

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")

TRADING UPDATE AND TRADING STATEMENT FOR THE 26 WEEKS ENDED 27 MARCH 2026**TRADING UPDATE**

The following trading update is provided to give SPAR shareholders ("Shareholders") context in respect of top-line performance for the 26 weeks ended 27 March 2026 ("Current Period" or "H1 FY2026").

Revenue growth	18 weeks to 30 January 2026 (% change)^	26 weeks to 27 March 2026 (% change)
Grocery & Liquor	0.8	1.1
Build it	(2.4)	1.3
SPAR Health	23.0	26.1
Southern Africa	0.9	1.7
Ireland (EUR)	3.1*	3.4
Group	2.1	2.1

^ As published on SENS on 23 February 2026.

* ZAR revenue growth of 6.1% as published on SENS on 23 February 2026.

Group wholesale turnover from continuing operations grew marginally year-on-year during the Current Period.

In Southern Africa, SA Groceries & Liquor revenue growth remained below internal selling price inflation, which was itself below official food Consumer Price Inflation (CPI), reflecting real volume and competitive pressure. However, momentum improved through the second half of the Current Period. SPAR Health delivered strong growth across wholesale and Scriptwise pharmacy channels. Build it posted positive like-for-like growth, supported by infrastructure spend and a recently launched rewards programme. SPAR2U continued to scale with e-commerce order volumes up strongly year-on-year. Retailer loyalty across the broader South African distribution network held up. KwaZulu-Natal ("KZN") loyalty improved slightly on a year-on-year basis but remains below historical and targeted levels.

Ireland (the BWG Group) delivered a solid performance, with top-line growth in local currency exceeding that of the 26 weeks ended 28 March 2025 ("Prior Period" or "H1 FY2025").

TRADING STATEMENT

In terms of paragraph 6.26 of the JSE Listings Requirements, issuers are required to publish a trading statement as soon as they are reasonably certain that the financial results for the period to be reported on next will differ by at least 20% from the published financial results for the previous corresponding period.

Shareholders are advised that earnings per share ("EPS") from continuing operations on a comparable basis is expected to be lower when compared to the Prior Period. Headline earnings per share ("HEPS") from continuing operations on a comparable basis is similarly anticipated to be lower when compared to the Prior Period.

The Group expects to report EPS and HEPS for the Current Period (excluding the results of discontinued operations) within the ranges provided below:

Continuing Operations			
	26 weeks ended 27 March 2026 Expected range (cents per share)	26 weeks ended 28 March 2025 (cents per share)	26 weeks ended 27 March 2026 Expected range (%) [#]
HEPS	174 to 217	434	-60% to -50%
Diluted HEPS	173 to 216	433	-60% to -50%
EPS	140 to 180	399	-65% to -55%
Diluted EPS	139 to 179	398	-65% to -55%

[#] Expected percentage range compared to H1 FY2025.

The following factors impacted earnings in the Current Period:

Margin and profitability

Total continuing Group margins reflected margin compression in Southern Africa, partially offset by a positive contribution from Ireland.

In Southern Africa, gross profit margin declined by between 20 and 40 basis points. This was largely attributable to elevated Black Friday promotional subsidy spend and underperformance at the KZN distribution centre. Above-inflation cost growth and elevated debtor impairments in SA Groceries & Liquor contributed to the substantial decline in operating profit relative to the Prior Period.

In Ireland, gross profit margin improved against the Prior Period, supported by better supplier trading terms and a favourable sales mix. Operating margin was slightly ahead of the comparable period, underscoring the sustainability of Ireland's performance.

The earnings decline reflects a combination of underlying trading conditions, Current Period operational anomalies (primarily KZN performance and elevated Black Friday spend which are unpacked further below), further impairments of historical asset carrying values and a more conservative approach to debtors provisioning. A full reconciliation and operating profit bridge will be provided at the H1 FY2026 results presentation on 10 June 2026.

KZN

KZN's H1 FY2026 performance was weighed down by, *inter alia*, short-term strategies that prioritised top-line growth over profitability. A root cause analysis also attributed the sharp decline experienced in the first quarter of the current financial year primarily to insufficient logistics capacity planning, which in turn disrupted service levels and resulted in increased costs. KZN performance remains a key ongoing risk for the Group and continues to be closely monitored at executive and Board level.

In response, corrective measures have been implemented, including key leadership changes. Gross profit margin improved toward the end of the Current Period, although it remains below targeted levels. KZN delivered three consecutive profitable months in February, March and April of 2026. While this is encouraging, further work is required to fully stabilise operations and KZN remains a key area of focus.

Black Friday

While Black Friday 2025 delivered strong sales growth over the campaign period, it came at a meaningful cost to gross profit margin and drove elevated marketing and promotional costs in November 2025. With the appointment of the new Group Chief Marketing Officer, corrective steps are underway to introduce a more disciplined and tightly controlled promotional investment model.

Impairments

The balance sheet has stabilised significantly, and the Group maintained its focused and disciplined approach to assessing asset carrying values during the Current Period. Total extraordinary items recognised in the Current Period included goodwill impairments, corporate store and held-for-sale asset impairments, all within continuing operations and totalling approximately R128 million compared to R71 million in the Prior Period. The majority of these impairments relate to legacy asset positions originating in prior periods, with a smaller portion arising from current-year reassessments.

These impairments reflect management's continued focus on balance sheet integrity and ensuring that asset carrying values accurately represent the underlying economic reality of the business.

Debtor impairments

Debtor impairments increased during the Current Period. Debtors' days in the SA Groceries & Liquor business remained stable at 32 days, while overdue balances increased from the Prior Period.

The H1 FY2026 review process adopted a more conservative provisioning methodology, resulting in increased expected credit losses, which the SPAR board of directors (the "**Board**") considers reflective of the current credit risk environment. Debtor risk remains a key area of focus, with continued disciplined and active management. Year-end provisions for the 52 weeks ending 25 September 2026 ("**FY2026**") will also be closely scrutinised. A more detailed breakdown of legacy and cyclical impairments will be provided at the results presentation on 10 June 2026.

Debt

Net debt increased during the Current Period, as was expected due to higher working capital investment and the timing of Easter. All banking covenants were met. The festive season working capital build is expected to unwind between March and September, with debt levels expected to reduce through the second half of the financial year ("**H2 FY2026**").

Earnings guidance – total operations

Shareholders are advised that in respect of total earnings, including discontinued operations, EPS and HEPS for the Current Period are expected to fall within the ranges provided in the table below:

Total - continuing and discontinued operations			
	26 weeks ended 27 March 2026 Expected range (cents per share)	26 weeks ended 28 March 2025 (cents per share)	26 weeks ended 27 March 2026 Expected range (%) [#]
HEPS	104 to 133	296	-65% to -55%
Diluted HEPS	104 to 133	296	-65% to -55%
EPS	70 to 80	(2,211)	>100%*
Diluted EPS	70 to 80	(2,208)	>100%*

[#] Expected percentage range compared to H1 FY2025.

* Percentage change exceeds a meaningful threshold given the low base in the H1 FY2025 comparative period.

UK Asset disposal

As announced on SENS on 18 May 2026, the Group entered into an asset purchase agreement with A.F. Blakemore & Son, a SPAR UK wholesaler, in respect of the disposal of the UK (AWG) business, including the right to operate SPAR in South-West England, 71 Company-owned stores, warehouse and logistics infrastructure and associated independent retailer supply agreements. The disposal is anticipated to be completed in stages from June through September 2026, with AWG continuing to be classified as a discontinued operation under IFRS 5.

Looking ahead

In response to margin, cost and competitive pressures, the Group has identified and is executing on a set of structural initiatives intended to realign its cost base and improve operating leverage over time, particularly in Southern Africa, which is the Group's primary area of focus. Further, a refreshed leadership team is in place to accelerate execution and sustainable long-term performance. The benefits of the following initiatives are expected to build progressively through the second half of FY2026:

- **KZN margin recovery:** Gross profit margins are expected to continue recovering toward peer distribution centre levels as corrective actions take effect.
- **Dedicated SA Groceries & Liquor leadership:** A dedicated Managing Director of the SA Groceries & Liquor segment has been appointed to drive focused execution, retailer engagement and accountability at a segment level.
- **Strengthening retailer partnerships:** Deepening the working relationship with our independent retailers remains central to our focus, with renewed engagement on trading terms and joint value creation. We

are actively addressing five key retailer issues, including profitability and revenue growth; and maximising omnichannel opportunities.

- **Cost realignment programme:** Several initiatives are underway across non-trade procurement centralisation, organisation design, pricing and concession discipline, and logistics productivity. Financial benefits are expected to accrue progressively through H2 FY2026 and into the 2027 financial year.
- **SPAR Health and Build it momentum:** Both segments are trading positively, and management expects this momentum to continue through H2 FY2026.

That said, the Group remains cautious of several headwinds that may affect H2 FY2026 performance, including rising fuel costs driving increased logistics and distribution costs, continued debtor risk requiring disciplined, active management and the potential for further provisioning, intensifying competition from peers and continued macroeconomic uncertainty.

SPAR enters H2 FY2026 with a cleaner balance sheet and a more focused geographic footprint. The executive team has been refreshed with new appointments having been made, but recovery will take time and the macroeconomic backdrop remains demanding. The near-term priorities include addressing key retailer issues, improving the quality and consistency of earnings and continuing to build the foundation for sustainable recovery.

Results presentation

The H1 FY2026 results are expected to be published on SENS on or about 10 June 2026. The results webcast presentation, hosted by SPAR management, will follow on the same day and will be accessible *via* <https://www.corpcam.com/Spar10062026>.

Shareholders are advised that this announcement does not constitute an earnings forecast, that the financial information provided herein is the responsibility of the Board, and that such information has neither been audited, reviewed or reported on by the Group's auditors.

By order of the Board

Umhlanga
29 May 2026

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