

**THE SPAR GROUP LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 1967/001572/06)

JSE Code: SPP

ISIN: ZAE000058517

("SPAR" or the "Group")

**TRADING STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023**

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements, issuers are required to publish a trading statement as soon as they are satisfied that, with a reasonable degree of certainty, the financial results for the current reporting period will differ by at least 20% from the financial results of the previous corresponding period.

SPAR is currently in the process of finalising its financial results for the year ended 30 September 2023 ("**Results**") and SPAR shareholders ("**Shareholders**") are advised that the Group expects to report lower operating profit of between R1.6 billion and R2.0 billion (2022: R3.4 billion) and consequently lower earnings per share ("**EPS**") and headline earnings per share ("**HEPS**"), falling within the ranges provided below.

<b>Reported Earnings</b>	<b>Year ended 30 September 2023</b>	<b>Year ended 30 September 2023</b>	<b>Year ended 30 September 2022</b>
	<b>Expected range %</b>	<b>Expected range cents per share</b>	<b>Cents per share</b>
HEPS	-53 to -43	545.4 to 661.5	1 160.5
Diluted HEPS	-53 to -43	544.8 to 660.7	1 159.1
EPS	-86 to -76	156.5 to 268.4	1 118.2
Diluted EPS	-86 to -76	156.4 to 268.1	1 116.9

Shareholders are referred to the announcement published by the Company on the Stock Exchange News Service of the JSE Limited (SENS) on Thursday, 28 September 2023 wherein the Group announced that the various challenges impacting profitability in the first six months of the 2023 financial year persisted into the second half of the 2023 financial year. At that time, the board of directors ("**Board**") also announced that after having evaluated and considered all options, it was in the best interests of the Group and Shareholders to engage in a process to sell its interests in Poland.

The Board advises that the following significant factors negatively impacted earnings for the year ended 30 September 2023, a large portion of which, approximately R1.4 billion, impacted operating profit and is considered non-recurring:

- The unsuccessful launch of SPAR's new ERP IT system (SAP) at the KwaZulu-Natal ("**KZN**") distribution centre impacted the KZN trading performance severely, causing a loss of Group turnover estimated at R1.6 billion. The operational impact amounted to an estimated R720 million in loss of profits for this region
- As a result of the change in approach towards the SAP implementation roll out for the foreign regions, a write-off of R94 million in respect of the SAP 'asset under construction' has been recognised
- The Group also made further impairments of business assets amounting to R120 million as a result of the change in operational strategy towards onsite meat processing in the Irish business
- The evaluation of SPAR Poland, following the Board's decision to engage in a process to sell the Group's interests, gave rise to impairments of associated goodwill and assets amounting to R440 million

- Lower-than-expected turnover growth coupled with significant inflationary cost increases across all of our regions
- A substantial increase of R433 million in net finance costs, due to higher interest rates across all markets

## **BANKING FACILITIES**

Shareholders are further advised that all financiers remain supportive of the Group and have agreed to amendments to banking covenants. The Group is not in breach of any financing covenants at financial year end. At this stage, the Group does not intend to raise any capital from Shareholders.

## **RESULTS PRESENTATION**

The Results are expected to be published on SENS by 08h00 on Thursday, 30 November 2023. The Results webcast presentation, hosted by SPAR management, will follow at 09h30 on the same day. Please refer to SPAR's corporate website for more information: <https://thespargroup.com/>.

Shareholders are advised that the financial information contained in this announcement is the responsibility of the directors, and that such information has neither been reviewed nor reported on by the Group's auditors.

By order of the Board

Pinetown  
23 November 2023

Sponsor  
One Capital

Corporate Broker  
Rand Merchant Bank, a division of FirstRand Bank Limited