



The SPAR Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 1967/001572/06

Share Code: SPP

ISIN: ZAE000058517

(“SPAR” or the “Group”)

TRADING UPDATE FOR THE 18 WEEKS TO 28 JANUARY 2023

The Group delivered a robust trading performance with turnover increasing by 7.8% for the 18 weeks ended 28 January 2023 (the “period”).

SPAR Southern Africa

- Total sales growth of 7.4%
- Combined core grocery and liquor turnover growth of 8.5%
 - SPAR grocery wholesale business increased sales by a pleasing 9.7%
 - TOPS at SPAR liquor sales increased by 1.6%, primarily impacted by the high level of sales experienced in the prior comparative period, due to the pandemic related liquor restrictions ceasing in 2021
- Despite demand for building materials continuing to slow, Build it delivered a credible performance, albeit with sales declining by 2.8%

BWG Group (Ireland and South West England)

- Both markets recorded strong performances with turnover increasing by 8.9% (EUR-denominated)

SPAR Switzerland

- Delivered a decline in turnover of 3.8% (CHF-denominated), exaggerated by the loss of retail sales due to the transfer of a group of corporate stores to independent retailers during 2022

SPAR Poland

- Turnover increased by 4.6% (PLN-denominated), despite this business having terminated contracts with 58 retailers in July 2022

ZAR turnover growth %

| | 18 weeks ended 28 January 2023 (% change) | 18 weeks ended 29 January 2022 (% change) |
|--|--|--|
| Wholesale grocery business | 9.7 | 3.7 |
| TOPS/Liquor sales | 1.6 | 55.8 |
| Combined grocery and liquor | 8.5 | 9.2 |
| Build it | (2.8) | 1.8 |
| S Buys - pharmaceutical business | 18.1 | 5.5 |
| Southern Africa | 7.4 | 8.2 |
| BWG Group (Ireland and South West England) | 11.1 | 1.9 |
| Switzerland | 4.4 | 0.0 |
| Poland | 4.6 | 4.8 |
| Group | 7.8 | 5.8 |

SPAR SOUTHERN AFRICA

Total sales in Southern Africa increased by 7.4% impacted by soft liquor sales growth during the period. The business has made good progress with its accelerated growth plan. This business continues to be impacted by fuel, energy and other inflationary cost pressures but has benefitted from the installation of solar plants across all its distribution centres.

SPAR wholesale grocery

The SPAR wholesale grocery business reported sales growth of 9.7% against internally measured price inflation of 9.9%, with a solid performance across both dry and perishable groceries. This performance is encouraging amid challenging trading conditions.

Driven by the strategic intent to secure SPAR's supply chain and offer enhanced value to customers through SPAR's private label offering, SPAR is pleased to announce that the Competition Commission has approved the acquisition of the remaining 50% share in SPAR Encore during the period, effective 1 April 2023. This will enable improved consolidation of the private label business under the SPAR Encore banner, which continues to be an important driver of growth.

SPAR's on demand shopping platform for groceries and liquor, SPAR2U continues to gain momentum amongst retailers and customers. Having launched its pilot phase during the prior comparative period, SPAR2U ramped up its availability to 201 sites at the end of the period and consumer feedback has been extremely positive. An improved offering is now available through an updated SPAR2U App which has just been launched. The App is more user friendly and customer centric, enabling SPAR to assist its retailers while enhancing its sales channels.

TOPS at SPAR liquor

TOPS at SPAR liquor business reported growth of 1.6% for the period. Whilst trading appears muted, the performance is against a high base effect seen in the prior comparative period (growth of 55.8%) which benefitted from the COVID-19 liquor trading restrictions being lifted in September 2021. Comparing the last month of the period, January 2023 against January 2022, liquor turnover increased by 10.0%.

SPAR Pharmaceutical

The pharmaceutical business, S Buys Pharmacy at SPAR, delivered strong sales performances by both Pharmacy at SPAR and Scriptwise (specialised pharmacy), delivering 18.1% turnover growth for the period.

Build it

The building sector remains under pressure, which has been exacerbated further by electricity loadshedding and rising inflation. Build it's decline in turnover of 2.8% should be viewed as a credible performance against this backdrop. Build it continues to hold its number one position for building materials in Southern Africa.

BWG GROUP (IRELAND AND SOUTH WEST ENGLAND)

This group increased turnover by 8.9% for the period in EUR terms, and 11.1% in ZAR terms. This is an excellent trading performance, boosted by strong performances in Ireland across all retail brands and a full recovery in the hospitality sector which was restricted in December 2021 due to a new variant of COVID-19. The Appleby Westward group in South West England recorded solid growth by both the wholesale business and corporate retail division. Operating costs continue to be impacted by higher distribution and labour costs across both markets.

SPAR SWITZERLAND

Turnover for the Swiss business declined by 3.8% in CHF terms (increased by 4.4% in ZAR terms) against the prior comparative period. The decline in turnover was exaggerated by the transfer of a group of corporate stores to independent retailers over the course of 2022 and subsequent loss of retail turnover from these stores in the period versus the prior comparative period. Against the four-month comparable period in 2020, before the COVID-19 pandemic, turnover increased 11.5% demonstrating this business has shown solid growth over the past three years. Swiss consumers continue to seek cheaper alternatives in neighboring countries, coupled with the Swiss supporting online shopping in these countries. However, with higher inflationary pressures across the border and increased fuel prices, the price benefit of shopping abroad has been eroded. During the period, energy cost pressures persisted in this region.

SPAR POLAND

SPAR Poland delivered turnover growth of 4.6% in both PLN and ZAR terms, compared to the prior comparative period. This is a meaningful performance as the prior comparative period includes 58 retailers whose contracts were terminated in July 2022.

Management is focused on new business development, improved corporate store operational performance, and growing independent retailer loyalty rates through an increased product range offering at the distribution centre in the south of the country. The expanded range includes over 2000 additional product lines. SPAR Poland has also reported an improvement in the inbound service levels against the prior comparative period. This is largely due to improved supplier relationships.

Consumers continue to experience double-digit food inflation and are extremely price conscious. Consequently, SPAR Poland has made investments in price to improve competitiveness against wholesale peers, thereby increasing retailer loyalty. This region continues to experience significant increases in food, energy and fuel prices.

INTERIM RESULTS

The financial results for the six months ending 31 March 2023 will be published on SENS on or about Wednesday, 14 June 2023.

Shareholders are advised that the financial information contained in this announcement is the responsibility of the directors and has not been audited, reviewed or reported on by the Group's auditors.

By order of the Board
Pinetown

14 February 2023

Sponsor: One Capital

Corporate Broker: Rand Merchant Bank, a division of FirstRand Bank Ltd