

THE SPAR GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number 1967/001572/06
JSE Code: SPP
ISIN: ZAE000058517
("SPAR" or the "Group")

TRADING UPDATE AND TRADING STATEMENT

TRADING UPDATE

For the six months ended 31 March 2021 ("Results") the Group increased turnover by 7.5% to R64.2 billion (2020: R59.7 billion). Adjusted for the additional day in the prior comparative period, the Group increased turnover by an effective 8.1%.

SPAR SOUTHERN AFRICA

Total wholesale turnover for Southern Africa increased by 3.1% continuing to reflect the weaker consumer spend and disruptions to the liquor business. Within this, the core SPAR grocery business reported turnover growth of 0.8%. The business slowed significantly for the month of March 2021, as it lapped the extraordinary performance recorded in March 2020, when consumers stocked up in advance of the COVID-19 pandemic lockdown regulations. Internally measured price inflation of 5.2%, reflects the continued pressure on a wide range of grocery items. The business has seen changing consumer behaviour over the past twelve months due to the pandemic. It benefitted from increased home consumption with consumers choosing local, convenient and community-based SPAR stores during the initial strict lockdown. As lockdown measures were eased, consumers ventured back to restaurants as well as the larger shopping malls, where SPAR has low exposure, negatively impacting the business during this period. This trend, coupled with the liquor trading restrictions has attracted less customers for the overall 'weekend shop'. This has been particularly experienced by the smaller format stores.

The wholesale liquor business continued to be negatively impacted by the reduced retail hours and lost trading days. During the six month period ended 31 March 2021, TOPS at SPAR retailers lost 72 trading days, approximately 40% of available trading days. The liquor business has started to recover in the last quarter, with wholesale liquor sales declining by 7.8% for the six month period, against a decline of 17.9% for the 18 weeks to 29 January 2021, as previously reported. In a related category, the cigarette business was severely impacted by the initial restrictions on the sale of cigarettes. This business has not seen a full recovery since restrictions were lifted and turnover was down 13.1% for the period.

The Build it business continued to outperform expectations with sales of building materials increasing by a remarkable 26.2%. The consumer in this market remains surprisingly resilient and continued to invest in home improvements during the period.

BWG FOODS (IRELAND AND SOUTH WEST ENGLAND)

BWG Foods delivered strong turnover growth of 13.3%, a solid 3.3% in EUR-denominated terms against 4.3% in EUR-denominated terms for the 18 weeks to 29 January 2021, as previously reported. This slowdown in the month of March 2021 demonstrates the base effect of the increased sales ahead of the initial lockdown in March 2020. All retail brands

continued to perform strongly as consumers supported their neighbourhood stores during the extended lockdown as the country experienced its third wave of the pandemic.

The hospitality and foodservice businesses continued to be severely impacted as bars, hotels and restaurants remained closed for the period.

The South West England based business, Appleby Westward Group, maintained their strong contribution to the business through the new corporate retail store additions, together with growth in neighbourhood retail driving the wholesale business.

SPAR SWITZERLAND

Despite the growth slowing in the last two months of the period, impacted by the base effect of the initial lockdowns in the prior year, this business reported an increase in turnover of 21.6% for the six month period. This represents an impressive 11.1% growth in CHF-denominated terms, against an increase of 13.8% in CHF-denominated terms for the 18 weeks to 29 January 2021. This region continues to experience the impact of the COVID-19 pandemic with ongoing lockdown regulations. Neighbourhood SPAR retailers have continued to benefit from consumers choosing to shop locally over the large malls.

The acquisition of the Store Services AG business, the owner of 60 petro-convenience stores, in March 2021, has also positively impacted the wholesale business.

With lockdown regulations causing many restaurants, bars and hotels to close for partial periods, the Top CC cash and carry business reported a less than expected decline in turnover of 3.5% in CHF-denominated terms, recognising Swiss managements' initiatives to drive sales.

SPAR POLAND

The Polish business reported turnover growth of 32.2% (26.9% in PLN-denominated terms). Trading performance reflects slowly improved retailer loyalty year-on-year.

During the reporting period the business rescue proceedings of the Piotr I Pawel business acquired in 2019 were finalised. This is a significant step towards stabilising the business.

Despite the ongoing disruptions caused by the COVID-19 pandemic, the business has made steady progress in the first half.

TRADING STATEMENT

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements, companies are required to publish a trading statement as soon as they are satisfied, with a reasonable degree of certainty, that the financial results for the current reporting period will differ by at least 20% from the financial results of the previous corresponding period.

SPAR is currently in the process of finalising the Results and expects to report an increase in the Group earnings fundamentally driven by the following factors:

- an exceptionally strong underlying performance in the Swiss and Irish businesses, together with the reduction in operating losses for the Polish operations; and

- the final minority purchases in both the Irish and Swiss businesses having been fully settled during the period, thereby removing the need for further fair value adjustments previously arising on the financial liabilities, which had a material impact on earnings in the prior period.

Reported earnings	Six months to 31 March 2021	Six months to 31 March 2021	Six months to 31 March 2020
	Expected range % growth	Expected range cents per share	Cents per share
Headline earnings per share (HEPS)	+47% to +57%	599.8 to 640.6	408.0
Diluted HEPS	+47% to +57%	597.6 to 638.2	406.5
Earnings per share (EPS)	+53% to +63%	596.7 to 635.7	390.0
Diluted EPS	+53% to +63%	594.4 to 633.3	388.5
Normalised* HEPS	+30% to +40%	590.7 to 636.2	454.4
Normalised* diluted HEPS	+30% to +40%	588.5 to 633.8	452.7

* Headline earnings adjusted for fair value adjustments to, and foreign exchange effects on financial liabilities, and business acquisition costs.

RESULTS PRESENTATION

The Group plans to release the Results on SENS on 25 May 2021. The interim results webcast presentation will follow at 14h00 South African Standard Time on 25 May 2021. The SPAR management invites all interested analysts and shareholders to register *via* the following link on the day <https://www.corpcam.com/Spar25052021>.

Shareholders are advised that this announcement does not constitute an earnings forecast, that the financial information provided herein is the responsibility of the directors, and that such information has neither been reviewed nor reported on by the Group's external auditors.

By order of the Board
Pinetown
18 May 2021

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