



## The SPAR Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 1967/001572/06

JSE and A2X share code: SPP

ISIN: ZAE000058517

("SPAR", the "Company" or the "Group")

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## TRADING UPDATE FOR THE 47 WEEKS TO 23 AUGUST 2024 AND PRE-CLOSE CALL

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The Group's turnover from continuing operations increased by 4.1% for the 47 weeks to 23 August 2024 (the "**period**"), which was adversely affected by fluctuations in exchange rates and inflation since the Group reported its turnover for the six months ending 31 March 2024.

### SPAR Southern Africa

- Total sales grew by 3.5%, reflecting varied performances across the business units.
- Combined core grocery and liquor sales growth of 3.6%, against internally measured price inflation of 5.8%, with liquor sales showing an exceptional performance of 10.5%.
- Pleasingly, total retail growth to the end of August 2024 through our grocery and liquor stores has grown by 6.1% (5.7% like-for-like), showing the strength and resilience of the SPAR brand.
- Build it delivered a pleasing sales increase of 1.2%, marking a recovery after a decline in the first half of the 2024 financial year. This improvement was supported by the easing of load-shedding challenges in South Africa. Retail sales in our Build it division have grown by 2.4% (like-for-like 3.1%) to end August 2024.
- The pharmaceutical business, S Buys, continued its strong first half year performance with a 14.9% increase in turnover driven by increased loyalty and growth in Scriptwise.

### BWG Group (Ireland and South West England)

- Combined turnover for both markets increased by 2.6% in EUR terms and 7.0% in ZAR terms. In Ireland, BWG Foods delivered a solid performance with increased turnover whilst the Appleby Westward Group in the South West of England experienced a decline in volumes. Our Appleby business is highly seasonal and dependent on a good British summer which was moderate this year. Our UK business is also feeling the effect of structural changes in the economy as a result of the full effects of Brexit being felt.

### SPAR Switzerland

- Turnover declined by 5.8% in CHF terms but saw an increase of 0.8% in ZAR terms. The Swiss market remains challenging, with volume declines across the sector. Our cash and carry business was most severely impacted as the market continues to favour cross border shopping and convenience shopping. We continue to assess our Swiss business and how it is positioned in the market to ensure we optimise returns.

### SPAR Poland

- Turnover declined by 6.5% in PLN terms but increased by 3.7% in ZAR terms. This local currency decline was primarily due to the loss of a net 13 retailers and a slight reduction in retailer loyalty following the Group's announcement of its intention to divest from the Polish market.

## ZAR turnover growth - %

	<b>47 weeks ended 23 August 2024 (% change)</b>	<b>Six months ended 31 March 2024 (% change)</b>	<b>Year ended 30 September 2023 (% change)</b>
<b>Grocery and liquor</b>	<b>3.6</b>	<b>5.2</b>	<b>6.1</b>
Build it	1.2	(0.4)	(4.3)
S Buys - pharmaceutical business	14.9	15.0	19.2
<b>Southern Africa</b>	<b>3.5</b>	<b>4.8</b>	<b>5.1</b>
BWG Group (Ireland & South West England)	7.0	16.0	21.9
Switzerland	0.8	8.7	13.6
Poland	3.7	13.7	19.9
<b>Group</b>	<b>4.1</b>	<b>8.0</b>	<b>10.1</b>
<b>Continuing operations</b>	<b>4.1</b>	<b>7.9</b>	<b>9.9</b>

## OPERATIONAL UPDATE

Whilst the sales performance for the period has been weaker than expected, the Group has made significant progress on its short-term priorities:

- 1) The disposal of our Polish business is underway, with the sale and purchase agreement now signed. We expect the transaction to be implemented in the coming months.
- 2) Significant progress has been made in stabilising the ERP implementation at our KwaZulu-Natal (“**KZN**”) distribution centre and we have implemented upgrades to allow our procurement teams to have better visibility when making pricing decisions. Early indications are positive and normal margins should be achieved in the near term. We have also begun to plan our rollout for the remaining distribution centres which should gain meaningful progress in the 2025 financial year (“**FY2025**”).
- 3) We continue to focus on returning the SA business to a 3% operating profit margin by end of the 2026 financial year and are in the process of reviewing our target operating model with a view to maximising value to SPAR shareholders (“**Shareholders**”). We intend kicking off new initiatives in quarter one of FY2025 to drive the margin improvement. Improvement at our KZN facility and strong cost control over the course of the year have mitigated the weaker than expected sales performance.
- 4) Optimising our balance sheet has been an area of focus for the executive team. In the short term, facilities have been secured to facilitate our exit from the Polish market. In the medium term, it is management’s intention to continue reducing debt and restructuring debt so that it better matches our capital requirements.
- 5) The review of our European portfolio is well underway and it is management’s intention to accelerate decision making in this regard over the coming months.

## PROGRESS IN RESPECT OF SPAR POLAND DISPOSAL

Further to the announcement published on SENS on Wednesday, 4 September 2024 wherein Shareholders were advised that the Company has entered into a sale and purchase agreement with Przedsiębiorstwo Produkcyjno Handlowo Usługowe Specjal Spółka z o.o. in terms of which SPAR will dispose of its entire shareholding in New Polish Investments Spółka z o.o., Shareholders are advised that the Company continues to make progress in respect of the disposal process, with the anti-monopoly approval request having now been filed.

## **PRE-CLOSE CALL WITH INVESTORS**

Management invites all interested stakeholders to join them for a pre-close call today, Monday, 30 September 2024 at 11h00 (SAST). Interested parties that would like to join the call should please email Desiree Friend at: [desiree.friend@rmbmorganstanley.co.za](mailto:desiree.friend@rmbmorganstanley.co.za).

## **ANNUAL RESULTS**

The financial results for the year ending 30 September 2024 will be released on SENS on or about Thursday, 28 November 2024.

Shareholders are advised that this announcement does not constitute an earnings forecast, that the financial information provided herein 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  
30 September 2024

Sponsor  
One Capital

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