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 48 WEEKS TO 28 AUGUST 2020

TRADING IN SURREAL CONDITIONS

Due to the impact of the COVID-19 pandemic ("**pandemic**") and the resultant lockdown measures across all regions that the Group conducts business in, this update provides insight into the Group's trading performance during the 48 week period from 1 October 2019 to 28 August 2020 (the **"period**").

HIGHLIGHTS

- Group sales increased by 12.4% to R112.04 billion
- SPAR Southern Africa sales increased by 4.8%
    - Core SPAR business sales increased by 8.7% and like-for-like sales increased by 7.5%, while internally measured price inflation increased marginally to 4.6%
    - Due to the regulatory sales ban, liquor sales declined by 16.4%
    - Build it sales growth declined by 3.5%, reflecting the lost trade due to the lockdown
- SPAR Ireland increased turnover by 5.5% (euro-denominated), despite the negative pandemic impact, and was supported by new business
- SPAR Switzerland turnover reflected an extraordinary increase of 11.4% (Swiss franc currency terms) as both the neighbourhood stores and the cash and carry business reported strong growth
- The development of the Polish business was frustrated by the COVID-19 restrictions but contributed R1.97 billion to Group turnover

THE GROUP

The Group increased sales by 12.4% from R99.67 billion to R112.04 billion for the period, when compared to the previous corresponding 48 week trading period in 2019.

SPAR SOUTHERN AFRICA

Group sales in Southern Africa increased by 4.8%**,** which graphically reflected the impact of the pandemic on the business. Turnover for the six months ended 31 March 2020 had reported a 7.8% increase, while the subsequent five months - which almost exactly mirror the lockdown period - saw sales increase by 1.0%. The core SPAR wholesale business reported sales growth of 8.7%, with like-for-like sales increasing by 7.5%. This result was adversely impacted by the ban on the sale of cigarettes, which resulted in turnover of this category declining by 30.5% for the period and a significant 71.9% decrease in the five months to 28 August 2020, year-on-year. Having reported internally measured price inflation of 4.1% for the first six months ended 31 March 2020, the increase to 4.6% for the period, reflects the marginal upward movement of prices in a range of grocery and perishable items. The liquor business was likewise impacted by a trading ban and reported turnover decline of 16.4% for the period. Approximately three of the last five months of trading for the period were lost due to liquor trade bans and this saw sales decline 44.1% in the period post 31 March 2020. The building materials business was already reporting the impact of the weakened sector during the first six months ended 31 March 2020, with sales declining by 2.4%. In the second half of the financial year, the building sector lost five weeks of trade due to the lockdown and this largely contributed to the turnover declining by 3.5% for the period. It has been positive to note that once the sector was re-opened in May 2020, Build it sales have been surprisingly strong.

SPAR IRELAND

The BWG Group (SPAR Ireland) reported an extremely positive result with growth continuing to be recorded across all retail brands. The COVID-19 pandemic resulted in extensive closures and restrictions on the hospitality sector, which has had an adverse impact on the foodservices and cash and carry divisions. Despite this, the business reported an overall increase in turnover of 5.5% in euro-currency terms for the period. The neighbourhood retailers have also reported increased business activity in the region as consumers elected to shop locally. This increased retail brand performance has largely compensated for the lost business in other sectors. The business has also benefitted from the turnover contributions of the recently acquired meat and poultry wholesale businesses. The growth in turnover over the last five months of the period in local currency was 8.0%. When combined with the weakened Rand, this business reported sales growth of 18.7% for the period.

SPAR SWITZERLAND

The Swiss business has experienced an extraordinary performance, largely as a consequence of the pandemic causing a general lockdown in that region. Consumers have supported the local retailers extensively during this period and both wholesale and retail sales have increased significantly. In addition, the business has also benefitted from the increased cash and carry trade as the hospitality sector reported abnormal improvements. The business reported an exceptional turnover growth of 11.4% in Swiss franc currency terms. The growth in turnover over the last five months of the period in local currency was 19.7%. In Rand measured terms, this business increased turnover by 31.1% for the period.

SPAR POLAND

The Polish business has been frustrated by the pandemic restrictions as the integration and onboarding of the existing SPAR retailers has been delayed. The trading performance is tracking behind expectations as sales to retailers has not yet achieved the forecasted levels. However, as travel normalises, we expect to make improved progress in increasing retailer support. The restructuring proceedings have also been delayed but we expect these to be finalised before the end of the year. Despite performing below forecasted levels, this business delivered R1.97 billion in turnover for the period. Management remain confident that this business will contribute positively to the Group’s results by the end of 2021.

ANNUAL RESULTS

The financial results for the year ending 30 September 2020 will be released on SENS on or about Wednesday, 18 November 2020.

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.

Pinetown
18 September 2020

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