only be made into a nominated bank account by electronic funds transfer. Shareholders who have not yet provided their bank account details to the transfer secretaries are reminded to contact them on 086 147 2644 or +27 11 713 0800 with their bank account details into which the dividends can be paid electronically.

By order of the board

Kevin O'Brien
Acting Company Secretary

Pinetown
17 November 2021

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, PO Box 1274, Umhlanga Rocks 4320 **Sponsor:** One Capital, PO Box 784573, Sandton 2146
Bankers: 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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