



The SPAR Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 1967/001572/06

Share Code: SPP

ISIN: ZAE000058517

("SPAR" or the "Group")

TRADING UPDATE FOR THE 18 WEEKS TO 29 JANUARY 2022

ROBUST TRADING FOR THE GROUP WITH MEANINGFUL RECOVERY IN SOUTH AFRICA

GROUP SUMMARY

- Group turnover increased by 5.8% to R45.5 billion for the 18 weeks ended 29 January 2022 (the "period")
- SPAR Southern Africa
 - Wholesale sales growth of 8.2%, predominantly driven by the substantially increased liquor sales, following the lifting of the liquor bans relating to the COVID-19 pandemic
 - Core SPAR grocery wholesale business increased sales by 3.7% during a period where grocery retail showed signs of returning to pre-COVID-19 "normality", and aggressive competitor behaviour continued against the backdrop of a weakened consumer
 - TOPS at SPAR liquor sales increased by a pleasing 55.8% on a weak base caused by pandemic-related liquor bans in the 18-week period ended 29 January 2021 (the "prior comparative period")
 - While demand for building materials has slowed considerably, Build it has still delivered sales growth of 1.8%
- BWG Foods (Ireland and South West England)
 - A strong overall performance increased turnover by an impressive 6.9% (EUR-denominated) with mixed trading results across retail brands and hospitality
- SPAR Switzerland
 - Delivered turnover growth of 1.9% (CHF-denominated), reflecting the impact of the high-base effect of the COVID-19 pandemic-related lockdown conditions in the prior comparative period when the local neighbourhood stores benefitted from increased consumer support
- SPAR Poland
 - Turnover grew by 11.8% (PLN-denominated) and was positively influenced by improved retailer loyalty, which was above 30% at the end of the period for the existing SPAR retailers in the south of the country

GROUP

The Group increased sales by 5.8% from R43.0 billion to R45.5 billion for the period when compared to the prior comparative period. Considering the COVID-19 pandemic and the extraordinary effect this has had on the Group over the past approximately two years, the Group continues to benefit from its diversity and has demonstrated its robustness and resilience during these disruptive times. The table below provides the turnover growth comparisons for the period and the prior comparative period to illustrate the significant impact that COVID-19 has had on trading. The last column provides a comparison of the period against the corresponding period two years ago, being the 18-week period ended 31 January 2020 (the "2020 period"), demonstrating the extraordinary gains made by certain business segments over the past two years.

Trading performance in local currency

	18 weeks FY22 vs FY21	18 weeks FY21 vs FY20	18 weeks FY22 vs FY20
SPAR SA – core grocery business	3.7%	2.8%	6.7%
TOPS/Liquor sales	55.8%	(17.9)%	27.9%
Build it	1.8%	25.6%	27.8%
Total Southern Africa (ZAR)	8.2%	3.4%	11.9%
BWG Foods (EUR)	6.9%	4.3%	11.5%
Switzerland (CHF)	1.9%	13.8%	15.9%
Poland (PLN)	11.8%	38.1%	54.4%

SPAR SOUTHERN AFRICA

Total sales in Southern Africa increased by 8.2%, primarily driven by the abnormally high growth in liquor sales. The core SPAR wholesale grocery business reported sales growth of 3.7% against internally measured price inflation of 4.4% with general food inflation increases across most categories. Trading conditions remained challenging due to constrained consumer spending, continued high levels of unemployment and aggressive competitor behaviour. Core business trading has also been impacted by the closure of stores due to the civil unrest in July 2021, some of which reopened at varying times during the period. At the end of the period, 28 SPAR format stores remained closed. It is expected that 20 stores should open over the next year, however the remaining eight stores will not reopen.

Following the lifting of the COVID-19 nationwide liquor trading bans in September 2021, the TOPS at SPAR liquor business has subsequently seen incredible levels of growth in liquor sales, with an increase of 55.8% reported for the period. No trading days were lost during the period, against the 58 days lost in the prior comparative period. Liquor trading for the period represents growth of 27.9% against the 2020 period.

In Southern Africa it is pleasing to report that the pilot phase of SPAR2U, SPAR's consumer facing e-commerce platform for groceries and liquor, launched during the period. This platform will be available in a group of stores in the northern suburbs of Johannesburg by the end of March 2022. Interest levels from SPAR retailers to utilise the new platform remain high and this will enhance the Group's ability to assist retailers in driving improved consumer service and engagement going forward.

The building sector has witnessed a definite slowdown due to the decline in the extraordinary levels of home improvements seen during the pandemic, as people worked and schooled from home. Despite the slowdown, Build it continued to deliver growth with turnover increasing by 1.8% for the period, and 27.8% when compared to the 2020 period. In Limpopo, as well as the Lowveld and KwaZulu-Natal regions, the month of January was particularly disruptive due to the heavy rainfall which impacted trading in these areas. The turnover performance also includes the negative effect of lost sales related to Build it stores that were closed for parts of the period due to the civil unrest. Eight Build it stores remained closed at the end of the period, however all are expected to reopen.

BWG FOODS (IRELAND AND SOUTH WEST ENGLAND)

In EUR terms, the Irish business increased turnover by an impressive 6.9% for the period, and 1.9% in ZAR terms, demonstrating the impact of the strengthening of the Rand.

The business reported a strong initial performance but the reintroduction of restrictions in November 2021 to combat the new variant of COVID-19, once again caused an increase in in-home consumption, and negatively impacted the hospitality industry for roughly half the period. The retail brands delivered a mixed but overall strong performance. The EUROSPAR supermarket

format was negatively impacted in the early part of the period with consumers switching spend towards hospitality and out-of-home entertainment, which were closed for much of the prior comparative period.

The Appleby Westward group in South West England experienced similar consumer trends, with strong growth recorded by the wholesaler and their corporate retail division.

SPAR SWITZERLAND

Turnover for the Swiss business increased by 1.9% in CHF terms (0.0% in ZAR terms) compared to the prior comparative period. Against the 2020 period, turnover increased by 15.9% in CHF terms, demonstrating the extraordinary gains made by this business over the past two years.

Switzerland had less severe COVID-19 restrictions during the festive trading period, which caused a slowdown in the extraordinary levels of support for local community stores experienced in the prior comparative period when increased levels of home consumption saw consumers shopping nearer to home. Conversely, the TopCC cash and carry business reflects the positive recovery of the hospitality sector as turnover for this segment grew by 5.6% in CHF terms.

Of the 60 Store Service AG stores, 40 have now been converted to SPAR stores and the conversion of the remaining 20 convenience stores located on AVIA fuel forecourts is underway. Trading for these stores continues to perform ahead of expectations.

SPAR POLAND

Reflecting the increasing support from the SPAR retailers, turnover grew 11.8% in PLN terms and 4.8% in ZAR terms. SPAR retailer loyalty, which represents the percentage of goods purchased by retailers through the SPAR wholesale system, for the SPAR retailers in the south of the country, is above 30%, an increase of 3% since last reported.

This business is in the process of negotiating new contracts with a group of SPAR retailers. The new contracts require a minimum level of retailer loyalty that is necessary for the profitability of this business. Several retailers have already committed to the new terms and this process will be finalised by June 2022.

It is pleasing to report that following on from the early success of the petro-convenience collaboration with AVIA in Switzerland, the Polish business has entered a strategic partnership with AVIA. Four SPAR stores were opened on AVIA fuel forecourts during the period.

INTERIM RESULTS

The financial results for the six months ending 31 March 2022 will be published on SENS on or about Wednesday, 8 June 2022.

Shareholders are advised that the financial information contained in this announcement is the responsibility of the directors and has not been audited, reviewed or reported on by the Group's auditors.

By order of the Board

Pinetown

15 February 2022

Sponsor: One Capital

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