



THE SPAR GROUP LTD
SUMMARISED CONSOLIDATED
GROUP RESULTS
FOR THE YEAR ENDED
30 SEPTEMBER 2022 AND
CASH DIVIDEND DECLARATION

OUR PURPOSE
to inspire people to do and be more



WWW.THESPARGROUP.COM

+6.0% Group turnover¹

+1.1% Operating profit

+19.5% Net asset value per share

+41 Net new stores

400 cents Dividend per share

SALIENT FEATURES

Rmillion	Year ended 30 Sep 2022	Year ended 30 Sep 2021	% change
Turnover ¹	135 609.1	127 940.5	6.0
Operating profit	3 428.7	3 392.6	1.1
Earnings per share (cents)	1 118.2	1 176.3	(4.9)
Headline earnings per share (cents)	1 160.5	1 196.2	(3.0)
Diluted headline earnings per share (cents)	1 159.1	1 193.7	(2.9)
Dividend per share (cents)	400.0	816.0	(51.0)
Net asset value per share (cents)	5 201.0	4 350.5	19.5

¹ Turnover represents revenue from the sale of merchandise.

PERFORMANCE OVERVIEW

SPAR delivered a resilient group performance despite various challenges across all regions. Group turnover increased by 6.0% to R135.6 billion. In constant currency, turnover increased by 7.0%. Group profitability continued to be impacted by the consequences of the pandemic in the first half of this financial year and new geopolitical circumstances which has seen all regions experiencing fuel and energy cost pressures. In South Africa these pressures were further exacerbated by the impact of ongoing electricity load shedding. The group delivered an operating profit of R3.4 billion, increasing by 1.1%. Diluted headline earnings per share decreased by 2.9% to 1 159.1 cents per share. The board of directors of SPAR (board) has declared a final dividend of 225.0 cents per share, in line with the temporarily adjusted dividend policy reducing the dividend for a period of two years, to fund, *inter alia*, SPAR's strategic investment in SAP.

SPAR Southern Africa contributed 65.0% of turnover for the group and delivered strong growth in wholesale turnover of 8.4% to R88.1 billion. This increase was assisted by an improved core grocery business performance which generated an increase in sales of 5.3%. SPAR increased its promotional calendar to continue to attract cash-strapped consumers. This increased promotional activity, continued focus on store disciplines, a better fresh offering, as well as major store upgrades were key initiatives during the reporting period. SPAR made excellent progress with its newly developed on-demand shopping platform SPAR2U, having gone live at 87 stores during the second half of the financial year. Feedback from consumers using this new channel has been extremely positive. Against the liquor trading restrictions in 2021, TOPS at SPAR delivered excellent liquor sales growth of 42.6%, rebounding strongly and reaffirming its position as the number one liquor brand in South Africa. Build it delivered industry-leading turnover growth of 3.1% for the financial year and reported a strong second half performance as Build it retailers increased their market share.

BWG Group (Ireland and South West England) delivered an exceptional performance despite many challenges, with turnover growth of 7.6% in EUR-denominated currency. This business again demonstrated its resilience as it continues to adapt its operations in response to the challenging economic environment. BWG Foods in Ireland reported an impressive year of new store openings, and neighbourhood stores have largely retained the gains made during the pandemic. Foodservices and licenced trade recovered strongly from March 2022 onwards, having suffered further COVID-19 restrictions in the first half of the financial year. The group experienced rising operational costs in fuel, labour and utilities. The business continued to invest in strategic acquisitions and acquired two cash and carry businesses in Ireland and 16 retail stores in South West England during the reporting period.

SPAR Switzerland experienced extraordinary levels of neighbourhood support during the pandemic. As restrictions eased, consumers returned to large supermarkets. Consequently, SPAR convenience stores have seen a retraction in the gains made during the pandemic with turnover declining by 3.0% in CHF-denominated currency, however turnover is 14.4% higher than pre-pandemic levels. Swiss food inflation rates increased substantially during the latter part of the financial year, which has seen cross-border shopping returning to pre-pandemic levels. While this phenomenon traditionally impacted larger supermarkets more than smaller convenience stores, Swiss consumers will continue to seek cheaper alternatives in neighbouring countries as prices increase. Swiss gastronomy has fully reopened and due to normalised restaurant trading, our TopCC cash and carry business delivered strong turnover growth.

SPAR Poland made a great deal of progress during the reporting period, with decisive steps taken to rapidly facilitate business performance within this market. A key area of focus for 2022 was to address the retailer loyalty issue. Assertive decisions were taken to terminate contracts with a group of SPAR retailers and restructure the distribution centres. A group of 58 retailers with low levels of purchasing loyalty, elected to leave SPAR Poland. The loss of these retailers has negatively impacted turnover growth in the second half of the financial year but despite this, SPAR Poland delivered turnover growth of 8.2% in PLN-denominated currency terms. Operating losses for this region reduced by 9.5% in local currency terms.

SUMMARY SEGMENT ANALYSIS

Rmillion	Southern Africa	Ireland	Switzerland	Poland	The SPAR Group Ltd
Profit/(loss)					
Turnover	88 090.9	31 295.6	13 834.7	2 387.9	135 609.1
Gross profit	8 829.4	4 485.1	2 547.9	436.6	16 299.0
Operating profit/(loss)	2 451.7	970.5	409.5	(403.0)	3 428.7
Profit/(loss) before taxation	2 335.6	810.4	351.1	(455.4)	3 041.7
Financial position					
Total assets	26 968.1	16 104.4	12 018.1	2 027.6	57 118.2
Total liabilities	21 784.8	12 883.4	9 494.0	2 946.9	47 109.1

UPDATE ON SAP

As part of the group's digital transformation, the group-wide SAP implementation commenced smoothly, with the successful launch of the new system at the Southern African central office in October 2022. The distribution centre in KwaZulu-Natal (KZN) is due to launch the new system early in 2023, post the busy Christmas-trading period. The remaining distribution centres in South Africa will follow individually after KZN, to minimise potential business disruption. The foreign regions are preparing their businesses for the SAP implementation, in line with the group implementation plan.

OUTLOOK

During the year, management announced a new leadership structure which will drive greater collaboration and alignment across the group. The structure includes a new chief executive officer (CEO) for the South African business, reporting to the CEO of the group. The leadership changes have brought renewed energy and focus to the Southern African business and a medium-term plan to drive growth is underway. In South Africa, against the backdrop of a constrained consumer, low economic growth and subdued business confidence, the trading environment is expected to remain unchanged in the short to medium term; however, our national and regional marketing teams have innovative promotional programmes geared towards helping SPAR support price-conscious consumers and the needs of their communities.

BWG Group management remains cautious in their outlook for Ireland and South West England. There is a real concern around the quantum and level of price increases that are coming through as global energy markets continue to be volatile, driving energy-led price inflation throughout the supply chain. There is also concern that consumer demand will weaken as the cost of living increases into the winter months. A core skill within BWG Group is taking corrective action to compensate for inevitable shortfalls that might occur.

The Swiss team is cautiously confident about the new financial year. We continue to develop relationships with potential partners in the petro-convenience sector and management is excited about the opportunity to launch another four large EUROSPAR supermarket formats in the year ahead. These initiatives will contribute towards growing SPAR's presence in this country.

In Poland, management will focus on driving new business and improving retailer purchasing loyalty rates through the increased product ranges in our distribution centres. While the economic situation remains challenging, given Poland's proximity to Ukraine, management remain firm in their belief in the opportunity within this market. SPAR Poland's strategy execution and performance are closely monitored by the board.

We extend our sincere gratitude to our people for everything they do to inspire others to do and be more, in line with SPAR's purpose. We are humbled by the dedication, sacrifices made, and commitment of our retailers, to embed the SPAR brand at the heart of our communities. We are better and stronger together.

Graham O'Connor Chairman
Brett Botten Chief Executive Officer

DECLARATION OF ORDINARY DIVIDEND

Notice is hereby given that a gross final cash dividend of 225.0 cents (2021: 536.0 cents) per share has been declared by the board in respect of the year ended 30 September 2022. The dividend has been declared out of income reserves. This brings the total gross dividend for the year to 400.0 cents (2021: 816.0 cents) per ordinary share.

CORPORATE INFORMATION

Directors: GO O'Connor** (Chairman), BW Botten (Chief Executive Officer), JA Canny*, MW Godfrey, LM Koyana*, M Mashologu*, P Mnganga*, ST Naran*, AG Waller* (Lead independent) (* Independent non-executive) (** Non-executive)
Company Secretary: KJ O'Brien **THE SPAR GROUP LTD:** (SPAR) or (the company) or (the group) **Registration number:** 1967/001572/06 **ISIN:** ZAE000058517
JSE share code: SPP **Registered office:** 22 Chancery Lane, PO Box 1589, Pinetown, 3600
Transfer secretaries: JSE Investor Services (Pty) Ltd, PO Box 4844, Johannesburg, 2000
Auditors: PricewaterhouseCoopers Inc., Waterfall City Heliport, 4 Lisbon Ln, Jukskei View, Midrand, 2090 **Sponsor:** One Capital, 17 Fricker Road, Illovo, 2196
Bankers and corporate brokers: Rand Merchant Bank, a division of FirstRand Bank Ltd, PO Box 4130, The Square, Umhlanga Rocks, 4021
Attorneys: Garlick & Bousfield, PO Box 1219, Umhlanga Rocks, 4320



SPAR'S COMMITMENT TO THE FUTURE OF OUR BRAND AND OUR PLANET

The salient dates for the payment of the final dividend are detailed below:

Last day to trade <i>cum-dividend</i>	Tuesday, 6 December 2022
Shares to commence trading <i>ex-dividend</i>	Wednesday, 7 December 2022
Record date	Friday, 9 December 2022
Payment of dividend	Monday, 12 December 2022

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 7 December 2022 and Friday, 9 December 2022, both days inclusive.

In terms of South African taxation legislation effective from 1 April 2012, and the JSE Limited Listings Requirements, the following additional information is disclosed:

- The South African local dividend tax rate is 20%;
- The net local dividend amount is 180.0 cents per share for shareholders liable to pay tax on dividends, and 225.0 cents per share for shareholders exempt from such dividend tax;
- The issued share capital of The SPAR Group Ltd is 192 602 355 ordinary shares; and
- The SPAR Group Ltd's tax reference number is 9285/168/20/0.

Following the discontinuation of cheque payments by South African banks, the company no longer issues cheques and all payments will only be made into a nominated bank account by electronic funds transfer. Shareholders who have not yet provided their bank account details to the transfer secretaries are reminded to contact them on 086 147 2644 or +27 11 713 0800 with their bank account details into which the dividends can be paid electronically.

By order of the board

Kevin O'Brien Pinetown
Company Secretary 16 November 2022

ABOUT THIS ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full and complete details thereof.

The full announcement can be found at <https://senspdf.jse.co.za/documents/2022/jse/isse/SPP/FY22Report.pdf>.

The full announcement is also available on the company's website at https://thespargroup.com/wp-content/uploads/2022/11/The_SPAR_Group_Ltd_Summarised_consolidated_group_results_for_year_ended_30_September_2022-1.pdf and copies may also be requested from the company's registered office and at the office of the JSE sponsor at no charge, during office hours. Any investment decision in relation to the company's shares should be based on the full announcement.

The consolidated annual financial statements for the year ended 30 September 2022, from which the full announcement has been extracted, have been audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. The key audit matters contained in the auditor's report are addressed on page 5 of the consolidated annual financial statements for the year ended 30 September 2022, which are available on SPAR's website at https://thespargroup.com/wp-content/uploads/2022/11/Annual_Financial_Statements_2022.pdf.