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**" or the "**Company**" or the "**Group**")

GROUP RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2024 AND CHANGE TO THE BOARD AND BOARD COMMITTEES

KEY HIGHLIGHTS FROM CONTINUING OPERATIONS

Group Turnover	R152.3 billion (up 4.0%)
EBITDA*	R3.8 billion (up 13.9%)
Net Borrowings	R9.1 billion (down 8.9%)
Net borrowings/EBITDA*	2.41x (2023: 3.02x)
Earnings per share	855.9 cents (up 24.5%)
Profit after tax	R1.6 billion (up 20.9%)

**Earnings before interest, tax, depreciation and amortisation determined on a pre-IFRS 16 basis*

SALIENT FEATURES – CONTINUING OPERATIONS

R million		Year ended 30 September 2024	Year ended 30 September 2023 Represented*	% change
Turnover[1]		152 337.5	146 461.0	4.0
Operating profit		2 895.5	2 516.7	15.1
Earnings per share	(cents)	855.9	687.2	24.5
Headline earnings per share	(cents)	917.9	826.0	11.1
Diluted headline earnings per share	(cents)	917.5	825.7	11.1

1 Turnover represents revenue from the sale of merchandise
** The Polish operation has been classified as discontinued and comparative numbers represented. Refer to note 42 of the consolidated annual financial statements for the year ended 30 September 2024 for further details.*

SUMMARY SEGMENT ANALYSIS

	Continuing operations				Discontinued operation
R million	**The SPAR Group Ltd**	**Southern Africa**	**Ireland**	**Switzerland**	**Poland**
Profit / (loss)					
Turnover[1]	**152 337.5**	95 997.1	40 674.3	15 666.1	2 948.6
Gross profit	**18 179.1**	9 128.5	6 187.5	2 863.1	648.8
Gross profit margin (%)	**11.9**	9.5	15.2	18.3	22.0
Operating profit / (loss)	**2 895.5**	1 461.0	1 216.8	217.7	(1 100.7)
Operating margin (%)	**1.9**	1.5	3.0	1.4	(37.3)
Profit / (loss) before taxation	**2 116.9**	1 108.0	925.1	83.8	(1 274.1)
Financial position					
Net Borrowings	**9 115.3**	3 368.9*	2 150.1	2 833.1	763.2**

1Turnover represents revenue from the sale of merchandise
** Includes R1.18bn for the bridge facility raised to settle Polish term debt.*
***To be settled from balance of bridge facility*

PERFORMANCE OVERVIEW
Continuing operations

The Group has made significant strides in its strategic priorities as it aims to optimise operations and achieve its growth objectives. Amidst navigating a challenging trading environment and addressing consumer pressures across various territories, together with the ongoing impacts of the SAP system implementation in South Africa, SPAR's continuing operations have demonstrated a resilient performance.

Turnover for the Group's continuing operations in Southern Africa, Ireland and South-West England ("**BWG Group**"), and Switzerland, increased by 4.0% to R152.3 billion. Turnover growth slowed in the second half of the financial year across all geographies, influenced by the ZAR translation impacts of the foreign subsidiaries as the currency strengthened, together with slowing levels of food inflation, increased competition across all markets and consumers that continue to experience cost-of-living constraints.

Gross profit margins remained stable at 11.9% compared to the previous financial year. Whilst interventions to resolve the SAP impacts in the KZN region are well underway, it will take some time for the full effects to be felt and for the overhang on gross margins to be eliminated; gross profit margin for SPAR South Africa, including SPAR, Tops and Build it, decreased from 8.7% to 8.5%. BWG Group saw a slight increase in its overall gross profit margin from 15.1% to 15.2%, driven by a more favourable category mix. Improved margin management within the wholesale and TopCC cash and carry business saw SPAR Switzerland's gross margin improve from 17.8% to 18.3%.

Operating expenses were well managed, increasing by 3.5% to R18.7 billion, underpinned by an increased focus on cost management and efficiency initiatives across the Group. The translation effect of foreign currency also impacted this performance. The Group delivered an operating profit of R2.9 billion, reflecting a 15.1% year-on-year increase, with an improvement in operating profit margin to 1.9% (2023: 1.7%).

Notwithstanding gross finance costs increasing by 11.1%, profit before tax rose by 15.8% to R2.1 billion (2023: R1.8 billion). Profit after tax grew by 20.9% to R1.6 billion (2023: R1.4 billion) and diluted headline earnings per share for continuing operations grew by 11.1% to 917.5 cents.

Group net borrowings reduced by R2.0 billion, from R11.1 billion as at 31 March 2024, to R9.1 billion at 30 September 2024, resulting in the net borrowings/EBITDA (determined on a pre-IFRS 16 basis) ratio improving to 2.41 times from 3.02 times in the previous financial year.

SPAR Southern Africa, including SPAR, Tops, Build it and Pharma, reported a 3.7% increase in turnover in a trading environment characterised by high inflation, high interest rates and low GDP growth. Core grocery and liquor turnover rose by 3.6%, with SPAR private label growing by 7.0%. Wholesale price inflation was internally measured at 5.5%. Build it achieved a 2.3% rise in turnover, improving from a 4.3% decline in the previous financial year. Pharmacy at SPAR saw a 14.5% growth in turnover due to a strong performance from Scriptwise. The SPAR2U on-demand shopping app expanded to 525 sites by the end of September, with order volumes increasing 380% year-on-year. Operating profit in our Southern African segment, excluding non-recurring items, increased by 26.1%

SPAR South Africa has arrested recent market share declines and stabilised its share amongst its key customer base over the past year with monthly market share, according to NielsenIQ, staying flat since February 2024. In the case of the liquor segment, which continues to be a crucial contributor to SPAR's overall market position, monthly market share has grown year-on-year.

Turnover in Ireland and South-West England, represented by **BWG Group**, grew by 2.8% in EUR terms and 6.7% in ZAR terms. Both markets faced challenges from persistent higher living and operating costs. In Ireland, the successful integration of recent acquisitions made over the last 18 months into the Value Centre network provided synergies and contributed to turnover growth. Management's continued focus on cost containment in this region led to improved operating profit margins. The hospitality sector continued to grow in Ireland, even amidst cautious consumer spending. The UK business, Appleby Westward group, reported a steep decline in turnover as UK retailers struggled throughout the year. The summer trading months were particularly weak, affected by very poor weather. This business has also dealt with the challenge of the change to the national minimum wage which came into effect from April 2024 and resulted in an increase of 9.8% in the minimum wage.

The Swiss macro-economy showed little signs of recovery for consumers, leaving them opting for cheaper alternatives locally and abroad. **SPAR Switzerland**'s turnover declined by 6.2% in CHF terms (down 0.3% in ZAR terms) compared to the previous financial year. The sustained contraction in the gastronomy sector continued to negatively impact the cash and carry business, TopCC, which reported a marked decline in turnover. To address and defend against intensifying competition, the Group is focused on cost-saving initiatives and on its convenience and fresh food offering to counteract cross-border shopping effects.

UPDATE ON KEY STRATEGIC PRIORITIES

SPAR Poland Disposal

As stated in the Group's trading statement published on SENS on 21 November 2024, the sale of the Group's interest in SPAR Poland was approved by the Polish anti-monopoly authorities (UOKiK) on 19 November 2024 ("**Approval**"). The purchaser is conducting a final confirmatory due diligence to be completed within 30 business days of the Approval. The disposal of the Polish business will be completed once this process is finalised. Management is expecting to finalise the exit from Poland by early January 2025.

SAP Implementation Update

Significant progress has been made in resolving SAP integration issues, including improving visibility of pricing and subsidies for buyers, as well as addressing warehouse management inefficiencies that increased labour and transport costs through the selection of a new warehouse management system. Service levels achieved are currently in excess of 90% with KZN loyalty rates rising from 68.6% in the second quarter of 2024 to 70.9% in fourth quarter of 2024.

Banking facilities

During September 2024, the Group secured a R2.0 billion bridge facility from local lenders. R1.2 billion of the facility was used to partially settle the Polish funding as required per the terms of the sale. This facility will be converted into a medium-term loan by the end of March 2025. The remaining funds will settle the Polish business's working capital facilities at disposal closure. The Polish bridge facility is included in the disclosed closing net debt balance of R9.1 billion.

The Group was in compliance with all financing covenants as at year-end and remains committed to its debt restructuring plans, with no plans to seek additional funding from shareholders.

CHANGES TO THE BOARD AND BOARD COMMITTEES

In compliance with paragraph 3.59 of the JSE Limited Listings Requirements, the board of directors of the Company ("**Board**") hereby advises that Gertrude (Trudi) Makhaya, who has served as an independent non-executive director of the Board since September 2023 as well as Chairperson of the Social, Ethics and Sustainability Committee, has resigned as an independent non-executive director with effect from 31 December 2024. Trudi will assume a senior executive role at Boston Consulting Group on a fulltime basis from 1 January 2025.

SPAR shareholders are further advised that the Board has approved the appointment of Mr Sundeep Naran as the new Chairperson of the Social, Ethics and Sustainability Committee. The Board extends its sincere gratitude to Trudi for her unwavering dedication and significant contributions, particularly during a challenging period for the Group.

SHAREHOLDER DISTRIBUTION

The Group has been focused on addressing various challenges over the past 18 months to ensure financial stability, balance sheet resilience and maximise its ability to position itself to take advantage of growth opportunities. Whilst significant progress has been made, work remains ongoing in these areas. Consequently, the Board believes it is prudent to not declare a dividend for the year ended 30 September 2024 (2023: 0.0 cents per share). This decision will be reconsidered based on future macro-economic and operating conditions. Prioritising improved capital allocation, including shareholder returns, remains important to the Board.

OUTLOOK

The operating environment across our territories continues to be challenging with ongoing inflationary pressures in food, fuel and energy, though these are showing signs of easing in some areas.

In South Africa, we saw strong growth in our value focused formats compared to subdued growth in our higher end stores, illustrating the prevailing tough macro-economic conditions and the impact on the middle and higher segment consumers. We believe that every customer should be treated as a segment of one, and we are focused on clarifying our market positioning through clearer format and brand architecture. To that end, SPAR's tiered private label approach is well placed to offer better value for all shopping budgets with the launch of a bespoke high-end offering seeking to capture the higher income consumer segment. The revitalised SaveMor store format will include high quality products at competitive prices and the model will be focused on operational efficiency to establish SaveMor as a leading discount retailer. We will continue to scale our on-demand grocery delivery offering, SPAR2U, in line with evolving consumer needs.

Our European strategic review is well underway, but ongoing and we are evaluating the return on capital for each international business unit. This review will guide our investment decisions, identifying where to allocate more capital, reassess existing models, or consider exits as part of our growth strategy.

As committed to shareholders, we have made significant progress on our 2024 priorities, including finalising the sale of SPAR Poland, reducing debt and stabilising our balance sheet position, resolving SAP issues at the KZN distribution centre, and working towards a 3% operating margin in Southern Africa, a target which remains intact. In 2025, we will focus on supporting SPAR's independent retailers, defining our target operating model, improving Group profitability, and finalising the ERP system modernisation plan.

ABOUT THIS ANNOUNCEMENT

As the information in this announcement does not provide all of the details, any investment decision should be based on consideration of the consolidated annual financial statements for the year ended 30 September 2024 ("**AFS**"), which are accessible *via* the following JSE cloudlink: https://senspdf.jse.co.za/documents/2024/JSE/ISSE/SPP/FY24AFS.pdf and on the Company's website at: https://thespargroup.com/resource-centre/results-announcements/.

The AFS were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon.

By order of the Board

Umhlanga
28 November 2024

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