THE SPAR GROUP LTD

ABRIDGED INTEGRATED REPORT

2019

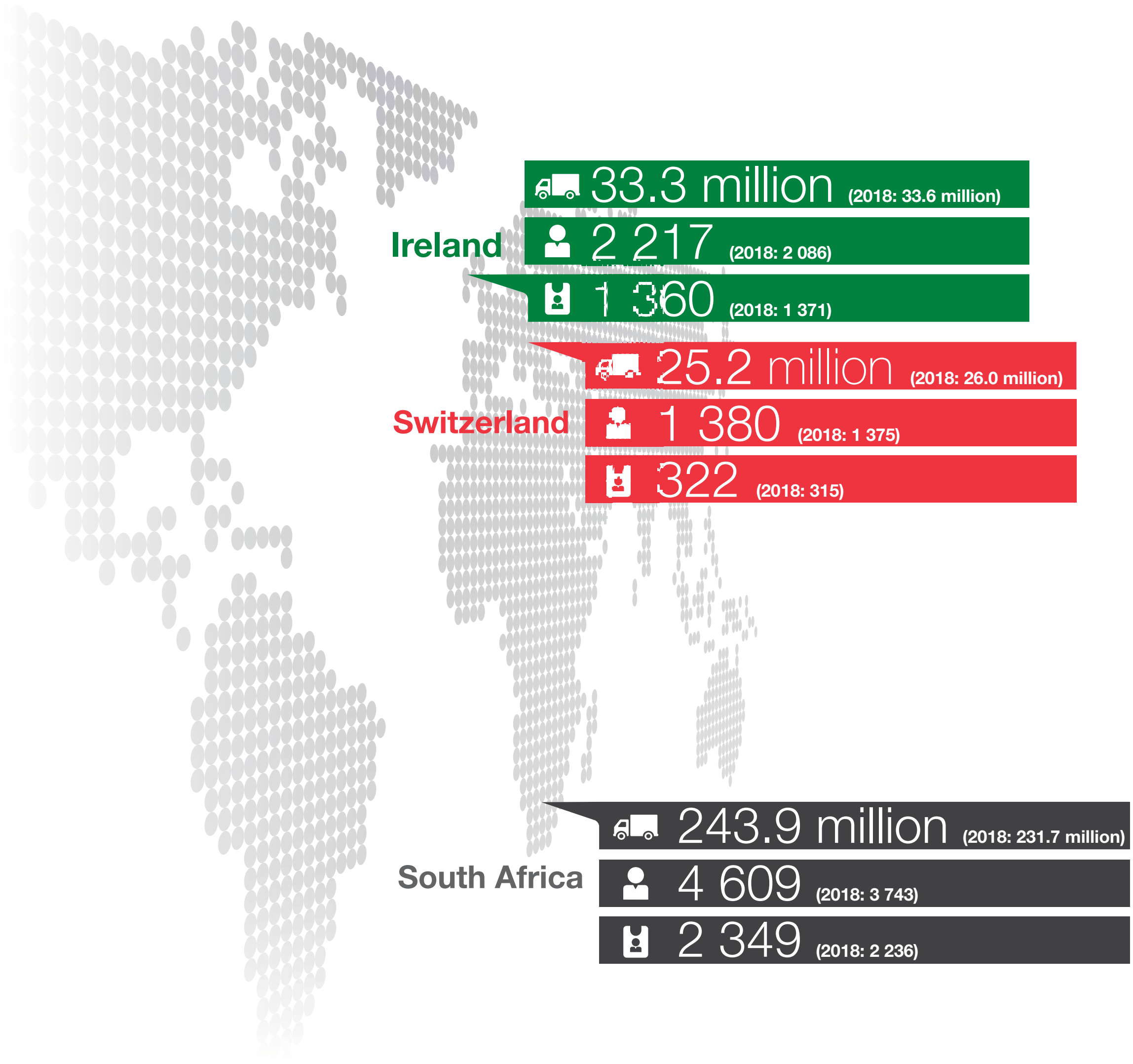
Turnover*	Operating profit	Normalised diluted HEPS**
+8.4% to **R109.5bn**	+7.2% to **R3.0bn**	+9.9% to **1 160.6 cents**

Dividend per share	Recycling through distribution centres (South Africa)	Private label wholesale turnover (South Africa)
+9.7% to **800.0 cents**	**>13 000 tonnes**	+10.1% to **R13.4bn**

* *Turnover represents revenue from the sale of merchandise.*

** *Headline earnings adjusted for future profit adjustments and foreign exchange losses on financial liabilities, and business acquisition costs.*

Cases dispatched per annum **Number of employees** **Total number of retail stores**



SPAR delivered an excellent result for 2019, with strong turnover growth and underlying operating performance. Southern Africa delivered a particularly strong result, boosted by improved retailer loyalty. Ireland reported double digit operating profit growth with well-executed acquisitions. Switzerland saw an improved second half with the decline in profitability slowing.

The group is financially strong, socially conscious and driven by our purpose:

To inspire people to do and be more

Graham O'Connor – CEO

CONTENTS

OUR REPORTING APPROACH

We want to continuously improve and tailor our reporting to what you want to know about SPAR's performance and prospects, including what we do to make this business sustainable.

WE REPORT FOR OUR STAKEHOLDERS

This report is an abridged version of the full SPAR 2019 online integrated report. We have transitioned to digital reporting to increase access to information, improve usability and to be even more transparent. However, we recognise that some stakeholders still prefer a conventional report in print or PDF format. Please note that a PDF of the full integrated report is available in the downloads section of the website: https://investor-relations.spar.co.za/ir2019/downloads/.

Our reporting approach is stakeholder-centred and aims to reflect our values of entrepreneurship, family values and passion. We want to provide stakeholders with a broad understanding of our context, performance and value created, demonstrated through a wide range of activities, interactions and relationships.

We appreciate feedback. Our online investor hub contains a survey that relates to our integrated report and investor communication. We encourage you to complete the survey, when convenient, and invite any further feedback or requests for information via the Company Secretary, Mandy Hogan, at mandy.hogan@spar.co.za.

THE SCOPE, BOUNDARY AND COMPARABILITY OF THIS ABRIDGED REPORT

This report covers the activities of The SPAR Group Ltd (SPAR or the group) in South Africa and its major subsidiaries in Ireland and Switzerland.

It is important to distinguish between the Johannesburg Stock Exchange (JSE)-listed company, SPAR – primarily a warehousing and distribution business – and the operations of our independent retailers, who own stores under SPAR brands and are governed by the SPAR and Build it guilds. Both guilds are non-profit companies.

On 1 October 2019, the group acquired a majority holding in the Piotr i Paweł (PiP) group in Poland. The PiP group is a retail supermarket chain, both franchised and corporately owned, together with a wholesale distribution network.

The group also purchased a 50% shareholding in Monteagle Africa Ltd, subject to final approval by the office of the Competition Commission. Monteagle Africa Ltd is a wholesaler in the food retail sector and a key supplier to SPAR of its private label products.

THE REPORTING FRAMEWORKS AND GUIDELINES WE USE

This abridged report contains extracted salient information from our full online report, for which we determined content by considering previous reports, as well as the following frameworks and regulations for financial and non-financial reporting:

- International Financial Reporting Standards (IFRS)
- The Companies Act, No. 71 of 2008, as amended (Companies Act)
- JSE Listings Requirements
- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1]
- Broad-Based Black Economic Empowerment (BBBEE) Codes of Good Practice of the Department of Trade and Industry (dti)
- The International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
- The Global Reporting Initiative's (GRI) Sustainability Reporting Standards (GRI Standards)
- CDP (previously the Carbon Disclosure Project)

HOW WE DETERMINED MATERIALITY

To fulfil our purpose to inspire people to do and be more, we rely on relationships. These relationships are the invisible network through which the SPAR of tomorrow is built.

Relationships are the most material aspect of our business. Since first defining our material matters in 2014, our reporting has evolved and matured in appreciating the importance of relationships for SPAR's business model – and how these drive growth. In our online report we report in detail about five material relationships: with suppliers, employees, retailers, consumers and communities. We tested the most material aspects and topics related to these relationships with South African stakeholders in a formal process in 2016. The board reviews the relevance and materiality of these relationships annually as part of the integrated reporting process.

HOW WE APPLY AND EXPLAIN KING IV

We explain how we apply the principles of King IV in three ways:

1. Our governance report addresses the principles in detail and contains the relevant disclosures as required by King IV.
2. Our online King IV register contains references/links to the detailed disclosures on the website and in the abridged report, and a brief statement on how we apply each principle. This provides our readers with a quick overview in one document.
3. Our online report uses icons to inform readers that we provide evidence of our implementation or arrangements according to specific principles in that section. Icons indicate the number and definition of the relevant principle for ease of use.

FORWARD-LOOKING STATEMENTS

Certain statements in this abridged report may constitute forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the group to be materially different from the future results, performance or achievements expressed or implied by such statements.

SPAR undertakes no obligation to update publicly or release any revisions to these statements that reflect events or circumstances after the date of this report, or to reflect the occurrence of anticipated events.

OUR APPROACH TO ASSURANCE

The financial information provided in the “Summary Consolidated Financial Statements” section of this report was extracted from audited information, but was not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified audit opinion thereon. External assurance was sought on some non-financial data. This includes the group’s 2019 BBBEE verification, which was evaluated independently by mPowerRatings. Scope 1 and 2 data submitted to the CDP was externally verified.

An integrated assurance framework is in development and will be rolled out in the 2020 financial year.

BOARD RESPONSIBILITY STATEMENT

The SPAR board applied its collective mind to the contents of the full online report and is satisfied that it provides a fair account of the business’s performance, risks, opportunities and prospects. The board confirms that the report was prepared according to the <IR> Framework and addresses the related reporting elements and principles. The board acknowledges its responsibility for the information contained in this report and has authorised it for release to stakeholders.

Mike Hankinson
Chairman

Graham O’Connor
Chief Executive Officer

12 November 2019

OUR ONLINE REPORT PROVIDES A HOLISTIC PICTURE OF 2019

This report includes our salient features, summarised narrative and milestones for the financial year from 1 October 2018 to 30 September 2019. All references to the year refer to this reporting period, unless otherwise stated. More expanded commentary, indicators and contextual information is available in the full online report, including:

- **Comparative data for stores and distribution centres in all territories:**

  This includes the number and format of stores serviced and cases dispatched. We explain the differences between the store formats and give store numbers per region.

- **An explanation of the SPAR International structures and licences, the guilds and the voluntary trading model.**

- **All facets of our five material relationships:**

  This includes details of our interaction with each stakeholder group, describing why they are important to SPAR and what the relationship entails. We provide insights into some of the challenges, complexities and opportunities created by these relationships, and show how these relate to our strategic risks in a responsive way.

- **An overview of our South African supermarket strategy, and the strategic focus areas and plans for other territories:**

  We focus on outcomes, culture shifts and strategic risks.

- **Operational reports that provide detail on all aspects of our distribution networks in South Africa, Ireland and Switzerland.**

  We provide data, specific areas of progress and focus on our employees and communities. Here you will also find commentary on our environmental efforts, with several case study examples to explain how we create value.

WHO WE ARE

Our purpose is to inspire people to do and be more. This is why we exist and why we want to be the first-choice brand in the communities we serve.

SPAR is a warehousing and distribution business striving to provide our independent retailers and their customers with the freshest produce and highest quality merchandise at the right price, every day.

The SPAR Group Ltd (SPAR) operates mainly in South Africa, Ireland and Switzerland. We serve a network of independent retailers who trade under our brands and are supplied through our distribution centres on a voluntary basis.

We are a member of SPAR International which granted SPAR its South African licence in 1963. This has grown to include several country licences for the SPAR retail brand. Today, we service 17 kinds of store formats in 15 countries, each with their network of distribution centres.

Of our turnover, 32.1% is generated in foreign currency. We have significant operations in South Africa, Ireland (which includes South West England) and Switzerland, with smaller business interests in Sri Lanka and Zambia. We own SPAR licences for Namibia, Botswana, Mozambique and Angola, serviced through our South African distribution centres.

WHO OWNS SPAR?

SPAR is listed on the JSE in the food and drug retailers' sector.

We have a broad shareholder base, with 2.03% of shareholders owning fewer than 1 000 shares and no single shareholder owning more than 16.69% of the total shares. At 30 September 2019, 38.58% of our shares were held by offshore investors.

Our share register is managed by Link Market Services and our live share price is available in the investor centre of the SPAR website.

WHO IS SPAR INTERNATIONAL?

SPAR International is the world's leading voluntary food retail chain. The business started with one Dutch store in 1932 and is now present in 48 countries with over 246 distribution centres that serve 13.5 million customers every day from more than 13 000 stores. This makes SPAR International the biggest independent supermarket retail network in the world.

Read more about SPAR International in our full online report available in the investor centre of the SPAR website.

OUR ORGANISATIONAL AND REPORTING STRUCTURE

SPAR consists of several subsidiaries and investments in associates and joint ventures. Details about these are provided in notes 14 and 15 of the full annual financial statements. The main elements of our organisational structure are set out below.

The material operations of the group are in three distinct geographical regions, with smaller interests in Sri Lanka and Zambia. The three main regions constitute our principal segments for financial reporting as these are aligned to the internal reporting used for management purposes, as well as the source and nature of business risks and opportunities.

SPAR provides centralised services to the distribution centres in South Africa. SPAR in Ireland and Switzerland operate as standalone businesses and report to the SPAR board.

THE SPAR GROUP LTD

80% ownership	**60% ownership**	**60% ownership**	**100% ownership**				
BWG Group (Ireland)	**SPAR Holding SG** (Switzerland)	**S Buys**	**Distribution centres**	**New business**	**Group services**	**Build it**	**Properties**
SPAR in Ireland and Switzerland operate as standalone businesses and report to the SPAR board.		We acquired pharmacy wholesaler, S Buys Group, in 2017. Find more information in the online report.	Find more information in the online report.	We continuously explore expansion opportunities in Africa and develop new formats and efficiencies through partnerships.	This includes finance, human resources, logistics, information technology, legal, retail operations and merchandise.	Find more information in the online report	This division manages division centre properties and leases.

WE ARE A FAMILY OF ENTREPRENEURS DRIVEN BY PASSION

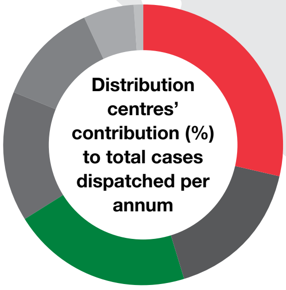
We encourage entrepreneurship, live our family values and demonstrate passion. These values shape our relationships with independent retailers and form the foundation of our decision-making and strategy.

ENTREPRENEURSHIP FAMILY VALUES PASSION

Our decentralised business model gives our distribution centres and the people who work there a high level of independence and autonomy. As such, SPAR's success depends on our employees understanding and working according to the values, ethos and policies of the group.

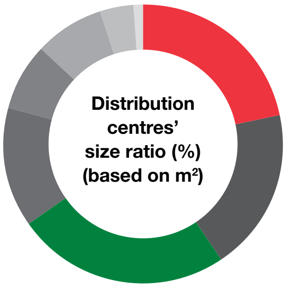
WE DELIVER TO THE FAR CORNERS OF OUR TERRITORIES

Our growing network of distribution centres and stores enables us to offer our communities and customers exactly what they need at just the right price.



- **29** South Rand
- **17** North Rand
- **21** KwaZulu-Natal
- **15** Western Cape
- **12** Eastern Cape
- **6** Lowveld
- **1** Build it (imports)
- **–*** S Buys

** The nature of pharmaceutical deliveries is not comparable.*



- **22** South Rand
- **19** North Rand
- **25** KwaZulu-Natal
- **14** Western Cape
- **8** Eastern Cape
- **8** Lowveld
- **4** Build it (imports)
- **1** S Buys

SPAR IN SOUTH AFRICA

SPAR South Africa has six regional distribution centres, and the Build it (imports) and S Buys distribution centres. Satellite warehousing hubs reduce transport costs on certain routes. SPAR has the most stores in urban residential areas in South Africa.

Distribution centres serve regions from a centralised location and usually consist of warehousing, cold storage and packing stations.

South Rand is the group's largest distribution centre. Most distribution centres own some corporate retail stores or temporarily run stores under management contracts.

Distribution centre	Countries serviced outside South Africa	Size m^2	Cases dispatched annually (million)	Number of stores serviced	Divisional managing director
South Rand	Lesotho	61 000 m^2	63.4	550	Brett Botten
North Rand	Botswana, Malawi, Zambia, Zimbabwe	53 317 m^2	42.9	412	Desmond Borrageiro
KwaZulu-Natal	Seychelles	69 112 m^2	52.9	452	Max Oliva
Western Cape	Namibia, Angola	40 405 m^2	36.2	442	Alison Zweers
Eastern Cape		31 685 m^2	35.0	254	Conrad Isaacs
Lowveld	Mozambique, eSwatini	21 416 m^2	13.5	199	Martin Webber
Build it (imports)		10 000 m^2	3.1	390	Wayne Hook
S Buys		2 295 m^2			Jeremy Nicol

We have 2 349 stores in the following formats in South Africa:

SPAR	SUPERSPAR	KWIKSPAR	SPAR express	SPAR mini
Build it	SPAR SaveMor	SPAR SaveMor Liquors	Pharmacy at SPAR	tops! at SPAR

SPAR IN IRELAND AND THE UK

BWG Group is the largest retailer in the Irish convenience retail market by market share. Through its national distribution centre, BWG Group supplies wholesale (Value Centre and Cash and Carry outlets), foodservice and retail businesses in Ireland. It supplies the SPAR, EUROSPAR, MACE and Londis brands nationwide and is a regional supplier to the Gala retail brand following the acquisition of the 4 Aces business in the financial year under review.

The Appleby Westward facilities service a chain of SPAR stores in south-west England.

Following recent acquisitions, BWG Group's distribution footprint includes the Corrib Food Products' Dublin depot in Ballycoolin. The 4 Aces Cash and Carry business is in Portlaoise.

Distribution centre		Size m²	Cases dispatched annually (million)	Number of stores serviced	Leadership
BWG Foods distribution centre		24 000 m²	22.9 million	1 360	Chief Executive Officer: BWG Group Leo Crawford
Appleby Westward Logistics distribution centre	Saltash ambient distribution centre	7 209 m²	5.5 million	252	Divisional managing director: Mike Boardman
	Collumpton fresh produce distribution centre	1 904 m²	4.9 million	252	

We have 1 360 stores in the following formats in Ireland:

SPAR IN SWITZERLAND

A state-of-the-art distribution and logistics centre in St Gallen handles the distribution to the SPAR Switzerland operations in German-speaking Switzerland. The St Gallen distribution centre houses the central office function and handles the distribution of dry goods and perishables to our network of stores.

Distribution centre	Size m²	Cases dispatched annually (million)	Number of stores serviced	Divisional managing director
St Gallen distribution centre	33 000 m²	25.2 million	322	Rob Philipson

We have 322 stores in the following formats in Switzerland:

THE SPAR BRANDS AND STORE FORMATS

South Africa

Our retailers' stores are located where people live and are designed around community needs and convenience. They cater for all income groups and offer parking and access to public transport where possible. In South Africa, we offer the following store formats:

- SUPERSPAR for competitively priced, one-stop bulk shopping
- SPAR for neighbourhood shopping
- KWIKSPAR for everyday convenience
- SPAR Express for forecourt convenience shopping
- TOPS at SPAR for liquor shopping
- SaveMor for rural and township markets
- Build it stores for home building requirements
- Pharmacy at SPAR for prescription medication and other pharmaceutical purchases

Ireland

Our Irish store formats are mostly convenience stores, with EUROSPAR offering competitively priced, one-stop supermarket shopping. SPAR and MACE focus on neighbourhood and forecourt convenience shopping whereas XL provides for smaller-scale convenience. Londis caters for a range of shopping needs. Value Centre and Cash and Carry provides a direct general wholesale supply service to the wider, independent retail grocery market and licensed trade. Wholesale brands include BWG Foodservice (servicing the Irish catering industry from three depots), and BWG Wines and Spirits (operating from BWG Group's national distribution centre).

Switzerland

SPAR Switzerland comprises local neighbourhood stores with a wide product range, including the on-the-go convenience format, SPAR Express. TopCC provides a direct general wholesale supply service to the wider, independent, culinary-focused retail grocery market. Through the national distribution centre, SPAR Switzerland services a range of independent retailers operating under the MAXI brand and several other retailers.

THE TOTAL NUMBER OF STORES WE SERVE

	2019	2018	2017
South Africa	**2 349**	2 236	2 138
Ireland and UK	**1 360**	1 371	1 330
Switzerland	**322**	315	300

The concept of voluntary trading is almost a century old and is based on mutually beneficial co-operation between the independent wholesaler (SPAR) and its independent retailers. Because SPAR applies the voluntary trading model, it is not a franchise business, and we do not operate chain stores. We are essentially a wholesaler and distributor of goods and services to our independently owned SPAR retail stores. In South Africa, this voluntary trading model is managed through guilds.

OUR INVESTMENT CASE

The SPAR Group Ltd (SPAR) is the only listed member of SPAR International. Through its unique and resilient business model, SPAR offers sustainable long-term growth opportunities for investors seeking exposure to the food retail sectors in South Africa, Ireland, Switzerland and more recently, Poland. SPAR is listed on the JSE in the food and drug retail sector. Its performance meets the globally recognised environmental, social and governance inclusion standards of the FTSE4Good index series.

OUR CORE FUNDAMENTALS

SPAR's unique voluntary trading model meets the needs of retailers who want independence but seek the benefits of economies of scale.

The model is based on two main capabilities:

- managing an efficient, sustainable supply chain and
- maintaining sound relationships with five key stakeholder groups.

SPAR's position in the supply chain is critical as a balancing force, as all players in the trading network must be successful for the long-term sustainability of the model.

SPAR's regional distribution centres manage the risks associated with inventory and distribution, ensuring that retailers can focus on running their stores, shaping demand and generating cash. The success of retailers drives the success of SPAR, underpinned by a common purpose to inspire people to do and be more. SPAR supports and sponsors a broad variety of community-based programmes. The most successful retailers in our group are the ones who are passionate about the communities they serve, and in turn continue to be supported by their communities.

OPPORTUNITIES FOR GROWTH IN SOUTHERN AFRICA

South Africa is our home and it remains our biggest market and the key area of focus for the group. The formal food and grocery retail market in South Africa is highly competitive. There are four main players competing for the custom of financially stressed consumers and available retail sites.

Our growth is driven by continued store growth in an expanding range of store formats, rebranding and refurbishments as well as innovative, new in-store concepts which continue to be well received by retailers and consumers. We are currently exploring pockets of attractive growth in the informal food economy in South Africa. The business will benefit from a pick-up in inflation, which is showing an upward trend.

We operate under a decentralised management structure with a strong team of divisional managing directors across our distribution centres. Well-managed inventory, stringent operating cost controls and improved retailer loyalty, enables SPAR to deliver continued solid results.

Please refer to page 32 for SPAR's strategy and business model, which complements the investment case.

Find historic share price information as well as Stock Exchange News Service announcements here. [link: https://investor-relations.spar.co.za/investor-relations/#sp-tab]

INVESTMENT CASE AT A GLANCE

Strong operational expertise and optimised distribution infrastructure

A differentiated food retail brand with **growing private label loyalty**

A broad consumer market – we serve all income groups everywhere – with unwavering demand

A network of quality relationships that support a sustainable food system

A diversified group in terms of product categories and currency earnings

International growth potential through a replicated and familiar trade model

STRONG OPERATIONAL EXPERTISE AND OPTIMISED DISTRIBUTION INFRASTRUCTURE

Our core business is managing the supply chain, which differentiates us from other corporate food retailers. The success of SPAR's unique trading model is based on our capability to manage a highly efficient, sustainable supply chain, underpinned by strong operational expertise and an extensive distribution infrastructure.

For more than 56 years, we have developed specialist operational expertise in managing a wholesale supply chain in South Africa – from sourcing, product development and warehousing to distribution logistics.

A DIFFERENTIATED FOOD RETAIL BRAND WITH GROWING PRIVATE LABEL LOYALTY

SPAR offers a differentiated food retail brand and has developed a growing range of private label brands and in-store concepts which continue to offer consumer value and quality and remain a shopping differentiator for our retailers. The private label strategy is simple – as good as the best for less. SPAR is a brand that consumers trust and herein lies the success of private label.

A BROAD CONSUMER MARKET – WE SERVE ALL INCOME GROUPS EVERYWHERE – WITH UNWAVERING DEMAND

SPAR's far reaching distribution network, coupled with retailer freedom to adapt and focus their offering and store formats for the communities they serve, provides an adaptable model across all income groups.

A NETWORK OF QUALITY RELATIONSHIPS THAT SUPPORTS A SUSTAINABLE FOOD SYSTEM

The trading model relies on strong relationships. We maintain a network of quality and sound relationships with material stakeholders in all territories, while developing an efficient and resilient food chain, focused on excellence in fresh and the promotion of nutritious food offerings.

Our supermarket strategy directly addresses real South African challenges, such as nutrition, transformation and caring about consumers. We deliver on our intent to create a new future together: the SPAR rural hub programme is a flagship example of collaboration between small-scale farmers, communities and stores to improve food security, affordability and nutrition for rural communities in South Africa. The rural hub business model develops local supply chains of fresh produce in a cost-efficient and environmentally responsible way.

We collaborate with our stakeholders to implement environmentally friendly, sustainable business solutions that support local economies.

Read more about our material relationships on page 30.

A DIVERSIFIED GROUP IN TERMS OF PRODUCT CATEGORIES AND CURRENCY EARNINGS

The SPAR store formats offer a wide range of categories across grocery and liquor. In Southern Africa categories expand to include building materials and pharmaceutical products through the Build it and Pharmacy at SPAR store offerings.

The acquisition of international businesses in recent years has increased investor exposure to hard currency based earnings, with just under one third of group turnover denominated in hard currency.

INTERNATIONAL GROWTH POTENTIAL THROUGH A REPLICATED AND FAMILIAR TRADE MODEL

SPAR has developed a robust track record for international growth, by acquiring opportunities to operate the trading model in Ireland, Switzerland and more recently in Poland. It also has a joint venture opportunity in Sri Lanka.

This growing and diversified geographic footprint reduces concentration and currency risk. Value is created through shared information and best practice application, while partnering with local talent and expertise to grow our businesses.

Ireland

The Irish opportunity presented a business with good growth prospects. We were attracted to the deal based on price and the opportunity to create value and drive growth in partnership with a strong local management team.

Since August 2014, we have created significant value through acquiring an 80% stake in the BWG Group, who owns SPAR in Ireland and South West England, among other brands – this multi-brand strategy has proven to be the right approach in Ireland. We have opened new stores, made three additional acquisitions and, have grown revenue over the period to €1.5 billion.

SPAR will gain full ownership of the Irish business by 2022.

Read more about the performance of this business in the financial review on page 20.

Switzerland

The Swiss opportunity to invest involved one of the last remaining large family-owned businesses in the Swiss grocery retail market. As an established business, it has been operating for 30 years, with a 2.3% market share – a strong base in a stable market. It ran a much larger portion of company-owned stores compared to South Africa or Ireland.

Since acquiring 60% of the ordinary shares in SPAR Holdings AG in 2016, we have appointed a South African managing director, sold non-performing corporate stores and brought new energy to the business culture.

We are clear on our strategy to operate within the convenience sector and our in-store concepts are progressing well within this market. This remains a steady, low-risk investment. We have the option to acquire the balance of the ordinary shares in SPAR Holdings AG in 2021.

Read more about the performance of this business in the financial review on page 20.

Poland

SPAR's opportunity to enter Poland consists of two parts:

i) the SPAR licence to operate the brand in Poland with potential access to an existing independent store base of SPAR-branded stores.

ii) With effect 1 October 2019, an 80% stake in 66 stores and distribution centre assets pertaining to the PiP group.

The combination of i) and ii) above, presents a unique 'green field' opportunity in a growing marketplace to develop wholesale and distribution capabilities to service c.200 stores in the short to medium term. The PiP stores are to be rebranded as SPAR, SPAR Express and EUROSPAR stores in due course.

Poland has a population of 38 million and is considered the most developed and mature economy across Central and Eastern Europe. The economic outlook remains positive. PiP and SPAR Poland have small market shares, however there are thousands of independent retailers operating in Poland, and herein lies the opportunity for SPAR and its investors.

JOINT VENTURE OPPORTUNITY – SRI LANKA

Sri Lanka has emerged as a relatively new retail hotspot in Southeast Asia since multinationals started rapidly entering the supermarket segment in 2015. This was driven by rising consumer disposable income, increased urbanisation, growing tourism and the shift to a more formal food retail economy.

SPAR established a joint venture with Ceylon Biscuits Ltd and was granted the SPAR licence to operate in Sri Lanka in 2016. In April 2018, the first SPAR store opened in Thalawathugoda, Colombo. There are currently three stores in operation and four under construction. The stores have set new standards and benchmarks for food retailers in the country.

PERFORMANCE OVERVIEW

REPORTS FROM OUR LEADERS

Mike Hankinson
Chairman

"We have a highly effective board with members who actively participate in leading the group. Our diversity in gender, race, age and experience means we have balanced and robust conversations. We know that our efforts to support sustainability and bring about transformation contribute to the positive spirit of our retailers. They believe in the businesses, the future of the country and the potential of the SPAR brand."

CHAIRMAN'S REPORT

South Africa is going through a difficult financial growth period. Although we are encouraged by the commission of inquiry into state capture that is interrogating past practices, we are not yet seeing benefits, and recovery is slower than expected. However, at SPAR we remain excited about the future and are comfortable that the country is heading in the right direction. Our government has the appropriate plans and policies on the table – we urge these leaders towards action to ensure implementation.

That said, the global environment is not necessarily much better. We are operating in a phase that is not normal, and our wish is to return to a more settled environment.

In this context, our board is satisfied that SPAR has a solid strategy that is being executed well. We test our assumptions continually, and are comfortable that we have the appropriate focus areas.

A FAMILY CULTURE OF PASSIONATE ENTREPRENEURSHIP

The SPAR culture, which is shaped by our values, and is a tangible differentiator for our group. We experience this every year at our retail convention: the space filled with SPAR retailers and employees is characterised by passion and energy. Talk is about something which they all love: our business.

This culture can have its challenges, especially when an entrepreneur makes unethical decisions that are not in the best interest of the bigger group. Over the years, there has been many examples of organisations which have been negatively impacted by one or two individuals. At SPAR we will always be decisive and protective of our brand.

A SEAMLESS AND RESPONSIBLE LEADERSHIP HANDOVER

The scope of leadership changes this year can easily have disrupted a company of our size. At SPAR we had a seamless transition: 10 out of 18 executives left their roles, with nine retirements and one managing director electing to become one of our independent retailers. Of the ten roles, we made two external appointments. The rest of the executives were replaced with competent people steeped in the SPAR tradition: people who know the business and ethos really well.

With the scale of leadership changes, and the challenging delays with our plans in Poland, Graham and I agreed to the Nomination Committee's request to extend our tenure as Chief Executive Officer and Chairman respectively for another year. We are engaging with our bigger shareholders personally on this matter, and we are confident that this is a responsible decision in the interest of the business.

A SYSTEM SHAPED TO BE SUSTAINABLE

The board remains committed to a sustainable approach that is founded in our material relationships with stakeholders. Our flagship rural hub project shows early signs of being financially sustainable for a group of small emerging farmers, but it has not been an easy journey, reflecting many typical South African realities. As we reshape and expand this developing supplier model, we remain committed to the concept of rural farmers supplying fresh produce to SPAR stores. It has the potential to provide employment, grow rural economies, ensure food security and improve nutrition, shorten lead times, and increase freshness and shelf life, while reducing transport costs for SPAR.

APPRECIATION AND OUTLOOK

The board and executive teams had a testing year that demanded strong leadership. I want to congratulate them for the way in which they reached the right decisions and delivered strong results, despite trying conditions.

In addition to the executive changes mentioned earlier, the board also saw a series of changes: Phinda Madi, Roelf Venter and Wayne Hook all retired as board members. We are deeply grateful for their contributions to SPAR, with Roelf and Wayne respectively leaving after 36 and 35 years of service to the business. Chris Wells will be retiring at the 2020 annual general meeting (AGM), having served on our board since April 2011. I want to thank Chris for his solid, reliable and ethical leadership.

We welcomed Lwazi Koyana as a non-executive director.

The board remains committed to act with independence of mind, and in the best interest of the group. We look forward to a year in which we can contribute to a South Africa that is positioned to recover, to generate new growth and create jobs.

Mike Hankinson
Chairman

"We continue to embrace the good stories about retailers' success, how the younger generation is taking over from their fathers and how SPAR people are changing their communities. This is how we care for the SPAR brand – it is special and we want it and need it to remain special."

CHIEF EXECUTIVE OFFICER'S REPORT

KEY INDICATORS

Turnover

+8.4%

TOPS at SPAR wholesale sales growth

+17.6%

Operating profit

+7.2%

Earnings per share

18.5%

Cases dispatched

+5.3%

Dividend per share

9.7%

Graham O'Connor
Chief Executive Officer

A SOUTH AFRICAN CHALLENGE WITHIN A GLOBAL CONTEXT

People all over the world are adopting a more convenience-orientated lifestyle where they consume food on-the-go. They have less time to spend on grocery shopping and preparing food at home. SPAR is perfectly positioned for this trend. Although it is happening more markedly in Europe, emerging markets are experiencing the same evolving shopping habits.

"Our international footprint, extensive and robust supply chains, and deep relationships, have all stood the test of time."

SPAR International is now in 48 countries, with South Africa as the second biggest and second most influential country after Austria in the global group. In the past five years we received more than 20 "look and learn" visits from other SPAR countries' retailers, or groups from countries such as China exploring the retail offering for their market. South Africa is seen as the best example of an emerging market with a well-established store and distribution network. We also send our own people on similar visits arranged by SPAR International, where they are exposed to cutting edge developments in retail and logistics. They return with new perspectives, which helps us avoid what we call "country blindness".

We remain concerned about conditions in and prospects for South Africa. I am personally involved in the CEO forum where we play our part in supporting government to avoid further rating downgrades, and instigate growth. As SPAR we contribute in many ways and encourage retailers to do the same by getting involved on a municipal and provincial level. We had the SPAR International board meeting in Durban in October, spreading the message about our country's potential.

We further contribute to South Africa through many social projects. The Millhouse Porridge initiative is one example of this: we know that seven million of our country's children regularly go hungry. This affects their ability to thrive or even to survive. At SPAR we are committed to providing nutritious and affordable food, and we have the national logistics infrastructure and system to tackle this kind of problem. Therefore, we started distributing fortified porridge through our distribution centres and stores to feeding schemes and orphanages around the country. We also provide educators with material and support to improve their awareness around the value of nutrition.

SPAR's sustainability is linked to South Africa's success as a country.

Read more about our social and environmental efforts and contribution in the operational reports from page 28.

2019 SALIENT FEATURES

SPAR delivered an excellent financial performance shaped by the following drivers:

- Improved retailer loyalty
- Our focus on the fresh offering
- Enhancing customer service and implementing the GUEST retail service programme
- New stores and upgrades
- Living our purpose and values of entrepreneurship, family values and passion

STORES AT A GLANCE

	New stores	Closed stores	Refurbished stores	Total stores
South Africa	169	56	298	2 349
Ireland and UK	60	71	–	1 360
Switzerland	26	19	23	322

AN EXCELLENT PERFORMANCE WITH STRONG FUTURE PROSPECTS

SPAR did well in a tough South African environment. Turnover increased by a solid 8.0% and case volumes stand at 243.9 million in total – the highest number ever dispatched by our distribution centres. Our inland distribution consolidation centre in South Africa is complete. We see continued strong investment by retailers opening new stores and doing refurbishments. Leadership transitions change has progressed smoothly.

Factors that ensured higher than expected growth and earnings included:

- We are transforming people's perspective on life through our new purpose statement: to inspire people to do and be more. It has inspired our stakeholders: they want to be part of what we are doing and make a difference in their communities. For us it does not only mean making SPAR better, but making a better country for our children to live in. We also made our purpose and values a prominent part of the annual retail conference.
- Strong retail growth and improved retailer loyalty contributed to strong turnover.
- Our TOPS at SPAR stores continued their exceptional double-digit growth trajectory. The guild decision to lessen the restrictions around licensing spurred the opening of new stores, which will gain further momentum in the next year.
- Ireland delivered an 19.4% increase in operating profit on the back of well-executed acquisitions. Both Londis and Corrib Foods are performing beyond expectation and 4 Aces has been well integrated. The BWG Group management team has a conservative and astute approach to acquisitions. In the case of Londis, for example, they decided against converting these stores to the SPAR brand, which turned out to be the right approach. The multibrand strategy has proven to be one of our strengths in Ireland, where SPAR continues to lead the convenience store market.
- We are maximising opportunities in our fresh offering.
- Continuous improvement of the customer experience and focus on service, supported by strong marketing initiatives continued to attract cash-strapped consumers.

Some areas of the business disappointed, and required specific interventions:

- We are delighted about the turnaround at SPAR Switzerland after a poor first six months due to an aggressive promotional campaign not delivering the desired results. Wholesale turnover for the year showed growth and the business experienced fewer losses from corporate stores. Retailers' morale and profitability continues improving and we are experiencing increasing interest from opposition retailers wanting to join the group. We expect operating profit to increase considerably in the 2020 financial year.
- Profitability at recently acquired S Buys was under pressure and the conversion to Pharmacy at SPAR slower than anticipated. The concept remains sound but the complexities of the pharmaceutical industry dampened retailer appetite. Our focus is on margins and managing costs, while driving volumes.

EXPANDING OUR REACH INTO POLAND

The SPAR group's entry into Poland has two aspects:

- Obtaining and using the SPAR Poland licence
- The acquisition of the Piotr i Paweł (PiP) distribution centres and 66 PiP stores

Poland became a member of SPAR International in 1995 and the first SPAR store opened in 1996. The ownership of the license changed a few times, and was granted to the SPAR group this year. Poland has 250 SPAR branded stores but no distribution centre – the model relies on a network of wholesalers.

PiP, on the other hand, has three logistics and distribution centres servicing its chain of 66 supermarket stores. The final agreement to acquire PiP was effective on 1 October after the Polish competition authorities agreed to the takeover in July. Over the next few months the PiP stores are to be rebranded as SPAR and EUROSPAR.

Both PiP and SPAR Poland have small market shares in a country with more than 38 million people and one of the fastest-growing economies in the European Union. The opportunity for us is to consolidate these two businesses and establish an efficient supply chain that can be scaled up in the short to medium term. There are currently an estimated 13 500 independent retailers operating in Poland.

We expect the combined business to break even in the next 18 months based on a rapid increase in market share. We have more than 200 people employed in the business, which will be overseen by Rob Philipson, the managing director of SPAR Switzerland. In Switzerland we deployed Gary Alberts as Chief Operating Officer to support Rob in his expanding role.

Read more about the transaction process, costs and funding in the financial review from page 20.

PROTECTING THE SPAR BRAND AND REPUTATION

The SPAR brand is our most valuable asset: it lives in people's hearts and minds. The SPAR trading model puts our brand in the hands of independent retailers, who become the stewards of the brand when they operate stores under SPAR formats. This means that if one retailer harms the brand, all retailers are potentially affected, and the SPAR group most of all.

The SPAR Guild acted decisively this year when one of its retailers owning a group of stores brought the brand into disrepute, mainly due to labour practices and food safety issues. The guild terminated their membership and we offered to buy all stores and properties related to the family. This was a significant step as this retailer is SPAR's biggest customer.

LEADERSHIP CHANGES BRING NEW ENERGY AND FOCUS

The value of a strong talent succession pipeline was evident this year as we managed a smooth transition for several senior members of management. We were able to replace individuals with a wealth of experience with internal candidates who have all been groomed for leadership positions, and promoted transformation at the same time.

Three distribution centres have new managing directors. External expertise was only recruited for two positions: that of our Chief Information Officer and our SPAR brands executive. These changes have been in development for more than a year, and in all cases, we provided certainty as early as possible. This assisted in proactively recruiting for the positions, and limited disruption to the business.

I want to thank all our executives for their amazing service to our business, especially Wayne Hook and Roelf Venter who have been great leaders for more than 35 years each in the group.

BWG GROUP MINORITY SHAREHOLDERS EXIT

In Ireland, we are also preparing for leadership changes. According to the acquisition agreement with BWG Group in 2014, SPAR would acquire the remaining 20% shares under a pre-packaged pricing formula that depended on future profits. John Clohisey retires in December 2019, John O'Donnell in 2020 and Leo Crawford in 2022.

The ownership exit in Switzerland is scheduled for between December 2020 and February 2021.

STANDING WITH OUR STAKEHOLDERS

Our material relationships remain at the heart of our business. These include our employees, suppliers, consumers, retailers and communities.

When our stakeholders face challenges, we engage and support them where we can. This year, we took a strong stance against gender-based violence and added our voice on behalf of SPAR. We recognised the need to be courageous in living our SPAR values as they relate to this issue. We offered our sincere support for the victims of gender-based violence and to their respective loved ones and committed to be part of working towards a practical solution. We also urged all leaders in government, business and in civil society to join us to free our society from all gender-based violence.

We have seen a year of intense labour negotiations as we concluded three-year wage agreements at our KwaZulu-Natal, North Rand and South Rand distribution centres.

OUR PRIORITIES FOR THE NEXT FINANCIAL YEAR

South Africa remains our home, our biggest market and most important focus area. We don't expect the trading environment in South Africa to improve significantly in the medium term. We believe that SPAR's independent retailers remain suitably positioned to address our country's challenges, supported by an extensive distribution capability and market-leading brands.

We are fortunate to have a solid, decentralised management structure with a strong team of divisional managing directors. In the next year we plan to fully bed down the inland consolidation centre and continue the rollout of SAP. We continue driving all aspects of our fresh offering and customer service.

The focus in Ireland will remain on driving the business and managing the minority shareholder exit transparently.

In Switzerland, profitability remains a priority while driving topline growth and enhancing margins.

Poland will be a major focus area as we re-establish the SPAR brand, re-energise the delivery network for SPAR and PiP retailers and rebrand the PiP stores.

Sri Lanka now has three stores which we are planning to increase to eight next year.

We remain excited about the opportunities for SPAR wherever we are.

Graham O'Connor
Chief Executive Officer

FINANCIAL REVIEW

SALIENT FEATURES

Rmillion	Year ended 30 September 2019	Year ended 30 September 2018	Change (%)
Turnover*	**109 477.1**	101 018.0	8.4%
Operating profit	**2 978.9**	2 779.3	7.2%
Earnings per share (cents)	**1 124.1**	948.9	18.5%
Headline earnings per share (HEPS) (cents)	**1 129.1**	965.7	16.9%
Normalised diluted HEPS** (cents)	**1 160.6**	1 055.7	9.9%
Dividend per share (cents)	**800.0**	729.0	9.7%
Net asset value per share (cents)	**3 879.9**	3 692.2	5.1%

* *Turnover represents revenue from the sale of merchandise*

** *Headline earnings adjusted for expected future profits and foreign exchange losses on financial liabilities, and business acquisition costs*

PERFORMANCE OVERVIEW

The SPAR Group Ltd ("the group") reported an excellent performance for the financial year under review, with turnover increasing by 8.4% to R109.5 billion, against the backdrop of markets that remain tough in all regions of operations. Through focused margin management and tight cost and efficiency control, the group increased operating profit by 7.2% to R3.0 billion. The group's diluted HEPS increased by 9.9% to 1160.6 cents per share on a normalised basis.

- SPAR Southern Africa delivered solid growth of 8.0% in wholesale turnover in a competitive environment. The core SPAR business grew turnover by 7.0% to R57.6 billion and was again supported by strong marketing initiatives which continued to attract cash-strapped consumers. The TOPS liquor brand again delivered an impressive result with wholesale sales growth of 17.6%. Combined food and liquor wholesale turnover growth recorded growth of 8.1%. Despite a generally weak building materials sector, Build it increased sales by 6.9% to R8.0 billion, underpinned by effective marketing and improved retailer loyalty. The SPAR Southern Africa store network increased to 2 349 stores, with 169 new stores opened. The group completed 298 (2018: 276) store upgrades across all brands.
- The BWG Group in Ireland has once again reported a strong financial performance with euro-denominated turnover growth increasing by 6.2% to €1.5 billion. The result was positively impacted by acquisitions, in particular, Corrib Foods business, in November 2018. Adjusting for these new businesses, comparable turnover increased by 2.2% in a market with negative price inflation. All retail brands reported positive sales growth. The Foodservice business reported impressive double-digit turnover growth and has become a significant part of the Irish business, while MACE, XL and SPAR retail brands all delivered turnover growths of over 4%. During the year the business implemented a number of logistics and supply chain initiatives which have ensured cost-efficient deliveries, despite increased labour rates. BWG Group opened 60 new stores and finished the financial year with 1 360 stores.

  SPAR Switzerland's wholesale business reported growth of 1.2% in CHF terms, reflecting strong trading from upgraded retailer-owned stores. While the second half saw an improved performance, operating profit for the full year remains impacted by the aggressive marketing initiatives in the first half. Measured in local currency, the turnover growth has remained negative but has improved on the prior year as the corporate stores disposed of are removed from the comparative base. The market remained challenging but the brand is gaining positive support as initiatives continued to gain traction. SPAR Switzerland had a total store network of 322 stores at the financial year end, adding 26 new stores during the financial year under review.

GROUP FINANCIAL REVIEW

The SPAR group's turnover increased by 8.4% to R109.5 billion (2018: R101.0 billion), with 32.1% (2018: 31.9%) of total turnover now generated in foreign currency. The core SPAR Southern African business reported turnover growth of 8.0% in a tough market that remains highly competitive. The turnover of the BWG Group increased by 6.2% in euro-currency terms. The depreciation of the rand against the euro over this period contributed to the 10.4% overall increase in reported turnover from the Irish business to R24.8 billion (2018: R22.5 billion). SPAR Switzerland contributed turnover of R10.4 billion (2018: R9.8 billion) and despite sales still declining in local currency, it is encouraging that the rate of decline has slowed to -1.5% as new business and improved retail offerings start being felt.

Gross margin on a restated basis remained flat at 10.7%. SPAR Southern Africa reported a slight decrease in its comparable gross margin to 8.9% which was largely attributable to dilutive impact of the very strong liquor sales growth. The BWG Group and SPAR Switzerland, which both operate in the higher-margin convenience sector, reported comparable gross margins of 13.0% (2018: 12.6%) and 17.6% (2018: 18.2%) respectively. The former business was positively impacted by the recent acquisitions, including Corrib Foods, which have been margin enhancing, while the slight decline in the Swiss gross margin was attributed to the aggressive marketing undertaken in the first half of the year.

Group operating expenses were again closely managed during the year, increasing by 7.6% as both the South African and Swiss businesses kept cost growth below the levels of turnover increases. The South African business reported an increase in expenses of 6.8%, the result of tightly controlled costs. Costs rose in the Swiss business by 5.0% and continued to report the impacts of management initiatives and the disposal, or closure, of corporate stores in the prior year. The BWG Group's expenses increased by 12.0% but were significantly impacted by the new acquisitions. However, even after adjusting for these costs the increase continued to reflect the impacts of rising depreciation charges and higher staff costs.

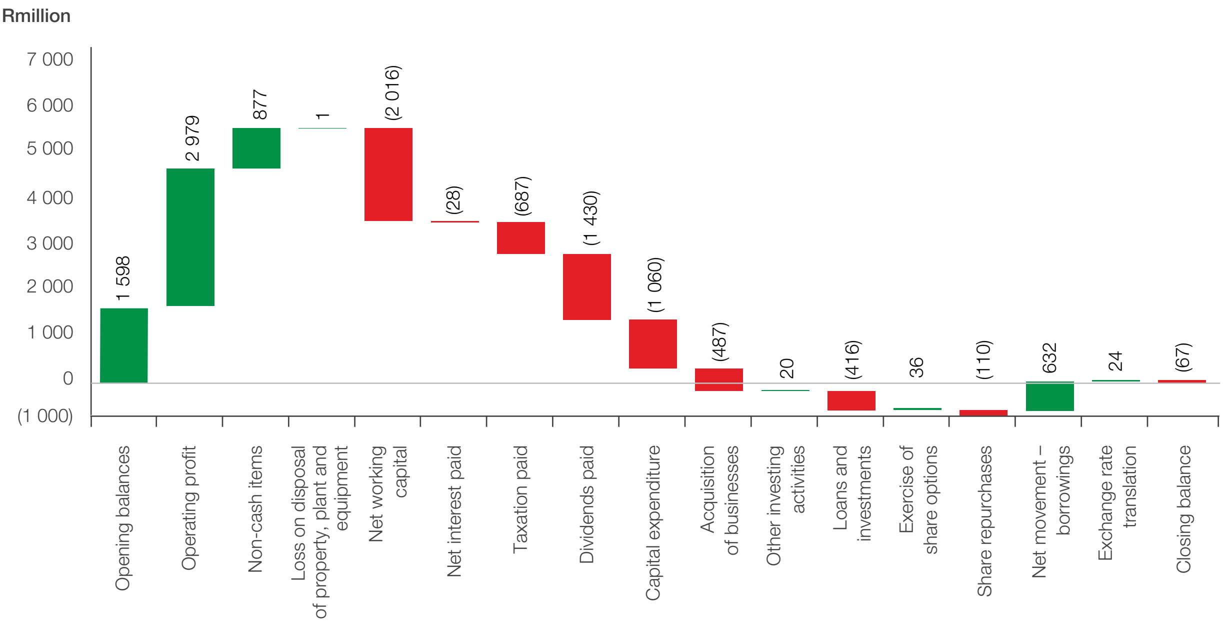
Profit before tax has increased by 12.9% year-on-year to R2.8 billion (2018: R2.5 billion), but was impacted by a significant expected future profits adjustment of R139.5 million recognised in the prior year for the financial liability to purchase the Irish minority interests. The corresponding adjustment in the current year was a much reduced R34.6 million.

Profit after tax improved 18.4% to R2 163.4 million (2018: R1 827.2 million), due to a lower effective group tax rate which was impacted by a tax credit of R52.7 million recognised in Switzerland as a consequence of the announced reduction of federal tax rates to 14.5% from 18.0% which resulted in a remeasurement of the deferred tax liability.

HEPS increased by 16.9% to 1 129.1 cents (2018: 965.7 cents). The more representative normalised HEPS of 1 166.3 cents increased by 9.7% from 1 063.2 cents in the prior year. The board approved a final dividend of 800 cents per share (2018: 729 cents per share), an increase of 9.7% year-on-year.

Cash generated from operations totalled R1.8 billion (2018: R4.0 billion) and reflected a substantial reduction over the prior year due to increased working capital levels. This was attributed to materially reduced levels of trade payables due to payment cut-offs. More specifically, during the prior year, the last day of the reporting year was a Sunday and payments would have been delayed to the next business day. The SPAR group's cash flow from investing activities showed an outflow of R1 943.2 million (2018: R1 453.3 million), including net total capital expenditure of R1 059.8 million (2018: R772.3 million). The spend in the plant and equipment categories is largely comparable and the increase is attributable to the purchase of a leasehold property by the Swiss business.

GROUP FINANCIAL REVIEW: CASH FLOW



During the year the Irish group concluded the acquisition of Corrib Foods for R190.4 million. In addition, the group also purchased fifteen retail stores. The group raised borrowings of €40 million which was made available to the Polish investment holding company. These funds were subsequently loaned to Polish retail group, PiP, which the group has subsequently purchased in a post balance sheet event. Taking into account the impact of a net R116.8 million outflow to reduce borrowings and a further R110.1 million for share repurchases, the group closed the year in a net overdrawn cash position of R67.4 million (2018: R1 598.2 million).

The budgeted capital expenditure for the year ahead in Southern Africa, amounting to R411.8 million (2018: R383.4 million) is expected to be maintained at these levels as no further property acquisitions are planned and construction plans for the previously announced distribution facilities have been placed on hold. In Ireland, budgeted capital spend of €30.0 million (2019: €32.0 million) will continue to address a wide range of retail development commitments, while SPAR Switzerland has CHF22.0 million (2019: CHF25.0 million) budgeted for further retail investments and additional improvements to own facilities and infrastructure. It is again anticipated that the foreign subsidiaries will fund all capital expenditure from their own cash flows.

GEOGRAPHICAL REVIEW

SPAR SOUTHERN AFRICA

The turnover of SPAR Southern Africa increased 8.0% to R74.3 billion (2018: R68.8 billion). The result includes the S Buys pharmaceutical business acquired in the 2017 financial year. Excluding S Buys, the comparable SPAR business increased turnover by 8.0% (2018: 5.3%), reflecting the rising price inflation experienced over the latter part of the year and strong marketing initiatives which continued to attract cash-strapped consumers. This turnover result was once again boosted by exceptionally strong liquor turnover growth of 17.6% and a pleasing increase in the building materials wholesale business of 6.9%. The latter result being achieved against a weak building sector performance and subdued consumer appetite to spend on home building and renovations. This is again attributable to increased retailer loyalty and the results of strong marketing investments. Wholesale SPAR turnover grew 7.0% to R57.6 billion and continued to confirm the independent retailers' support of the group's voluntary trading model. Combined food and liquor wholesale turnover growth was recorded at 8.1%.and should be viewed against internally calculated food inflation of 3.1%. This inflation measure has increased from 1.9% measured at half year and the 1.4% reported in 2018.

Case volumes handled through the seven distribution centres continued to reflect the constrained market but increased 5.3% to 243.9 million cases (2018: increased 3.2% to 231.7 million cases). This positive volume growth reflects the strong like-for-like growth experienced at retail and the impressive liquor sales increase.

The retail turnover of SPAR stores increased 5.5% to R84.1 billion (2018: R79.7 billion) and recorded like-for-like retail growth of 4.6%. The combined food and liquor retail sales, which allow for a better industry comparison, increased by 6.6%.

The SPAR-branded private-label products continued to offer real consumer value and quality and remain a shopping differentiator for our retailers. Total private-label wholesale sales reported in 2019 increased 10.1% to R13.4 billion. This represents 23.3% of all SPAR wholesale turnover, meaning that almost one in four turnover rands is spent on a private label product.

The group maintained the strong organic growth focus to drive retailer profitability and thereby ensure the sustainability of the business model. To this end, 181 SPAR stores (2018: 170 stores) were refurbished during the period to ensure they continued to provide retail offerings that exceed consumer demand. In addition, total retail space recorded solid growth of 2.0% (2018: 3.8%) and is reflective of the expected annual space increase. A net 23 stores were opened during the year, bringing the total SPAR store numbers to 960 by 30 September 2019.

The retail turnover of TOPS at SPAR increased by an impressive 14.5% to R12.8 billion (2018: R11.2 billion), as ongoing, attractive marketing initiatives and the refresh of the brand image won consumer spend. Like-for-like turnover growth reached an impressive 11.3% for the period. Wholesale turnover outstripped the retail performance and grew by 17.6% to R7.6 billion (2018: R6.5 billion). This was achieved through concerted efforts by the wholesale divisions to recover retailer purchase loyalty. During the period, the TOPS at SPAR store network increased by 48 stores on a net basis to 822 stores, while 47 stores were revamped. The total retail liquor space increased 6.7% during the year.

Build it's retail turnover growth increased by 5.7% for the year, higher than the building sector's calculated wholesale inflation of 4.4%, and against the backdrop of a challenging trading environment where consumers have restricted ability to spend on home renovations and building. Like-for-like store growth was 3.0%. The group's buying teams again drove increased retailer loyalty through improved product pricing. The influence of cement, which at a sales contribution of 26%, is a significant component of Build it's overall sales result, again impacted turnover, as the continued oversupply has resulted in low category inflation of 1.5%. over the year. Retail activity was negatively influenced by the economic consequences of the severe drought experienced in parts of South Africa and Namibia. At wholesale level, turnover increased 6.9% to R8.0 billion (2018: R7.5 billion). Build it's house brand and imports showed solid growth of 8.9% for the year. At the year-end, Build it's store network totalled 390 stores, having opened a net fourteen stores during the year.

The S Buys pharmaceutical wholesale business was acquired in 2018 and provides a full pharmaceutical wholesale service for the Pharmacy at SPAR retailers. Despite accounting for a significant portion of the sales growth experienced, the Pharmacy at SPAR wholesale business represents 22.2% of total sales. Wholesale business with independent pharmacies, hospitals and doctors represents a further 38%. The balance of the turnover is derived from the Scriptwise Division which handles the dispensing of speciality pharmaceutical scripts. The S Buys Group reported turnover of R1 035.5 million for the period (2018: R930.3 million), which amounted to a strong growth of 11.3%. This performance was driven by impressive increases of 14.7% in the Scriptwise business and 11.1% in wholesale sales. The profitability of the business was, however, negatively impacted by increased distribution costs as economies of scale are not yet being achieved. Transport arrangements are receiving urgent management attention to address these cost increases.

The Pharmacy at SPAR business continued its growth trajectory adding 31 new stores and reporting an increase in retail turnover of 35.1% to R1 298.3 million. The retail organic growth was a respectable 12.6% and continued to reflect the marketing and innovation benefits being enjoyed by these retailers. At the end of the year there were 120 Pharmacy at SPAR stores.

SPAR Ireland

The BWG Group again delivered a strong financial result and reported euro-denominated turnover growth of 6.2% to €1.5 billion. This number was boosted by the recent business acquisitions. The 4 Aces wholesale business purchased in May 2018 contributed 1.9%, while Corrib Foods, acquired in November 2019, added 2.1% of the growth. If adjusted for, the comparable group grew by 2.2%. Exchange rate weakness over the reporting year added 4.2% and resulted in revenue growth of 10.4% to R24.8 billion (2018: R22.5 billion). Inflation measures over the financial year indicate that the grocery food and non-alcoholic drinks category again declined 0.8%, while alcohol and tobacco increased by 3.1%. (Source: Irish Central Statistics). The solid turnover growth in the current year was negatively impacted by the extraordinary high sales performance in the previous year when extreme weather conditions and the above average warm summer brought significant sales benefits to the convenience sector which were not repeated this year.

Against the subdued economic backdrop where Brexit concerns sapped consumer confidence, the hospitality sector remained strong and boosted sales in this category by 41.5%, while the foodservice business also reported strong growth of 55.5%. Compared with last year, all retail brands recorded positive growth, with the MACE brand increasing turnover to 5.1%, XL growing by 4.4% and SPAR reporting growth of 4.0%. It was just as pleasing to report that all retail brands reported positive like-for-like growth.

The group's supply chain infrastructure was further enhanced during the year with the implementation of a nationwide re-routing project, the completion of the consolidated delivery plan and the commissioning of the new cross dock facility to serve the greater Dublin county. These logistics projects have all contributed to keep the delivery cost per case down, despite significant labour rate increases.

In South West England, BWG Group's Appleby Westward business reported a decrease of -0.9% in sterling-denominated turnover as a result of the loss of a large national supply account. The region was also impacted by the extraordinary weather in the prior year which caused abnormal sales which were not repeated in the current year. This business represents approximately 11.2% of the consolidated BWG Group.

BWG Group's margin improved to 13.0% (2018: 12.6%) due to the new business acquisitions which service the higher margin food service sector. Operating profit grew 19.4% to R686.1 million (2018: R574.4 million) while profit before tax increased 22.2% to R657.2 million (2018: R537.9 million).

The total number of stores across BWG Group's store formats at 30 September 2019 was 1 360 with 60 new stores added during the year.

SPAR Switzerland

The region reported turnover of R10.4 billion for the year (2018: R9.8 billion). Operating profit decreased, however, by 33.2% to R83.3 million (2018: R124.6 million). This was almost exclusively attributed to the aggressive marketing initiatives during the first half of the year which failed to deliver the expected turnover. Management ceased the extent of the price investment in the second half of the year but were not able to recover the expense incurred. However, the business did benefit from the announced reduction in federal taxes and this allowed for a remeasurement of the deferred tax account. This adjustment resulted in a positive tax charge of R41.1 million. As a result, the profit after tax decreased by 34.6% to R43.9 million (2018: R67.1 million). This result was further adversely impacted by finance costs, including foreign exchange impacts, relating to the valuation of the financial liability for the minority purchase obligation of R59.6 million (2018: R17.2 million).

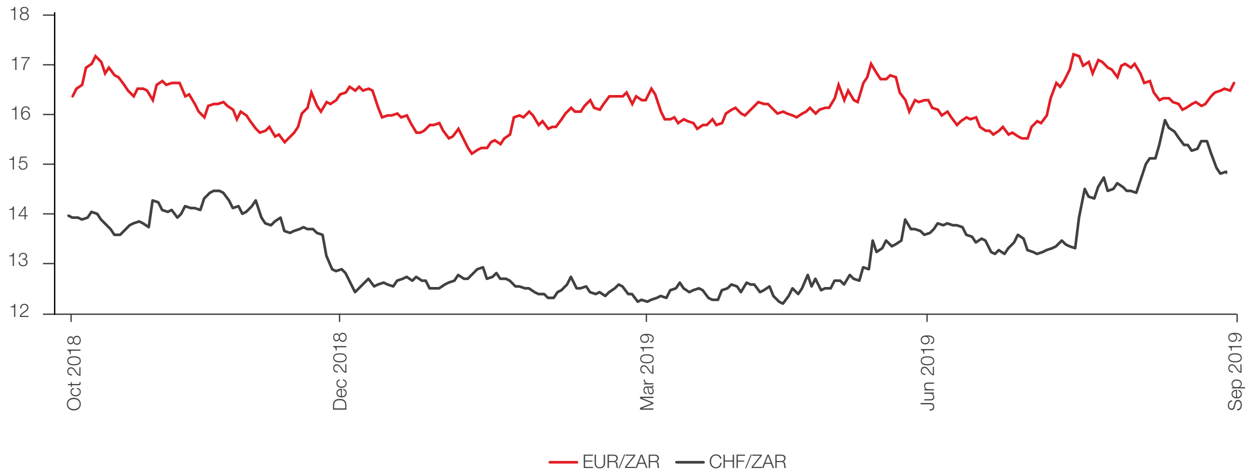
The turnover performance of SPAR Switzerland continued to be negatively impacted by low economic growth in the retail market. While minor inflationary trends have been noted, with prices of food and non-alcoholic beverage prices decreasing by 0.3%, alcoholic beverages and tobacco being 1.6% higher, and a slight appreciation of the Swiss franc against the euro, these have been insufficient to slow the appeal of cross-border shopping that exists in Switzerland. SPAR Switzerland reported a decline in local currency measured turnover of -1.5%, which was an improvement on the -5.1% reported last year. This result is still largely impacted by the corporate stores as those sold to independent retailers are still included in the prior year and the benefit will be recognised once these are excluded from the base. If these stores were adjusted for in the base, the retail stores performance would be flat on the prior year. SPAR Switzerland launched 26 new stores during the year, including a large group of 19 stores in the west of the country that are now being serviced. At the end of the year there were 322 (2018: 315) corporate and independent retailers serviced.

The cash-and-carry business, trading as TopCC, again reported a disappointing decline in turnover for the year of 0.4% which continues to be impacted by the business closures in the Swiss restaurant and hospitality sectors. The group is investigating further upgrade opportunities in the fresh offerings of these stores, as very satisfactory sales improvements have been recorded in stores once upgraded.

Warehouse turnover increased by a positive 0.5% for the year, reflecting the positive growth that is being experienced by the independent SPAR retailers. Previously implemented cost-focused initiatives, including store delivery frequency, fleet optimisation as well as store ordering initiatives have all positively contributed to improvements in logistics efficiencies, productivity and overall cost measures.

CURRENCY MOVEMENTS OVER THE COURSE OF THE REPORTING PERIOD

Euro/Swiss franc vs rand
September 2018 – September 2019



	Ireland (€)		Switzerland (CHF)	
	2019	**2018**	**2019**	**2018**
Year end rate	**16.51**	16.46	**15.18**	14.44
Average rate	**16.17**	15.56	**14.42**	13.40

BORROWINGS

At year end the group had external banking facilities in South Africa totalling R3.6 billion of which R2.0 billion (2018: Rnil) was drawn down. Committed facilities totalled R2.4 billion while the group had access to R1.2 billion of uncommitted facilities.

The BWG Group has access to €60.0 million of revolving credit and overdraft facilities.

SPAR Switzerland has confirmed credit lines and facilities of CHF56.0 million.

The increase in net borrowings from the prior year was largely the result of materially reduced levels of trade payables due to payment cut-offs.

The net borrowing position at year-end:

Rmillion	**2019**	**2018**
Long-term borrowings	**4 635.3**	3 976.5
Current portion of long-term borrowings	**529.5**	433.6
Bank overdraft	**1 553.7**	8.7
Total borrowings	**6 718.5**	4 418.8
Less: cash and cash equivalents	**(1 250.9)**	(1 377.6)
Net borrowings	**5 467.6**	3 041.2
Increase/(decrease) in funding	**2 426.4**	(186.5)

CAPITAL COMMITMENTS

A summary of the group's approved capital commitments as at 30 September 2019 is set out below:

	2019			2018		
Rmillion	Contracted	Approved not contracted	Total	Contracted	Approved not contracted	Total
Southern Africa	**193.4**	**22.2**	**215.6**	80.4	93.4	173.8
Ireland	**46.4**	**69.5**	**115.9**	89.4	34.2	123.6
Switzerland	**18.2**		**18.2**	30.7	15.9	46.6
Total	**258.0**	**91.7**	**349.7**	200.5	143.5	344.0

FINANCIAL RISK MANAGEMENT

The identification of sustainability and financial risks for the group forms part of the enterprise risk management (ERM) process. During the course of the year this was again updated by management and these risks were reviewed by the internal audit team. The group is typically exposed to inflation, interest rate, liquidity and credit risks, the latter specifically impacting trade receivables. No additional risks were identified and management are satisfied that these risks are being continuously and proactively managed.

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, No. 71 of 2008, as amended. The group has considered and adopted all new standards, interpretations and amendments to existing standards that are effective as at the year end.

The annual financial statements have been prepared using accounting policies that comply with IFRS. The JSE's thematic review for compliance with IFRS 9 and 15 was also considered in preparing the 2019 integrated report.

In preparation for IFRS 16, the group assessed the impact resulting from the adoption of this standard. Refer to note 1 of the summarised consolidated financial statements for more detail.

GOING CONCERN STATUS

The board has formally considered the going concern assertion of the group and is of the opinion that it remains appropriate for the 2020 financial year.

Mark Godfrey
Group Financial Director

12 November 2019

FIVE-YEAR FINANCIAL REVIEW

Rmillion	2019	Restated 2018*	Restated 2017*	2016	2015
CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Revenue – sale of merchandise	**109 477**	101 018	97 209	92 227	74 060
Operating profit	**2 979**	2 779	2 576	2 577	2 294
Other non-operating items	**(28)**	(144)	(55)	(25)	(131)
Interest income	**186**	169	194	99	29
Interest expense	**(202)**	(193)	(177)	(110)	(122)
Finance costs including foreign exchange gains and losses	**(142)**	(137)	(64)	(107)	(108)
Share of equity-accounted associate (losses)/profit	**(11)**	(10)	(8)	5	(4)
Profit before taxation	**2 782**	2 464	2 466	2 439	1 958
Income tax expense	**(618)**	(637)	(645)	(624)	(537)
Profit for the year attributable to ordinary shareholders	**2 164**	1 827	1 821	1 815	1 421
Remeasurement of retirement funds net of tax	**(395)**	131	364	(190)	(12)
Remeasurement of post-retirement medical aid net of tax	**(2)**		8	(6)	(3)
Gain/(loss) on cash flow hedge net of tax		1	(4)	(28)	
Exchange differences from translation of foreign operations	**76**	132	42	(29)	21
Total comprehensive income	**1 843**	2 091	2 231	1 562	1 427
CONDENSED STATEMENTS OF FINANCIAL POSITION					
Assets					
Property, plant and equipment	**7 184**	6 652	6 277	6 160	3 221
Goodwill and intangible assets	**5 064**	4 752	4 439	4 008	3 281
Loans and investments	**1 620**	1 454	1 094	831	138
Operating lease receivables	**269**	208	125	101	97
Deferred taxation asset	**75**	14	21	37	34
Current assets	**19 767**	18 166	16 880	16 807	12 365
Assets classified as held for sale	**74**	10	141	161	194
Total assets	**34 053**	31 256	28 977	28 105	19 330
Equity and liabilities					
Capital and reserves	**7 467**	7 110	6 560	5 628	3 328
Deferred taxation liability	**297**	413	361	291	215
Post-employment benefit obligations	**1 268**	788	940	1 392	447
Financial liability	**1 521**	2 043	1 700	1 568	730
Long-term borrowings	**5 010**	4 531	4 686	4 700	2 368
Long-term provisions	**8**	29	42	59	
Other non-current financial liabilities	**3**	3	5		
Operating lease payables	**298**	231	142	116	109
Current liabilities	**18 181**	16 108	14 541	14 351	12 133
Total equity and liabilities	**34 053**	31 256	28 977	28 105	19 330
CONDENSED STATEMENTS OF CASH FLOWS					
Cash flows from operating activities before dividends	**1 127**	3 334	2 663	2 700	2 281
Dividends paid	**(1 431)**	(1 358)	(1 252)	(1 153)	(1 012)
Cash flows from investing activities	**(1 943)**	(1 453)	(1 496)	(1 614)	(978)
Cash flows from financing activities	**558**	(428)	4	1 667	162
Net movement in cash and cash equivalents	**(1 689)**	95	(81)	1 600	453

* *Refer to restatement note 9.*

RATIOS AND STATISTICS

		2019	Restated 2018*	Restated 2017*	2016	2015
SHARE PERFORMANCE						
Number of ordinary shares (net of treasury shares)	millions	**192.5**	192.5	192.5	192.5	173.1
HEPS	cents	**1 129.1**	965.7	952.8	1 020.0	835.5
Normalised HEPS	cents	**1 166.3**	1 063.2	976.0	1 033.0	940.0
Dividends per share	cents	**800.0**	729.0	675.0	665.0	632.0
Dividend cover	multiple	**1.41**	1.32	1.41	1.53	1.45
Net asset value per share	cents	**3 879.9**	3 692.2	3 407.0	3 131.7	1 922.6
COMPREHENSIVE INCOME INFORMATION						
Gross margin	%	**10.7**	10.7	10.7	9.3	8.7
Operating profit margin	%	**2.7**	2.8	2.7	2.8	3.1
Headline earnings	Rmillion	**2 173.0**	1 859.6	1 834.7	1 832.9	1 446.3
SOLVENCY AND LIQUIDITY						
Return on equity	%	**29.7**	26.7	29.9	40.5	44.7
Return on net assets	%	**39.9**	39.1	39.3	45.8	68.9
EMPLOYEE STATISTICS						
Number of corporate office and distribution centre employees at year-end		**8 206**	7 204	6 786	6 387	4 724
STOCK EXCHANGE STATISTICS						
Market price per share						
– at year-end	cents	**19 101**	18 413	16 708	19 222	18 500
– highest	cents	**21 072**	22 700	20 499	21 971	20 617
– lowest	cents	**16 418**	16 553	15 018	16 161	12 142
Number of share transactions		**189 244**	559 330	542 335	499 716	399 399
Number of shares traded	millions	**189.2**	145.5	203.8	178.2	132.7
Number of shares traded as a percentage of total issued shares	%	**98.3**	75.5	105.8	92.6	76.7
Value of shares traded	Rmillion	**35 956.0**	35 454.1	35 789.6	34 793.2	23 190.3
Earnings yield at year-end	%	**6.1**	5.8	5.8	5.4	5.1
Dividend yield at year-end	%	**4.2**	4.0	4.0	3.5	3.4
Price earnings ratio at year-end	multiple	**16.4**	17.3	17.1	18.6	19.7
Market capitalisation at year-end net of treasury shares	Rmillion	**36 765**	35 454	32 164	37 004	32 027
Market capitalisation to shareholders' equity at year-end	multiple	**4.9**	5.0	4.9	6.6	9.6

* *Refer to restatement note 9.*

OPERATIONAL PERFORMANCE THEMES AT A GLANCE

SPAR delivered a remarkable financial performance for 2019 – the result of many initiatives, events, compliance measures and controls guided by our strategy and values. We describe the activities and outcomes in detail in the sections on material relationships and the operational reports for South Africa, Ireland and Switzerland in our online report. Salient features include:

- **Advances in technology and analytics** enabled us to identify projects that improve freshness, reduce waste, improve availability and reduce operational costs for SPAR and suppliers. We continue to see the benefits of joint business planning.
- **We have a mixed procurement approach**: most of our procurement happens at distribution centre level, but certain products are sourced from local suppliers at store level. This supports local enterprises. An example is the rural hub model where we support small-scale farmers to become part of our supply chain.
- **Our values of entrepreneurship, family values and passion** are top of mind and are integrated into employee on-boarding, training interventions and recruitment, as well as employee recognition campaigns. We respect the principles aimed at promoting and protecting human rights. This includes the Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.
- **SPAR was recognised as one of South Africa's top employers in 2019**. This is the sixth year we were compared with top organisations worldwide and certified based on an independent audit.
- **We uphold our employees' rights to freedom of association and collective bargaining**, and maintain positive relationships with unions at distribution centres. We have management and shop stewards' meetings, workers' councils and various forums to ensure workplace communication is effective.
- **We support retailers through training initiatives**. Each distribution centre employs a training manager to roll out training interventions for retail. We collaborate with Mr Price Group to address youth unemployment and provide invaluable retail work experience through the jumpstart programme. Many retailers participated in focused meetings and working sessions around cash flow and retail profitability. We worked with them on financial health and creating awareness of factors that drive sustainability.
- **Our distribution centres comply with food safety standards** which became more stringent this year as the R638 came into effect in South Africa. We work with retailers and hold them accountable to ensure appropriate controls are in place and documented. We assist small suppliers to improve and align with programmes such as the Global Food Safety Initiative (GFSI). Ireland and Switzerland largely rely on government inspectors who enforce food safety regulations. This is enhanced by an internal SPAR audit programme.
- **The rollout of our inland consolidation project in South Africa continued**, with North and South Rand completed and testing taking place for the Lowveld distribution centre. The project will centralise about 6 500 slow-moving stock-keeping units into one warehouse. This will free up space in the three distribution centres to introduce new lines and reduce their stock levels, enabling them to become more agile and efficient.
- **Our logistics team continued finding alternative ways** to get products to market and ensure load optimisation, as well as driver management and effective routing solutions. Over the past 18 months, the KwaZulu-Natal distribution centre successfully piloted various prototypes for the world's first commercially available, battery-electric truck refrigeration system.

- **SPAR adopted several digitisation initiatives** to enhance the in-store shopping experience, and to ensure data can be used to meet customers' needs. A live, online, digital-driven concept in liquor stores allows retailers to customise content for events, the weather or time of day. Consumer behaviour can be tracked and the effectiveness of promotions monitored.
- **The SPAR Academy of Learning** launched four new programmes including the future leaders programme, which was designed and implemented in the Western Cape for retailers' children and family members or young and upcoming shareholders in their businesses. It prepares them to continue their parents' legacy and facilitates the generational handover.
- **SPAR actioned its commitment to the youth employment services (YES) programme** by recruiting 450 learners. YES recognises the critical role the youth play in shaping our economy and country.
- **The two biggest challenges in growing and transforming the SPAR footprint** is the availability of experienced black retailers and funding. We continue attracting and developing retailers from within the SPAR network, including identifying and training new entrants and exploring alternative funding mechanisms.
- **Climate change** poses a challenge and will fundamentally change the way we use and value natural resources. Climate change-related risks and opportunities are monitored by the Social and Ethics and Risk Committees. Mitigation plans and costs were determined in our latest CDP carbon and water submission.
- **The solar panels** installed at the South Rand distribution centre in October 2017 significantly impacted electricity use, resulting in decreased municipal electricity usage from 8 512 MWh to 7 542 MWh. We installed solar panels at the North Rand and Western Cape distribution centres and plans are in place to have KwaZulu-Natal, Lowveld and the Eastern Cape using solar energy by 2021. Initiatives to offer retailers a solar store solution are underway.
- **Creating a circular economy** is key to our plastic carrier bag strategy. Our goal is to ensure that our plastic bags do not end up in landfills or the environment. To date, SPAR's 100% recycled plastic bag, made with no less than 70% post-consumer waste, has resulted in 3 500 tonnes of used plastic being diverted from landfills annually. In producing the bag, there is a 40% reduction in the carbon footprint. In 2018 we introduced the 100% recycled plastic carrier bag and brown paper carrier bags, which are made from a 100% renewable resource, which is recyclable and biodegradable.
- **BWG Group completed a food industry leadership study** to gather key stakeholder perspectives on the main opportunities, challenges and considerations for the food industry over the coming years. Survey results will help inform future decision-making across areas such as store innovation, sustainability, new product development and, importantly, retailer support services.
- **Extensive design and refurbishment works were completed at several EUROSPAR stores**. The refurbishments focused on improving retail sales and retailer profitability by expanding the range and profile across fresh food departments. Further store improvement initiatives includes the trial of electronic shelf edge labelling (eSEL) and integrated digital signage.
- **BWG Group owns and operates 190 automated teller machines (ATMs)** as a retail solution under the brand Your Money Kiosk. The ATMs are retail-focused, customised and skinned according to the five BWG brands. The ATMs drive footfall with an industry-leading 99% average service uptime. Visa and Mastercard scheme cards are accepted.
- **BWG Group hosted a comprehensive educational tour** to Ireland organised by SPAR International to inspire its next-generation retail technologies. The tour featured meetings with various world-leading technology companies in their respective fields, including Microsoft, Intel, Checkpoint, Google, IBM, NCR and Ireland's Pointy. Each company used the opportunity to showcase the latest technology solutions that will revolutionise how stores operate and how consumers shop in the near future.
- **SPAR was the first Swiss retailer to set an example with a voluntary self-commitment** to not sell energy drinks to children under 14. We want to encourage children to make healthier beverage choices.
- **SPAR Switzerland received the 2019 Lean & Green Award from GS1**, a not-for-profit organisation developing and maintaining global standards for business communication. The award recognises companies who are committed to reducing their CO_2 emissions in transport and logistics by at least 20% within five years.

OUR MATERIAL RELATIONSHIPS

RELATIONSHIPS ARE OUR BUSINESS

SPAR is a relationship business. It starts with our customers and extends into our communities: we support schools, charities and work with small farmers who want to improve the lives of their families. These relationships make the SPAR model work; it is what makes SPAR different.

Our sustainability pledge

Our sustainability pledge is to create authentic shared value for stakeholders through the following outcomes:

- Contribution to societal change
- Contribution to responsible living
- Opportunity creation
- Resource stewardship

Who are our stakeholders?

Our stakeholders are individuals or groups who interact with SPAR throughout the course of our business. Our material relationships are with suppliers, employees, retailers, consumers and communities.

Identifying, understanding and responding to the needs of our stakeholders have been a core part of our business since SPAR was established in South Africa in 1963. Our core relationships remain stable, but we recognise that other relationships can become more or less important depending on new issues or opportunities that arise.

How do we manage these relationships?

Stakeholder relationships, especially with retailers, are entrenched in the voluntary trading model. We need these relationships for the business to function. Our relationships with stakeholders are informed and shaped by good corporate governance and citizenship practices.

Who looks after stakeholders?

The Social and Ethics Committee has oversight of stakeholder engagement and monitors a stakeholder-inclusive model throughout SPAR.

Everywhere we operate, we are constantly engaging with our stakeholders – through formal and informal channels on any and all topics relevant at the time. Our distribution centres operate 24 hours a day, seven days a week.

Creating stakeholder value is strategic

The South African supermarket strategy creates stakeholder value by ensuring that:

- SPAR stakeholders benefit from being part of the SPAR family;
- the interests of stakeholders are well balanced for the entire system to be sustainable; and
- value refers to the broad range of benefits that SPAR delivers to stakeholders (including financial returns, and empowerment opportunities, among others).

Find out more

The worlds of our stakeholders are ever-changing. Topical issues such as Brexit, climate change, unemployment and political uncertainty directly affect them and challenge the way we do business.

In the online report we explain in detail who our material stakeholders are, how we engage with them and how we create authentic shared value. We use examples of initiatives and events to illustrate how we address and interact with our material stakeholders.

The online report also highlights the strategic risks that relate to material stakeholders and our response. We consider the changing operating landscape, evolving stakeholder needs and past business performance when we manage these risks.

BUILD IT SUPPORTS UNDER 13 SOCCER

Soccer is the most supported, played and popular sport in southern Africa. Since 2006, Build it supports soccer in the communities where our stores trade, focusing on under 13 players. This is the last year of primary school when teams typically experience higher levels of parent support.

The Build it U13 Festival is seen as one of the bigger youth development programmes in southern Africa. In the previous financial year, 221 stores participated with 56 576 players involved. Build it contributed R4.5 million and the stores a further R5.5 million. The sponsorship is now active in South Africa, Namibia, eSwatini and Mozambique.

Build it benefits from the sponsorship by building relationships with schools and parents who see Build it as their one-stop hardware solution. Build it is seen as a brand that invests in local communities where our stores trade.

We achieved full Premier Soccer League partnerships with Amazulu FC and Supersport FC, who use our soccer platform to scout new talent for teams. In 2018, Amazulu FC identified players for KwaZulu-Natal events and invited them to a camp in Durban. Players selected for the eSwatini national team were also chosen from our Build it U13 Festival.

OUR STRATEGY AND BUSINESS MODEL

By living our values of passion, family values and entrepreneurship, we remain true to our purpose: to inspire people to do and be more. We contribute to responsible living and take our role as custodian of resources seriously.

OUR SOUTH AFRICAN SUPERMARKET STRATEGY AND MODEL AT A GLANCE

OUR VISION

FIRST-CHOICE BRAND in the communities we serve

OUR CUSTOMERS

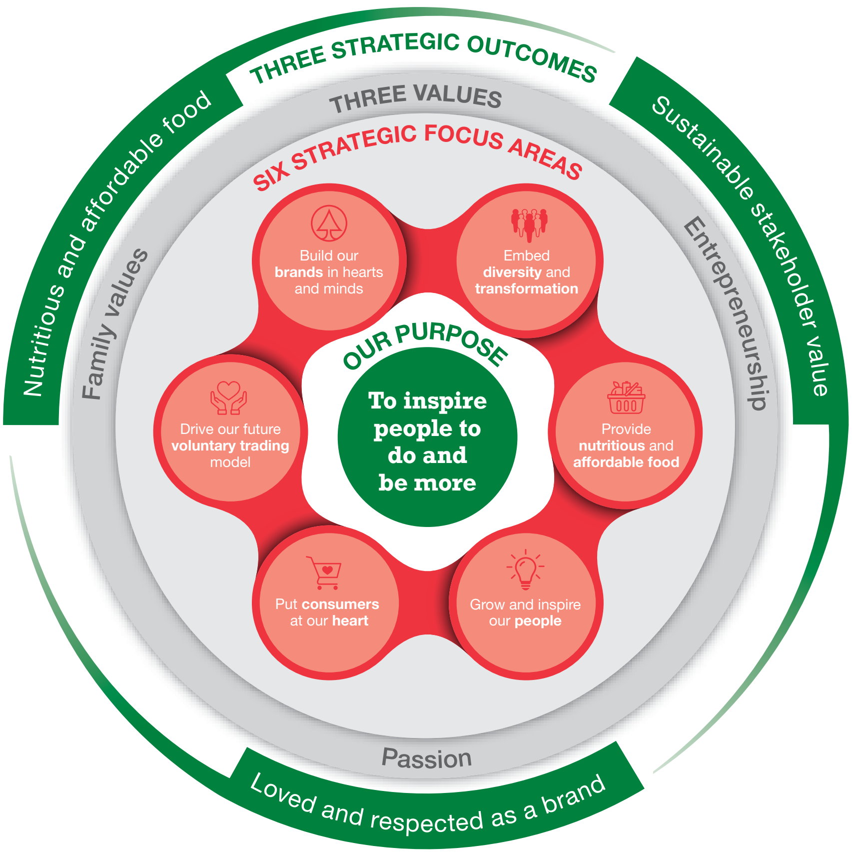
Our customers are individuals or groups of independent retailers who operate stores under the SPAR brands and according to the voluntary trading model. We provide them with the freshest produce and highest quality merchandise at the right price, every day.

OUR CHANNELS

Independent retailers operate under our branded store formats in all territories. We also have corporate stores, and investments in wholesalers (food and pharmaceuticals). Find key facts about our stores here.

OUR CORE BUSINESS

Our distribution centres, warehouses and depots constitute the network of facilities where we source, receive and deliver from in all territories – and in some cases cross-border. Our distribution centres operate independently, but in some cases we share resources, for example through national transport initiatives and consolidated warehousing.



SPAR's business model is based on interactions between our business, our customers and our communities. As we are mainly a wholesale and distribution operation, our suppliers form an essential part of the business model, and our supply chain constitutes the core of what we manage.

We strive to use our resources responsibly. We depend on relationships with specific stakeholders to ensure the future availability of the six capitals we use, and to work with us to mitigate negative impacts. We provide detail on these resources and relationships in our online report.

OUR BUSINESS ACTIVITIES

- PROCUREMENT
- WAREHOUSING
- DISTRIBUTION
- RETAILER SUPPORT AND MARKETING

OUTPUT OF OUR BUSINESS

Our main output is a product range that covers the food and grocery shopping needs of all income groups in all territories. Store mixes are determined by the retailer's positioning, changing consumer buying trends and seasonal impacts. Sales are supported by promotions, store concepts such as *Beantree*, home-meal replacement options and innovative and affordable SPAR house brands.

Our business depends on specialist operational expertise in managing a wholesale supply chain.

Waste takes the form of unsold goods, packaging and inefficiencies. All distribution centres have comprehensive recycling programmes for plastic and cardboard. This includes waste generated at the distribution centres and by participating retail stores.

GOVERNANCE AND OVERSIGHT

Our board approves the strategy and monitors implementation through five committees:

- Audit Committee
- Nomination Committee
- Social and Ethics Committee
- Remuneration Committee
- Risk Committee

REVENUE DRIVERS

Revenue depends on the number of stores in operation, the percentage of goods ordered through our distribution centres and the ability of retailers to drive sales growth per store. 67.9% of revenue is contributed by the South African business.

COST DRIVERS

Product cost is driven by the cost of commodities and other merchandise which we source from suppliers. Other costs include leases, fuel and transport as well as employee remuneration and finance cost.

MEASURING WHAT WE MANAGE

In addition to financial key performance indicators, we typically track the following operational indicators on a monthly basis:

- Contribution of fresh produce to turnover
- Increased stock levels
- Reduced input costs
- Reduced carbon footprint
- Tonnes of recycled plastic and cardboard
- Food price inflation
- Customer survey responses
- Wholesale profit margin
- Retail profit margin
- House brands as a percentage of total sales
- Loyalty programme uptake
- Health and safety incidents
- New retailers and stores
- Existing store growth
- Existing store revamps and refurbishments

OUR RESOURCES

- FINANCIAL CAPITAL
- HUMAN CAPITAL
- INTELLECTUAL CAPITAL
- MANUFACTURED CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- NATURAL CAPITAL

By living our purpose, we aim to achieve three key overarching outcomes that define how we create value.

OUTCOME

Sustainable stakeholder value	Loved and respected as a brand	Nutritious and affordable food
• SPAR stakeholders benefit from being part of the family • Interests of stakeholders are well balanced to ensure the entire system is sustainable in the long term • "Value" refers the broad range of benefits we deliver to stakeholders, *inter alia*, financial returns, creation of opportunities, empowerment, etc.	• The SPAR brand has a strong emotional connection with stakeholders • We are respected for the difference we make in South Africa and our communities • We are respected for our strong ethics • Stakeholders want to be and enjoy being associated with SPAR	• Southern African consumers have more access to affordable food • South Africans' nutritional needs are met as a result of SPAR's work in this space • We made a positive impact on the health of southern African consumers, especially in areas related to healthier eating habits

GOVERNANCE AND OVERSIGHT OF THE SPAR SUPERMARKET STRATEGY

Progress on strategy implementation is on the agenda of every board meeting. We are exploring software options to provide a dashboard, with key performance indicators for each focus area in development.

A team is dedicated to each focus area. Team leaders are members of executive management, supported by team members who are qualified to drive the defined outcomes according to set timelines. Teams are diverse and cross-functional, combining employees, retailers and wholesale representatives. With defined outcomes to deliver, teams have the freedom to chart their paths – there are no prescribed processes or plans to follow.

A Steering Committee serves to co-ordinate activities and interdependencies between focus teams. The Steering Committee oversees activities, breaks down barriers or resolves issues, and takes accountability for resource allocation.

Progress is tracked through executive and SPAR Guild directors' meetings where the strategy facilitation team reports back. The strategy facilitation team has monthly meetings with focus team leaders to provide support and monitor communication and change management initiatives.

"A key factor for success was the inclusion of retailers to assist the process from a ground level point of view. The main highlight through these discussions is SPAR not only seeing the retailer as their customer but the end-consumer. That is an absolute win whereby we are all inclusive in satisfying customer needs. Understanding of our consumers was quite important. Even though we may think we do, this exercise highlighted that there is so much work to be done. The way we allocate our advertising spend is critical."

– Roy Sheodin, SPAR retailer

STRATEGIC FOCUS AREA PROGRESS FOR 2019

We are in the developmental phase of our strategy: allocating resources, defining measurements and starting to report. This is an interactive process to refine our focus areas and determine potential impact. This year, our focus area teams put the basics in place.

Grow and inspire our people

In this focus area, we are working on:

- defining and implementing our talent management framework;
- strengthening and enhancing our culture; and
- defining the SPAR organisation of the future.

Provide nutritious and affordable food

In this area, we are working on:

- developing an efficient and resilient supply chain;
- enhancing and developing excellence in our fresh offerings;
- promoting nutritious food offerings; and
- deepening our interactions with the informal food economy.

Embed diversity and transformation

We are working on increasing the diversity of:

- suppliers;
- employees; and
- retailers.

Build our brands in hearts and minds

We are working to:

- review our brand essence and architecture;
- update our house brand strategy in line with our architecture;
- review our marketing, branding and execution; and
- update our SPAR rewards strategy.

Drive our future voluntary trading model

We are working to:

- develop solutions to address key challenges in the model;
- review our service offerings to retailers;
- modernise and drive the “rules of the game”; and
- embed the capability to run profitable retail stores.

Put consumers at our heart

We are working to:

- clearly define consumer segmentation for SPAR;
- review and align offerings to consumers by segment; and
- drive innovation and new business in line with consumer insights.

OUR STRATEGIES IN OTHER TERRITORIES

An overarching group strategy will be developed, serving to align strategies in different territories.

SIX STRATEGIC PLANS FOR IRELAND

BWG works according to a strategic plan 2016 to 2021 aimed at shareholder value creation through six specific plans as follows:

1 Distribution

Specific imperatives include a strategic review of the BWG supply chain for channels to stress test distribution and minimise costs. We developed optimisation plans for the distribution centres to assess capacity, productivity and service levels to improve capacity management and reduce working capital. A transport optimisation plan was developed to refine asset use and reduce costs.

2 Information technology

The information technology plan focuses on more efficient and lower-cost infrastructure upgrades, standardisation and redesign. We developed an e-commerce strategy to address online, mobile and integrated solutions. Further imperatives include software consolidation, social media and business intelligence capabilities.

3 Acquisitions

The acquisition plan is based on growth aspirations, shareholder support and management expertise. Targets were identified and explored to retain strategic retail business. A further imperative is retaining and developing strategic categories.

4 People

The top imperative for the people plan is to refine the management structure based on succession planning and talent requirements. Further focus areas include the e-learning academy, strengthening the company culture through feedback programmes and training to ensure greater productivity and efficiency.

5 Property

The property plan is a long-term imperative aimed at enhancing profitability and reducing liabilities. It considers asset valuations, disposals and the development of an intellectual property management mandate for the business.

6 Retail

Our focus is on developing a multi-brand strategy for different store formats and to drive SPAR as the leader in the convenience market over the long term. The plan also addresses the EUROSPAR brand strategy imperative and considers innovation to grow margins.

STRATEGIC OUTCOMES FOR SWITZERLAND

Adopted in February 2017, SPAR Switzerland's strategy features the following elements:

PURPOSE
Enable retailers to profitably meet their customers' individual needs

VISION
Convenience brand of choice for the customers we serve

VALUES
Trust, passion and entrepreneurship

The following action plans shape SPAR Switzerland's operations towards six outcomes:

1 **The best employees**
We aim to motivate and empower employees through our culture, values and processes. We focus on improving communication, providing competitive remuneration, talent management, training and apprenticeships.

2 **World-class supply chain**
We focus on supply chain optimisation through supplier engagement and relationships to reduce costs and increase quality. This includes logistics efficiencies and productivity improvements.

3 **Customised range**
We focus on category management through an assortment geared toward customers. This also informs new product development.

4 **Competitive pricing**
We balance pricing with retailer profitability through marketing and promotions, and by optimising our store portfolio.

5 **Loved/trusted/believable brand**
We focus on targeted sales and marketing activities, including our rewards programme.

6 **New business growth**
We focus on expanding our footprint through new sites and stores, and by using technology.

THE LINK BETWEEN STRATEGY, GOVERNANCE AND RISK

The SPAR board believes there is an inextricable link between strategy, risk, sustainability and performance management, effectively measured and controlled through the ERM process. Therefore, the successful implementation of the strategy relies on the effective mitigation of strategic risks.

The board, supported by the Risk Committee, implements effective policies and plans to mitigate these risks and to support the company in being ethical and a good corporate citizen.

In developing the strategy and overseeing risk management, the board provides overall guidance and direction, including approving and monitoring progress. The South African executive team and management provide structure for both processes and input into risk and strategy discussions by considering past performance and a changing operating landscape. Progress against the strategic focus areas and an updated risk register form part of the quarterly reports to the board and relevant committees.

The board's role in considering and approving strategy includes, *inter alia*, ethical leadership which evaluates the trade-offs between different stakeholders ensuring progress is measured and monitored. To enable the latter, the board approves policies, frameworks and the plans that drive budget allocation.

The risks outlined below were identified and ranked as the top 12 risks most likely to impact the business. The risk register links key risks to strategic imperatives and identifies key risk indicators tracked to determine likelihood and impact. These risks are monitored and managed at board level. To strengthen accountability and mitigate the key risks identified, detailed action plans with clearly defined roles and timelines were developed.

The summary below tracks strategic risks, identifies mitigation plans and show the trend movement:

	RISK TITLE	DESCRIPTION	MITIGATING PLANS
1	**Major customer groups may negatively influence the sustainability of the business** (8)	Large groups of retailers may have a proportionally large influence on the profitability, reputation, relationships and standards of specific distribution centres. This might lead to the potential loss of a significant percentage of business.	We identified key risks per major customer group and documented an action plan to address these.
2	**Macroeconomic factors may cause a decline in business** (1)	Factors include global and macroeconomic conditions such as inflation, currency depreciation and unemployment.	Medium to long-term mitigation strategies include forward cover and stockpiling fuel. We track and report trends according to indicators and set thresholds, for example, for the Rand exchange rate and the oil price.
3	**Poor individual retailer performance may negatively impact the group** (3)	This can have a wide spectrum of impacts, including reputational and financial through subpar stores, price perceptions, store viability, group profitability and efficiency. Further drivers are increasing working capital constraints at retailers because of poor financial management by individual retailers. Poor performance includes retailers not being meaningfully or sustainably involved in the communities they serve, thereby not living the SPAR vision.	We drive increased financial disclosure and benchmarking for retailers while offering training and support. We actively manage the list of poor-performing retailers per region and identify appropriate and specific action plans to address performance. We have increased the audit of core retailer (business) processes.
4	**Political instability in SPAR markets may hinder business** (2)	National or international political events can cause fundamental shifts in the country's economy.	We receive regular political insights from knowledgeable commentators who assist in creating scenarios to determine the potential impact on our future business.
5	**New and existing competition may take market share** (4)	This aggressive competition includes foreign or local new entrants, with expanded domestic competition by current retailers – for example, competing on range, price and hygiene factors.	We developed plans for strategic stores and identified market share gaps. We developed a clear emerging market strategy for each region.
6	**Loss of retailers and retail stores to competitors** (5)	Competitors target SPAR retailers to buy stores with unrealistic or extravagant offers.	We identified unique actions to improve our relationship with each retailer, based on an analysis of each retailer's specialist support needs. Vulnerable stores are indexed and tracked.
7	**Poor adherence to and implementation of group initiatives by retailers** (6)	Resistance and lack of buy in and discipline by some retailers may result in an inability to market our offerings on a national basis, resulting in financial and reputational damage.	We conduct and document robust pilots for new concepts as references for the rollout to retailers. Regional committees list mandatory initiatives, conduct audits and report on retail compliance with documented remedial actions for non-compliant retailers.

↑	Increased movement in rank with comparative ranking in 2018
↓	Decreased movement in rank with comparative ranking in 2018
→	Unchanged movement in rank with comparative ranking in 2018

	RISK TITLE	DESCRIPTION	MITIGATING PLANS
8	**The inability to develop new sites may stunt growth** (7)	Acquiring new sites is fundamental to our growth strategy. Barriers include guild approvals, objections by other retailers and other competitors owning property.	To drive new business, we identified new business champions per region with action plans. We developed a group developer engagement and funding strategy. We also identified retailers per region with the desire and capacity to own multiple stores.
9	**Inability to attract new retailers stunts growth** **NEW**	We face issues such as lack of attractiveness to entrepreneurs and potential black retailers and desirability of the retail model.	We have identified strategies and plans to attract new retailers, in particular black retailers.
10	**The financial model may fail to ensure retailer profitability, thereby jeopardising SPAR's sustainability** (11)	Retailers may be unable to make sustainable and acceptable profits, which threatens the wholesale model. Retail margins are under pressure.	We identified key actions to reduce costs or enhance revenue within retail in the regions. We determine the true cost and profitability for SPAR and retailers across the value chain for a selected basket of goods. We identified key drivers impacting the wholesale/retail model, including the impact of cross-subsidisation and shared costing for retailers and SPAR.
11	**Disruption of operations may occur due to labour disputes and/or industrial and mass action** (9)	Labour unrest may be caused by a spillover from related industries such as transport, or the unsatisfactory resolution of central bargaining and outsourcing issues or retail strikes with empathy from SPAR employees.	We have identified unique actions to improve relationships with unions and employees, including improving the capacity of shop stewards. We have strike contingency plans detailing responsibilities and expectations. We conduct an annual comprehensive climate survey at sites.
12	**Lack of transformation at leadership level including retail creates a liability for SPAR credibility, brand and reputation** (12)	Transformation is slow, especially in senior leadership. Lack of black retail leadership is also an issue.	We updated our transformation plan based on the new BBBEE codes and are executing according to a carefully thought out strategy. We educate retailers on new requirements regarding transformation and assist them in improving their BBBEE ratings.

Increased movement in rank with comparative ranking in 2018

Decreased movement in rank with comparative ranking in 2018

Unchanged movement in rank with comparative ranking in 2018

LEADERSHIP PROFILES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mike Hankinson (70)

BCom, CA(SA)

Independent non-executive Chairman

Appointed to the board: September 2004

- Chairman of the Nomination Committee
- Member of the Remuneration Committee

Mike is the Chairman of Grindrod Ltd and was former Chief Executive of Dunlop Tyres International (Pty) Ltd and Romatex Ltd.

Phumla Mnganga (51)

BA, BEd, MBL, PhD

Independent non-executive director

Appointed to the board: January 2006

- Chairperson of the Social and Ethics Committee
- Member of the Remuneration Committee
- Member of the Nomination Committee

Phumla is the Managing Director of Lehumo Women's Investment Holdings. She also serves as a non-executive director on the listed boards of, Adcorp Holdings, the Altron Group, Novus Holdings and Crookes Brothers Limited.

Lwazi Koyana (51)

BCom, CA(SA)

Independent non-executive director

Appointed to the board: May 2019

Lwazi is the founder and managing director of Nations Capital Advisors (Pty) Ltd and non-executive director of Mineworkers Investment Company (Pty) Ltd, Vaxispex (Pty) Ltd, Steve Biko Academic Hospital, the South African Qualifications Authority and the Wholesale and Retail Sector Education and Training Authority.

Harish Mehta (69)

BSc (USA), MBA (USA)

Independent non-executive director

Appointed to the board: October 2004

- Chairman of the Remuneration Committee
- Member of the Audit Committee
- Member of the Nomination Committee
- Member of the Risk Committee

Harish is a non-executive director of Tiso Blackstar Group, non-executive Chairman of Averda SA (Pty) Ltd, member of the Provincial Board of FNB, non-executive director of Redefine Properties and non-executive Chairman of Cibapac (Pty) Ltd.

Marang Mashologu (43)

BCom, CFA Charter

Independent non-executive director

Appointed to the board: December 2015

- Member of the Audit Committee

Marang is a director and shareholder at Sphere Holdings (Pty) Ltd and independent non-executive director and Audit Committee Chairperson of Chubb Insurance South Africa Ltd, the South African subsidiary of Chubb Ltd. She is a member of the board of trustees of the African Leadership Network and Aspen Global Leadership Network and fellow of the inaugural class of the Finance Leaders Fellowship Program.

Andrew Waller (57)

CA(SA)

Independent non-executive director

Appointed to the board: February 2018

- Member of the Audit Committee
- Member of the Risk Committee

Andrew is the CEO of Grindrod Ltd and non-executive director of Senwes Ltd. Previously partner of Deloitte & Touche.

Chris Wells (70)

BCom, CA(SA)

Independent non-executive director

Appointed to the board: April 2011

- Chairman of the Audit Committee
- Chairman of the Risk Committee
- Member of the Social and Ethics Committee

Chris is CEO of International Facilities Services South Africa (Pty) Ltd, director of IFS Mauritius Ltd and non-executive director of African Oxygen Ltd.

EXECUTIVE DIRECTORS

Graham O'Connor (63)

BCom, CA(SA)

Group Chief Executive Officer

Joined the group in 1986

Appointed to the board: February 2014

- Member of the Risk Committee
- Member of The SPAR Guild of Southern Africa

Graham served as group accountant in 1986 and became the Managing Director of the SPAR KwaZulu-Natal division in 1987. In 1997, he left the group to start his own industrial catering business and became a partner in five SPAR retail stores. He returned to the group in 2014 as CEO.

Mark Godfrey (54)

BCom, CA(SA)

Group Financial Director

Joined the group in 1996

Appointed to the board: October 2010

- Member of the Risk Committee

Mark served in financial management positions in various group operations and was appointed Group Financial Director in 2010.

Wayne Hook (63)

BCom, CA(SA)

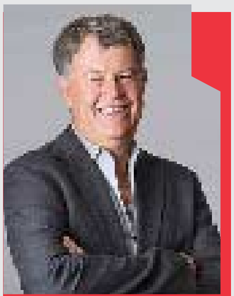
Managing Director Build it division

Joined the group in 1984

Appointed to the board: 1 October 2006

- Chairman of The Build it Guild of Southern Africa
- Chairman of The SPAR Guild of Southern Africa's Social and Ethics Committee
- Member of The SPAR Guild of Southern Africa
- Member of the Social and Ethics Committee

Wayne is the former CEO of SPAR. He served in financial, information technology and logistics management positions before being appointed Managing Director of the SPAR KwaZulu-Natal division in 1997. He assumed the position of New Business and Support Services Director in 2014 and Build it Managing Director in 2017. Wayne will retire as an executive director on 31 December 2019.



Roelf Venter (62)

BCom (Hons), MBA

Group Retail Operations Director

Joined the group in 1983

Appointed to the board: February 2007

- Chairman of The SPAR Guild of Southern Africa
- Member of The SPAR Guild of Southern Africa's Social and Ethics Committee

Roelf served in various marketing and buying management positions before being appointed Managing Director of SPAR West Rand and, subsequently, SPAR South Rand. He was appointed Group Marketing Director in October 1999 and assumed the position of Retail Operations Director in 2007. Roelf retired as an executive director on 1 October 2019.

COMPANY SECRETARY

Mandy Hogan (47)

Chartered Secretary GradICSA

Joined the group in 2013

Appointed Company Secretary: June 2016

Served in various company secretarial and corporate governance positions at three JSE listed companies over the past 15 years before being appointed Assistant Company Secretary of SPAR in 2013.

EXECUTIVE MANAGEMENT
SOUTH AFRICA

Graham O'Connor (63)

BCom, CA(SA)

Group Chief Executive Officer

Joined the group in 1986

Appointed to the board: February 2014

- Member of the Risk Committee
- Member of The SPAR Guild of Southern Africa

Graham served as group accountant in 1986 and became the Managing Director of the SPAR KwaZulu-Natal division in 1987. In 1997, he left the group to start his own industrial catering business and became a partner in five SPAR retail stores. He returned to the group in 2014 as CEO.

Mark Godfrey (54)

BCom, CA(SA)

Group Financial Director

Joined the group in 1996

Appointed to the board: October 2010

- Member of the Risk Committee

Mark served in financial management positions in various group operations and was appointed Group Financial Director in 2010.

Laurence Balcomb (48)

CA(SA)

Finance Executive

Joined the group in 2018

Laurence was the Managing Director of Clientele General Insurance Ltd and Divisional Director at Liberty Group responsible for cost and efficiency improvement initiatives across the South African retail business. He has spent over 16 years in financial services in various senior roles including sales and marketing, finance, operations and strategy.

Desmond Borrageiro (45)

Managing Director SPAR North Rand division

Joined the group in 1996

- Member of The SPAR Guild of Southern Africa

Des served in retail operations positions in various group operations before being appointed divisional Retail Operations Director at the SPAR South Rand division. He was appointed Managing Director of the SPAR North Rand division in 2012.

Brett Botten (55)

BCom, CA(SA)

Managing Director SPAR South Rand division

Joined the group in 1994

- Member of The SPAR Guild of Southern Africa

Brett has served as the Managing Director of the SPAR North Rand, SPAR Lowveld and SPAR Eastern Cape divisions. He was appointed Managing Director of the SPAR South Rand division in 2010.

Solomon Engelbrecht (54)

BCom (Hons)

Group Logistics Executive

Joined the group in 1994

Solly joined the group as the Human Resources Development Manager before being appointed as the Warehouse Systems Manager and then the Distribution Director of the Western Cape division. He was appointed as Group Logistics Executive in September 2018.

Wayne Hook (63)

BCom, CA(SA)

Managing Director Build it division

Joined the group in 1984

Appointed to the board: 1 October 2006

- Chairman of The Build it Guild of Southern Africa
- Chairman of The SPAR Guild of Southern Africa's Social and Ethics Committee
- Member of The SPAR Guild of Southern Africa
- Member of the Social and Ethics Committee

Wayne is the former CEO of The SPAR Group Ltd. He served in financial, information technology and logistics management positions before being appointed Managing Director of the SPAR KwaZulu-Natal division in 1997. He assumed the position of New Business and Support Services Director in 2014 and Build it Managing Director in 2017. Wayne will retire on 31 December 2019.

Rob Lister (63)

Managing Director Build it division

Joined the group in 2000

- Chairman of The Build it Guild of Southern Africa
- Member of The SPAR Guild of Southern Africa's Social and Ethics Committee

Rob held the position of Divisional Build it Marketing Director for 19 years. He was appointed the Managing Director of the Build it division in October 2019 in place of Wayne Hook.

Conrad Isaac (58)

Retail Operations Executive

Joined the group in 1982

- Chairman of The SPAR Guild of Southern Africa
- Member of The SPAR Guild of Southern Africa's Social and Ethics Committee

Con is the previous Human Resources Director and Managing Director of the SPAR Eastern Cape division. He was appointed Retail Operations Executive in October 2019 in place of Roelf Venter.

Angelo Swartz (38)

Managing Director SPAR Eastern Cape division

Joined the group in 2007

- Member of The SPAR Guild of Southern Africa

Angelo joined the group as a project manager and has since held positions as senior retail operations manager, business development manager, regional executive and divisional director for Build it and divisional retail operations director. He was appointed as Managing Director of SPAR Eastern Cape division in October 2019 in place of Conrad Isaac.

Kevin O'Brien (57)

BA, LLB, BSocSc (Hons), Mst (Cantab)

Risk and Sustainability Executive

Joined the group in 1993

Kevin served in personnel, human resources and property management positions in various group operations and was the former general manager of Capper and Company – a SPAR distribution operation in the United Kingdom. He also served as the Company Secretary from 2006 to 2016 and assumed the position of Risk and Sustainability Executive in 2016.

Max Oliva (43)

BTech, MBA

Managing Director SPAR KwaZulu-Natal division

Joined the group in 1995

- Member of The SPAR Guild of Southern Africa

Max joined the group as a management trainee where he served in various logistics roles across three divisions. He served as the Logistics Director in both the South Rand and KwaZulu-Natal divisions over a period of 10 years before being seconded to BWG Foods in 2015 to head up the supply chain function for SPAR in Ireland and South West England. Max was appointed Managing Director of the SPAR KwaZulu-Natal division in 2017.

Mike Prentice (51)

BCom, LLB

Group Marketing Executive

Joined the group in 1991

- Member of The SPAR Guild of Southern Africa

Mike served in marketing management positions in various group operations before being appointed Marketing Director of the SPAR North Rand division. He was appointed Group Marketing Executive in 2007.

Enno Stelma (58)

BCom

Group IT Executive

Joined the group in 1989

Enno has served in IT management positions in various group operations and was appointed Group IT Executive in 1999. Enno retired on 30 September 2019 and was replaced by Mark Huxtable.

Mark Huxtable (58)

MDP

Chief Information Officer

Joined the group in 2019

- Member of The SPAR Guild of Southern Africa

Mark served the group in various IT roles from 1981 and spent two years in buying management. He was appointed to the SPAR board as IT Executive in 1997. He left the group and over the last 20 years Mark has served on the boards of various IT and retail companies both locally and abroad. Mark was appointed Group IT Executive in September 2019.

Thuli Tabudi (51)

PhD

Human Resources Executive

Joined the group in 1999

Thuli is the previous Human Resources Director of the SPAR South Rand division. She was appointed Human Resources Executive in 2007.

Martin Webber (44)

Managing Director SPAR Lowveld division

Joined the group in 2001

- Member of The SPAR Guild of Southern Africa

Martin joined the group as a buyer before being appointed purchasing manager of the Eastern Cape division. He served as the Marketing Director in both the Eastern Cape and South Rand divisions and assumed the position of Managing Director of the SPAR Lowveld division in April 2019 in place of Alison Zweers.

Roelf Venter (62)

BCom (Hons), MBA

Group Retail Operations Director

Joined the group in 1983

Appointed to the board: February 2007

- Chairman of The SPAR Guild of Southern Africa
- Member of The SPAR Guild of Southern Africa's Social and Ethics Committee

Roelf served in various marketing and buying management positions before being appointed Managing Director of SPAR West Rand and, subsequently, SPAR South Rand. He was appointed Group Marketing Director in October 1999 and assumed the position of Retail Operations Director in 2007. Roelf retired on 1 October 2019.

Alison Zweers (49)

BA (Hons)

Managing Director SPAR Western Cape division and Namibia

Joined the group in 2005

- Member of The SPAR Guild of Southern Africa

Alison held the position of HR Director in the Lowveld division for seven years prior to being appointed to the dual portfolio of HR Director for South Rand and Lowveld divisions. She was appointed Managing Director of SPAR Lowveld in 2016 and assumed the position of Managing Director of the SPAR Western Cape division and Namibia in April 2019 in place of Mario Santana.

SPAR IRELAND

Leo Crawford (60)

Group Chief Executive

Chairman: SPAR Ireland and Group Chief Executive: BWG Group

Leo joined BWG Foods in 1996 as Managing Director and was appointed Chief Executive of BWG Group in 1999. He was appointed to the SPAR International Board in 2001 and was elected President of SPAR International in 2005. From June 2010 to June 2011 Leo served as President of IBEC (Irish Business and Employers Confederation).

John Clohisey (67)

Group Property Director

John is Group Property Director of the BWG Group and Managing Director of Triode Newhill Management Services, which operates over 100 company-owned stores. John is a member of the InterSPAR Executive Committee of SPAR International. John is an accountant, has been in the retail trade for over 30 years.

John O'Donnell (65)

Group Finance Director

John joined BWG as Group Finance Director in September 2002. Previously John worked for Larry Goodman's meat processing business for 19 years. He was initially involved with acquisitions in Ireland, the UK and overseas and was closely involved with the formation of Food Industries Plc. which was floated on the Irish Stock Exchange in 1998. John was appointed Group Finance Director to Irish Food Processors Ltd, a position he had held since 1991.

SPAR SWITZERLAND

Rob Philipson (51)

Chief Executive Officer SPAR Switzerland and Chairman SPAR Sri Lanka

Joined the group in 1996

Rob served in retail operations positions in various group operations before being appointed divisional Retail Operations Director and subsequently Managing Director of the SPAR KwaZulu-Natal division. He is the Chief Executive Officer of SPAR Switzerland and Chairman of SPAR Sri Lanka and was appointed to the SPAR Poland board in 2019.

OUR GOVERNANCE SYSTEM

SPAR is a public company incorporated in South Africa and listed on the JSE Limited and accordingly adheres to the requirements of the Companies Act, and Regulations, as amended, the JSE Listings Requirements and the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV).

The SPAR board is the custodian of corporate governance and plays a prominent role in the strategic development, risk management and sustainability processes of the group. The board understands that adhering to the highest standards of corporate governance is fundamental to the sustainability of the SPAR business, which business practices are conducted in good faith and in the best interest of the company and all its stakeholders.

The board supports the governance outcomes, principles and practices of King IV and applies the applicable principles of King IV. Our disclosures in terms of King IV are fully integrated with our reporting elements and are aligned to the following clusters:

Principle Cluster	Detail	Page
Leadership, ethics and corporate citizenship	Reports from our leaders	14
Strategy, performance and reporting	Reports from our leadership report Our strategy and business model	14, 32
Governing structures and delegation	Governance	44
Governance functional areas	Committee reports	49, 77
Stakeholder relationships	Our material relationships	30

In addition to the information contained in this report, a King IV register is available online, summarising the principles and providing stakeholders with links and reference in support of the principles in one place.

BOARD GOVERNANCE STRUCTURE

The general powers of the board and the directors are conferred in the company's Memorandum of Incorporation (MOI). Terms of reference for the board are set out in the company's board charter which is reviewed annually by the board. The board charter sets out the powers and authority of the board and provides a clear and concise overview of the roles and responsibilities of board members.

The board has established standing committees, as set out in the governance framework to promote independent judgement, to assist with the balance of powers and to assist the board with effectively fulfilling its responsibilities in accordance with the provisions of its board charter. The different board committees are governed by a delegation of authority framework, which is reviewed annually and sets out the matters reserved for determination by shareholders, the board and those matters delegated to management and the executive committees. The board is satisfied that the board's governance structure is appropriate and that the governance and authority frameworks provide clarity and contribute to effective control and performance of the group.

To ensure conflicts of interest are avoided board members annually update the general disclosure of their personal financial interests in terms of the Companies Act and are reminded at the commencement of every board and committee meeting that they are required to declare any material personal financial interest that they may have in contracts entered into or authorised by the company.

BOARD COMPOSITION

During the financial year under review, the board comprised 11 directors, four of whom are executive directors and seven of whom are independent non-executive directors. The board promotes diversity through a variety of attributes – knowledge, skills, experience, age, culture, race and gender. See the summary of the board's diversity aspects below and read the board members' profiles on pages 40 to 41.

Non-executive directors bring an independent judgement to bear on issues of strategy, performance and resources and act in the interest of the company's stakeholders whereas executive directors provide insight into the day-to-day operations and are responsible for implementing strategy and all operational decisions.

Information relating to the board's diversity, independence and performance can be found in the Nomination Committee report on page 49.

Our corporate governance framework below illustrates the structures, processes and practices that the board use to direct and manage the group's operations.

SHAREHOLDERS AND OTHER STAKEHOLDERS

BOARD OF DIRECTORS

Provides oversight of the management and governance of the company and monitors senior management's performance and provides strategic direction and leadership in line with the company's value system to ensure its sustainability

AUDIT COMMITTEE	RISK COMMITTEE	SOCIAL AND ETHICS COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Provides oversight of the financial reporting, internal financial controls, internal and external audit functions and regulatory compliance	Provides oversight of risk governance, technology and information governance and compliance governance	Provides oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships	Provides oversight of the process for nominating and electing members of the board, succession planning in respect of board members and the evaluation of the performance of the board, its committees and individual members	Provides oversight of the company's remuneration and implementation policy

COMPANY SECRETARY

Supports the board by providing guidance as to how to fulfil their responsibilities as directors in the best interest of SPAR

EXECUTIVE MANAGEMENT

EXECUTIVE COMMITTEES

Assist the CEO in implementing the strategy and objectives for SPAR and carries out the day-to-day activities of the group

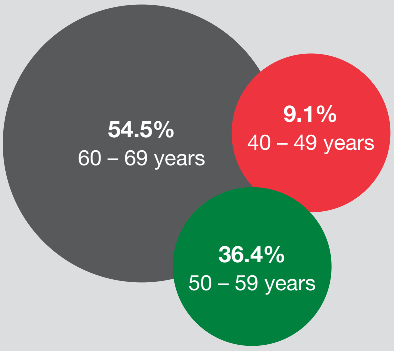
DIVISIONAL/OPERATIONAL

Various regional, executive, departmental, operational and project committees and forums

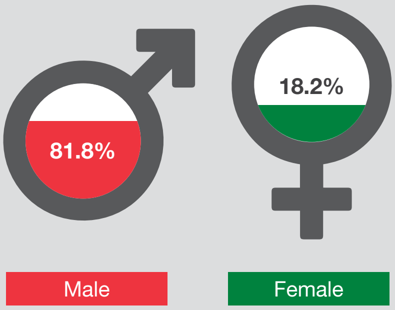
THE SPAR GUILD OF SOUTHERN AFRICA	THE BUILD IT GUILD OF SOUTHERN AFRICA

Social and Ethics Committees
Regional guild committees

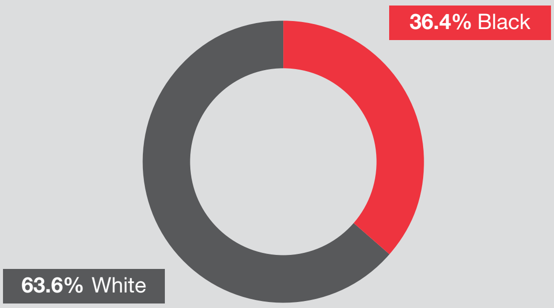
BOARD AGE PROFILE



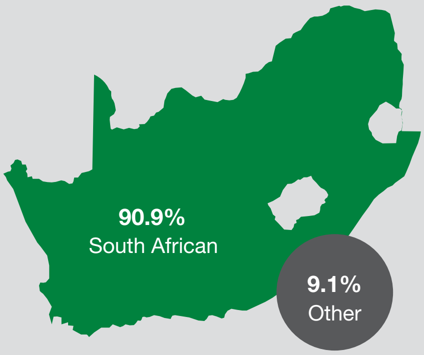
BOARD GENDER PROFILE



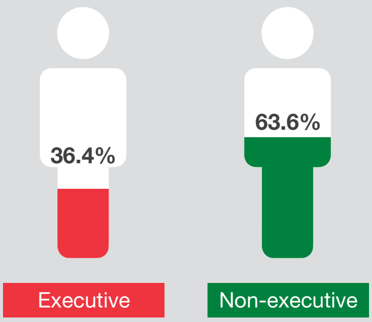
BOARD RACE PROFILE*



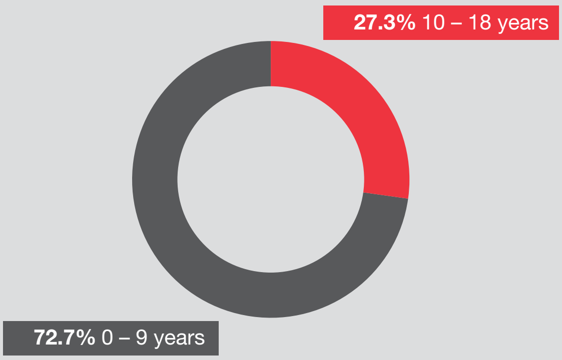
BOARD NATIONALITY PROFILE



EXECUTIVE VS NON-EXECUTIVE PROFILE



BOARD TENURE PROFILE



* *Black as defined by the Black Economic Empowerment Act of 2003.*

COMMITTEES OF THE BOARD

The board delegates oversight of certain roles and responsibilities to committees of the board but understands that the delegation of its responsibilities will not by or of itself constitute a discharge of the board's accountability. The board committees' responsibilities and key focus areas are set out in each committees' report.

Each committee is chaired by an independent non-executive director and has its own terms of reference. The terms of reference sets out the committees' composition, roles and responsibilities, functions and authority. The committees' report to the board at each board meeting and make recommendations in accordance with their terms of reference.

Committee members attendance is recorded below.

During the financial year under review, each committee conducted a self-assessment evaluation to measure its effectiveness and performance. The board is satisfied that the committees have fulfilled their responsibilities in respect of their respective terms of reference. An evaluation process is undertaken biennially and will again be undertaken in 2021.

The board from time to time may appoint and authorise *ad hoc* committees, comprising the appropriate board members, to perform specific tasks as required.

Committee reports are disclosed as follows:

- Audit Committee report – pages 77 to 81
- Nomination Committee report – pages 49 to 50
- Remuneration Committee report – pages 51 to 67
- Risk Committee report – pages 68 to 69
- Social and Ethics Committee report – pages 70 to 71

ATTENDANCE AT BOARD MEETINGS

The board values independent judgement and requires that each board member prepare, participate and contribute at each meeting. Board members are provided with relevant information, including information on the group's strategies, plans, and performance and are required to devote sufficient time and effort in preparation for meetings. Agendas of meetings are prepared by the Company Secretary in accordance with approved annual work plans and in consultation with the respective chairmen.

To continually improve non-executive directors' understanding of the company's operating divisions, a board meeting is held at least once a year at a distribution centre. Meetings held during the financial year under review were as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Social and Ethics Committee	Risk Committee
Number of meetings held	5	3	4	3	2	2
Attendance by directors						
Non-executive directors						
Mike Hankinson	5	n/a	4	3	n/a	n/a
Lwazi Kovana[1]	1	n/a	n/a	n/a	n/a	n/a
Phinda Madi[2]	2	n/a	n/a	n/a	n/a	n/a
Marang Mashologu	5	3	n/a	n/a	n/a	n/a
Phumla Mnganga	5	n/a	4	3	2	n/a
Harish Mehta	5	3	4	3	n/a	2
Andrew Waller	5	3	n/a	n/a	n/a	2
Chris Wells	5	3	n/a	n/a	2	2
Executive directors						
Graham O'Connor	5	n/a	n/a	n/a	n/a	2
Mark Godfrey	5	n/a	n/a	n/a	n/a	2
Wayne Hook	5	n/a	n/a	n/a	2	n/a
Roelf Venter	5	n/a	n/a	n/a	n/a	n/a

[1] *Lwazi Koyana was appointed on 12 February 2019. Lwazi did not attend the August board meeting due to prior commitments arranged before his appointment to the board.*

[2] *Phinda Madi retired on 12 February 2019.*

EXECUTIVE MANAGEMENT

The CEO, Graham O'Connor, is responsible for leading the implementation and execution of approved strategy, policy and operational planning and serves as the link between executive management and board. The CEO is accountable to the board and the board evaluates the CEO's performance annually.

There are three executive committees, the SPAR Executive Committee, the BWG Group Executive Committee and the SPAR Switzerland Executive Committee. These committees are responsible for implementing the company's strategy and carrying out the day-to-day activities of the group. The membership, qualifications and experience of the Executive Committee members are available on pages 42 and 43.

COMPANY SECRETARY

All directors have access to the services and advice of the Company Secretary, Mandy Hogan (GradICSA) who was assessed during the financial year under review as being competent, suitably qualified and experienced. The Company Secretary is not a director of the company and accordingly maintains an arm's length relationship with the board.

NOMINATION COMMITTEE REPORT

The Nomination Committee (the committee) presents the following report for the 2019 financial year.

COMMITTEE GOVERNANCE

COMPOSITION

Members of the committee for the financial year under review were independent non-executive directors, Mike Hankinson (Chairman), Harish Mehta and Phumla Mnganga. Their qualifications and experience are available on page 40.

MEETINGS

The committee met formally four times during the financial year under review. Members' attendance at meetings are recorded on page 47. The CEO attends meetings by standing invitation to make proposals and provide such information as the committee may require.

EVALUATION OF THE COMMITTEE

The committee conducted a self-assessment evaluation to measure its effectiveness and performance during the financial year under review. There were no concerns raised with the functioning of the committee nor with the efficiency and competence of its members. The next evaluation will be undertaken in 2021.

ROLE AND RESPONSIBILITIES

The committee's role and responsibilities are governed by its terms of reference as reviewed and approved annually by the board. The board has allocated the oversight of the process for nominating and electing members of the board, succession planning in respect of board members and the evaluation of the performance of the board, its committees and individual members to the committee.

The committee oversees:

- the composition of the board and its committees by setting criteria for board positions, identifying candidates and making recommendations to the board on appointments – in doing so taking into consideration the board's structure, size, diversity, demographics and balance between executive and non-executive directors;
- succession planning for the Chairman, board members and the CEO, which includes the identification, mentorship and development of future candidates;
- succession planning linked to all executive and senior management positions;
- the induction of new directors and the ongoing training and professional development of board members, as and when required;
- the effectiveness and ultimately the performance of the board, its committees and individual members; and
- the evaluation of independence process.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, a copy of which can be found online.

KEY FOCUS AREAS

BOARD AND COMMITTEE COMPOSITION

A board appointment policy is in place and sets out the formal, rigorous and transparent procedure for the appointment of new members to the board and its committees. The following changes are noted in respect of the board and its committees:

- In the 2018 integrated annual report the committee announced the retirement of Mike Hankinson before the 2020 AGM. However, after much consideration, taking into account his wealth of experience, knowledge and input, the board have requested Mike to stay on and remain the Chairman of the board until the 2021 AGM.
- Graham O'Connor's employment contract as the CEO of SPAR was extended to 2021.
- Phinda Madi retired as a non-executive director and member of the Risk Committee on 12 February 2019.
- Lwazi Koyana was appointed by the board as a non-executive director with effect from 14 May 2019 and as a member of the Social and Ethics Committee and Risk Committee with effect from 1 November 2019. Given his appointment was made between AGMs, he will stand for election at the 2020 AGM. The committee assessed the eligibility of Lwazi as a board and committee member and the board accepted the result of the assessment. Accordingly, the board recommends his appointment to shareholders at the 2020 AGM.
- Roelf Venter retired as an executive director on 1 October 2019.
- Wayne Hook will retire as an executive director and member of the Social and Ethics Committee on 31 December 2019.
- Chris Wells will retire as a non-executive director, member of the Social and Ethics Committee and chairman of the Risk Committee and Audit Committee at the 2020 AGM.

- Andrew Waller has been nominated to replace Chris as the chairman of the Audit Committee at the 2020 AGM, following Chris's retirement. The committee assessed the eligibility of Andrew as the chairman of the Audit Committee and the board accepted the result of the assessment. Accordingly, the board recommends his appointment as the Chairman of the Audit Committee to shareholders at the 2020 AGM.
- Marang Mashologu will replace Chris as the Chairperson of the Risk Committee with effect from 1 February 2020.
- Graham O'Connor will replace Wayne as a member of the Social and Ethics Committee with effect from 1 January 2020.

The average age of the board is 59 years (2018: 58), therefore succession planning continues to be a key focus area for the board as a whole. It is the boards intention to balance fresh perspectives from new directors with the experience and knowledge of the directors due to retire.

The average tenure of board members is 10 years (2018: 11 years).

Newly-appointed directors receive a comprehensive induction pack which includes the company's MOI, board charter, committees' terms of reference, board policies and other documents relating to the company. Directors are encouraged to attend courses that provide them with the necessary training and information related to their duties, responsibilities, powers and potential liabilities, with regulatory and legislative updates provided at quarterly meetings.

BOARD DIVERSITY

The board recognises the benefits of a diverse board and has adopted a board diversity policy which sets out its approach to board diversity. The voluntary targets in terms of the policy are a minimum of three black people (as defined by the Black Economic Empowerment Act of 2003) and two females. At the date of this report, the board comprised of four black people, two of whom are female. A copy of the board diversity policy is available online.

The company is member of the 30% Club of Southern Africa. The aim of the club is to develop a diverse pool of talent for all businesses through the efforts of respective Chairman and CEO members. Business Engage, who are the custodians of the club, run a number of very specific and targeted networking initiatives that look to broaden the pipeline of women at all levels, from "schoolroom to boardroom". Selected SPAR employees are encouraged to attend these initiatives, which provide them with valuable business insight and help them unlock their future potential to become aspiring leaders.

ROTATION OF NON-EXECUTIVE DIRECTORS

The company's MOI requires that one-third of those elected non-executive directors who have served in office longest since their last election, retire by rotation at each AGM and being eligible these non-executive directors may seek re-election should they so wish.

Harish Mehta, Phumla Mnganga and Andrew Waller are required to retire by rotation at the 2020 AGM and have made themselves available for re-election.

The committee has conducted an assessment of the performance of each of the retiring directors and the board accepted the results of the assessment. Accordingly, the board recommends their re-election to shareholders at the 2020 AGM.

INDEPENDENCE

All directors have a duty to act with independence of mind and, in the best interests of the company. Accordingly, the board agreed that internally facilitated independence assessments would be conducted annually by the committee for each non-executive director who has served on the board beyond nine years, and that an externally facilitated, independent assessment would be conducted every three years. The last externally facilitated independence assessment was conducted in 2017 and will again be conducted in 2020.

The board conducted an assessment of the independence and performance of Mike Hankinson, Harish Mehta and Phumla Mnganga who have all served on the board for more than nine years and believe that they continue to be independent of mind, act in the best interest of the company and provide valuable insight and input into the company's strategy, despite their long tenure on the board.

The assessment is based on whether the director has no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in the decision-making in the best interest of the company.

PERFORMANCE EVALUATIONS

The board agreed that the performance evaluation process would not be externally facilitated and that internal evaluation questionnaires would be completed biannually in respect of the following areas:

- the effectiveness of the board's composition, governance processes and procedures;
- the effectiveness of the board's committees in discharging their respective mandates;
- the effectiveness of the executive directors; and
- the effectiveness and contributions of each of the directors.

The evaluation in respect of the above areas was conducted during the financial year under review with no concerns raised. The next performance evaluation process will be undertaken in 2021.

In addition to the key focus areas detailed above, the committee received feedback on the succession of executive and senior management. Refer to the CEO's report regarding the various changes made to the Executive Management Committee during the financial year under review.

Thanks go to the members of the committee for their dedicated and constructive contributions to its functioning.

Mike Hankinson
Chairman of the Nomination Committee

12 November 2019

REMUNERATION COMMITTEE REPORT

The Remuneration Committee (the committee) presents the following report for the 2019 financial year.

COMMITTEE GOVERNANCE

COMPOSITION

Members of the committee for the financial year under review were independent non-executive directors Harish Mehta (Chairman), Mike Hankinson and Phumla Mnganga. Their qualifications and experience are available on page 40.

MEETINGS

The committee met formally three times during the financial year under review. Members' attendance at meetings are recorded on page 47. The CEO attends meetings by standing invitation to make proposals and provide such information as the committee may require.

EVALUATION OF COMMITTEE

The committee conducted a self-assessment evaluation to measure its effectiveness and performance during the financial year under review. There were no concerns raised with the functioning of the committee nor with the efficiency and competence of its members. The next evaluation will be undertaken in 2021.

ROLE AND RESPONSIBILITIES

The committee's role and responsibilities are governed by its terms of reference as reviewed and approved annually by the board. As members of the committee, our mandate is to ensure that the company remunerates fairly, responsibly and transparently and in doing so annually reviews the company's remuneration policy to ensure that it promotes the achievement of strategic objectives and encourages individual performance.

During the financial year under review:

- executive management engaged with shareholders regarding the company's 2018 remuneration policy and implementation report, details of which are on page 51;
- the committee reviewed, monitored, considered, recommended and approved (where applicable):
  - the company's remuneration policy and remuneration implementation report for approval by the board, which will be put to a non-binding vote by shareholders at the 2020 AGM;
  - annual remuneration increases from employees outside the bargaining unit. An increase of 6.5% (2018: 4.0%) was mandated;
  - annual remuneration increases for employees within the bargaining unit. An increase of between 6.5% and 7.0% (2018: 6.0%) was mandated;
  - executive directors' and Executive Management Committee members' performance, remuneration and incentives bonuses;
  - the annual award of shares in terms of the group's long-term conditional share plan (CSP), details of which are on page 60;
  - the fees payable to non-executive directors for approval by shareholders. Details of which are on page 62; and
  - its terms of reference and annual work plan.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, a copy of which can be found online.

SECTION 1 – BACKGROUND STATEMENT

ENGAGEMENT WITH SHAREHOLDERS

At the 2019 AGM of the company, our 2018 remuneration report was presented and voted on in sections, namely:

Remuneration policy – supported by 94.71% (2017: 95.66%) of the company's shareholders who voted.

Remuneration implementation report – supported by 66.48% (2017: 89.97%) of the company's shareholders who voted.

As a result of the dissenting votes on the remuneration implementation report, which exceeded 25%, management undertook a comprehensive review of SPAR's executive remuneration framework and engaged with shareholders, proxy advisers and other stakeholders to understand their concerns around our remuneration policy and practice. Management has taken all comments on board in an effort to try and get the balance right between supporting shareholders' interests, and appropriate performance-based remuneration, while at the same time motivating, incentivising and retaining our executive talent to implement SPAR's strategy. Management:

1. engaged with its major shareholders telephonically to understand and address their concerns;
2. invited shareholders via a JSE SENS announcement on 8 October 2019 to email the Company Secretary with their concerns/questions. There were no comments received from shareholders; and
3. engaged with the ISS who are a global company that provides corporate governance and responsible investment solutions, to discuss concerns raised in their 2019 advisory report, as management felt that shareholders may have acted on their recommendations to vote against the company's 2018 remuneration implementation report.

Concerns raised by shareholders regarding the 2018 remuneration policy and remuneration implementation report are set out below:

Concerns	Response
Significant increases in the executive directors' salaries.	The remuneration of the CEO and Group Financial Director were benchmarked by using an appropriate reference group of peers in the market. These were not only similar retail businesses, but also companies of similar market capitalisation. In addition, the committee also considered the increased size of the company, not just in financial terms, but also its geographical expansion with related complexities and increased responsibilities. Finally, the committee took into account the strong reported profit performance of the company. The committee established that there was a significant gap which needed to be addressed through a market-related adjustment. The extent of the adjustment considered appropriate by the committee will be phased in over a period of three years.
Restricted (non-performance) share awards granted, without performance conditions.	The CSP scheme makes provision for the award of retention shares where remaining in the employment of the company for a period of three to five years is a performance obligation. The scheme provides for these awards to be made in "exceptional" circumstances. The committee recognised the significant number of senior and executive directors retiring during 2019 and 2020 and the importance that their designated successors and other identified key senior executives were retained. The risk of losing these key senior executives would be extremely detrimental to the company over this time. The committee therefore made awards of these "retention shares" to lock in identified key and critical executives. These awards will only be made when extraordinary circumstances, such as these, need to be addressed.
Poor disclosure of CSP performance targets and performance against bonus metrics.	Enhanced disclosure of CSP performance targets and actual performance against bonus metrics have been addressed in the 2019 remuneration policy and remuneration implementation report.
The relative Total Shareholder Return (TSR) performance condition for the CSP allows for vesting to occur at performance levels below the average of the undisclosed peer group, with a large proportion (65%) vesting for performance equal to the comparator group.	For the TSR award, the committee takes note of the concerns that an overly generous proportion will vest on the achievement of target. The vesting range is being considered by the committee and before any further awards are made, these will be reduced below the existing level and probably be in the range of 35% – 40% for on-target vesting. The details of the TSR peer group for performance measurement are set out in the remuneration policy.

For the 2020 AGM, the remuneration policy and the remuneration implementation report will again be tabled separately for non-binding advisory votes by shareholders. In the event that either the policy or remuneration implementation report or both are voted against by 25% or more of the voting rights exercised, the committee commits to another engagement process to ascertain the reason for the dissenting votes and appropriately address any legitimate and reasonable objections and concerns raised.

CHANGES IN THE REMUNERATION POLICY

The committee considered developments in remuneration, best practice and feedback from shareholders and proposed the following changes to the remuneration policy:

1. The adoption of a malus and clawback policy. The committee are in the process of confirming the policy but this will include at least the following provisions:

Malus	Clawback
The committee may, on or before the vesting date of an award, reduce the quantum of an award in whole or in part after an actual risk event (trigger event) occurs, which in the judgement of the committee, had arisen during the relevant vesting or financial period. In the event of early termination of employment during the vesting period of an award, the committee will consider whether a trigger event arose between the award date and the date of termination of employment.	The committee may apply clawback and take steps to recover awards that have vested in a participant (on a pre-tax basis) as a consequence of a trigger event which, in the judgement of the committee, arose during the clawback period. The clawback period will run for three years from the vesting date of the awards. In the event of a breach of directors' duties by a participant, the committee reserves the right to pursue any remedies available to it in terms of the clawback policy, as well as common and statutory law. The policy will make provision for the implementation of certain methods of recovery in the event that the participant disposes of the shares after the vesting date but before the clawback period ends, as well as in the event that the shares are retained throughout the clawback period.

The summarised trigger events for malus and clawback include:

- Employee misbehaviour, dishonesty, fraud or gross misconduct
- A material misstatement of the financial results for the performance or employment period of the award, resulting in an adjustment in the audited consolidated accounts of the company
- The assessment of any performance metric or condition (where applicable) in respect of an award which was based on error, or inaccurate or misleading information
- Any information used to determine the quantum of a cash short-term incentive or long-term incentive scheme payment, or the number of shares subject to a long-term incentive award was based on error, or inaccurate or misleading information, and/or
- Events or behaviour of the employee that had a significant detrimental impact on the reputation of the company

2. Introduced a Minimum Shareholding Requirement (MSR) policy for executive directors. Refer to page 59 for details pertaining to the MSR requirements.

The committee is satisfied that remuneration in all forms accruing to employees at all levels is market related and equitably awarded. In addition, the committee believes that SPAR's remuneration philosophy and policy supports the company's strategic objects by incentivising both short-term and long-term behaviour to meet and exceed its strategic goals.

Thanks go to the members of the committee for their dedication and constructive contributions to the functioning of the committee.

Harish Mehta
Chairman of the Remuneration Committee

12 November 2019

SECTION 2 – REMUNERATION POLICY

PHILOSOPHY

SPAR's employees are critical in achieving the company's strategic objectives. Accordingly, SPAR is committed to paying fair, competitive and market related remuneration to ensure that the company is able to attract and retain top-quality and talented employees. Our remuneration policy therefore seeks to:

- position the remuneration levels appropriately and competitively in comparison with the labour market; and
- acknowledge the contribution of individual employees by rewarding them for the successful achievement of company goals and objectives.

Apart from fixed remuneration, an element of variable remuneration that is aligned to value creation in the form of short and longer-term incentive schemes is also catered for and linked to the achievement and performance of specified targets and objectives, with payment being made from increased returns. This also assists in attracting and retaining key employees.

Fair differentiation based on performance and skills shortage is applied. The company takes cognisance of its external environment through an understanding of national remuneration trends and by regular benchmarking against comparable companies and the market.

SPAR uses remuneration surveys conducted by reputable salary survey companies that have sufficient sample sizes and spread of positions, and an adequate representation in relevant industries comparable to SPAR.

Salary scales provide remuneration guidelines based on the Paterson grading system and are informed by market comparisons. The company strives to remunerate key positions and those positions where there is a shortage of skills (as defined annually) on at least the 75th percentile of the market, and the rest of the positions on at least the 50th percentile of the market.

The use of a performance management system also ensures that there is a positive correlation between individual and team performance and remuneration earned. Management is responsible for managing remuneration and thus supporting the long-term sustainability of the company.

PROCESS TO DETERMINE REMUNERATION

The committee is responsible for approving salary increases for the executive directors and the Executive Management Committee.

The CEO, together with the Executive Management Committee, is responsible for all employees below EU grade. The overall percentage increase for employees below EU grade is authorised by the committee. Salary increases are implemented:

- on 1 January each year for all employees graded DU band and below, who are not members of the bargaining unit;
- on 1 October each year for employees graded EL band and above; and
- as per collective agreements with the union(s) for employees in the bargaining unit.

REMUNERATION STRUCTURE

SPAR's remuneration structure consists of both fixed and variable remuneration using the Paterson grading methodology.

		Variable remuneration	
	Fixed remuneration	**Short-term incentives**	**Long-term incentives**
Objective	To help attract and retain the best talent.	To motivate and incentivise delivery of performance, financial and non-financial, consistent with the group's strategy over the financial year.	To motivate and incentivise delivery of long-term, sustainable performance.
Type	Salary.	Performance Bonus Plan.	CSP. Share Option Scheme (Closed).
Policy	Based on the Paterson grading methodology and determined by level of skill and experience, and scope of responsibilities.*	Solely at the discretion of the company and can be changed or withdrawn at any time. Short-term incentives are only paid to individuals who are in employ of the company at the end of the financial year.	Annual or *ad hoc* awards approved by the board are granted to employees graded EL and above and identified selected other staff on merit. May be either performance or restricted awards.

* The Paterson grading methodology works as follows:

F	Chief Executive Officer
EL and EU	Executives
DU	High-level specialists/middle to high management
D	Management
CU	Lower-middle management
C	High-level skilled/clerical/supervisory
B	Clerical
A	Low-level skilled

FIXED REMUNERATION

Fixed remuneration consists of cash remuneration, pensionable remuneration and benefits and is structured as follows:

Bands A to CU (Non-management)	• Salary • Guaranteed 13th cheque payable in December of each year. This amount forms part of the employee's pensionable remuneration • Benefits
Bands D to F (Management)	• Salary • Other pensionable remuneration, such as car allowance, vehicle insurance and fuel, which is paid by the company • Benefits

All permanent full-time employees are required to become members of one of the company's available retirement funds, namely:

- The Old Mutual SuperFund Provident Fund: The SPAR Group Management Provident Fund;
- The Old Mutual SuperFund Pension Fund: The SPAR Group Ltd Defined Contribution Pension Fund; and
- The Old Mutual SuperFund Provident Fund: The SPAR Group Ltd Staff Provident Fund.

Membership of a medical aid scheme is voluntary. The company has a number of medical aid schemes which employees are entitled to join. The Tiger Brands Medical Scheme is a group scheme, while a number of other low-cost medical aids have been negotiated at distribution centre level.

Other variable remuneration, such as allowances, is paid where applicable and in accordance with the legislation and collective agreements entered into with the union(s) or workers' committees.

Non-financial benefits include subsidised canteen meals, access to a clinic, uniforms and training and development.

VARIABLE REMUNERATION

SHORT-TERM INCENTIVES

All employees participate in the short-term incentive scheme, as follows:

Bands A to CU (Non-management)	Performance bonus of up to 50% of a month's salary or part thereof, based on the achievement of set targets. The targets are based on key issues in the business strategy and are mainly financial targets.		
Bands D to F (Management)	Performance bonus, as follows:		
	Grade	% of basic annual salary	Bonus split financial:functional
	EU to F	100	75:25
	EL	60	60:40
	DU	30	30:70
	DL	15	30:70

The financial component of the short-term incentive is based on:

- a targeted divisional profit before tax for divisional management; and
- the group's profit after tax for executive directors and central office management.

In both cases the financial target matrix threshold commences at profit achieved for the previous year (adjusted for extraordinary items if necessary), and increases incrementally until the maximum stretch achievement level is reached at a profit level approximately equal to the board-approved internal budget. On-target is set at approximately 97% of budget.

The methodology is based on the company's approach in setting budgets that include sufficient stretch for management, and are not simply seen as an "easily achieved result". For this reason the achievement of the budget presupposes an exceptional performance. This allows management to focus on all components of the budget throughout the year and to ensure these remain relevant.

The functional component comprises objectives that include corporate objectives (for example, transformation) and individual objectives, which are specific to a manager's sphere of influence. The attainment of these targets contributes to the achievement of the company's strategic objectives, which are aligned to the delivery of sustained shareholder value. The principle of paying for performance is a key factor underpinning the short-term incentive, and any variable payments are directly aligned to performance outcomes. Achieving these objectives will result in a bonus pay-out subject to the achievement of a minimum profit level of no less than the profit level achieved in the previous year.

Transformation is weighted at 60% of the functional allocation of 15% and addresses (1) the employment and promotion of black employees and (2) the development of black ownership.

The short-term incentive bonus is capped at 100% of annual salary for executive directors and senior general management.

LONG-TERM INCENTIVES

The company has two long-term incentive plans in place for key employees, senior management and executive directors, namely the Share Option Plan and CSP.

Share Option Plan (SOP)

The SPAR Group Ltd Employee Share Trust (2004) scheme closed in 2014 and no further share option allocations can be made in this scheme.

The SOP provided the right to the option holder to purchase shares in the company at the option price. On election by option holders, one third of the options granted vests after three years, with a further third vesting on the expiry of years four and five respectively. There is no performance criteria in this scheme and as the scheme is now closed, none can be introduced for previous awards.

The last options were allocated on 7 February 2014 and remaining participants have 10 years from date of issue to exercise their option rights. Based on the SOP rules, all awards under this scheme will lapse or vest by February 2024.

Options previously granted to executive directors, options exercised during the year under review and unexercised options as at 30 September 2019 are provided in the remuneration implementation report on page 65.

CSP

The CSP provides a mechanism that enables the company to provide key employees with the opportunity to receive shares in the company based on personal or group performance. The primary intent is to make performance-related awards under the CSP through an award of shares that are subject to appropriate performance conditions. An award of restricted shares may be made in exceptional circumstances to address serious retention risks or to compensate prospective employees for the loss of long-term incentive awards with their existing employer.

The retirement of approximately 10 senior executives during the 2019 financial year caused the committee to seriously consider the need to retain the services of both internal replacements and external appointments for these positions. Accordingly, the committee decided to make certain awards of retention shares to identified key executives to "lock" them in to the company during this period of change. These were clearly understood to be extraordinary awards during 2018 and 2019 as the loss of any of our senior executives at this time would have been detrimental to our performance and the overall business.

It is not the committee's intention to use restricted shares as an add-on award to retain or compensate executives during a year of poor performance.

The committee continues to review its compensation practices and may consider, as per global and local best practice, not to reward the executive team with time-based restricted shares.

The CSP is differentiated from the SOP in that it has performance conditions governing the vesting of awards. In addition, whereas the SOP is generally settled by the issue of shares, the CSP is intended to be settled by a market purchase of shares and will therefore not cause dilution to shareholders.

Salient features of the CSP remain as follows:

Details	CSP
Description	Under the CSP, participants receive a conditional right to receive a share in the company on the vesting date and will have no shareholder rights prior to this date.
Company limit	The cumulative aggregate number of shares that may be allocated under the CSP shall not exceed 5 200 000 shares (approximately 3% of issued share capital). This limit excludes share purchases in the market and shares forfeited. The aggregate number of restricted shares that may be allocated under the CSP may not exceed 1 300 000 shares.
Individual limit	The cumulative aggregate number of shares that may be allocated to any one individual may not exceed 570 000 shares (approximately 0.33% of issued share capital). To prevent these numbers being exceeded, the annual awards are capped at a percentage of gross annual basic salary, for example, the CEO at 60%.
Settlement method	The intention of the company is to settle all CSP awards from a market purchase of shares; however, the rules of the CSP do allow for settlement in any of the following ways: • Market purchase of shares • Issue of shares • Use of treasury shares
Termination of employment	Bad leavers will forfeit all awards on the date of termination of employment. In the case of good leavers, a *pro rata* portion of all unvested awards will vest. The *pro rata* portion will reflect the number of months served since the award date and the extent to which the performance conditions (if any) have been met. The balance of the awards will lapse.
Allocation methodology	The CSP may be used for annual allocations. The company will define annual allocation levels expressed as a percentage of gross annual basic salary. In defining these levels, the company will endeavour to maintain the fair value that participants would have maintained under the SOP. To this end, allocation levels that may be made on an annual basis (expressed as a percentage of gross annual basic salary) are as follows: CEO: 60% Executive Committee members: 50% Senior managers: 35%
Grant price	Not applicable
Vesting/employment period	The scheme rules set this at three years for annual award of performance shares and in equal parts after years three, four and five for restricted shares. Prior to vesting, executive directors may elect to subject settled shares to an additional holding period of three years.

Performance conditions

The performance conditions applicable to an award of shares are set annually by the committee, in broad consultation with shareholders. The performance conditions will be measured over a performance period of three years, which is aligned with the financial years of the company.

The table presented below summarises the three performance conditions along with their definitions, and the proportion of the total number of shares awarded to which the performance conditions relate. Also included in the table is the target levels for the Threshold, On-target and Stretch measures which represent the levels of achievement required for certain portions of the performance shares related to that particular performance condition to vest. The targets remain unchanged from those approved by shareholders on 11 February 2014 when this scheme was initiated.

Performance condition	Defined as	Detail	Threshold	On-target	Stretch	Weighting
Return on net assets (RONA)	Operating profit expressed as a percentage of the net closing asset value at the relevant year-end.	The average RONA over the performance period will be compared to the targets set out herewith.	80% of the on-target.	The average RONA as per the operating budget approved by the board for each financial year in the performance period. For the 2019 award, this was set at an average of 40%.	120% of the on-target.	30%
HEPS	Headline earnings divided by the weighted average number of ordinary shares (net of treasury shares) in issue during the relevant financial year. Headline earnings consist of the earnings attributable to ordinary shareholders, excluding non-trading and capital items.	Growth in HEPS will be calculated as the growth between the base year and the last year in the performance period.	Consumer price index (CPI) growth over the performance period.	HEPS growth between the operating budget approved by the board for the last year in the performance period and the base year HEPS. For the 2019 award, this was set at 30% growth.	Target plus 9% over the performance period.	50%
Total shareholder return (TSR) relative to a peer group	The TSR will be measured as the compound annual growth rate (CAGR) in the TSR index for the company and the peer companies over the performance period after holding the shares and reinvesting the dividends over the performance period.	To remove vagaries in the market, the CAGR in TSR calculation is to be smoothed by using the average TSR index for the 20 business days up to and including the start of the performance period and 20 business days up to and including the end of the performance period. The peer group will constitute suitably constructed and appropriate peer companies.	80% of the on-target.	Weighted average TSR of peer group. The committee recognises the concern that this is overly generous and before any further awards are made, this will be reduced below the existing level and probably be set in the range of 35% – 40% for on-target vesting. The relative stretch vesting would then be increased to 175% of the on-target measure.	120% of the on-target.	20%

The peer group for purposes of the TSR measurement are:

- Shoprite Holdings Limited
- Pick n Pay Stores Limited
- Woolworths Holdings Limited
- Massmart Holdings Limited
- Cashbuild Limited
- Clicks Group Limited

and remain unchanged.

The portion of the performance shares that will vest at each target will be as follows:

	Performance	Vesting percentage
Threshold	Acts as a "gatekeeper" and will represent the minimum performance that is required before performance shares vest.	30% of the award of performance shares will vest for performance at threshold. None of the performance shares will vest for performance below threshold.
On target	Relates to good, but sufficiently stretching performance.	65% of the award of performance shares will vest for performance on-target. For the TSR award, the committee recognises shareholders' concern that the award percentage is possibly overly generous. Before any further awards are made, these will be reduced to below the existing level and probably be set in the range of 35% – 40%.
Stretch	Relates to exceptional performance in the context of the prevailing business environment.	100% of the award of performance shares will vest for performance at stretch.

For performance levels between threshold and stretch, linear interpolation is used to determine the proportion of shares vested.

The performance conditions of the CSP continue to be reviewed in line with best practice.

The Remuneration Committee supports shareholding by its executive directors and believes this re-enforces shareholder alignment post the vesting of long-term incentives. To this end, executive directors can elect to subject their CSP shares that are coming up for vesting for a further agreed holding period during which time such shares cannot be disposed of. All executives have agreed to further hold their shares for an additional three years.

The committee plans to introduce a MSR policy which will apply to executive directors. The policy will require the executives to build up a specific shareholding in SPAR using shares from various sources, including (but not exclusively or limited to) the vesting of awards under the CSP.

The target minimum shareholding to be built up by executives would be:

- CEO – 200% of total guaranteed package; and
- other executives – 150% of total guaranteed package.

In terms of the MSR policy, executives will hold their shares to the earlier of:

- three years; or
- the date of his or her termination of employment with any of the SPAR employer companies; or
- the abolishment of the MSR policy; or
- upon his or her successful application to the committee in special circumstances as governed by the MSR policy, which may include proven financial hardship.

The shares that have vested are settled and held by an escrow agent. Executives are prohibited to trade with the share freely until the end of the holding period but will be treated as a normal shareholder and will be able to vote and receive dividends paid by the company in respect of the shares.

CURRENT CSP AWARDS

Performance conditions, targets, information and allocations

The interim measures against the targets for the unvested awards issued in 2016, 2017 and 2018 are summarised in the table below. The projected HEPS growth and average annual RONA returns over the appropriate performance periods for each applicable grant have been calculated using historical and forecast HEPS values and are provided purely for shareholders' information.

Description	2016	2017	2018
Grant date	15 November 2016	14 November 2017	14 November 2018
Vesting date	7 February 2020	8 February 2021	14 February 2022
Performance period	1 October 2016 to 30 September 2019	1 October 2017 to 30 September 2020	1 October 2018 to 30 September 2021
HEPS condition			
Threshold (expected CPI growth)	14.80%	14.20%	14.17%
On-target growth (based on approved budget)	30.00%	30.00%	30.00%
Stretch growth	39.00%	39.00%	39.00%
Base year HEPS measure	1 033.0 cents	976.0 cents	1 063.2 cents
On-target HEPS required	1 342.9 cents	1 268.8 cents	1 382.2 cents
Management forecast based on current projections	1 134.9 cents	1 309.1 cents	1 385.9 cents
Expected HEPS growth (management forecast based on current projections)	9.9%	34.2%	30.4%
RONA condition			
Threshold (80% target)	32.00%	32.00%	32.00%
On-target RONA (average for 3 years)	40.00%	40.00%	40.00%
Stretch	48.00%	48.00%	48.00%
Base year RONA measure	45.8%	39.3%	39.1%
On-target RONA required	40.0%	40.0%	40.0%
Management forecast based on current projections	39.9%	41.1%	42.6%

The measure of TSR will be the TSR of SPAR relative to the weighted average TSR of the six selected peer group companies.

Awards made during 2019

On 12 February 2019, the committee awarded 281 500 performance shares (2018 grant) and 100 000 restricted (retention shares) (2018 grant) to key employees, senior management and executive directors. The vesting date of the performance shares award is 12 February 2022 and the vesting dates of the retention shares are 12 February 2022, 12 February 2023 and 12 February 2024.

The performance targets for both the HEPS and RONA conditions are set out in the table above (see column headed 2018). Also included in the table are management's current forecasts of the achievement levels for both conditions.

These performance shares were calculated in accordance with the targeted award level at a share price of R173.38.

Details of CSP awards to executive directors are provided in the remuneration implementation report on page 66.

Awards that vested during 2019

On 18 February 2019 the second tranche of CSP awards issued in November 2015 vested. The final performance conditions for the grant were measured and externally verified by Deloitte. The results of the calculation of the actual vesting percentage were as follows:

	HEPS growth over performance period				Vesting percentage	Revised vesting percentage	Weighted x 50%
	Threshold	On-target	Stretch	Actual			
HEPS condition	16.82%	30.00%	39.00%	13.10%	0.00%	28.38%*	14.19%

* *Adjustment approved by the committee to recognise the unforeseen dilution effect of additional equity issued – recalculated as if equity has not been issued.*

	RONA growth over the performance period				Vesting percentage	Revised vesting percentage	Weighted x 30%
	Threshold	On-target	Stretch	Actual			
RONA condition	36.00%	45.00%	54.00%	41.35%	50.80%	50.80%	15.24%

	Compound annual growth rate				Vesting percentage	Revised vesting percentage	Weighted x 20%
	Threshold	On-target	Stretch	Actual			
TSR condition	0.20%	0.26%	0.31%	5.01%	100.00%	100.00%	20.00%
						Total to vest	**49.43%**

The committee adjusted the HEPS measurement for the 2019 vesting tranche to recognise the additional equity shares issued in 2016 which were not taken into account when the growth target was originally set. These 11.9 million additional ordinary shares, constituting approximately 6.9% of issued shares, were placed in March 2016 to raise funding for *inter alia* the Swiss business acquisition. The adjustment took into account the extent of dilution caused to HEPS growth due to these additional shares.

Of the total number of awards in effect at the measurement date, 149 036 vested.

The awards were settled by a market purchase of shares.

The actual vesting awards for the last two years were as follows:

	2019	2018
HEPS growth	**28.38%**	51.10%
RONA growth	**50.80%**	53.20%
TSR	**100.00%**	100.00%
Final vesting	**49.43%**	61.50%

EXECUTIVE AND NON-EXECUTIVE DIRECTORS' REMUNERATION

The committee makes use of PricewaterhouseCoopers' (PwC) executive and non-executive remuneration reports to provide insight into current remuneration practices and trends and continually engages with PwC to assist them with a benchmarking exercise of salaries, including looking at short-term and long-term incentives in order to ensure that the remuneration of executive management is fair and responsible in the context of overall employee remuneration. The committee is satisfied that PwC are independent and objective in giving their advice.

Executive directors' remuneration

Executive directors receive a monthly salary and benefits based on the role of each executive and his or her performance and contribution to the group's overall results, including other pensionable remuneration, allowances such as a car allowance, pension fund, medical aid, vehicle insurance and fuel, which is paid by the company.

Details of executive directors' remuneration for the year under review are provided in the remuneration implementation report on page 62.

Executive directors' terms of service

Executive directors are full-time employees of the company and, as such, each has an employment agreement in accordance with the company's standard conditions of service, but with a notice period of two months (versus one month for other employees) and more comprehensive confidentiality undertakings. The CEO has a notice period of three months.

Non-executive directors' remuneration

Non-executive directors are not full-time employees of the company and, as such, each has a contract for services and not a contract of employment. Non-executive directors' remuneration consists of a fixed basic fee and is not linked to the financial performance of the group, nor do they receive share options or bonuses.

Details of non-executive directors' remuneration for the year under review are provided in the remuneration implementation report on page 67.

Management recommends non-executive directors' fees, based on industry benchmarks, to the committee for onward recommendation to and approval by the board who in turn recommends the fees to shareholders for approval in accordance with the Companies Act. Non-executive remuneration increases are implemented on 1 March each year and their proposed fees for the period 1 March 2020 to 28 February 2021 are as follows:

	Current R	Proposed R	Increase %
Board directors			
Chairman (including his participation in all committees)	1 410 000	1 620 000	14.9
Member	445 000	470 000	5.6
Audit Committee			
Chairman	225 000	263 000	16.9
Member	110 000	127 000	15.5
Risk Committee			
Chairperson	130 000	155 000	19.2
Member	90 000	110 000	22.2
Social and Ethics Committee			
Chairperson	130 000	151 000	16.2
Member	90 000	99 000	10.0
Remuneration Committee			
Chairman	130 000	151 000	16.2
Member	90 000	98 000	8.9
Nomination Committee			
Chairman	130 000	146 000	12.3
Member	90 000	98 000	8.9

The committee reviewed the fees for non-executive directors against the *Institute of Directors Non-Executive Directors' Fees Guide and PwC's Non-Executive directors*: Practices and remuneration trends report in terms of percentile and reference group. The latter consists of a group that is comparable to SPAR in terms of market capitalisation. The remuneration of SPAR directors showed a significant lag which was addressed through a market adjustment. The committee further recognised that directors' fiduciary duties and obligations have expanded significantly following SPAR's geographic diversification. Board members have to exercise governance and compliance oversight over a broader spread of countries and businesses, with an associated increase in levels of care and due diligence. This has resulted in directors taking on a more demanding role with greater complexity and responsibility.

In aggregate, non-executive directors will receive an 13.62% increase (2018: 19.91%).

Non-executive directors' terms of service

The notice period for non-executive directors is three months with an age limit of 70 years. The board may at its discretion extend a non-executive director's retirement date.

SECTION 3 – REMUNERATION IMPLEMENTATION REPORT

The remuneration implementation report contains the detailed information and figures pertaining to the application of the remuneration policy in relation to executive and non-executive directors.

EXECUTIVE REMUNERATION

The policy for executive directors' remuneration is summarised on page 61.

The remuneration of the CEO was benchmarked by using an appropriate reference group of peers in the market and the committee established that there was a significant gap which was addressed through a market-related adjustment.

The adjustment further recognised SPAR's significant geographical expansion from South Africa into Ireland, Switzerland, Sri Lanka and Poland. These new territories increased the scope of the CEO's international responsibility and contribute to the complexity of the business. As a result, the CEO's role encompasses a much broader span of control and management, with an increase in reportees and accountabilities.

The committee also took cognisance of the CEO's role as the Chairman of SPAR International which is beneficial to the SPAR group's international standing, reputation and ability to identify new growth opportunities.

The Group Financial Director's effective basic salary increase in 2019 was 10.1%, however this was influenced by the timing of his increase in the 2018 calendar year. His actual increase received for the 2019 financial year was 4.0% and in line with the group mandate.

In aggregate, executive directors received an 8.65% increase (2018: 11.68%). Excluding the effect of the increase made to the CEO's remuneration, discussed earlier, the average increase for the remaining executives was 5.1% and in line with the general level of salary increases.

Directors' remuneration

R'000	Salary	Performance-related bonus[1]	Retirement funding contributions	Travel allowance and other benefits[2]	Share option gains	Total
Emoluments						
2019						
Executive directors						
GO O'Connor	**6 735**	**6 525**	**787**	**545**		**14 592**
WA Hook	**3 407**	**1 599**	**427**	**1 467**		**6 900**
MW Godfrey	**4 451**	**4 267**	**528**	**533**	**1 509**	**11 288**
R Venter	**3 185**	**3 000**	**400**	**924**		**7 509**
Total emoluments	**17 778**	**15 391**	**2 142**	**3 469**	**1 509**	**40 289**
2018						
Executive directors						
GO O'Connor	5 850	4 374	687	468		11 379
WA Hook	3 407	1 747	425	474	14 037	20 090
MW Godfrey	4 042	3 022	481	476	1 589	9 610
R Venter	3 063	2 236	384	1 360	2 694	9 737
Total emoluments	16 362	11 379	1 977	2 778	18 320	50 816

[1] *The performance-related bonuses relate to amounts earned in the current year.*
[2] *Other benefits include medical aid contributions and a long service award.*

EXECUTIVE SHORT-TERM INCENTIVES

The short-term incentive policy is summarised on page 55. For the executive directors, the breakdown of the targets, relative bonus caps as a percentage of annual salary and the average pay-out for the 2019 financial year, were as follows:

	Bonus cap (% of annual salary)	Executive directors' average performance achievement %
Group financial results	**75**	**87.50%**
Transformation targets	**10**	**68.80%**
Key performance	**15**	**88.83%**
Total	**100**	**83.47%**

The table below shows the annual bonus payments to each of the executive directors in respect of the performance achieved in 2019.

Annual performance bonus achieved 2018/19

	Maximum bonus achievable (% of salary)	Actual bonus (% of salary)	Actual Bonus (R'000)
Director			
GO O'Connor	100.00	96.88	6 525
WA Hook	100.00	46.94	1 599
MW Godfrey	100.00	95.88	4 267
R Venter	100.00	94.18	3 000
Average achievement		**83.47**	

Performance bonus scorecard

	Weighting (as a % of total annual bonus opportunity)	Achieved as a % of maximum			Actual Achievement	Payout (as a % of total annual bonus opportunity)
		Threshold	On-target	Stretch		
Performance measure **Group financial** Profit after tax, adjusted for exceptionals	75%	15.00% R2.11 billion	80.00% R2.20 billion	100.00% R2.30 billion	R2.34 billion	75.00%
Strategic scorecard Transformation objectives	10%					
– Employment equity management appointments	5%		50% of all management positions filled		8/20	1.66%
– Enterprise development – store ownership	5%		Weighted points awarded for stores owned by equity groups, with bonus points if Stretch exceeded		31.33/30	5.22%
Other measures Personal objectives	15%					15.00%

Profit after tax, adjusted for exceptionals

In 2018/19, profit after tax increased by 18.4% to R2.16 billion but was positively impacted by certain financial liability measurements. Management has consistently adjusted for these and reported a normalised profit after tax in order to provide meaningful comparisons, and have based the dividend declaration on this adjusted profit. The normalised profit i.e. profit after tax, adjusted for exceptionals, for the reporting year increased by 9.9% to R2.34 billion in an extremely competitive grocery retail environment and represented an exceptional result.

Employment equity management appointments

To achieve the group transformation objectives, management has been challenged to fill at least 50% of all available management positions (graded DL to EU) with equity candidates. During the current financial year 20 positions were identified at the group's head office and eight of these were successfully filled with designated managers. This was particularly disappointing in the DU positions but management remain committed to this objective.

Enterprise development – store ownership

Management has been strategically focused on developing equity ownership within the South African retail formats and this objective awards points on a weighted format basis, to all stores owned by designated groups. This has been an extremely pleasing result as reported ownership increased to 153 stores, an increase of 13.3% in the year.

Personal objectives

The executive directors' personal objectives are fundamentally set to drive strategic initiatives. Each agrees a minimum of three personal objectives with the committee and these are generally equally weighted but may be adjusted to recognise more significant matters. The broad objectives and achievements of the executive directors in the 2018/19 year were;

GO O'Connor
Formulation of new strategy for the business
Manage the succession appointments within the group
Develop and finalise the targeted overseas acquisition
Score achieved **100.00%**

MW Godfrey
Irish Promoter exit arrangements and bank refinancing
Overseas acquisition – deal finalisation and funding requirements
Drive group profitability
Score achieved **93.33%**

WA Hook
Drive Build it strategic plan and manage leadership succession
Monitor and manage designated foreign business performances
Manage achievement of initiatives specific to Logistics and IT
Score achieved **80.00%**

R Venter
Develop strategic plan for future voluntary retail model
Drive new business with focus on new store numbers
Drive strategic plan and budget for pharmaceutical subsidiary
Score achieved **82.00%**

EXECUTIVE LONG-TERM INCENTIVES

SOP

The SOP closed in 2014 and no options have been allocated since 7 February 2014. There is no performance criteria in this scheme and as the scheme is now closed, none can be introduced.

Options held over shares in The SPAR Group Ltd

	Date of option issue	Option price Rand	Number of options held 2019	2018
Executive directors				
GO O'Connor	07/02/2014	124.22	**50 000**	50 000
Total			**50 000**	50 000
WA Hook	10/11/2009	66.42	**50 000**	50 000
	08/12/2010	99.91	**50 000**	50 000
	08/11/2011	96.46	**55 000**	55 000
	13/11/2012	122.81	**60 000**	60 000
Total			**215 000**	215 000
R Venter	08/11/2011	96.46	**11 800**	11 800
	13/11/2012	122.81	**30 000**	30 000
	12/11/2013	126.43	**30 000**	30 000
Total			**71 800**	71 800
MW Godfrey	10/11/2009	66.42	**–**	12 000
	08/12/2010	99.91	**25 000**	25 000
	08/11/2011	96.46	**35 000**	35 000
	13/11/2012	122.81	**30 000**	30 000
	12/11/2013	126.43	**30 000**	30 000
Total			**120 000**	132 000
Total options held by directors			**456 800**	468 800

Options exercised	Date of options exercised	Number of options exercised	Option price Rand	Market price on exercise	Gain R'000
MW Godfrey	27/09/2019	12 000	66.42	192.19	1 509

CSP

The CSP policy is summarised on page 56.

Details of unvested CSP awards held by directors

	Award date	Share price on date of grant Rand	Number of shares 2019	2018
Executive directors				
GO O'Connor	09/02/2016	180.11		20 000
	07/02/2017	183.55	**14 600**	14 600
	07/02/2018	190.25	**30 700**	30 700
	12/02/2019	190.21	**33 100**	
Total			**78 400**	65 300
WA Hook	09/02/2016	180.11		7 500
	07/02/2017	183.55	**7 500**	7 500
	07/02/2018	190.25	**13 000**	13 000
	12/02/2019	190.21	**15 800**	
Total			**36 300**	28 000
R Venter	09/02/2016	180.11		9 600
	07/02/2017	183.55	**7 500**	7 500
	07/02/2018	190.25	**15 000**	15 000
	12/02/2019	190.21	**20 800**	
Total			**43 300**	32 100
MW Godfrey	09/02/2016	180.11		11 000
	07/02/2017	183.55	**9 000**	9 000
	07/02/2018	190.25	**17 500**	17 500
	12/02/2019	190.21	**20 800**	
Total			**47 300**	37 500
Total directors' interest in the CSP			**205 300**	162 900

Details of vested award shares held by directors

In line with the Remuneration Committee's view that senior executives should be exposed to the share price post the vesting of their long-term incentives, the following executives have elected to subject their CSP shares to a further agreed upon holding of three years.

	Award date	Total number granted	% vested	Total vested
2018				
GO O'Connor	17/02/2015	36 665	61.50	22 548
WA Hook	17/02/2015	14 000	61.50	8 610
R Venter	17/02/2019	22 000	61.50	13 530
MW Godfrey	17/02/2019	22 000	61.50	13 530
2019				
GO O'Connor	**09/02/2016**	**20 000**	**49.43**	**9 886**
WA Hook	**09/02/2016**	**7 500**	**49.43**	**3 707**
R Venter	**09/02/2016**	**9 600**	**49.43**	**4 745**
MW Godfrey	**09/02/2016**	**11 000**	**49.43**	**5 437**

NON-EXECUTIVE DIRECTORS' REMUNERATION

The policy for non-executive directors' fees is summarised on page 62.

R'000	2019	2018
Fees for services as non-executive directors		
MJ Hankinson (Chairman)[b]	**1 385**	1 319
MP Madi	**213**	498
M Mashologu[a]	**544**	515
HK Mehta[abc]	**848**	805
P Mnganga[bd]	**741**	704
CF Wells[acd]	**875**	831
AG Waller[ac]	**631**	358
LM Koyana	**185**	
Total fees	**5 422**	5 030

[a] *Member of Audit Committee.*
[b] *Member of Remuneration and Nomination Committees.*
[c] *Member of Risk Committee.*
[d] *Member of Social and Ethics Committee.*

EXECUTIVE AND NON-EXECUTIVE DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

Number of shares	2019	2018
Directors' interests in the share capital of the company		
Executive directors		
GO O'Connor – direct beneficial holding	**53 634**	22 986
WA Hook – direct beneficial holding	**77 817**	74 110
MW Godfrey – direct beneficial holding	**18 967**	13 530
R Venter – direct beneficial holding	**18 275**	13 530
Non-executive directors		
MJ Hankinson – held by associates	**2 800**	2 800
HK Mehta – direct beneficial holding	**2 000**	2 000
HK Mehta – indirect beneficial holding	**10 000**	10 000
CF Wells – direct beneficial	**1 100**	1 100
AG Waller – direct beneficial	**3 200**	3 200

As at the date of this report the directors' interests in the share capital of the company remain unchanged.

DECLARATION OF DISCLOSURE

The company enters into transactions in the ordinary course of business with certain entities in which directors CF Wells and GO O'Connor, or their direct family members, have a significant influence. These interests are in the form of shareholdings in food service and retail entities and are disclosed in an annual declaration of directors' interests to the company. The transactions between these entities and the group were insignificant in terms of the group's total operations for the year. Other than that disclosed above and in note 37 in the annual financial statements, no consideration was paid to or by any third party, or by the company itself, in respect of the services of the company's directors, as directors of the company, during the year ended 30 September 2019.

RISK COMMITTEE REPORT

The Risk Committee (the committee) presents the following report for the 2019 financial year.

COMMITTEE GOVERNANCE

COMPOSITION

Members of the committee for the financial year under review were independent non-executive directors, Chris Wells (Chairman), Phinda Madi, Harish Mehta and Andrew Waller and executive directors Graham O'Connor and Mark Godfrey.

Phinda Madi retired as a non-executive director and member of the committee on 12 February 2019.

The following changes are noted in respect of the committee for the 2020 financial year:

- Lwazi Koyana was appointed as a member of the committee with effect from 1 November 2019.
- Chris Wells will retire as a non-executive director and member of the committee at the 2020 AGM.
- Marang Mashologu will replace Chris as the Chairperson of the Risk Committee with effect from 1 February 2020.

Members' qualifications and experience are available on pages 40 and 41.

MEETINGS

The committee met formally twice during the financial year under review. Members' attendance at meetings are recorded on page 47. Permanent invitees at committee meetings are the Group Risk and Sustainability Executive, the Group Logistics Executive, the Group IT Executive, the Group Internal Audit Manager, the external auditor and the Company Secretary (who also acts as the secretary of the committee).

EVALUATION OF THE COMMITTEE

The committee conducted a self-assessment evaluation to measure its effectiveness and performance during the financial year under review. There were no concerns raised with the functioning of the committee nor with the efficiency and competence of its members. The next evaluation will be undertaken in 2021.

ROLE AND RESPONSIBILITIES

The committee's roles and responsibilities are governed by its terms of reference as reviewed and approved annually by the board. The board has allocated the oversight of risk governance, technology and information governance and compliance governance to the committee.

The committee oversees the company's risk management, IT and compliance processes to ensure that management identifies potential risks in these areas which may affect the company or its operations. It implements effective policies and plans to mitigate any risks, enhance the company's ability to achieve its strategic objectives, and support the company in being ethical and a good corporate citizen.

The committee receives feedback on all relevant matters in its terms of reference from the following committees:

- Audit Committee
- Social and Ethics Committee

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, a copy of which can be found online.

KEY FOCUS AREAS

RISK GOVERNANCE

Kevin O'Brien is the Group Risk and Sustainability Executive and is responsible, together with executive management, for the implementation and execution of the risk management process. An ERM policy and framework is in place and was reviewed during the financial year under review. In keeping with the King IV recommendation of providing a combined assurance policy and framework, the committee considered such a policy and framework and approved same at its August 2019 meeting.

Internal audit provides the committee assurance as to whether risk management processes within the group are adequate and effective and makes recommendations on areas where the SPAR risk management processes could be improved.

Focus areas for the 2020 financial year will be to:

- Conduct a comprehensive risk culture survey. Consider the results of the survey and implement plans to address issues raised with a view to moving the risk maturity of the organisation from a Defined level to a Managed level.
- Conduct refresher risk workshops with divisional risk champions and departmental risk champions. Conduct comprehensive risk reviews and KPI reviews during these workshops.
- Hold monthly risk meetings with divisional risk teams to consider performance against risk plans and mitigation plans. Ensure that risk is an item on all divisional Executive Committee meetings.
- Constitute a Combined Assurance Forum to monitor the implementation of the combined assurance policy and framework and report on its progress at Risk Committee meetings.
- Monitor management's progress on the identification of any new strategic and operational risks identified in terms of the implementation of SPAR South Africa's reviewed strategic plan.
- Implement integrated management software to monitor risk, strategy and relevant KPIs.

IT GOVERNANCE

During the financial year under review, Enno Stelma was the Group IT Executive and responsible, together with executive management, for the implementation and execution of effective technology and information management. Enno retired on 30 September 2019 and was replaced by Mark Huxtable.

An IT strategy and governance framework is in place and was reviewed during the financial year under review.

The implementation of the second phase of our modernisation program is progressing well. The SAP Accounts Receivable module went live in the South Rand distribution centre without any problems. The Accounts Payable module is in simulation in the same distribution centre and is expected to go live in November 2019. The rollout of these modules to the other divisions will commence in 2020.

Further investments have been made in the cybersecurity area. An independent organisation was contracted to attempt to penetrate SPAR's systems with a range of hacking tools. The results of this test were reassuring. Nevertheless, management will remain highly vigilant in this area.

System downtime during the past year was minimal and well within acceptable levels. Quarterly downtime reports were reviewed by the committee.

Focus areas for the 2020 financial year will be:

- The 2020 financial year will see the rollout of Phase 2 to most of the divisions. The completion of this rollout in 2021 will allow us to decommission our legacy financial systems and a portion of the legacy Supply Chain system.
- Scope and solution decisions around the third phase will be made in 2020 and the project will begin. The third phase encompasses Supply Chain elements such as Merchandising, Replenishment, Warehouse Management and Transport.

COMPLIANCE GOVERNANCE

Mandy Hogan is the Company Secretary and is responsible, together with executive management, for the implementation and execution of effective compliance management. A compliance policy is in place and will be further expanded on during the 2020 financial year to include a formal system to help the company maintain compliance in all areas of its operations. Accordingly, the focus area for the 2020 financial year will be to implement an integrated management software solution to monitor compliance.

In addition to the key focus areas detailed above, the committee received feedback from management on the group's insurance and operational risk matters (logistic risks, human resource risks, food safety risks, climate change risks and financial risks).

Thanks go to the members of the committee for their dedicated and constructive contributions to its functioning.

Chris Wells
Chairman of the Risk Committee

12 November 2019

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee (the committee) presents the following report to shareholders for the 2019 financial year, in accordance with the requirements of the Companies Act.

COMMITTEE GOVERNANCE

COMPOSITION

Members of the committee for the financial year under review were independent non-executive directors, Phumla Mnganga (Chairperson) and Chris Wells and executive director, Wayne Hook. Their qualifications and experience are available on pages 40 and 41.

The following changes are noted in respect of the committee for the 2020 financial year:

- Lwazi Koyana was appointed as a member of the committee with effect from 1 November 2019.
- Wayne will retire as a member of the committee on 31 December 2019.
- Graham O'Connor will replace Wayne as a member of the committee on 1 January 2020.

MEETINGS

The committee met formally twice during the financial year under review. Members' attendance at meetings are recorded on page 47. Permanent invitees at meetings are the Chairman of the board, the CEO, the Group Risk and Sustainability Executive, the Group Human Resources Executive and the Company Secretary (who acts as the secretary of the committee).

EVALUATION OF THE COMMITTEE

The committee conducted a self-assessment evaluation to measure its effectiveness and performance during the financial year under review. There were no concerns raised with the functioning of the committee nor with the efficiency and competence of its members. The next evaluation will be undertaken in 2021.

ROLE AND RESPONSIBILITIES

The committee's role and responsibilities are governed by its terms of reference as reviewed and approved annually by the board. The board has allocated the oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to the committee.

The committee oversees the company's social and organisational activities relating to the environment and its stakeholders. It monitors the company's sustainability performance to ensure that the company's ethics support its culture, it is seen as a responsible citizen, and that there is a balance between the company and the needs, interests and expectations of all stakeholders.

The committee receives feedback on all relevant matters in its terms of reference from the following committees:

- Audit Committee
- Risk Committee
- The SPAR Guild of Southern Africa Social and Ethics Committee
- The Build it Guild of Southern Africa Social and Ethics Committee

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, a copy of which can be found online.

KEY FOCUS AREAS

POLICY REVIEW

The committee is responsible for reviewing the group's policies relating to ethics, social and economic development, good corporate citizenship, sustainable development and stakeholder relationships and during the financial year under review considered and recommended to the board for approval:

The Supplier Code, which emphasised SPAR's values and how SPAR foresees its culture being lived across its entire business. The code outlines what common values are expected of all SPAR's suppliers and for them to assist in appropriate decision-making and behaviour, based on what SPAR deems acceptable in terms of is people, community and environment.

The Sustainability Policy, which policy outlines SPAR's approach to the management and integration of sustainability issues, including matters relating to the physical and social environment, economic development, governance and stakeholder engagement.

The Gift Policy, which provides guidance on the behaviours expected in accordance with SPAR values; promotes transparency and avoids business-related conflicts of interest; ensures fairness in the interest of employees and SPAR; and documents the process for the acceptance, receipt and giving of gifts.

Going into the 2020 financial year the committee will continue to review the various policies in place dealing with ethics, social and economic development, good corporate citizenship and sustainable development and implement a formal corporate compliance programme in order to monitor the company's activities in this regard.

ORGANISATIONAL ETHICS

Ethics within the company is addressed through SPAR's Code of Ethics. The code applies to all the company's employees and directors. Ethics at SPAR is simply 'the way we do things here' and is defined as: 'Doing the right thing in the best long-term interest of all stakeholders, even when no one is watching.'

A SPAR Code of Ethics template for all offshore subsidiaries was circulated to the management of those subsidiaries, to be used as the basis for drafting their respective Code of Ethics polices.

The company encourages employees and other stakeholders to disclose any serious impropriety or improper conduct. SPAR subscribes to Deloitte's Tip-offs Anonymous, which is an independent hotline that enables employees to report illegal actions and ethical misconduct confidentially.

During the financial year under review 12 reports (2018: 12) were received. All reports were investigated and of the 12 reports received, three were in respect of independent SPAR stores and referred to the respective retailers for further investigation. Disciplinary action is taken where employees are found to have transgressed and corrective actions implemented where necessary to improve controls and prevent a recurrence of the incident.

An Ethical Culture Assessment was undertaken during the 2018 financial year by The Ethics Institute (TEI) and management have undertaken to implement the recommendations by the TEI to establish a comprehensive ethics management programme to create ethics awareness and talk, and improve employee relations.

CORPORATE CITIZENSHIP

The committee is mandated to consider not only the impact the company's performance has on shareholders, but also on it employees, society, the economy and the natural environment. Accordingly, during the financial year under review, the committee received feedback from management on the following matters:

- BBBEE
- Trade union activity
- Corporate social investment
- SPAR's CDP submission
- Staff benefits for retail staff members
- SPAR's rural hub
- Sustainability initiatives being undertaken by SPAR, such as packaging, nutrition, and wellness
- The Giannacopoulos group

Detailed feedback on a number of the above-mentioned matters can be found in our online report.

STAKEHOLDER RELATIONSHIPS

The committee has oversight of stakeholder engagement and monitors a stakeholder-inclusive model throughout SPAR. SPAR continues to:

- engage with suppliers to form strategic alignments where possible; and
- collaborate with Government in assisting to address various sustainable development issues.

In addition to the key focus areas above, the committee considered the sustainability content included in the online report and recommended it to the board for approval. The committee is required to report through one of its members to the company's shareholders on the matters within its mandate at the company AGM to be held on 11 February 2020. Any specific questions relating to the report may be sent to the Company Secretary at mandy.hogan@spar.co.za prior to the meeting.

Thanks go to the members of the committee for their dedicated and constructive contributions to its functioning.

P Mnganga

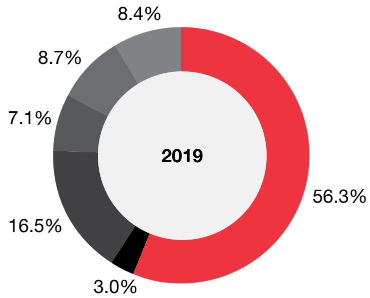
Phumla Mnganga
Chairperson of the Social and Ethics Committee

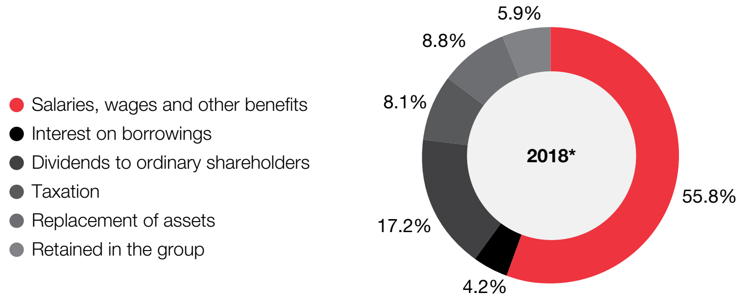
12 November 2019

VALUE-ADDED STATEMENT

	2019 Rmillion	% of revenue	%	Restated 2018* Rmillion	% of revenue	%
Revenue	**109 477**			101 018		
Less:						
Net cost of product and services	**100 967**			93 273		
Value added	**8 510**			7 745		
Add:						
Income from investments and associates	**175**			158		
Wealth created	**8 685**	**7.90**	**100.0**	7 903	7.80	100.0
Applied to:						
Employees						
Salaries, wages and other benefits	**4 888**		**56.3**	4 412		55.8
Providers of capital	**1 692**		**19.5**	1 687		21.4
Interest on borrowings	**261**		**3.0**	329		4.2
Dividends to ordinary shareholders	**1 431**		**16.5**	1 358		17.2
Taxation	**618**		**7.1**	637		8.1
Replacement of assets	**754**		**8.7**	698		8.8
Retained in the group	**733**		**8.4**	469		5.9
Wealth distributed	**8 685**		**100.0**	7 903		100.0

* *Refer to restatement note 9.*





* *Restated*

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Please visit http://investor-relations.spar.co.za for the full 2019 SPAR annual financial statements.

DIRECTORS' APPROVAL OF THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. The group's independent external auditors, PricewaterhouseCoopers Inc., have audited the financial statements and their unmodified report is enclosed.

The directors are also responsible for the systems of internal control. These controls are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, to record all liabilities, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

In preparing the financial statements, the company and group have used appropriate accounting policies, supported by reasonable judgements and estimates, and have complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company and the group as at 30 September 2019 and the results of their operations and cash flows for the year under review.

The annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company or the group will not remain a going concern for the foreseeable future.

The annual financial statements were approved by the board of directors on 12 November 2019 and are signed on its behalf by:

MJ Hankinson
Chairman

12 November 2019

GO O'Connor
Chief Executive Officer

CERTIFICATE BY THE COMPANY SECRETARY

I certify that, in respect of the reporting period, the company has, to the best of my knowledge and belief, lodged with the Companies and Intellectual Property Commission (CIPC) all returns and notices required of a public company in terms of the Companies Act (71 of 2008, as amended) of South Africa and that all such returns appear to be true, correct and up to date.

MJ Hogan
Company Secretary

12 November 2019

PREPARATION AND PRESENTATION OF SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The preparation of the Summary Consolidated Financial Statements was supervised by the Group Financial Director of The SPAR Group Ltd, Mark Godfrey. The full set of annual financial statements are published on our website, or can be requested from our Company Secretary.

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office.

DIRECTORS' STATUTORY REPORT

The directors of the company have the pleasure in submitting their report on the annual financial statements of the company for the year ended 30 September 2019.

NATURE OF BUSINESS

SPAR is a warehousing and distribution business listed on the Johannesburg Stock Exchange (JSE) in the Food and Drug Retailers sector. The group owns several country licences for the SPAR retail brand, which is used by a network of independent retailers who trade under our brand and are supplied on a voluntary basis through our distribution centres.

There were no material changes to the nature of the group's business for the 2019 financial year.

DIRECTORATE AND COMPANY SECRETARY

The names of the directors and Company Secretary in office at 30 September 2019 are set out in the online integrated report. Mr LM Koyana was appointed as an independent non-executive director on 14 May 2019. Messrs Venter and Hook retired as executive directors on 1 October 2019 and 31 December 2019, respectively.

Particulars relating to the directors' remuneration and interests and directors' share scheme interests are set out in the online integrated report.

CORPORATE GOVERNANCE

The directors are the custodians of corporate governance and subscribe to good King IV Report on Corporate Governance™ for South Africa, 2016 (King IV). Refer to our governance structures, composition and functioning in the online integrated report.

Committee reports are disclosed as follows:

- Audit Committee report – pages 77 to 81
- Nomination Committee report – pages 49 to 50
- Remuneration Committee report – pages 51 to 67
- Risk Committee report – pages 68 to 69
- Social and Ethics Committee report – pages 70 to 71

The directors are not aware of any material non-compliance with statutory or regulatory requirements.

FINANCIAL RESULTS

The results for the period are detailed in the annual financial statements that follow.

GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company.

STATED CAPITAL

Details of the authorised and issued share capital of the company and the movements during the period are disclosed in note 25 of the annual financial statements.

Details of the treasury shares of the company are disclosed in note 26 of the annual financial statements.

DIVIDENDS

It is company policy to make two dividend payment each year, an interim payment in May and a final payment in December.

An interim dividend of 284.0 cents per share (2018: 270.0 cents per share) was declared on 14 May 2019 and paid on 10 June 2019.

A final dividend of 516.0 cents per share (2018: 459.0 cents) has been declared on 12 November 2019 and payable on 9 December 2019.

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

Last day to trade *cum*-dividend	Tuesday, 3 December 2019
Shares to commence trading *ex*-dividend	Wednesday, 4 December 2019
Record date	Friday, 6 December 2019
Payment of dividend	Monday, 9 December 2019

DIRECTORS' STATUTORY REPORT continued

Shareholders will not be permitted to dematerialise or rematerialise their shares between Wednesday, 4 December 2019 and Friday, 6 December 2019, both days inclusive.

SHARE SCHEME

Particulars relating to the company's share-based payments are set out in note 38 of the annual financial statements, which are available online.

SUBSIDIARIES

The interest of the company in the aggregate net profit/loss after taxation of subsidiaries was a profit of R591.3 million (2018: profit of R523.5 million). Details of the company's principal subsidiaries are set out in note 14 of the annual financial statements, which are available online.

SPECIAL RESOLUTIONS

The company passed the following special resolutions at the annual general meeting held on 12 February 2019:

- special resolution number 1 – Financial assistance to related or inter-related companies; and
- special resolution number 2 – Non-executive directors' fees.

LITIGATION STATEMENT

The company becomes involved from time to time in various claims and litigation proceedings incidental to the ordinary course of business. The directors are not aware of any existing, pending or threatened litigation proceedings which may have a material effect on the financial position of the company.

SPAR is however currently in litigation with the Giannacopoulos group of stores who have brought the brand into disrepute, *inter alia*, relating to competing businesses and their dealings with their labour force, food safety issues and suppliers.

In respect of the Competition Commission's *Grocery Retail Sector Market Inquiry*, SPAR has made a number of presentations and submissions to the Commission, particularly dealing with the issue of exclusivity and suppliers and await their final report.

SUBSEQUENT EVENTS

Matters or circumstances arising since the end of the 2019 financial year, which have or may significantly affect the financial position of the company or the results of its operations are disclosed in note 44 of the annual financial statements, which are available online.

AUDIT COMMITTEE REPORT

The Audit Committee (the committee) of The SPAR Group Limited presents the following report pursuant to the requirements of section 94(7)(f) of the Companies Act, No. 71 of 2008, as amended (the Companies Act) to shareholders for the 2019 financial year.

COMMITTEE GOVERNANCE

Composition

Members of the committee are appointed by shareholders on the recommendation of the Nomination Committee and the board. Shareholders will again be requested to approve the appointment of the committee members for the 2020 financial year at the company's 2020 AGM to be held on Tuesday, 11 February 2020.

Members' of the committee for the financial year under review were independent non-executive directors, Chris Wells (Chairman), Marang Mashologu, Harish Mehta and Andrew Waller.

The following changes are noted in respect of the committee for the 2020 financial year:

- Chris will retire as a non-executive director and member of the committee at the 2020 AGM
- Andrew has been nominated to succeed him as the chairman of the committee.

The independence and performance of the committee members were evaluated by the Nomination Committee and based on their recommendation, the board proposes the re-election of Marang, Harish and Andrew (Chairman) as the members of the committee to shareholders at the 2020 AGM. In addition, the board is satisfied that the committee as a whole has the necessary financial literacy, skills and experience to execute their duties effectively. Members' qualifications and experience are available in the online integrated report.

Meetings

The committee met formally three times during the financial year under review. Members' attendance at meetings is recorded in the online integrated report. Permanent invitees at committee meetings are the CEO, Group Financial Director, Group Internal Audit Manager, external auditor and the Company Secretary (who also acts as the secretary of the committee).

Evaluation of Committee

The committee conducted a self-assessment evaluation to measure its effectiveness and performance during the financial year under review. There were no concerns raised with the functioning of the committee nor with the efficiency and competence of its members. The next evaluation will be undertaken in 2021.

Role and Responsibilities

The committee's roles and responsibilities are governed by its terms of reference as reviewed and approved annually by the board. The committee has specific statutory responsibilities to the shareholders of the company in terms of the Companies Act and assists the board by advising and making recommendations on financial reporting, internal financial controls, internal and external audit functions and regulatory compliance.

The committee receives feedback on all relevant matters in its terms of reference from the following committees:

- Risk Committee
- Social and Ethics Committee

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, a copy of which can be found online.

KEY FOCUS AREAS

External Auditor

The committee has primary responsibility for overseeing the relationship with, and the performance of, the external auditor, including making recommendations on their re-election and assessing their independence, as set out in the Companies Act.

PricewaterhouseCoopers Inc. (PwC) have been the company's appointed external auditor for two years, with Sharalene Randelhoff as the designated audit partner.

The committee assessed the suitability of PwC as the company's external auditor and Sharalene, as the designated audit partner for the 2020 financial year, in accordance with the appropriate audit quality indicators, including their independence against the criteria specified by the Independent Regulatory Board for Auditors, the South African Institute of Chartered Accountants, International regulatory bodies and the JSE Listings Requirements and have no concerns regarding their performance or independence. Accordingly, the committee recommended to the board, the re-election of PwC as external auditor and Sharalene Randelhoff as the designated audit partner for the 2020 financial year.

Sharalene will be required to rotate as the designated audit partner in 2023.

AUDIT COMMITTEE REPORT continued

The committee determined the terms of engagement and fees paid to PwC, as disclosed in note 3 of the annual financial statements and the nature and extent of the non-audit services that PwC provide to the company, as disclosed in note 3 of the annual financial statements. The extent of non-audit services provided by PwC was immaterial and is continuously monitored, with no excessive engagement noted.

The chairman meets with the external auditor without management present to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum, with no concerns raised.

Non-audit services policy

The company has a clearly defined and strictly followed non-audit services policy, which was reviewed and approved by the board on 12 November 2019. The external auditor may only be considered as a supplier of such services where there is no alternative supplier for these services, there is no other commercially viable alternative or the non-audit services are related to and would add value to the external audit.

Significant matters

Key audit matters identified by the external auditors are detailed below and have been included in the report of the annual financial statements. These matters have been discussed and agreed with management and were presented to the committee.

Key audit matter	How our audit addressed the key audit matter
Valuation of the financial liability relating to TIL JV Ltd	
This key audit matter relates to the consolidated and separate financial statements Refer to the accounting policy note 1.19 on financial instruments and note 28 and 39 to the financial statements for the related disclosures. Included in the group's net assets at year-end, are financial liabilities amounting to R2.2 billion (company: R1.3 billion) which arose on previous acquisitions and relate to agreements to acquire the remaining shareholding from non-controlling shareholders at specified future dates. The first contractual repayment on the TIL JV Ltd financial liability, is scheduled for 31 December 2019 and is based on the actual results of the TIL JV Ltd Group for the 2019 financial year. This first repayment has been included in "Current portion of financial liabilities" under current liabilities. Management's valuation of the non-current financial liability involved the use of the key management judgement and assumptions in relation to the following: • the estimated future net profit after tax of the TIL JV Ltd Group for financial years 2020 and 2022, which represent the years during which the second and third contractual repayments will occur; and • the discount rate which is based on the cost of equity in respect of the Irish operations. We considered the valuation of the financial liability which arose on the acquisition of TIL JV Ltd (Incorporated in Ireland) to be a matter of most significance to the current year audit due to the magnitude of this financial liability (R1.3 billion) and the significant management estimation involved in its valuation.	We obtained an understanding of the methodology applied by management in performing the valuation of this financial liability and found this to be in line with the requirements of IFRS 13: Fair Value Measurement. We tested the mathematical accuracy of management's model and where applicable, we agreed the inputs used by management in the model to the contractual agreements. No material differences were noted. We assessed the ZAR/Euro exchange rate used by management in the valuation model by comparing the exchange rate to external sources. We found the exchange rate used by management to be reasonable. We compared the 2019 profit used by management in the computation of the current financial liability to the TIL JV Ltd Group 2019 actual profit and we found the 2019 profit used in management's computation to be in line with the actual profit achieved for the 2019 financial year. We assessed whether the estimated net profit after tax used for the years 2020 and 2022 were in line with the underlying assumptions included in TIL JV Ltd's most recently approved business plan. We found management's forecasts for future years to be in line with the approved business plan. In assessing the reasonableness of management's forecasts, we considered the level of precision with which management had historically prepared their forecasts by comparing them to actual performance. We found management's explanations to support the forecasts used in the model to be reasonable. We made use of our valuation expertise to assess the appropriateness of the discount rate applied by management. Our assessment regarding the discount rate included recalculating the inputs with reference to independent market data. We found the discount rate applied by management to be within a reasonable range.

Key audit matter	How our audit addressed the key audit matter

Expected credit losses ("ECL") on financial assets

This key audit matter relates to the consolidated and separate financial statements

Refer to the accounting policy note 1.19 on financial instruments and note 39 to the financial statements for the related disclosures.

Included in the group's net assets at year-end, are financial assets of R15.1 billion (company: R10.9 billion) which are accounted for in accordance with IFRS 9: Financial Instruments.

The group assesses the ECL associated with all financial assets measured at amortised cost and recognises an allowance for ECL for these financial assets.

This key audit matter relates to the following financial assets:

- Loans receivable,
- Block discounting loans receivable, and
- Trade and other receivables

ECL on these financial assets are measured using either the general approach or the simplified approach.

General approach

The general approach was applied to determine the ECL on loans receivable (including the loan receivable from Piotr I Pawel Group), and block discounting loans receivable. The group assesses, at the end of each reporting period, whether there has been a significant increase in credit risk since initial recognition. Where there has been no significant increase in credit risk, the group recognises a twelve month ECL. Where there has been a significant increase in credit risk, the group recognises a lifetime ECL.

The measurement of the ECL under this approach reflects a probability weighted outcome, the time value of money and the best forward-looking economic information available to the group. This incorporates the probability of default ("PD"), exposure at default ("EAD") and the loss given default ("LGD").

Simplified approach: Provision matrix

This approach, which was applied to trade receivables, recognises a lifetime ECL. The provision matrix is based on historical credit loss experience, adjusted for forward-looking factors such as the inflation rate, fuel cost, prime rate and unemployment rate, specific to trade receivables and the economic environment.

We determined the ECL on these financial assets to be a matter of most significance to our current year audit due to the following:

- the first-time adoption of IFRS 9 by the company and the group;
- the magnitude of the financial assets over which the ECL model is applied; and
- the degree of judgement and estimation applied by management in determining the ECL.

We obtained an understanding of the methodology applied by management in performing the ECL computations on each class of financial assets and found this to be in line with the requirements of IFRS 9.

We tested the mathematical accuracy of management's models and we found no material differences.

General approach

For loans receivable and block discounting loans receivable, we performed the following procedures:

- We evaluated the assumptions used by management in their assessment of credit risk by reference to either payment history or counterparty forecast cash flows. We found management's assumptions to be reasonable.
- For the loan receivable from Piotr I Pawel Group ("PIP"), we made use of our actuarial expertise to assess the appropriateness of the ECL calculated by management. Our assessment included evaluating, inter alia, the modelling methodologies, the loan staging assessment, the forward-looking information and assessing the reasonableness of the resultant PD, LGD and ECL percentages with reference to independent market data. We found the ECL calculated by management to be reasonable.

Simplified approach: Provision matrix

For trade receivables, we performed the following procedures:

- We used past data to test the accuracy of the historical loss rates calculated by management. We found the historical loss rates to be reasonable.
- We assessed the forward-looking assumptions used by management to adjust the historic loss rates with reference to independent market data. We found the assumptions used by management to be reasonable.

We assessed the disclosure included in note 39 against the requirements of IFRS 9. We found the disclosure to be in line with the requirements of IFRS 9.

AUDIT COMMITTEE REPORT continued

Annual Financial Statements

The committee reviewed the annual financial statements for the year ended 30 September 2019 and is of the view that in all material aspects, they comply with the relevant provisions of IFRS and the Companies Act. The committee also reviewed the 2019 Integrated Annual Report and recommended both to the board for approval. The board subsequently approved the annual financial statements and 2019 Integrated Annual Report, which will be tabled for discussion at the 2020 AGM.

Going Concern Status

The committee reviewed the solvency and liquidity assessment as part of the going concern status of the company and based on this detailed review, recommended to the board that the company adopt the going concern concept in preparation of the financial statements.

Internal audit

The South African internal audit function is independent and has the necessary standing and authority to enable it to discharge its duties. The Group Internal Audit Manager, Samesh Naidoo, and the Chairman of the committee meet on a regular basis to discuss internal audit's performance and any concerns.

The subsidiary businesses in Ireland and Switzerland do not have a dedicated internal audit function but have instructed external audit to extend their procedures to confirm that nothing has come to their attention that the control environment is not operating effectively. This arrangement is being reviewed.

During the financial year under review, the committee:

- approved the internal audit plan;
- reviewed the internal audit charter and recommended to the board for approval;
- satisfied itself that the Group Internal Audit Manager was competent and possessed the appropriate expertise and experience to act in this capacity;
- confirmed that the company's internal audit function met its objectives and that adequate procedures were in place to ensure that the company complies with its legal, regulatory and other responsibilities; and
- ensured that appropriate financial reporting procedures exist and were working.

The committee is of the opinion that the group's system of internal controls and risk management is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements. This opinion is based on the results of the formal documented review of the company's system of internal controls and risk management – including the design, implementation and effectiveness of internal financial controls conducted by the internal audit function during the 2019 financial year – and considering information and explanations given by management and discussions with the external auditor on the results of the external audit. The committee's opinion is supported by the board.

The Internal Audit team utilises data analytics to guide sample selection and enhance the overall audit coverage. Several data scripts have been developed with the assistance of the SPAR IT Department based on Internal Audit's requirements. Internal Audit will continue to engage with the SPAR IT Department to develop additional scripts and embed data analytics into the audit methodology.

Group Financial Director and finance function

The committee is satisfied that Mark Godfrey has the appropriate expertise and experience to meet the responsibilities of his appointed position as the Group Financial Director. His qualification and experience is available on page 41.

The committee considered the appropriateness of the expertise and adequacy of resources of the group's finance function and was satisfied with the experience of the senior members of management responsible for the group function.

Risk management

The board has delegated the oversight of risk governance, technology and information governance and compliance governance to the Risk Committee. Chris, the chairman of this committee, is also the Chairman of the Risk Committee and ensures that information relevant to the Risk Committee is transferred and shared regularly with this committee.

The committee accordingly fulfils an overview role regarding financial reporting risks, internal financial controls, taxation risks, compliance and regulatory risks, risk appetite and tolerance, fraud risk (as it relates to financial reporting) and information technology risk (as it relates to financial reporting), and based on the processes and assurances obtained, the committee is satisfied that these areas have been appropriately addressed.

Combined assurance

The integrated assurance policy and framework was reviewed and approved by the board on 12 August 2019 and is in the process of being implemented. The implementation of the framework will help support the corporate governance guidelines to provide appropriate assurance and, in addition, evidence of integrated/combined assurance.

During the financial year under review both a Group Tax Strategy and Policy were presented to the committee for comment with final approval to follow. The Group Tax Strategy outlines the framework by which tax obligations are met from an operational and risk management perspective and is aligned with the group's existing strategies, policies and overall purpose. The group's Approach to Tax will be included in the online report reflecting the Total Tax Contribution per the tax jurisdictions that the group operates in.

In addition to the key areas of focus detailed above, the committee, during the 2019 financial year, reviewed the:

- unaudited interim results report and associated reports and announcements;
- summarised information issued to shareholders;
- appropriateness of the accounting policies and financial statement disclosures;
- JSE proactive monitoring of financial statements report;
- JSE preliminary findings of its thematic review for compliance with IFRS 9 and 15;
- changes to the JSE Listings Requirements which pertain to the committee's responsibilities;
- report on the impact of the implementation of IFRS 16, including draft disclosure to shareholders included in the 2019 annual financial statements;
- company's banking facilities;
- unbundling of the SPAR BBBEE Share Schemes;
- establishment of an international investment holding company to house the company's offshore investments;
- 2020 budget guidelines and assumptions;
- property lease arrangements entered into by the company;
- policies which fall under the committee's control and oversight. The group's delegation of authority policy was reviewed and recommended to the board for approval;
- external auditor's audit report and key audit matters;
- internal auditor's report and key audit matters and findings;
- SPAR Ireland and Switzerland's internal audit process; and
- whistle-blowing and industry complaints.

Thanks go to the members of the committee for their dedicated and constructive contributions to the Committee's functioning.

Chris Wells
Chairman of the Audit Committee

12 November 2019

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Rmillion		% Change	Year ended September 2019	Restated* 2018
Revenue – sale of merchandise		8.4	**109 477.1**	101 018.0
Cost of sales			**(97 817.2)**	(90 225.0)
Gross profit			**11 659.9**	10 793.0
Revenue other			**2 106.6**	2 037.5
Other income			**151.8**	119.4
Net operating expenses		7.6	**(10 939.4)**	(10 170.6)
Operating profit		7.2	**2 978.9**	2 779.3
Other non-operating items			**(28.1)**	(144.2)
Interest income			**185.5**	169.3
Interest expense			**(201.6)**	(192.9)
Finance costs on financial liabilities at amortised cost			**(59.6)**	(17.2)
Finance costs on financial liabilities at fair value through profit or loss			**(82.7)**	(119.3)
Share of equity-accounted associate losses			**(10.6)**	(10.9)
Profit before taxation		12.9	**2 781.8**	2 464.1
Income tax expense			**(618.4)**	(636.9)
Profit for the year attributable to ordinary shareholders		18.4	**2 163.4**	1 827.2
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of post-retirement medical aid			**(2.6)**	(0.3)
Deferred tax relating to remeasurement of post-retirement medical aid			**0.7**	0.1
Remeasurement of retirement funds			**(440.9)**	157.9
Deferred tax relating to remeasurement of retirement funds			**45.6**	(26.8)
Items that may be reclassified subsequently to profit or loss:				
Gain on cash flow hedge			**0.5**	1.6
Tax relating to gain on cash flow hedge			**(0.1)**	(0.2)
Exchange differences from translation of foreign operations			**76.0**	131.9
Total comprehensive income		(11.9)	**1 842.6**	2 091.4
Earnings per share				
Basic	(cents)	18.5	**1 124.1**	948.9
Diluted	(cents)	18.7	**1 118.6**	942.2

* *Restated for the impact relating to the adoption of the new standards, refer to note 11 for further details.*

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Rmillion	Notes	2019	Restated* 2018	Restated* 2017
		Year ended September		
ASSETS				
Non-current assets		**14 212.4**	13 079.6	11 956.3
Property, plant and equipment		**7 184.2**	6 651.8	6 276.5
Goodwill and intangible assets		**5 064.0**	4 751.7	4 439.6
Investment in associates and joint ventures		**103.1**	156.7	117.3
Other investments		**19.8**	57.9	57.7
Operating lease receivables		**269.1**	208.3	125.4
Loans and other receivables		**1 131.8**	696.4	406.2
Block discounting loan receivable	10	**365.0**	542.4	512.2
Deferred taxation asset		**75.4**	14.4	21.4
Current assets		**19 766.9**	18 166.3	16 879.5
Inventories		**4 447.0**	3 933.1	3 816.4
Trade and other receivables		**13 122.7**	12 134.4	10 814.3
Prepayments		**256.8**	109.8	78.1
Operating lease receivables		**59.6**	50.4	60.7
Loans		**134.9**	97.9	116.9
Current portion of block discounting loan receivable	10	**258.1**	225.8	248.3
Income tax recoverable		**1.1**	7.7	4.1
Other current financial assets		**0.4**	0.3	0.2
Cash and cash equivalents – SPAR		**1 250.9**	1 377.6	1 565.6
Cash and cash equivalents – guilds and trusts		**235.4**	229.3	174.9
Assets held for sale		**73.6**	9.6	141.0
Total assets		**34 052.9**	31 255.5	28 976.8
EQUITY AND LIABILITIES				
Capital and reserves		**7 467.3**	7 109.8	6 560.4
Stated capital		**2 231.5**	2 231.5	2 231.5
Treasury shares		**(23.9)**	(10.0)	(16.1)
Currency translation reserve		**257.8**	181.8	49.9
Share-based payment reserve		**285.9**	274.8	293.0
Equity reserve		**(749.7)**	(749.1)	(717.0)
Hedging reserve		**(30.4)**	(30.8)	(32.2)
Retained earnings		**5 496.1**	5 211.6	4 751.3
Non-current liabilities		**8 405.1**	8 037.3	7 875.2
Deferred taxation liability		**297.3**	413.1	361.2
Post-employment benefit obligations		**1 268.3**	787.6	940.2
Financial liabilities	5	**1 521.1**	2 042.9	1 700.1
Long-term borrowings		**4 635.3**	3 976.5	4 160.4
Block discounting loan payable	10	**373.6**	553.6	525.1
Operating lease payables		**298.4**	231.0	141.4
Other non-current financial liabilities		**2.8**	3.3	4.9
Long-term provisions		**8.3**	29.3	41.9
Current liabilities		**18 180.5**	16 108.4	14 541.2
Trade and other payables		**14 912.8**	15 236.0	13 452.7
Current portion of financial liabilities	5	**683.3**		
Current portion of long-term borrowings		**529.5**	433.6	364.4
Current portion of block discounting loan payable	10	**263.6**	232.3	255.7
Operating lease payables		**59.2**	51.5	62.8
Provisions		**35.1**	43.2	45.3
Income tax liability		**143.3**	103.1	91.8
Bank overdrafts		**1 553.7**	8.7	268.5
Total equity and liabilities		**34 052.9**	31 255.5	28 976.8

* *Restated for the impact relating to a prior period restatement, refer to note 9, and the adoption of the new standards, refer to note 11 for further details.*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Rmillion	Stated capital	Treasury shares
GROUP		
Capital and reserves at 30 September 2017	2 231.5	(16.1)
Profit for the year attributable to ordinary shareholders		
Amounts recognised through other comprehensive income		
– Gain on cash flow hedge		
– Remeasurement of post-retirement medical aid		
– Remeasurement of retirement funds		
Recognition of share-based payments		
Take-up of share options		227.5
Transfer arising from take-up of share options		
Settlement of share-based payments		59.7
Share repurchases		(281.1)
Dividends paid		
Non-controlling interest arising on business acquisition		
Purchase obligation of non-controlling interest		
Exchange rate translation		
Capital and reserves at 30 September 2018	2 231.5	(10.0)
Change in accounting policy*		
Capital and reserves at 1 October 2018	2 231.5	(10.0)
Profit for the year attributable to ordinary shareholders		
Amounts recognised through other comprehensive income		
– Gain on cash flow hedge		
– Remeasurement of post-retirement medical aid		
– Remeasurement of retirement funds		
Recognition of share-based payments		
Take-up of share options		**66.4**
Transfer arising from take-up of share options		
Settlement of share-based payments		**29.8**
Share repurchases		**(110.1)**
Dividends paid		
Exchange rate translation		
Capital and reserves at 30 September 2019	**2 231.5**	**(23.9)**

* *Restated for the impact from the implementation of IFRS 9 Financial Instruments, relating to the adoption of expected credit losses for impairment of financial assets.*

Currency translation reserve	Share-based payment reserve	Retained earnings	Equity reserve	Hedging reserve	Non-controlling interest	Attributable to ordinary shareholders
49.9	293.0	4 751.3	(717.0)	(32.2)	–	6 560.4
		1 827.2				1 827.2
				1.4		1.4
		(0.2)				(0.2)
		131.1				131.1
	23.9					23.9
	(122.4)					105.1
	122.4	(122.4)				–
	(42.1)	(17.6)				–
						(281.1)
		(1 357.8)				(1 357.8)
					27.6	27.6
			(26.8)		(27.6)	(54.4)
131.9			(5.3)			126.6
181.8	274.8	5 211.6	(749.1)	(30.8)	–	7 109.8
		(18.2)				(18.2)
181.8	274.8	5 193.4	(749.1)	(30.8)	–	7 091.6
		2 163.4				**2 163.4**
				0.4		**0.4**
		(1.9)				**(1.9)**
		(395.3)				**(395.3)**
	38.7					**38.7**
	(30.8)					**35.6**
	30.8	**(30.8)**				**–**
	(27.6)	**(2.2)**				**–**
						(110.1)
		(1 430.5)				**(1 430.5)**
76.0			**(0.6)**			**75.4**
257.8	**285.9**	**5 496.1**	**(749.7)**	**(30.4)**	**–**	**7 467.3**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

Rmillion	Notes	Year ended September 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		**(303.8)**	1 975.8
Operating profit before:		**2 978.9**	2 779.3
Non-cash items		**877.5**	738.9
Net loss on disposal of property, plant and equipment		**1.4**	37.2
Net working capital changes		**(2 016.3)**	416.3
– (Increase)/decrease in inventories		**(425.5)**	94.7
– Increase in trade and other receivables		**(1 110.3)**	(1 094.0)
– (Decrease)/increase in trade payables and provisions		**(480.5)**	1 415.6
Cash generated from operations		**1 841.5**	3 971.7
Interest received		**110.6**	94.0
Interest paid		**(138.5)**	(123.3)
Taxation paid		**(686.9)**	(608.8)
Dividends paid		**(1 430.5)**	(1 357.8)
CASH FLOWS FROM INVESTING ACTIVITIES		**(1 943.2)**	(1 453.3)
Acquisition of businesses/subsidiaries	4.2	**(487.4)**	(453.2)
Proceeds from disposal of businesses	4.3	**20.1**	47.7
Proceeds on disposal of assets held for sale			27.5
Investment to expand operations		**(685.8)**	(456.1)
Investment to maintain operations		**(374.0)**	(316.2)
– Replacement of property, plant and equipment		**(423.5)**	(352.9)
– Proceeds on disposal of property, plant and equipment		**49.5**	36.7
Proceeds on loans and investments		**470.3**	398.8
Repayments of loans and investments		**(886.4)**	(701.8)
CASH FLOWS FROM FINANCING ACTIVITIES		**557.6**	(428.0)
Proceeds from exercise of share options		**35.6**	105.1
Proceeds from borrowings		**748.9**	
Repayments of borrowings		**(116.8)**	(252.0)
Share repurchases		**(110.1)**	(281.1)
Net movement in cash and cash equivalents		**(1 689.4)**	94.5
Net cash balances at beginning of year		**1 598.2**	1 472.0
Exchange rate translation		**23.8**	31.7
Net cash (overdrafts)/balances at end of year		**(67.4)**	1 598.2

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS

The summarised consolidated financial statements contained in this preliminary report are prepared in accordance with the requirements of the JSE Limited Listings Requirements (Listings Requirements) for preliminary reports, and the requirements of the Companies Act No. 71 of 2008 (Companies Act) applicable to summarised financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

Neither this announcement nor the preliminary report has been audited but are extracted from the underlying audited information. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office. The directors take full responsibility for the preparation of the preliminary report and that the financial information has been correctly extracted from the underlying annual financial statements.

Impact of future amendments to accounting standards and interpretation

IFRS 16

Background

IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise a right-of-use asset representing the underlying asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value. Depreciation is recognised on the right-of-use asset and interest is recognised on the lease liability, replacing the straight-line operating lease expense. The right-of-use assets can be measured as the amount of initial measurement of the lease liability and subsequently depreciated over the remaining lease term. However, management has chosen, on a lease-by-lease basis, the option available in the standard to measure the right-of use-assets as if IFRS 16 had been applied since the inception of the lease, using the incremental borrowing rate on the date of initial application. This will result in an adjustment to retained earnings relating to depreciation and in the instance of some property leases in Ireland, impairment. Initial direct costs have not been included in the measurement of right-of-use assets. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The standard is mandatory for accounting periods beginning on or after 1 January 2019 and will be applicable for the group for the year ending 30 September 2020 with the date of initial application being 1 October 2019.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

1. BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS continued

The following changes to key financial statement line items based on the expected take-on values at 1 October 2019 and statement of comprehensive income impact for the September 2020 financial year:

Rmillion		Approximate increase/ (decrease)
Statement of financial position		
Property, plant and equipment – right-of-use asset		5 100
Finance lease receivables		4 250
Net deferred tax asset		130
Finance lease liabilities		10 150
Retained earnings		(670)
Statement of comprehensive income		
Depreciation		780
Profit before interest and tax		180
Finance income		350
Finance costs		520
Profit before tax		10
Tax		3
Headline earnings		7
Headline earnings per share (HEPS)	(cents)	4

Lease arrangements by segment

The group anticipates a significant impact resulting from the adoption of IFRS 16. As at the reporting date, the group has non-cancellable property operating lease commitments of R13.1 billion which comprise R8.0 billion of operating lease commitments in Southern Africa, R2.1 billion in Switzerland and R3.0 billion in Ireland. Some of the commitments will be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

SPAR Southern Africa leases relate mostly to head lease arrangements on key strategic retail sites that are viewed as fundamental to the group's growth strategy. These include a back-to-back sublease agreement with our independent retailers. IFRS 16 requires the recognition of the obligation to pay rent under the head lease as a lease liability, with a corresponding asset representing the lease receivable. For these back-to-back sublease agreements, the accounting for the head lease and the sublease under IFRS 16 will have an equal and opposite impact on the statement of comprehensive income. To the extent of leased property that is not sublet, the group will recognise a right-of-use asset and a finance lease liability.

SPAR Ireland leases relate mostly to property leases which are franchised to retailers or operated by the group, there are also motor vehicles leases. For both the property leases and motor vehicle leases, a right-of-use asset and finance lease liability will be recognised. For the property leases where the group is a lessor, a finance lease asset will be recognised instead of the right-of-use asset.

SPAR Switzerland has property, trucks and IT hardware leases. The property leases do not include back-to-back sublease agreements, resulting in, a right-of-use asset and finance lease liability being recognised.

Discount rates

The group will apply the standard using the modified retrospective approach, recognising the cumulative effect of initially applying the standard in retained earnings at the date of initial application. As prescribed by IFRS 16, lease liabilities will be measured at the present value of remaining lease payments discounted at the incremental borrowing rate at the date of initial application. The incremental borrowing rate that will be applied for South Africa of 9.74% was determined by obtaining a rate from the group's primary bankers for a collateralised borrowing, at a fixed rate, for an amortising facility over a similar period to the property leases. The Irish operations expect to use a discount rate of 2.8% for property leases, between 3.0% and 5.0% for motor vehicles leases and 9.0% for other leases. The South West England operations expect to use a rate of 4.0% for property leases, and a rate ranging between 1.8% and 3.0% for motor vehicle leases.

1. BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS continued

This is based on the respective operations current rate received on bank debt, adjusted for tenor and additional security obtained from SPAR South Africa. The Swiss operations apply a rate ranging from 0.5% to 1.0%.

Practical expedients

The group has applied a practical expedient available in the standard in order to apply the same discount rate to each portfolio of leases that have reasonably similar terms, underlying assets and economic circumstances. In South Africa, the majority of property leases are on similar underlying assets (stores) within similar economic environments, and with the same lease terms. The same can be said for property leases in Switzerland and in Ireland, however the Irish portfolio of leases is further split into leases based in Ireland and in the UK.

On transition to IFRS 16 the group will reverse onerous lease provisions, and account for the difference between cumulative unavoidable costs and expected economic benefits (if lower) as an IFRS 16 transitional adjustment through retained earnings.

Renewal periods

In determining the number of years of rental payments which should be present valued for the purpose of IFRS 16, renewal options should be considered when the lessee is reasonably certain to exercise.

In South Africa, the majority of property leases are entered into for an initial period of 10 years, with renewal options of 5 years. It has been concluded that these renewal options will only be recognised when it is reasonably certain that they will be entered into which is generally within 6 months of the renewal coming into effect.

In Ireland, management have identified only two leases for which they are reasonably certain not to exercise break clauses. No renewal assumptions/rights have been incorporated into the lease terms for these two properties.

In Switzerland, renewal clauses have been taken into account on a lease-by-lease basis where it is applicable and it is considered to be reasonably certain that the group will exercise the renewal options in order to retain control of the sites.

The group is in the concluding stages of system implementations to accommodate the requirements of IFRS 16 and continues to assess the impact on its annual financial statements in respect of the application of IFRS 16.

2. SALIENT STATISTICS AND HEADLINE EARNINGS

Rmillion		% Change	2019	2018
Salient statistics				
Headline earnings per share	(cents)	16.9	**1 129.1**	965.7
Diluted headline earnings per share	(cents)	17.2	**1 123.6**	958.9
Dividend per share	(cents)	9.7	**800.0**	729.0
Net asset value per share	(cents)	5.1	**3 879.9**	3 692.2
Operating profit margin	(%)		**2.7**	2.8
Return on equity	(%)		**29.7**	26.7
Headline earnings reconciliation				
Profit for the year attributable to ordinary shareholders			**2 163.4**	1 827.2
Adjusted for:				
Loss on disposal of property, plant and equipment			**0.6**	34.2
– Gross			**1.4**	37.2
– Tax effect			**(0.8)**	(3.0)
Profit on disposal of assets held for sale				(4.4)
Fair value adjustment to assets held for sale			**3.9**	
Impairment of goodwill			**5.0**	12.3
Loss/(profit) on disposal of businesses			**0.1**	(9.7)
Headline earnings			**2 173.0**	1 859.6

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

3. SEGMENT REPORTING

Segment accounting policies are consistent with those adopted for the preparation of the consolidated financial statements.

The principal segments of the group have been identified on a primary basis by geographical segment, which is representative of the internal reporting used for management purposes as well as the source and nature of business risks and returns. These geographical segments also represent operating segments as they meet the quantitative thresholds.

The Chief Executive Officer (the Chief Operating Decision Maker) (CODM) is of the opinion that the operations of the individual distribution centres within Southern Africa are substantially similar to one another and that the risks and returns of these distribution centres are likewise similar. The risks and returns of the Ireland, Switzerland and Poland operations are not considered to be similar to those within Southern Africa or each other.

As a result, the geographical segments of the group have been identified as Southern Africa, Ireland, Switzerland and Poland. All segment revenue and expenses are directly attributable to the segments. Segment assets and liabilities include all operating assets and liabilities used by a segment, with the exception of inter-segment assets and liabilities. These assets and liabilities are all directly attributable to the segments.

The principal activity of the operating segments is the wholesale and distribution of goods and services to SPAR grocery stores and multiple other branded group retail outlets.

The group deals with a broad spread of customers, with no single customer exceeding 10% of the group's revenue.

Analysis per reportable segment:

Rmillion	Southern Africa	Ireland	Switzerland	Poland	Con-solidated Total
2019					
Statement of profit or loss					
Revenue from contracts with customers	**75 090.8**	**25 296.4**	**11 195.3**	**1.2**	**111 583.7**
Operating profit	**2 240.0**	**686.1**	**83.3**	**(30.5)**	**2 978.9**
Profit before tax	**2 151.3**	**657.2**	**2.8**	**(29.5)**	**2 781.8**
Interest income	**167.1**	**10.0**	**5.3**	**3.1**	**185.5**
Interest expense	**137.6**	**35.7**	**26.2**	**2.1**	**201.6**
Depreciation and amortisation	**237.8**	**274.1**	**242.8**		**754.7**
Statement of financial position					
Total assets	**17 451.9**	**10 636.2**	**5 487.8**	**477.0**	**34 052.9**
Total liabilities	**13 686.8**	**7 645.4**	**4 749.0**	**504.4**	**26 585.6**
2018 Restated*					
Statement of profit or loss					
Revenue from contracts with customers	69 556.9	22 931.5	10 567.1		103 055.5
Operating profit	2 080.3	574.4	124.6		2 779.3
Profit before tax	1 841.6	537.9	84.6		2 464.1
Interest income	155.1	11.0	3.2		169.3
Interest expense	124.0	42.9	26.0		192.9
Depreciation and amortisation	216.8	236.3	245.0		698.1
Statement of financial position					
Total assets	16 436.1	9 777.5	5 041.9		31 255.5
Total liabilities	12 718.1	7 263.5	4 164.1		24 145.7

Material non-cash items relating to the movement in the group's financial liabilities are presented in note 5.

* *Restated for the impact relating to the adoption of the new standards, refer to note 11 for further details.*

3. SEGMENT REPORTING continued

Rmillion	2019	2018
Disaggregated Revenue		
Southern Africa		
Revenue – sale of merchandise	**74 283.7**	68 753.4
SPAR	**57 566.2**	53 804.3
TOPS at SPAR	**7 646.9**	6 504.3
Build it	**8 035.1**	7 514.5
S Buys	**1 035.5**	930.3
Revenue – Other	**807.1**	803.5
Revenue from contracts with customers	**75 090.8**	69 556.9
Ireland		
Revenue – sale of merchandise	**24 835.2**	22 495.5
BWG	**22 044.0**	19 760.5
Appleby Westward	**2 791.2**	2 735.0
Revenue – Other	**461.2**	436.0
Revenue from contracts with customers	**25 296.4**	22 931.5
Switzerland		
Revenue – sale of merchandise	**10 357.0**	9 769.1
Wholesale	**4 588.1**	4 214.4
TopCC	**4 109.4**	3 859.7
Retail	**1 659.5**	1 695.0
Revenue – Other	**838.3**	798.0
Revenue from contracts with customers	**11 195.3**	10 567.1
Poland		
Revenue – sale of merchandise	**1.2**	
Wholesale	**1.2**	
Revenue – Other		
Revenue from contracts with customers	**1.2**	–
Total Revenue – sale of merchandise	**109 477.1**	101 018.0
Total Revenue – other	**2 106.6**	2 037.5
Total Revenue from contracts with customers	**111 583.7**	103 055.5

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

4. BUSINESS COMBINATIONS

4.1 Acquisition of Roadfield Holdings Ltd

The BWG Group purchased the entire shareholding of Roadfield Holdings Ltd (trading as Corrib Food Products), a wholesaler of predominantly chilled and frozen sectors in Ireland. The business operates from a major distribution centre based near Athenry, Co. Galway, and other distribution depots in Dublin. Approval for the transaction was received from the Competition and Consumer Protection Commission on the 31 October 2018, representing the effective date. This wholesaler was purchased in order to expand operations in Ireland, and the goodwill arising on the business combination is an indication of future profit expected to be made by the group as a result.

Retail stores acquired

During the course of the financial year the group acquired the assets of thirteen (2018: seven) retail stores in South Africa. GCL 2016 Ltd (Gilletts), a subsidiary of The BWG Group, acquired the assets of two (2018: two) retail stores in the United Kingdom (UK). The principal activity of these acquisitions is that of retail trade and all its aspects. These stores were purchased in order to protect strategic sites, and the goodwill arising on the business combinations is an indication of future turnover expected to be made by the group as a result of these acquisitions. These acquisitions were funded from available cash resources.

Assets acquired and liabilities assumed at date of acquisition

	2019				2018					
Rmillion	Corrib Food Products	SA retail stores	UK retail stores	Total	S Buys Holdings (Pty) Ltd*	Knowles Shopping Centre Invest-ments (Pty) Ltd	4 Aces Wholesale	SA retail stores	UK retail stores	Total
Assets	**158.9**	**152.1**	**1.6**	**312.6**	196.8	165.0	234.7	32.7	58.5	687.7
Property, plant and equipment	**9.4**	**71.8**	**0.4**	**81.6**	2.8	165.0		31.1	32.7	231.6
Goodwill				**–**	30.0					30.0
Deferred tax asset				**–**	4.9					4.9
Inventories	**25.9**	**2.6**	**0.8**	**29.3**	73.2		63.7	1.5	6.7	145.1
Other financial assets				**–**	0.4					0.4
Current tax receivable				**–**	0.1		0.5			0.6
Trade and other receivables	**69.1**	**7.8**	**0.4**	**77.3**	84.1		110.1		2.0	196.2
Non-current assets held for sale		**67.9**		**67.9**						
Cash and cash equivalents	**54.5**	**2.0**		**56.5**	1.3		60.4	0.1	17.1	78.9
Liabilities	**(72.9)**	**(4.8)**	**–**	**(77.7)**	(127.8)	–	(134.8)	(1.6)	(14.0)	(278.2)
Finance lease liability				**–**	(0.4)					(0.4)
Trade and other payables	**(66.1)**	**(4.8)**		**(70.9)**	(126.5)		(134.8)	(1.6)	(13.9)	(276.8)
Loans	**(6.8)**			**(6.8)**						
Income tax liability				**–**	(0.1)				(0.1)	(0.2)
Bank overdraft				**–**	(0.8)					(0.8)
Total identifiable net assets at fair value	**86.0**	**147.3**	**1.6**	**234.9**	69.0	165.0	99.9	31.1	44.5	409.5
Goodwill arising from acquisition	**178.2**	**125.3**	**8.3**	**311.8**	33.5		81.5	52.4	7.1	174.5
Non-controlling interest				**–**	(27.6)					(27.6)
Purchase consideration transferred	**264.2**	**272.6**	**9.9**	**546.7**	74.9	165.0	181.4	83.5	51.6	556.4
Paid in cash	**240.0**	**272.6**	**9.9**	**522.5**	74.9	165.0	150.2	83.5	41.4	515.0
Contingent consideration	**24.2**			**24.2**			31.2		10.2	41.4
Cash and cash equivalents acquired	**(54.5)**	**(2.0)**		**(56.5)**	(0.5)		(60.4)	(0.1)	(17.1)	(78.1)
Business acquisition costs	**4.9**			**4.9**		0.7	1.1			1.8
Contingent consideration	**(24.2)**			**(24.2)**			(31.2)		(10.2)	(41.4)
Net cash outflow on acquisition	**190.4**	**270.6**	**9.9**	**470.9**	74.4	165.7	90.9	83.4	24.3	438.7

* *Fifth Season Investments 126 (Pty) Ltd changed its name to S Buys Holdings (Pty) Ltd during the current financial year.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

4. BUSINESS COMBINATIONS continued

4.2 Cash flow on acquisition of business/subsidiaries

The cash flow on acquisition of business/subsidiaries is noted as being the amount disclosed in note 4.1, other similar business acquisition costs incurred relating to prospective business acquisitions and contingent consideration of the 4 Aces acquisition.

Rmillion	2019	2018
Net cash outflow	**470.9**	438.7
4 Aces contingent consideration	**8.7**	
Costs on potential acquisitions	**7.8**	14.5
Total net cash outflow relating to acquisitions	**487.4**	453.2

The 4 Aces acquisition included a provision for contingent consideration. The cash outflow relates to the settlement of the contingent consideration which was adjusted for amounts not payable as targets were not met and reclamation of VAT on bad debts written off, offset by an ex gratia payment to the vendors. No further fair value adjustments have been made to the net identifiable assets acquired, the 12 month adjustment window for which expired on 11 May 2019.

4.3 Assets and liabilities at date of disposal

The assets and liabilities disposed of relate to two South African retail stores (2018: four retail stores) and previously disclosed as non-current assets held for sale relating to ADM Londis in the United Kingdom.

	2019		2018		
Rmillion	SA retail stores	Total	ADM Londis	SA retail stores	Total
Non-current assets	**20.2**	**20.2**	101.7	45.2	146.9
Property, plant and equipment	**7.9**	**7.9**		11.5	11.5
Non-current assets held for sale		**–**	101.7		101.7
Goodwill	**12.3**	**12.3**		33.7	33.7
Current liabilities	**–**	**–**	(108.9)	–	(108.9)
Trade & other payables		**–**	(7.4)		(7.4)
Deferred consideration payable for ADM Londis		**–**	(101.5)		(101.5)
Profit on disposal of businesses	**(0.1)**	**(0.1)**	7.2	2.5	9.7
Proceeds	**20.1**	**20.1**	–	47.7	47.7

4. BUSINESS COMBINATIONS continued

4.4 Contribution to results for the year

Rmillion	2019 Corrib Foods Products	SA retail stores	UK retail stores	Total
Revenue	**489.7**	**253.4**	**19.6**	**762.7**
Trading profit/(losses) before acquisition costs	**27.4**	**(4.9)**	**1.4**	**23.9**

Rmillion	S Buys Holdings (Pty) Ltd	Knowles Shopping Centre Invest-ments (Pty) Ltd	2018 SA retail stores	4 Aces Wholesale	UK retail stores	Total
Revenue	952.7	17.5	328.6	319.0	17.2	1 635.0
Trading profit/(losses) before acquisition costs	17.9	8.3	(22.9)	5.5	0.2	9.0

5. FINANCIAL LIABILITIES

Rmillion	2019	2018
PRESENT VALUE		
TIL JV Ltd	**1326.3**	1 216.2
SPAR Holding AG	**840.9**	777.5
S Buys Holdings (Pty) Ltd	**37.2**	49.2
Total financial liabilities	**2 204.4**	2 042.9
Less: short-term portion of financial liabilities	**(683.3)**	
Long-term portion of financial liabilities	**1 521.1**	2 042.9
UNDISCOUNTED VALUE		
TIL JV Ltd	**1 434.3**	1 389.2
SPAR Holding AG	**854.8**	813.2
S Buys Holdings (Pty) Ltd	**55.9**	86.2
	2 345.0	2 288.6
Difference between undiscounted value and the carrying amount of the financial liabilities	**140.6**	245.7

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

5. FINANCIAL LIABILITIES continued

The undiscounted value of the financial liabilities represents the amount the group is contractually required to pay at maturity to the holder of the obligation.

On 1 August 2014, The SPAR Group Ltd acquired a controlling shareholding of 80% in the BWG Group, which is held by TIL JV Ltd, a wholly owned subsidiary of The SPAR Group Ltd. The SPAR Group Ltd has agreed to acquire the remaining 20% shareholding from the non-controlling shareholders at specified future dates and in accordance with a determined valuation model. An election was made not to recognise a non-controlling interest, but to fair value the financial liability. The financial liability is calculated as the present value of the non-controlling interests share of the expected purchase value and discounted from the expected exercise dates to the reporting date. As at 30 September 2019, the financial liability was valued at R1 326.3 million (2018: R1 216.2 million) based on management's expectation of future profit performance. The group has recognised 100% of the attributable profit.

Repayments will commence in December 2019 and continue in 2020 and 2022. The December 2019 repayment has been disclosed as the current portion financial liability.

Interest is recorded in respect of this liability within finance costs using the effective interest rate method. The net exchange differences on the financial liability have been presented in finance costs. The estimated future purchase price is fair valued at each reporting date and any changes in the value of the liability as a result of changes in the assumptions used to estimate the future purchase price are recorded in profit or loss.

In both 2019 and 2018 an expected future profits adjustment was made to the TIL JV Limited financial liability.

On 1 April 2016 The SPAR Group Ltd acquired a controlling shareholding of 60% in SPAR Holding AG, which is held by SAH Ltd, a wholly owned subsidiary of The SPAR Group Ltd. Part of the purchase price of this 60% shareholding is a deferred consideration of CHF 16.0 million, which will be paid between December 2020 and February 2021 with the purchase of the remaining 40% of SPAR Holding AG. The purchase of the remaining 40% shareholding is at a set price of CHF 40.3million. The total obligation of CHF 56.3 million was accounted for as a financial liability at the present value of the obligation, discounted from the expected settlement date to the reporting date. An election was made not to recognise the non-controlling interest's share of profits or losses in equity.

Interest is recorded in respect of this liability within finance costs using the effective interest rate method. The net exchange differences on the financial liability have been presented in finance costs.

On 1 October 2017, The SPAR Group Ltd acquired a 60% shareholding in S Buys Holdings (Pty) Ltd which trades as S Buys. The SPAR Group Ltd agreed to purchase the remaining 40% shareholding in S Buys between 30 September 2022 and 31 December 2022 for an amount based on a multiple of the profit after tax for the 2022 financial year. This obligation to purchase the remaining shareholding will be recognised as a financial liability at the present value of the obligation, discounted from the expected settlement date to the reporting date. An election was made not to recognise the non-controlling interest's share of profits or losses in equity, but rather as the movement in the fair value of the discounted financial liability to purchase the remaining 40% shareholding. As at 30 September 2019, the financial liability was valued at R37.2 million (2018: R49.2 million) based on management's expectation of future profit performance.

Interest is recorded in respect of this liability within finance costs using the effective interest rate method. The estimated future purchase price is fair valued at each reporting date and any changes in the value of the liability as a result of changes in the assumptions used to estimate the future purchase price are recorded in profit or loss.

The following tables show a reconciliation of the opening and closing balances of level 3 financial instruments carried at fair value:

Rmillion	2019	2018
Movements in level 3 financial instruments carried at fair value		
TIL JV Ltd		
Balance at beginning of year	**1 216.2**	963.8
Finance costs recognised in profit or loss	**69.1**	72.3
Net exchange differences arising during the period	**6.4**	40.6
Expected future profits adjustment	**34.6**	139.5
Balance at end of year	**1 326.3**	1 216.2
S Buys Holdings (Pty) Ltd		
Balance at beginning of year	**49.2**	
Initial recognition		54.4
Initial recognition reducing non-controlling interest balance		27.6
Initial recognition in equity reserve		26.8
Finance costs recognised in profit or loss	**7.2**	6.4
Expected future profits adjustment	**(19.2)**	(11.6)
Balance at end of year	**37.2**	49.2
Movements in financial liabilities held at amortised cost		
SPAR Holding AG		
Balance at beginning of year	**777.5**	736.3
Finance costs recognised in profit or loss	**22.5**	14.3
Net exchange differences arising during the period	**37.1**	2.9
Foreign exchange translation	**3.8**	24.0
Balance at end of year	**840.9**	777.5
Total financial liabilities	**2 204.4**	2 042.9

6. FINANCIAL RISK MANAGEMENT

Rmillion	2019	2018
Financial instruments classification		
Financial assets held at amortised cost[(1)]		
Net bank balances	**(67.4)**	1 598.2
Loans and other receivables	**1 266.7**	794.3
Block discounting loan receivable	**623.1**	768.2
Trade and other receivables	**13 122.7**	12 134.4
Financial liabilities at amortised cost[(2)]		
Block discounting loan payable	**(637.2)**	(785.9)
Trade and other payables	**(14 912.8)**	(15 236.0)
Borrowings	**(5 164.8)**	(4 410.1)
Financial liabilities at amortised cost	**(840.9)**	(777.5)
Financial assets and liabilities at fair value through profit or loss[(3)]		
Other equity investments	**19.8**	57.9
Forward exchange contract (FEC) asset	**0.4**	0.3
Financial liabilities at fair value through profit or loss	**(1 363.5)**	(1 265.4)
Designated hedging instrument[(4)]		
Interest rate swap liability	**(2.8)**	(3.3)

[(1)] *Classified under IFRS 9 as financial assets at amortised cost. Previously classified under IAS 39 as loans and receivables.*
[(2)] *Classified under IFRS 9 as financial liabilities at amortised cost. Previously classified under IAS 39 as financial liabilities measured at amortised cost.*
[(3)] *Classified under IFRS 9 and previously under IAS 39 as financial assets or liabilities at fair value through profit or loss.*
[(4)] *Designated as a hedging instrument.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

6. FINANCIAL RISK MANAGEMENT continued

Fair value hierarchy

The group's financial instruments carried at fair value are classified into three categories defined as follows:

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. Financial instruments classified as level 2 mainly comprise other equity investments.

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

The following financial instruments are carried at fair value and are further categorised into the appropriate fair value hierarchy:

Financial instruments

Rmillion	Carrying value	Fair value Level 1	Level 2	Level 3
2019				
Other equity investments	**2.5**		**2.5**	
Interest rate swap	**(2.8)**		**(2.8)**	
FEC asset at fair value through profit or loss	**0.4**		**0.4**	
Financial liabilities at fair value through profit or loss	**(1 363.5)**			**(1 363.5)**
Total	**(1 363.4)**	**–**	**0.1**	**(1 363.5)**
2018				
Other equity investments	56.9		56.9	
Interest rate swap	(3.3)		(3.3)	
FEC asset at fair value through profit or loss	0.4		0.4	
Financial liabilities at fair value through profit or loss	(1 265.4)			(1 265.4)
Total	(1 211.5)	–	53.9	(1 265.4)

Level 2 valuation methods and inputs

The level 2 financial instruments consists of the investment in Group Risk Holdings (Pty) Ltd (GRH) and the Hypo Vorarlberg bank security deposit. The value of the investment in GRH is based on the group's premium contributions relative to other shareholders in GRH. The Hypo Vorarlberg bank security deposit is a portfolio of listed shares and bonds, the value of which are observable in the market.

Level 3 sensitivity information

The fair value of the level 3 financial liabilities of R1 363.5 million (2018: R1 265.4 million) was estimated by applying an income approach valuation method including a present value discount technique. The fair value measurement is based on significant inputs that are not observable in the market. Key inputs used in the valuation include the assumed future profit targets and the discount rates applied. The assumed profitability was based on historical performances but adjusted for expected growth. In September 2019, the estimated future profit target for TIL JV Ltd was adjusted upward by 3.1% (2018: upward by 12.4%), and the estimated future profit target for S Buys Holdings (Pty) Ltd was adjusted downward by 35.1% (2018: downward by 12.9%).

6. FINANCIAL RISK MANAGEMENT continued

The following tables show how the fair value of the level 3 financial liabilities would change in relation to change in the discount rate by 0.5%.

	Discount rate %	Sensitivity % change	Liability Rmillion
TIL JV Ltd			
2019			
Financial liability	**8.0**	**0.5**	**(6.2)**
Financial liability	**8.0**	**(0.5)**	**6.3**
2018			
Financial liability	6.7	0.5	(11.7)
Financial liability	6.7	(0.5)	11.9
S Buys Holdings (Pty) Ltd			
2019			
Financial liability	**12.6**	**0.5**	**(0.6)**
Financial liability	**12.6**	**(0.5)**	**0.6**
2018			
Financial liability	13.3	0.5	(1.0)
Financial liability	13.3	(0.5)	1.0

The following tables show how the fair value of the level 3 financial liabilities would change in relation to change in the expected future profit targets by 5.0%.

	Sensitivity % change	Liability Rmillion
TIL JV Ltd		
2019		
Financial liability	**5.0**	**66.3**
Financial liability	**(5.0)**	**(66.3)**
2018		
Financial liability	5.0	59.2
Financial liability	(5.0)	(59.1)
S Buys Holdings (Pty) Ltd		
2019		
Financial liability	**5.0**	**1.9**
Financial liability	**(5.0)**	**(1.9)**
2018		
Financial liability	5.0	2.3
Financial liability	(5.0)	(2.3)

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

7. COMMITMENTS

	Rmillion	Land and buildings	Other
7.1	**Operating lease commitments**		
	Future minimum lease payments		
	2019		
	Payable within one year	**1 817.1**	**71.6**
	Payable later than one year but not later than five years	**6 401.8**	**130.9**
	Payable later than five years	**4 916.3**	**26.8**
	Total	**13 135.2**	**229.3**
	2018		
	Payable within one year	1 623.6	78.2
	Payable later than one year but not later than five years	5 434.0	124.8
	Payable later than five years	4 023.9	13.9
	Total	11 081.5	216.9

	Rmillion	2019	2018
7.2	**Operating lease receivables**		
	Future minimum sub-lease receivables		
	Receivable within one year	**1 060.8**	952.7
	Receivable later than one year but not later than five years	**3 524.2**	3 132.3
	Receivable later than five years	**2 289.0**	1 938.4
	Total operating lease receivables	**6 874.0**	6 023.4
	Future minimum lease payments relate to obligations under non-cancellable lease contracts.		
7.3	**Capital commitments**		
	Contracted	**258.0**	200.5
	Approved but not contracted	**91.7**	143.5
	Total capital commitments	**349.7**	344.0

Capital commitments will be financed from group resources.

8. FINANCIAL GUARANTEES

Financial guarantees may be provided by the group to subsidiaries and affiliates. These financial guarantees are accounted for under IFRS 4 and initially measured at cost and subsequently in terms of IAS 37 which requires the best estimate of the expenditure to settle the present obligation. Management have assessed that the amount that it would rationally pay to settle the obligation is nil.

Management's assessment is based on the ability of subsidiaries and affiliates having sufficient cash resources, in country, to service the underlying debt instrument's obligations as and when these become due.

The risk relating to financial guarantees is managed per geographical region, through review of cash flow forecasts, budgets and covenants monitoring.

The board has limited the guarantee facility to R190.0 million (2018: R190.0 million) relating to Numlite (Pty) Ltd. Loans extended to retailers by Wesbank are guaranteed by SPAR.

The table below represents the full exposure of the group in relation to these financial guarantees as at 30 September 2019.

Rmillion	2019	2018
Financial Guarantees	**373.5**	169.7
– Guarantee of Wesbank loan agreements	**201.4**	
– Guarantee of Numlite (Pty) Ltd finance obligations	**172.1**	169.7

9 PRIOR PERIOD RESTATEMENT

9.1 Prior period restatement

SPAR has identified that intangible assets relating to computer software was erroneously disclosed in the property, plant and equipment financial statement line item. SPAR in recent years has embarked on modernisation projects which required significant investment in SAP software. SPAR enhanced the disclosure surrounding the categories of property, plant and equipment in the current year and through this process identified the software asset which is required to be disclosed as an intangible asset.

9.2 Prior period restatement impact on statement of financial position

Rmillion	30 September 2018 Originally presented	Effect of restatement	30 September 2018 restated
Property, plant and equipment	6 966.9	(315.1)	6 651.8
Goodwill and intangible assets	4 436.6	315.1	4 751.7

Rmillion	30 September 2017 Originally presented	Effect of restatement	30 September 2017 restated
Property, plant and equipment	6 553.9	(277.4)	6 276.5
Goodwill and intangible assets	4 162.2	277.4	4 439.6

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

10. BLOCK DISCOUNTING LOANS

Rmillion	2019	2018
Block discounting loan receivable	**365.0**	542.4
Current portion of block discounting loan receivable	**258.1**	225.8
Total block discounting loan receivable	**623.1**	768.2
Block discounting loan payable	**373.6**	553.6
Current portion of block discounting loan payable	**263.6**	232.3
Total block discounting loan payable	**637.2**	785.9

SPAR gives out loans at the prime interest rate to retailers which are immediately sold at prime less one percent to an approved financial institution under a block discounting agreement with recourse. The financial institution fulfils all administrative activities relating to the repayment of these loans, and will only revert to SPAR in the unusual instance of default on the part of the retailer.

As these loans have been discounted to the financial institution with full recourse resulting in SPAR still being exposed to the credit risk on this transaction, it has been concluded that these loans receivables do not meet the derecognition criteria for financial assets in terms of IAS 39. This has resulted in the recognition of a financial asset held at amortised cost which represents the amount owing by the retailer, and a financial liability held at amortised cost which represents the amount owing to the financial institution.

Retailer loans are secured by notarial bonds over assets, deeds of suretyship, cession and pledge of shares and in some instances, lease options. The recoverability of amounts owed by retailers is regularly reviewed and assessed on an individual basis. A provision will be raised to the extent a loan is no longer considered recoverable. No provision has been raised at year end as no material amounts are past due at year end. This is estimated considering past experience and additional risk factors such as significant actual or expected changes in the operating results or business conditions of the retailer. To the extent a loan is considered irrecoverable, the debt is written off.

Schedule of repayment of borrowings

Rmillion	2019	2018
Year to September 2019		285.8
Year to September 2020	**258.1**	236.7
Year to September 2021	**204.0**	177.5
Year to September 2022	**150.0**	114.7
Year to September 2023	**76.8**	37.5
Year to September 2024 onwards	**36.5**	
	725.4	852.2

The schedule of borrowings represents the repayments that the retailer will make directly to the financial institution with whom the loans have been discounted.

11. ADOPTION OF NEW ACCOUNTING STANDARDS

11.1 Effect of adopting IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 October 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The group has elected not to restate its comparative information as permitted by IFRS 9. Therefore, the impact of IFRS 9 will be applied retrospectively with an adjustment to opening retained earnings. The comparative information in the prior year annual financial statements will not be amended for the impact of IFRS 9.

The total impact on the group's retained earnings as at 1 October 2018 is as follows:

Rmillion	Notes	
Closing retained earnings 30 September 2018 as previously reported		5 211.6
Adjustment to retained earnings from adoption of IFRS 9 on 1 October 2018		(18.2)
Increase in provision for trade receivables	11.1.3	(23.8)
Increase in provision for loans at amortised cost	11.1.3	(0.9)
Increase in net deferred tax assets relating to impairment provisions		6.5
Opening retained earnings 1 October 2018		5 193.4

11.1.1 Classification and measurement of financial instruments

(a) Financial assets

IFRS 9 requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The group has the following types of financial assets that are subject to IFRS 9:

1. Loans receivables
2. Block discounting loans receivable
3. Trade and other receivables
4. Cash and cash equivalents

On 1 October 2018 (the date of initial application of IFRS 9), management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories.

Management is satisfied that these financial assets will be measured at amortised cost under IFRS 9 since the group has a business model to hold these financial assets to collect contractual cash flows and the characteristics of the contractual cash flows are solely that of payments of the principal amount and interest received.

Loan receivables, block discounting loan receivables, trade and other receivables and cash and cash equivalents were classified under IAS 39 as loans and receivables. Under IFRS 9 these are classified as financial assets at amortised cost. This classification is a result of the assets contractual cash flows being solely principal and interest and the business model's objective is achieved by holding the assets to collect the contractual cashflows. There was no impact on the amounts recognised in relation to these assets as a result of the classification of these balances on adoption of IFRS 9.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

11. ADOPTION OF NEW ACCOUNTING STANDARDS continued

11.1 Effect of adopting IFRS 9 Financial Instruments continued

11.1.1 Classification and measurement of financial instruments continued

(b) *Other equity investments*

Equity investments previously held as fair value through profit or loss (FVPL) under IAS 39 are still required to be held as FVPL under IFRS 9 as the business model for these assets is neither held-to-collect nor held-to-collect and for sale, and the collection of contractual cash flows is incidental to the business model. There was no impact on the classification or amounts recognised in relation to these assets from the adoption of IFRS 9.

(c) *Other current financial assets*

FEC assets within other current financial assets previously held as FVPL under IAS 39 are still required to be held as FVPL under IFRS 9. There was no impact on the classification or amounts recognised in relation to these assets from the adoption of IFRS 9.

(d) *Financial liabilities*

Financial liabilities previously classified at FVPL under IAS 39, maintain this classification under IFRS 9. This reduces recognition and measurement inconsistencies that would arise if these were measured on different basis. The financial liabilities are managed and performance evaluated on a fair value basis based on information provided internally to key management personnel. Initially the group assessed this as having no impact on the amounts recognised in relation to these liabilities as a result of the classification of these balances on adoption of IFRS 9, however post interim the group identified that fixed value financial liability obligations were to be classified as amortised cost financial instruments.

The main effects resulting from this reclassification are as follows:

Rmillion	FVPL	Loans and receivables	Amortised cost	Investment in subsidiary/ associate
Assets				
Closing balance at 30 September 2018 – IAS 39	58.2	15 295.1	–	156.7
Reclassify cash and cash equivalents from loans and receivables to amortised cost		(1 598.2)	1 598.2	
Reclassify loans from loans and receivables to amortised cost		(794.3)	794.3	
Reclassify block discounting loan receivable from loans and receivables to amortised cost		(768.2)	768.2	
Reclassify trade and other receivables from loans and receivables to amortised cost		(12 134.4)	12 134.4	
Reclassify investment in subsidiary/associate to loans at amortised cost			51.7	(51.7)
Opening balance on 1 October 2018 – IFRS 9	58.2	–	15 346.8	105.0

11. ADOPTION OF NEW ACCOUNTING STANDARDS continued

11.1 Effect of adopting IFRS 9 Financial Instruments continued

11.1.1 Classification and measurement of financial instruments continued

Rmillion	FVPL	Loans and receivables	Amortised cost	Investment in subsidiary/ associate
Liabilities				
Closing balance at 30 September 2018 – IAS 39	2 042.9	–	20 432.0	–
Reclassification of financial liabilities from FVPL to Amortised cost	(777.5)		777.5	
Opening balance on 1 October 2018 – IFRS 9	1 265.4	–	21 209.5	–

11.1.2 Impairment of financial assets under the expected credit loss model

The group has four types of financial assets that are impacted by IFRS 9's new expected credit loss model:

– Trade receivables from the sale of merchandise
– Loans provided by the SPAR group
– Block discounting loan receivables
– Cash and cash equivalents

The group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the group's retained earnings and equity is disclosed in the table above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The group has adopted the general approach for loans receivable, which involves a three stage approach to the recognition of credit losses and interest.

The group assesses exposure on specific customers taking into consideration the security held.

The group has established a provision matrix that is based on historical credit loss experience, adjusted for forward looking factors specific to such trade and other receivables and the economic environment.

Trade receivables and loan receivables are written off when there is no reasonable expectation of recovery. Debt is considered to be irrecoverable if continues attempts to collect outstanding amounts are unsuccessful, which have been handed over to legal for collection or if management have identified a specific financial issue with a customer.

The expected loss allowance represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered. This estimate takes into consideration past trends and makes an assessment of additional risk factors which are likely to impact recoverability such as significant actual or expected changes in the operating results or business conditions of the retailer. To the extent considered irrecoverable, debts are written off.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

11. ADOPTION OF NEW ACCOUNTING STANDARDS continued

11.1 Effect of adopting IFRS 9 Financial Instruments continued

11.1.3 Impact on the statement of financial position

Rmillion	Audited year ended September 2018 previously reported	IFRS 9 restatement adjustment	1 October 2018
Trade and other receivables	12 134.4	(23.8)	12 110.6
Loans and other receivables	696.4	(0.9)	695.5
Deferred tax assets	14.4	6.5	20.9
Retained Earnings	5 211.6	(18.2)	5 193.4

11.2 Effect of adopting IFRS 15 Revenue from contracts with customers

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer.

The core principle of IFRS 15 is that an entity recognises revenue from contracts with customers to depict the transfer of control of promised goods or services to customers for an amount that reflects the consideration to which an entity expects to be entitled to in exchange for those goods or services. The standard provides a single, principles based five-step to account for revenue from contracts with customers, based on the principle that revenue is recognised either over time or at a point in time, as or when the group satisfies performance obligations and transfers control of goods or services to its customers.

The adoption of IFRS 15 with effect from 1 October 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the group has adopted the new standard retrospectively and has restated comparatives for the 2018 financial year.

The group assessed all income streams in terms of IFRS 15 and this evaluation has resulted in the group classifying its income in terms of three categories:

1. **Revenue – sale of merchandise:** this represents revenue from the group's main trading activities being from the sale of goods which mainly comprises wholesale sales to independent retailers, and to a small degree retail sales of stores owned by the group.
2. **Revenue – other:** this relates to ancillary sales and services which comprise of marketing and promotional activities provided by the group. The group is satisfied that these services are distinct within the context of the relevant contracts.
3. **Other income:** this represents income that is derived from activities that are incidental to the group's main trading activities and ancillary services offered.

Agent versus Principal

The IFRS 15 principles dictate that revenue is recognised as and when the control over goods and services are transferred to customers. The group has assessed its dropshipment sales which is recorded on a gross principal basis and has concluded that this will continue to be recognised on a gross basis having satisfied the requirements of principal accounting under IFRS 15. The group has assessed its marketing and advertising income in the guilds which is recorded on a net agency basis. This net amount is then included in the group's consolidated statement of profit and loss and other comprehensive income.

11. ADOPTION OF NEW ACCOUNTING STANDARDS continued

11.2 Effect of adopting IFRS 15 Revenue from contracts with customers continued

The implementation of the new standard has not impacted the measurement and timing of revenue recognition, however, it had the following impact on the presentation of the statement of comprehensive income:

An amount of R1870.1 million for the year ended 30 September 2018 previously treated as other income and R167.4 million previously offset against operating expenses has been reclassified to Revenue – other due to clarity provided by IFRS 15 regarding distinct goods and services being identifiable and separable not provided by IAS 18.

The following restatements have been applied in the group's results for the year ended 30 September 2018:

11.3 Impact on the consolidated financial statements

The following tables set out the impact of the changes in accounting policies and prior period restatements recognised for each individual line item affected in the consolidated financial statements.

IFRS 15 was adopted with the comparative information being restated and the impact is reflected in the restated comparatives.

The aggregate effect of the changes in accounting policies and prior period restatements on the annual financial statements and interim results presented are as follows:

11.3.1 Impact on the statement of profit or loss and other comprehensive income

Rmillion	Audited year ended September 2018 previously reported	IFRS 15 restatement adjustment	Restated audited year ended September 2018
Revenue – sale of merchandise	101 018.0		101 018.0
Cost of sales	(90 225.0)		(90 225.0)
Gross profit	10 793.0	–	10 793.0
Revenue – other		2 037.5	2 037.5
Other income	1 989.5	(1 870.1)	119.4
Net operating expenses	(10 003.2)	(167.4)	(10 170.6)
Warehousing and distribution expenses	(3 149.4)	(5.0)	(3 154.4)
Marketing and selling expenses	(4 763.0)	(162.4)	(4 925.4)
Administration and information technology expenses	(2 090.8)		(2 090.8)
Operating profit	2 779.3	–	2 779.3
Other non-operating items	(144.2)		(144.2)
Interest income	169.3		169.3
Interest expense	(192.9)		(192.9)
Finance costs including foreign exchange gains and losses	(136.5)		(136.5)
Share of equity-accounted associate losses	(10.9)		(10.9)
Profit before taxation	2 464.1	–	2 464.1
Income tax expense	(636.9)		(636.9)
Profit for the period attributable to ordinary shareholders	1 827.2	–	1 827.2

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS continued

12. EVENTS AFTER THE REPORTING DATE

12.1 Acquisition of Piotr i Pawel Group

On 1 October 2019, SPAR acquired an 80% stake in Piotr i Pawel Sp. z o.o. (PiP) for a consideration EUR1. PiP is a retail chain of 77 delicatessen and supermarket stores, together with a wholesale distribution network. PiP is currently subject to a legally supervised debt restructuring process similar to South African Business Rescue. These sanitation proceedings were still in progress at the acquisition date but do not impact on SPAR's ability to control the relevant activities of the acquired entity. Due to the uncertainty around the finalisation of the debt restructuring and the proximity of the acquisition date to year-end, we are therefore unable to reasonably estimate the fair value of assets and liabilities at acquisition date.

12.2 Acquisition of Monteagle Africa Limited

The SPAR Group Limited has purchased a 50% shareholding in Monteagle Africa Limited subject to the approval of the Competition Commission. Monteagle Africa Limited is a wholesaler in the food retail sector, operating in Southern Africa. Monteagle Africa Limited is a supplier to the SPAR for its Private Label products.

12.3 Changes to the board of directors

Mr Roelf Venter retired as an executive director with the effect from 1 October 2019. Mr Wayne Hook will retire as executive director on 31 December 2019.

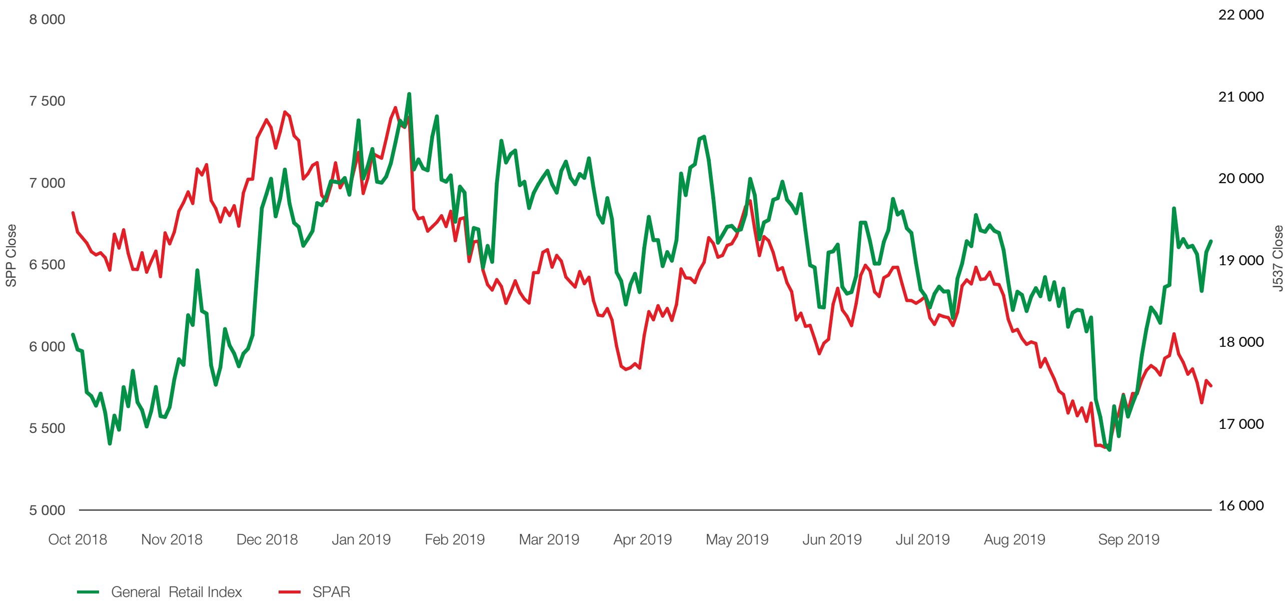
12.4 The directors are not aware of any matters or circumstances, other than the above, arising since the end of the financial year which have or may significantly affect the financial position of the group or the results of its operations.

ANALYSIS OF ORDINARY SHAREHOLDERS

Rmillion	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	11 749	69.90	3 904 746	2.03
1 001 – 10 000	3 816	22.70	11 830 535	6.14
10 001 – 100 000	975	5.80	31 777 693	16.50
100 001 – 1 000 000	243	1.45	69 179 126	35.92
Over 1 000 000	26	0.15	75 910 255	39.41
Total	16 809	100.00	192 602 355	100.00
Distribution of shareholders				
Insurance Companies	185	1.10	6 342 376	3.29
Mutual Funds	1 050	6.25	96 013 458	49.85
Private Investors	14 958	88.99	21 753 298	11.30
Retirement Pension Funds	616	3.66	68 493 223	35.56
Total	16 809	100.00	192 602 355	100.00
SHAREHOLDER TYPE				
Non-public shareholders	12	0.08	22 424 883	11.65
Directors and associates	8	0.05	187 793	0.10
Government Employees Pension Fund	1	0.01	22 064 571	11.46
Share schemes	2	0.01	89 297	0.05
Treasury	1	0.01	83 222	0.04
Public shareholders*	16 797	99.92	170 177 472	88.35
Total	16 809	100.00	192 602 355	100.00
Fund managers holding in excess of 5% of the company's equity				
Coronation Fund Managers			27 244 928	14.15
Public Investment Corporation			25 677 766	13.33
Total			52 922 694	27.48
Beneficial owners holding in excess of 5% of the company's equity				
Government Employees Pension Fund			32 148 230	16.69
Coronation Fund Managers			12 881 689	6.69
Total			45 029 919	23.38

* *Public shareholders have been determined per paragraph 4.25 of the JSE Listings Requirements.*

SPAR (SPP) vs GENERAL RETAIL INDEX (J537)



Source of data: IRESS

Shareholder's diary

Financial year-end	30 September
Annual general meeting	February
Reports and profit statements	
Interim report	May
Annual report	November
Annual financial statements issued	December
Interim dividend	
Declaration	May
Payable	June
Final dividend	
Declaration	November
Payable	December

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting (**AGM**) of shareholders of The SPAR Group Ltd (the **company**) is scheduled to be held in the company's boardroom, 22 Chancery Lane, Pinetown, Durban, South Africa on Tuesday, 11 February 2020 at 09:00 for the purpose of conducting the following items of business:

ORDINARY BUSINESS

Shareholders will be requested to consider and, if deemed fit, to pass (with or without modification) the following ordinary resolutions. The percentage of voting rights that will be required for the adoption of each ordinary resolution below is the support of more than 50% of the voting rights exercised on the resolution at a properly constituted meeting of the company's shareholders:

1. **Ordinary resolution number 1 – Adoption of the annual financial statements**

   "Resolved that the annual financial statements for the year ended 30 September 2019, incorporating the directors' report, Audit Committee report and independent auditor's report, be and are hereby adopted."

   The annual financial statements of the company are available on the company's website at http://investor-relations.spar.co.za.

2. **Ordinary resolution number 2 – Appointment of an independent non-executive director**

   "Resolved that the appointment of Lwazi Koyana as an independent non-executive director of the company with effect from 14 May 2019, be and is hereby ratified and confirmed."

   The Nomination Committee assessed the eligibility of Lwazi as a member of the board of directors (**board**) and the board accepted the result of the assessment. Accordingly, the board recommends his appointment to shareholders.

   A brief *curriculum vitae* for Lwazi can be found on page 40 of the abridged integrated report of which this notice forms part.

3. **Ordinary resolution number 3 – Re-election of non-executive directors retiring by rotation**

   "Resolved that, each by way of a separate vote, the following non-executive directors who retire in terms of the company's Memorandum of Incorporation (**MOI**), but being eligible, offer themselves for re-election, be and are hereby re-elected:

   3.1 Harish Mehta;

   3.2 Phumla Mnganga; and

   3.3 Andrew Waller."

   The Nomination Committee conducted an assessment of the performance of each of the retiring directors and the board accepted the results of the assessments. Accordingly, the board recommends their re-election to shareholders.

   Brief *curricula vitae* for Harish, Phumla and Andrew can be found on page 40 of the abridged integrated report of which this notice forms part.

4. **Ordinary resolution number 4 – Re-election of the independent external auditor**

   "Resolved that, PricewaterhouseCoopers Inc. as approved by the Audit Committee and recommended to shareholders, be re-elected as the independent external audit firm of the company, and that Sharalene Randelhoff be appointed as the designated individual audit partner, to hold office for the ensuing financial year."

5. **Ordinary resolution number 5 – Election of the members of the Audit Committee**

   "Resolved that, the following independent non-executive directors be and are hereby elected, each by way of a separate vote, as members of the Audit Committee of the company with immediate until the conclusion of the next AGM of the company:

   5.1 Marang Mashologu;

   5.2 Harish Mehta, subject to the adoption of the proposed ordinary resolution number 3.1; and

   5.3 Andrew Waller (chairman), subject to the adoption of the proposed ordinary resolution number 3.3."

   The Nomination Committee conducted an assessment of the performance of each of the members and the board accepted the results of the assessments. Accordingly, the board recommends their election as members of the Audit Committee to shareholders.

   Brief *curricula vitae* for Marang, Harish and Andrew can be found on page 40 of the abridged integrated report of which this notice forms part.

NOTICE OF ANNUAL GENERAL MEETING continued

6. **Ordinary resolution number 6 – Authority to issue shares for the purpose of share options**

   Note: The SPAR Group Ltd Employee Share Trust (2004) (the **Trust**) scheme closed in 2014 for the issuing of further share options and option holders have 10 years from date of issue to exercise their option rights.

   Pursuant to the granting of share options by the Trust, and in the event of any of the option holders exercising his/her rights thereto, authority is sought to place the issuing of the necessary shares under the control of the directors.

   "Resolved that, such number of the ordinary shares in the authorised but unissued capital of the company required for the purpose of satisfying the obligations of the Trust to option holders, be and are hereby placed under the control of the directors, who are hereby, as a specific authority, authorised to issue those shares in terms of the Trust Deed."

   Reason and effect

   This resolution is required to facilitate, in terms of the requirements of the MOI of the company, the issue of the requisite number of ordinary shares to the Trust so as to enable it to meet its obligations to holders of the relevant share options when such options are exercised.

7. **Ordinary resolution number 7 – Authority to issue shares for the purpose of the CSP**

   "Resolved that, such number of the ordinary shares in the authorised but unissued capital of the company, required for the purpose of The SPAR Group Ltd Conditional Share Plan (**CSP**), be and are hereby placed under the control of the directors, who are hereby, as a specific authority, authorised to issue those shares in terms of the rules of the CSP."

   Reason and effect

   This resolution is required to facilitate, in terms of the requirements of the MOI of the company, the issue of the requisite number of ordinary shares in terms of the rules of the CSP. The intended settlement method of the CSP is a market purchase of shares, which will result in no dilution to shareholders. The rules of the CSP, however, are flexible in order to allow for settlement by way of a market purchase of shares, the use of treasury shares or the issue of shares and this resolution, if passed, will facilitate an award under the CSP being made by an issue of shares if, for whatever reason, this least preferred settlement method is used. The company has not previously had to resort to a fresh issue of shares for these purposes.

8. **Ordinary resolution number 8 – Non-binding advisory vote on the remuneration policy**

   "Resolved that, by way of a non-binding advisory vote, the remuneration policy of the company, as contained in the Remuneration Committee report, be and is hereby endorsed."

   To the extent that 25% or more of the votes cast be against this non-binding advisory resolution, the Remuneration Committee undertakes to engage with shareholders as to the reasons therefore and undertakes to make recommendations based on the feedback received.

9. **Ordinary resolution number 9 – Non-binding advisory vote on the remuneration implementation report**

   "Resolved that, by way of a non-binding advisory vote, the remuneration implementation report of the company, as contained in the Remuneration Committee report, be and is hereby endorsed."

   To the extent that 25% or more of the votes cast be against this non-binding advisory resolution, the Remuneration Committee undertakes to engage with shareholders as to the reasons therefore and undertakes to make recommendations based on the feedback received.

SPECIAL BUSINESS

Shareholders will be requested to consider and, if deemed fit, to pass (with or without modification) the following special resolutions. The percentage of voting rights that will be required for the adoption of each special resolution is the support of at least 75% of the voting rights exercised on the resolution at a properly constituted meeting of the company's shareholders:

10. Special resolution number 1 – Financial assistance to related or inter-related companies

"Resolved that directors of the company, in terms of provision 45 of the Companies Act, 71 of 2008, as amended (**Companies Act**), be and are hereby authorised to cause the company to provide any financial assistance, whether by lending money, guaranteeing a loan or other obligation and/or securing any debt or obligation, to any of its subsidiary companies or other related or inter-related companies, during the period from 1 March 2020 to 28 February 2021."

Reason and effect

This resolution is required in order to comply with the requirements of section 45 of the Companies Act, which provides that a special resolution is required to provide such assistance either for the specific recipient, or generally for a category of potential recipients and the specific recipient falls with that category.

11. Special resolution number 2 – Non-executive directors' fees

"Resolve that the exclusive of VAT (if applicable) fees of non-executive directors of the company for the 12-month period from 1 March 2020 to 28 February 2021, be and are hereby approved, as follows:

	Current R	Proposed R
Board directors		
Chairman (including his participation in all committees)	**1 410 000**	1 620 000
Member	**445 000**	470 000
Audit Committee		
Chairman	**225 000**	263 000
Member	**110 000**	127 000
Risk Committee		
Chairperson	**130 000**	155 000
Member	**90 000**	110 000
Social and Ethics Committee		
Chairperson	**130 000**	151 000
Member	**90 000**	99 000
Remuneration Committee		
Chairman	**130 000**	151 000
Member	**90 000**	98 000
Nomination Committee		
Chairman	**130 000**	146 000
Member	**90 000**	98 000

Reason and effect

This resolution is required in order to comply with the requirements of sections 65(11)(h) and 66(9) of the Companies Act, which provides that a special resolution is required to authorise the basis for compensation to directors of a profit company.

The proposed fees have been determined pursuant to a benchmarking exercise undertaken by the Remuneration Committee.

12. To transact such other business as may be transacted at an AGM

NOTICE OF ANNUAL GENERAL MEETING continued

RECORD DATE

The record date that has been set by the board for the purpose of determining which shareholders are entitled to:

- receive this notice as Friday, 13 December 2019 (being the date on which a shareholder must be registered in the company's securities register in order to receive this notice); and
- participate in, and vote at, the AGM as Friday, 31 January 2020. Accordingly, the last day to trade in order for a shareholder to be eligible to vote at the AGM is Tuesday, 28 January 2020.

VOTING AND PROXIES

Shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder.

Forms of proxy should be forwarded to reach the company's transfer secretaries, Link Market Services South Africa (Pty) Ltd, PO Box 4844, Johannesburg, 2000, by no later than 09:00 Friday, 7 February 2020. Thereafter, a proxy form must be handed to the Chairman of the AGM before the appointed proxy may exercise any rights of the shareholder at the AGM. Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised shares with own-name registration. A proxy form is attached.

Subject to the rights and other terms associated with any class of shares, on a poll every shareholder of the company presents in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary letter of authority to do so.

IDENTIFICATION

Section 63(1) of the Companies Act requires meeting participants to provide the person presiding over the meeting with satisfactory identification.

ELECTRONIC COMMUNICATION

Shareholders may participate electronically in the AGM, provided that electronic participants shall not be entitled to cast a vote on any matter put to a vote of the shareholders. Shareholders wishing to participate in the AGM electronically should contact the Company Secretary by email to mandy.hogan@spar.co.za not less than 5 (five) business days prior to the AGM. Access to the AGM by way of electronic participation will be at the shareholder's expense. Only persons physically present at the meeting or represented by a valid proxy shall be entitled to cast a vote on any matter put to a vote of shareholders.

By order of the board

Mandy Hogan
Company Secretary

12 November 2019

FORM OF PROXY

THE SPAR GROUP LTD

Registration number 1967/001572/06
JSE code: SPP
ISIN: ZAE000058517
(SPAR or the company)

For use by certificated and own name dematerialised SPAR shareholders (shareholders) at the AGM of the company to be held in the company's boardroom, 22 Chancery Lane, Pinetown, Durban, South Africa on Tuesday, 11 February 2020 at 09:00 for the purpose of conducting the following items of business:

I/We ____

of ____ (address)

being the holder/s of ______________________________ shares, appoint (see note 1)

1. ____ or failing him/her/it;

2. ____ or failing him/her/it;

3. the Chairman of the AGM

as my/our proxy to act for me/us on my/our behalf at the AGM which will be held for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions:

		Insert an 'X' or the number of shares with which you wish to vote		
		For	**Against**	**Abstain**
ORDINARY BUSINESS				
1.	Adoption of the annual financial statements			
2.	Appointment of Lwazi Koyana as an independent non-executive director			
3.	Re-election of non-executive directors retiring by rotation			
3.1	Harish Mehta			
3.2	Phumla Mnganga			
3.3	Andrew Waller			
4.	Re-election of the independent external auditor			
5.	Election of the members of the Audit Committee			
5.1	Marang Mashologu			
5.2	Harish Mehta			
5.3	Andrew Waller (chairman)			
6.	Authority to issue shares for the purpose of share options			
7.	Authority to issue shares for the purpose of the CSP			
8.	Non-binding advisory vote on the remuneration policy			
9.	Non-binding advisory vote on the remuneration implementation report			
SPECIAL BUSINESS				
10.	Financial assistance to related or inter-related companies			
11.	Non-executive directors' fees			

Signed at ______________________ on this __________ day of ______________________ 2020

Signature ____

NOTES TO THE FORM OF PROXY

Completed forms of proxy must be received at the office of the company's transfer secretaries, Link Market Services South Africa (Pty) Ltd, PO Box 4844, Johannesburg, 2000, by no later than 09:00 on Friday, 7 February 2020.

1. A member's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the AGM as he/she deems fit. A member may instruct the proxy to vote less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A member who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the member's votes exercisable at the AGM.
2. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the company's share registrar or waived by the Chairman of the AGM.
3. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
4. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the company's transfer secretaries.
5. The Chairman of the AGM may accept any form of proxy which is completed other than in accordance with these notes if the Chairman of the AGM is satisfied as to the manner in which the member wishes to vote.

SUMMARY OF RIGHTS OF SHAREHOLDERS

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise;
- if the instrument appointing a proxy has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to:
  - the relevant shareholder; or
  - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing; and (ii) paid any reasonable fee charged by such company for doing so;
- if a company issues an invitation to its shareholders to appoint 1 (one) or more persons named by the company as a proxy, or supplies a form of proxy instrument:
  - the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised;
  - the invitation or form of proxy instrument supplied by the company must:
    - o bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;
    - o contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name and, if desired, an alternative name of a proxy chosen by the shareholder; and
    - o provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting;
- the company must not require that the proxy appointment be made irrevocable; and
- the proxy appointment remains valid only until the end of the meeting at which it was intended to be used.

DIRECTORATE AND ADMINISTRATION

DIRECTORS: MJ Hankinson* (Chairman), GO O'Connor (Chief Executive Officer), MW Godfrey, WA Hook, LM Koyana*, M Mashologu*, HK Mehta*, P Mnganga*, AG Waller*, CF Wells*

* *Non-executive*

Company Secretary: MJ Hogan

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
Link Market Services South Africa (Pty) Ltd
PO Box 4844
Johannesburg
2000

Auditors
PricewaterhouseCoopers Inc.
PO Box 1274
Umhlanga Rocks
4320

Sponsor
One Capital
PO Box 784573
Sandton
2146

Bankers
Rand Merchant Bank, a division of FirstRand Bank Ltd
PO Box 4130
The Square
Umhlanga Rocks
4021

Attorneys
Garlicke & Bousfield
PO Box 1219
Umhlanga Rocks
4320

Website
www.spar.co.za

GREYMATTER & FINCH # 13302

KWIKSPAR
SPAR
KWIKSPAR

SPAR express
Build it
tops! at SPAR

SPAR SaveMor
SPAR SaveMor Liquors
SPAR mini

Pharmacy at SPAR
EUROSPAR
MACE

XL
Londis
VALUE CENTRE

S.BUYS GROUP
maxi
TopCC