Integrated annual **report** 2024

SPAR

THE SPAR GROUP LTD

Introducing this report

More for you on every page

Welcome to The SPAR Group Ltd (SPAR or the Group) integrated annual report (the report). This report covers the financial year from 1 October 2023 to 30 September 2024.

The report provides key insights that the Board considers crucial for stakeholders to gain a clear understanding of our business, its performance and outlook.

Transparent reporting is key to building trust with SPAR's stakeholders, especially in a year as demanding as 2024. We have made significant changes, delivered on many of last year's priorities, and the Board remains committed to refining our practices to meet the Group's evolving needs. – Mike Bosman, Chairman

Introducing SPAR

THE SPAR GROUP LTD

SPAR is a wholesale warehousing and distribution company, serving independently owned retailers under the SPAR brand as well as end customers, by supporting exceptional in-store experiences.

We hold the licence for the SPAR brand across Southern Africa, including South Africa, and in Ireland, South-West England and Switzerland, with a joint venture in Sri Lanka.

SPAR Poland was part of the Group during the 2024 financial year. However, since it is classified as a discontinued operation, disclosures related to SPAR Poland have not been treated in the same way as for other territories this year. Details on the disposal can be found in the Group CFO's financial review (page 30).

Through our voluntary trading model, we empower retailers to source locally, strengthen the connection to their communities and contribute to local economies.

Our strong collaborative relationship with independent stores ensures the creation of shared value, making SPAR a vital partner in the communities we serve.

Our **purpose** is to inspire people to do and be more.

Our **vision** is to be the first-choice brand in the communities we serve.

Inputs

SPAR employs various resources and assets to create value and serve independent retailers and their communities.

Financial capital: We use financial resources to procure goods, pay salaries, invest in technology, invest in our distribution capabilities and reward shareholders.

Manufactured capital: We use our logistics infrastructure, including distribution centres, warehouses, trucks and IT systems, to support our operations.

Human capital: The skills and passion of our employees, along with strong leadership, drive the business forward.

Intellectual capital: Our accumulated knowledge, processes, house brands and in-store concepts are key assets.

Social and relationship capital: Strong, collaborative stakeholder relationships ensure sustainable business practices.

Natural capital: We rely on natural resources such as water and energy, with a focus on reducing our environmental footprint.

We procure

We work closely with suppliers through joint planning and research investments to offer our retailers competitively priced goods while managing areas of waste, including margin loss, packaging and food waste, and out-of-stock situations.

We manage inventory

We optimise our infrastructure and inventory using technology and analytics to ensure product availability and quality. We also work to effectively manage areas like damaged goods, pilferage, wastewater and emissions.

We distribute

Our efficient logistics and transport management ensure our retailers receive the right products at the right time. We manage fuel inefficiency, damaged goods, and emissions to maintain a streamlined distribution process.

We support retailers

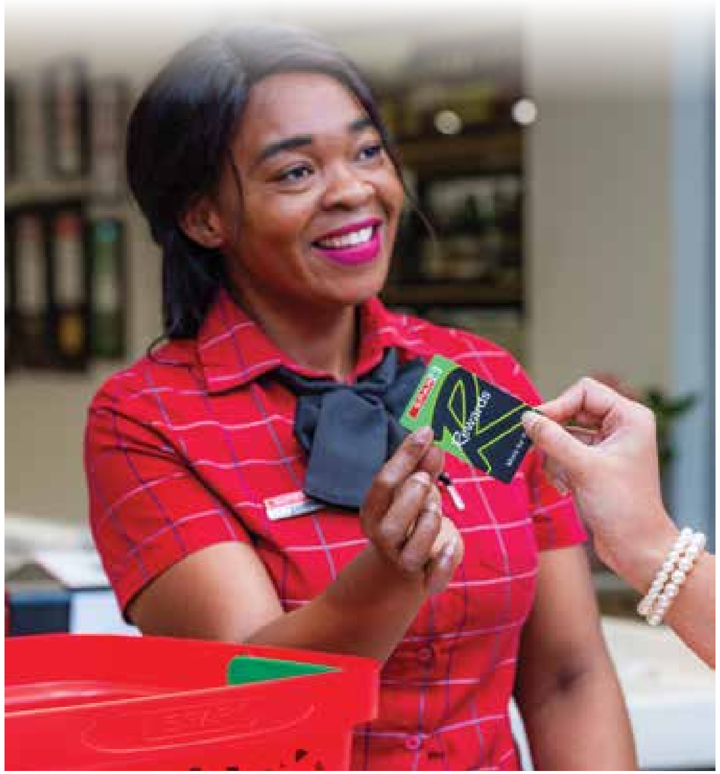
We provide comprehensive support to our independent retailers, offering marketing, training, system support and cash flow management workshops. We also address packaging waste, inefficiencies in water and energy, and stock management challenges.

Outputs

We create value for independent retailers, empowering them to compete locally with competitively priced products and world-class support.

Our product offerings, including fresh produce, dry goods and SPAR's private label, along with promotional support, help small business owners thrive. We contribute to sustainable livelihoods by supporting retailers who, in turn, uplift their communities. We are working towards a more sustainable future through responsible sourcing and carbon footprint reduction initiatives.

For a detailed look at our capital inputs and business outcomes, refer to our business model (page 104).



Ensuring the integrity of this report

SPAR's Board of Directors (the Board) acknowledges responsibility for this report.

The Audit Committee reviewed the report's integrity and recommended it for Board approval. In this process, the Board and Audit Committee relied on SPAR's combined assurance policy:

- **Non-financial information:** Management oversaw the collection and verification of all non-financial information. Accredited external service providers, mPowerRatings, measured and assured the 2024 Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice verification. Scope 1 and 2 data submitted to the CDP were externally verified.
- **Financial information:** PricewaterhouseCoopers (PwC), SPAR's external auditor for seven years, audited and provided an opinion on the consolidated annual financial statements for 2024 which are available online. Summarised financial statements can be found on page 119.

The Board is confident that this report fairly presents the Group's performance, risks, opportunities and prospects, guided by the International Integrated Reporting Framework, and has approved it for release to stakeholders.

Mike Bosman
Chairman

Angelo Swartz
Group Chief Executive Officer (CEO)

Shirley Zinn
Deputy Chair

Pedro da Silva
Independent non-executive director

Funke Ighodaro
Independent non-executive director

Liesbeth Botha
Independent non-executive director

Marie Jamieson
Independent non-executive director

Lwazi Koyana
Independent non-executive director

Trudi Makhaya
Independent non-executive director

Mark Godfrey
Group Chief Financial Officer (CFO)

Sundeep Naran
Independent non-executive director

Megan Pydigadu
Group Chief Operating Officer (COO)

19 December 2024

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Your journey through this report

Moving forward together – the power of collaboration

For this year's report, we embraced the theme of collaboration, which has been central to our approach as we navigated challenges and pursued opportunities.

It has been a year of change, uncertainty and challenges, which are detailed throughout this report. Through collective effort, our executive management team and Board have addressed these issues to ensure we continue delivering value to stakeholders and build momentum.

SPAR is founded on strong relationships and an entrepreneurial spirit. Our focus on collaboration extends across all facets of our business. We recognise that sustainable change is best achieved through partnerships and teamwork. By working with our independent retailers, suppliers, government bodies, industry groups and communities, we drive innovative and creative solutions that enhance our products and services for customers.

This approach helps us build a better future, connecting communities every day and creating more value for everyone we touch.

We are confident that SPAR is on the right trajectory, with much promise and opportunity ahead. The excitement and momentum within the business are palpable, and I look forward to seeing the positive outcomes of our collective efforts in the year ahead. – Mike Bosman, Chairman

Choosing your path

This interactive report features hyperlinks that provide easy access to the information you need, including additional details where we reference the SPAR website or other reports in our suite.

Hyperlinks are underlined.

We encourage you to navigate the report based on your specific information needs.

If you are new to SPAR, we recommend starting with the chapter on **getting to know the basics** (page 5).

If you are familiar with SPAR and are focused on this year's results, begin with the chapter **reflecting on 2024** (page 14), which includes insights from our Chairman, CEO, COO and CFO.

More specific performance details can be found in the chapter on **delving into performance detail** (page 38).

Those interested in SPAR's governance in 2024 may start with **reflections from our Chairman** (page 15), followed by more detailed information in the chapter on **understanding our governance ecosystem** (page 54).

For additional information on SPAR's territories and brands, or a summary of the financials, refer to the **detailed insights and additional information chapter** (page 100).

Information on our remuneration policy and its implementation is provided in the chapter **explaining remuneration practices and outcomes** (page 78).

Shareholders and investors can find relevant information for voting at the SPAR annual general meeting (AGM) in the chapter on **informing shareholder decisions** (page 119).

If you are interested in the detail behind how this report was prepared, including the material themes, start with **explaining the reporting process** (page 101).

Readers interested in SPAR's social and environmental impacts and initiatives can find our **sustainability strategy and key 2024 initiatives** (page 50), with more details in our **sustainability report**.

We welcome your feedback on this report. Please send your comments or inquiries to neill.obrien@spar.co.za.

Connecting information

We use icons to highlight the connectivity of select elements in this report.

The six capital inputs guide how we create and preserve value for stakeholders. Our business model ensures the effective use of these capitals across our retail operations, balancing trade-offs to optimise outcomes.

- **Financial capital**
- **Manufactured capital**
- **Human capital**
- **Intellectual capital**
- **Social and relationship capital**
- **Natural capital**

The term "territories" refers to the geographic areas where we operate, each represented by the following icons:

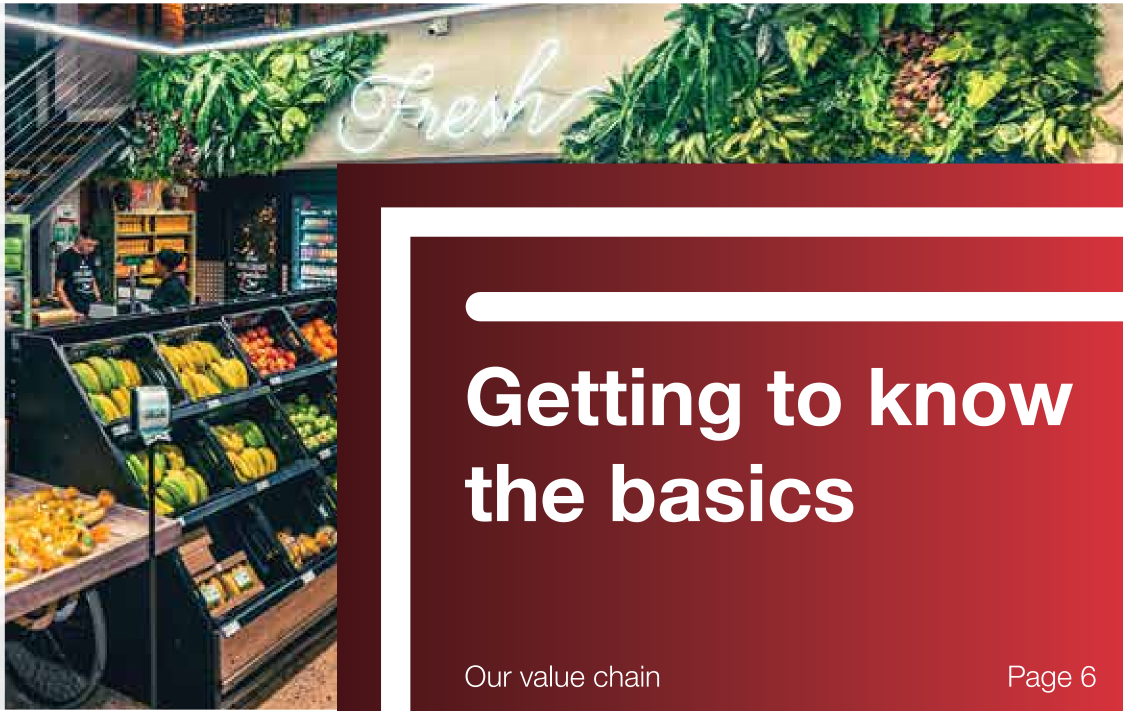
- **Southern Africa**
- **Ireland and South-West England**
- **Switzerland**
- **Sri Lanka (a joint venture with Ceylon Biscuits Limited)**

As SPAR Poland is classified as a discontinued operation, we do not classify it as a territory for this year.


SPAR
SPAR
SPAR
SPAR

This chapter provides an overview of SPAR's value chain, illustrating our global brand operations, from supplier partnerships and distribution networks to retail store management. It highlights our strategic framework and commitment to sustainability.

It also showcases how SPAR's leadership, distribution efficiency, brand strength and innovation contribute to creating value and supporting our stakeholders.



Getting to know the basics

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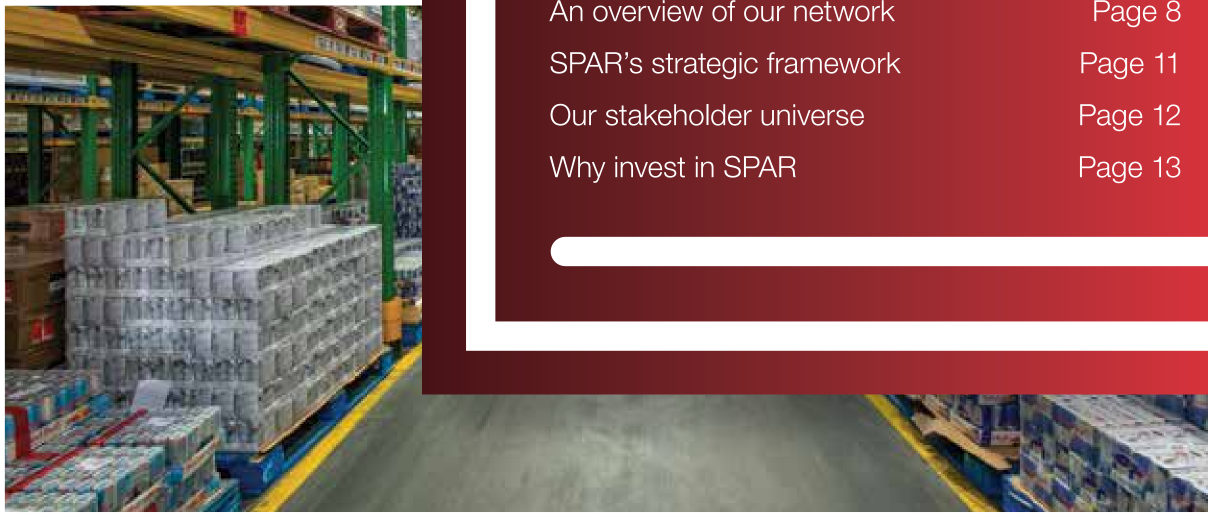


Our value chain

Building it better, every step

THE SPAR GROUP LTD

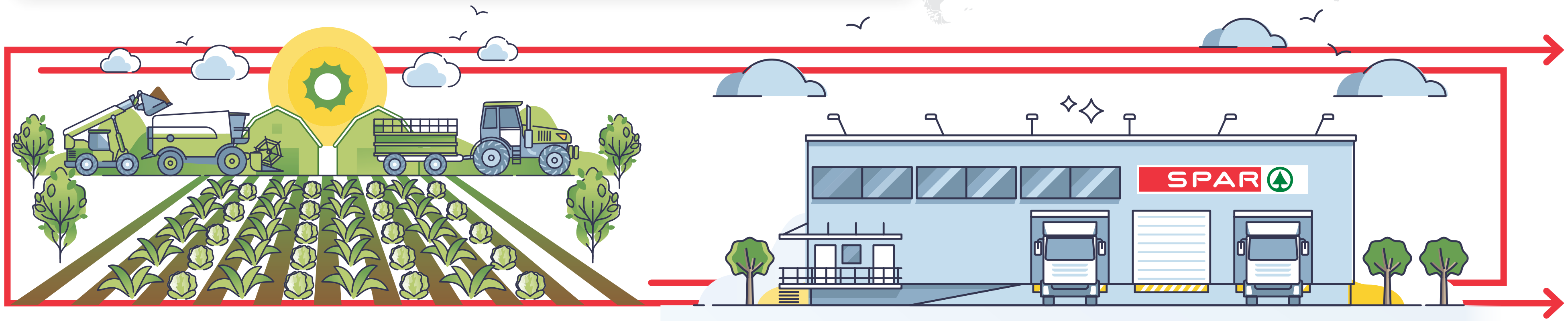
SPAR is a globally recognised brand, owned by SPAR International, the world's largest voluntary trade food retail chain and independent supermarket network. For more details, visit https://spar-international.com/.

SPAR International

- Oversees the SPAR brand globally
- Headquartered in Amsterdam, Netherlands

In 2024, The SPAR Group Ltd, as detailed in this report, held licences in 12 countries

- Southern Africa (Angola, Botswana, eSwatini, Lesotho, Mozambique, Namibia, South Africa)
- Ireland and South-West England
- Switzerland
- Sri Lanka (joint venture)
- Poland (discontinued operation)



Farms and suppliers

We rely on farmers and suppliers to provide products, either delivered to our warehouses or directly to stores.

Wholesale distribution centres and central offices

SPAR supports its retail network with logistics, distribution and private label product development.

Voluntary trading model

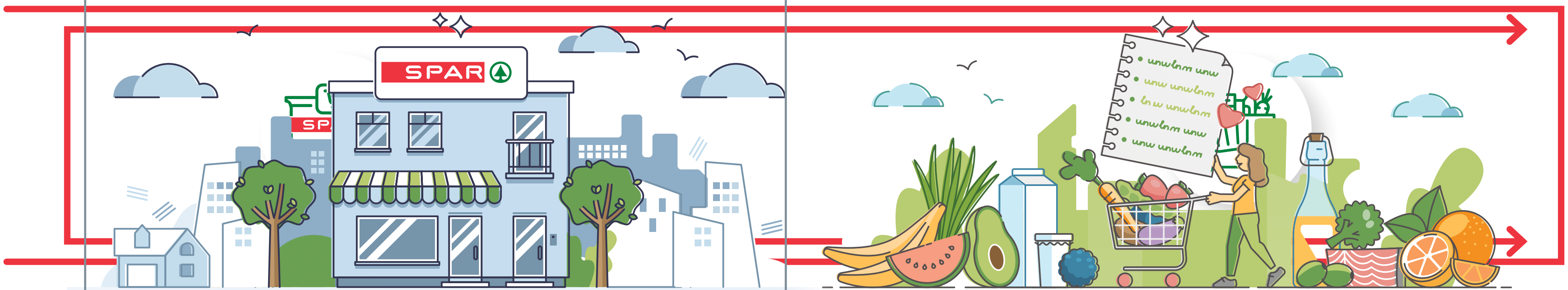
In South Africa, retailers can use the SPAR and Build it brands by signing a membership agreement with the SPAR or Build it Guild of Southern Africa and accessing SPAR's procurement and distribution services.

The SPAR and Build it Guilds of Southern Africa

The Guilds are non-profit organisations that co-ordinate SPAR and Build it's development in Southern Africa. Retailers and wholesalers contribute through subscriptions, which fund SPAR's marketing and promotions.

South Africa is divided into six regions for operational support, with control centred on the local distribution centre. This structure unites wholesalers and retailers as a collaborative body.

SPAR acquires and manages corporate stores temporarily at key sites until they are sold to independent retailers. This is not part of the overall Group strategy except in South-West England.



Retail stores

SPAR stores are independently owned by entrepreneurs, who adhere to SPAR's service and quality standards.

Consumers and communities

SPAR provides high-quality products, supports local suppliers and contributes to community development through job creation and sponsorships.

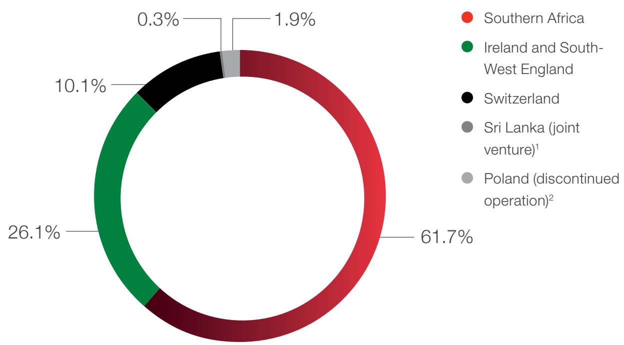
An overview of our network

Connecting communities, every day

SPAR is a sophisticated wholesaler that supplies products and value-added services to independent retailers, helping them meet customer needs and create exceptional shopping experiences.

We operate in 11 countries, organised into four territories, as set out below. The SPAR Poland territory is classified as a discontinued operation. Refer to our CFO's financial overview (page 30) for detail. For a detailed look into the warehouse spaces, case dispatches, store format overviews and the number of stores per format, refer to the unpacking our territories appendix (page 106).

Group turnover contribution



[1] *Sri Lanka is equity accounted as a joint venture, with its turnover disclosed as a memo figure for informational purposes, not consolidated or reconciled to the annual financial statements.*

[2] *The Polish operation has been classified as discontinued and comparative numbers represented. Refer to note 42 of the consolidated annual financial statements for the year ended 30 September 2024 for further details.*

Group CEO

Scope 1 emissions	-0.35% to 57 952 tCO_2e	(2023: 58 155)
Water consumption	-37.28% to 578 025 KL	(2023: 921 597)
Scope 2 emissions	+23.25% to 95 049 tCO_2e	(2023: 77 134)
Purchased electricity	+4.89% to 107 152 367 kWh	(2023: 102 161 402)
Scope 3 emissions	+4.77% to 73 615 tCO_2e	(2023: 70 264)
Solar	+27.51% to 19 786 022 kWh	(2023: 15 517 625)
Total emissions	+10.22% to 226 683 tCO_2e	(2023: 205 657)

Building value together in 2024

Group turnover[3]	+4.0% to R152.3 billion	(2023: R146.5 billion)
Operating profit	+15.1% to R2 895.5 million	(2023: R2 516.7 million)
Cash generated from operations before net working capital changes	+7.8% to R5.4 billion	(2023: R5.0 billion)
Diluted headline earnings per share	+11.1% to 917.5 cents	(2023: 825.7 cents)
Return on invested capital[4]	12.8%	(2023: 12.6%)
Total new stores	+179 stores	(2023: +270 stores)
Total stores	4 449 stores	(2023: 4 579 stores)
Group employees	11 191	(2023: 10 512)
Grocery and liquor sites using SPAR2U on-demand shopping solution in Southern Africa	+525 sites	(2023: +269 sites)

[3] *Turnover represents revenue from the sale of merchandise.*

[4] *ROIC is calculated as net operating profit after tax divided by invested capital. ROIC has been adjusted for the impact of SPAR Poland and SAP system implementation and is presented on a pre-IFRS 16 basis.*

Southern Africa


Max Oliva


Megan Pydigadu

R96.0 billion turnover	2 550 stores	Retailers in South Africa, Namibia, Botswana, Mozambique, Eswatini and Lesotho
6 670 employees	8 distribution centres	

- Awards:
  - Ranked as the top grocery retail brand and seventh among South Africa's most valuable brands[1]
  - TOPS at SPAR rated South Africa's favourite liquor store for the tenth year in a row[2]

[1] *Brand Finance – South Africa 100, 2024*
[2] *Beeld Choice Awards*

Ireland and South-West England


Leo Crawford

R40.7 billion turnover	3 distribution centres
Ireland R35.0 billion	Ireland 1
UK R5.7 billion	UK 2

1 475 stores	24 Cash & Carry	2 129 employees

- Awards:
  - Operational excellence in warehousing[3]
  - Overall Logistics and Transport Excellence Award[4]

[3] *Operational Excellence Awards*
[4] *Irish Logistics and Transport Awards*

Switzerland

R15.7 billion
turnover

358
stores

1 622
employees

1
distribution centres

11
Cash & Carry

Sri Lanka (joint venture)

Joint venture with Ceylon Biscuits Ltd

R0.8 billion
turnover

31
stores

770
employees

The third most loved brand in Sri Lanka[1]

[1] *LMD Sri Lanka Business Magazine Most Loved Brands Awards*

SPAR's strategic framework

Building with vision

A new strategic focus to guide operational initiatives

The current approach below serves as a core framework, not a fully finalised strategy, under which the Group's strategy will be further developed. The Board has approved this evolving strategy as a guiding direction. As we refine it, we will prioritise and organise the numerous initiatives already underway across the Group.

SPAR is undergoing a period of transition. We are addressing challenges, refining our operating model and setting the stage for sustainable growth. This moment presents an opportunity to reassess our goals and establish the foundation for a long-term strategic framework. Consequently, we are not reporting on the strategy outlined in previous reports.

Harden

A focus on safeguarding SPAR's flagship position in the market. The aim is to:

- Enhance our overall profitability
- Improve retailer profitability
- Drive digital transformation to support these goals

Grow

A focus on expanding our business by targeting specific categories and areas for growth. This includes:

- Selecting key product categories
- Strengthening our mergers and acquisitions capabilities
- Establishing Build it as a separate business entity
- Expanding Pharmacy at SPAR

Clarify

A focus on a clearer organisational framework and enhanced accountability. This involves:

- Conducting a portfolio review to optimise the Group's capital allocation
- Refining the structure of the Group and SPAR Southern Africa
- Establishing a strategy and aligning processes and governance practices
- Fine-tuning and reinforcing the culture and values of the Group

Execute

A focus on ensuring the effective implementation of strategic initiatives. It involves:

- Establishing clear alignment from the overall strategy to KPIs, with regular reviews to monitor progress
- Enhancing communication across the Group
- Leveraging the Transformation Office to drive the successful execution of priorities

Core enabler

A focus on strengthening SPAR's financial resources to support SPAR's strategic initiatives. This will involve disposing of non-core assets, optimising the capital structure and implementing disciplined capital allocation practices. Careful management of credit risk will be essential to ensure financial stability and maximise growth opportunities.

Strategic performance is discussed in the message from our Group CEO (page 20), with more detail provided under strategic progress in the territories (page 45).

Our stakeholder universe

More for everyone we touch

We acknowledge the fundamental role of stakeholders in the SPAR value chain and our duty to create and sustain value. Effective engagement with them is vital to understand and address their needs, which, in turn, influences our decisions and sustainability efforts.

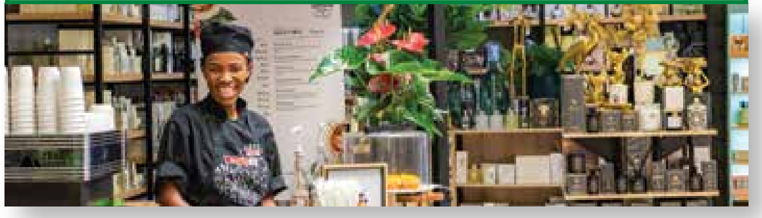
The Social, Ethics and Sustainability Committee oversees stakeholder engagement and ensures our approach is inclusive. We adopt a proactive engagement strategy with public commitments that support meaningful societal change. We advocate for sustainable practices in the retail sector, which is unpacked in our sustainability report.

While our key stakeholders are listed below, our stakeholder network also encompasses governments, regulatory bodies, unions, the media and non-governmental organisations.

Independent retailers

Why they matter: Their success is key to our Group's success, and we build loyalty through support and service.

What we want to deliver: Flexible support, reliable deliveries, regulatory guidance, marketing aid, future-readiness training and assistance during challenges.



Employees

Why they matter: Our employees drive the success of SPAR by upholding our values and purpose.

What we want to deliver: Safe work environment, competitive pay, career growth, talent retention, succession planning, diversity and support for employee concerns.

Consumers

Why they matter: Our success hinges on understanding and meeting consumer needs through our retailers.

What we want to deliver: Affordable and nutritious food, superior customer experiences, excellent retail services, quality products, ethical sourcing, and effective competition in on-demand shopping.

Suppliers

Why they matter: Suppliers help us meet retailer and consumer needs with value and innovation.

What we want to deliver: Support for enterprise and community suppliers, enhanced consumer value and access to our extensive store network and customer insights.

Shareholders and financiers

Why they matter: They provide the financial capital necessary for growth and long-term success.

What we want to deliver: Satisfactory returns, transparent information and strong corporate governance for security and stability.

Communities

Why they matter: Being embedded in local communities is essential to our brand's success.

What we want to deliver: Food security, local supplier support and job opportunities, support for community initiatives and disaster relief.

Stakeholder information boxes in the chapter reflecting on 2024 (page 14) highlight key engagements, concerns and responses for the year.

Why invest in SPAR

More reasons to believe

SPAR exposes investors to groceries, pharmaceuticals and building materials through wholesale and retail operations across multiple international markets. With operations in 11 countries, SPAR offers investors the opportunity to gain exposure to economies beyond South Africa. Our strength lies in the entrepreneurial independent retailers at the heart of their communities, whose local expertise and customer focus drive sustainable growth across our international footprint.

Governance and leadership

Following significant changes in 2023 and 2024, SPAR's Board is now more diverse and skilled, significantly improving governance and decision-making and driving sustainable progress.

Read more under reflections from our Chairman (page 15) and understanding our governance ecosystem (page 54).

Distribution and retail network

We benefit from a robust distribution infrastructure and a network of exceptional independent retailers.

Our operational expertise supports entrepreneurial retailers and small business owners, allowing them to focus on serving their customers and actively participating in their local communities.

Read more in our value chain (page 6), an interview with our Group COO (page 26) and strategic progress in the territories (page 45).

Brand and private label

SPAR is a globally recognised brand with a strong reputation. Our territories have started sharing best practices in operational excellence. Our expanding range of private label products and in-store concepts add significant value, catering to local tastes and preferences in each market while maintaining consistent quality and competitive pricing.

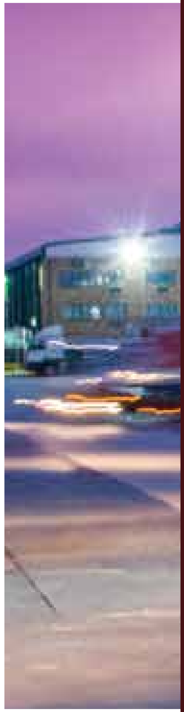
Read more in a message from our Group CEO (page 20) and strategic progress in the territories (page 45).

ESG and innovation

We are committed to creating a sustainable food system. SPAR's ESG strategy aligns with our purpose and focuses on stakeholder relationships and delivery. We continue to meet high ESG standards.

We invest in future-ready IT and innovation, including the "SPAR Accelerate" data science initiative, which enhances our ability to respond to market trends and improve the performance of independent retailers.

Read more under progressing sustainability (page 50) and the sustainability report.



Reflecting on 2024

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In this chapter, SPAR's leadership reflects on the Group's performance and strategic progress over the past year. Despite encountering many challenges, including operational difficulties and strategic transitions, we have made substantial strides toward achieving our goals.

This period of significant change has been highlighted by notable achievements and advancements, underscoring our resilience and commitment to long-term success.

This chapter also highlights key stakeholder engagements, concerns and responses for 2024 as stakeholder relationships are intertwined with our day-to-day operations and financial and operational results.

Reflections from our Chairman

A year to build on

We have made substantial changes and followed through on many priorities outlined in last year's report. I am very encouraged by the momentum we are building and am confident in our direction.

Q&A

2024 has been another busy year for SPAR. How has the Group performed?

2024 has been a demanding year for SPAR. The Group reported an operating profit of R2.9 billion from continuing operations. While some areas of the business, such as Encore, S Buys and BWG Foods, have performed well, others, like the SPAR Southern Africa grocery business, Build it, Switzerland and Appleby Westward, have met with more difficult trading conditions.

The Group's improving financial results reflect the tough decisions and changes taken to position the business for future success. Operationally, SPAR continues to be a very strong and resilient business. The Board acknowledges that there is still much work ahead. Our focus remains on developing the core aspects in which the business must excel and these are clearly set out in the message from our Group CEO (page 20).

Elaborate on the strategic challenges and opportunities SPAR has faced and how the Board has addressed them.

Implementing and reinforcing strong governance processes across all of SPAR's key operations have been addressed urgently. The Group's systems and processes are now more structured, providing much-needed stability.

> We have developed strict approaches to capital allocation and value creation and are advancing with a clearer focus on financial discipline.

Continuing from last year, the Board dedicated considerable time and effort to reviewing independent reports on whistleblower claims, governance issues and irregularities. We sought various professional opinions, many of which were detailed in the 2023 report.

The Board identified several key operational and financial levers with the greatest impact on the business. Laser focus was applied in the business to reviewing and improving capital allocation techniques across the Group, the reduction of long-term debt, the improvement of SPAR operating margins towards 3%, the exit implementation process for Poland and a strategic review of each of our operations locally and abroad.

These also included a deeper focus on managing working capital carefully, maintaining stock levels to support South Africa's food supply chain, enhancing margins and addressing costs that affect profitability.

In September 2024, we announced the final agreement to sell the Group's stake in SPAR Poland to Specjal, a well-established Polish retailer. The exit is important to the Group, as SPAR Poland's historical significant funding needed of about €35 million (R675 million) per year have pressured our cash.

At the same time, we are very pleased that the SPAR brand will continue in Poland and that many jobs in the country will be saved.

Redirecting resources will yield better returns for the Group. For details on the disposal, refer to the Group CFO's financial review (page 30).

Under the Board's oversight, executive management is successfully addressing the SAP system issues in KwaZulu-Natal. The implementation, which began in February 2023, faced critical challenges such as poor pricing visibility and inefficiencies with the new warehouse management system, which had resulted in an estimated R2 billion in lost sales in the 2023 financial year.

We are satisfied with the improvements the dedicated working group has made, particularly in pricing visibility and the transition to a new warehouse management system. The future focus is on enhanced data management practices and using data more effectively, even before the full system rollout. We are confident these measures will drive better performance moving forward.

How does SPAR prioritise social and environmental responsibility?

Social and environmental responsibility is embedded in SPAR's vision to be the first-choice brand in the communities we serve, particularly in the rural areas where many of our stores are located.

SPAR's dedication to social and environmental responsibility is a natural extension of the Group's strategic drive to make a lasting impact by providing access to nutritious food at affordable and competitive prices.

To fully understand and support this vision, together with Group executives, I have visited suppliers and farmers. These visits allowed us to grasp their challenges and see first-hand the critical importance of sustainable practices and the impact that our Group has in rural communities. Engaging directly with those who are integral to our supply chain has reinforced our dedication to these principles.

I have also had the privilege of meeting with many of SPAR's independent retailers during my tenure. These retailers are at the heart of SPAR's operations, embodying the brand and serving their communities every day. Their insights and experiences are central to the decisions we make as a Board, ensuring that our strategies align with their needs.

The Social, Ethics and Sustainability Committee plays a vital role in embedding sustainability across our value chain. The committee oversees efforts of the SPAR Guild to create a "golden thread" that ties together independently owned stores, ensuring that, while they maintain autonomy, there is a core set of principles and standards that they are expected to uphold.

What progress has SPAR made in governance, diversity and transformation?

The transformation within our Board and executive management is enhancing our capability to deliver long-term value. We are proud of the diverse expertise now guiding SPAR.

Very significant progress has been made in this area. The executive management team has seen several important changes. The financial year began on 1 October 2023 with a new Group CEO in place. Angelo Swartz has brought strong and considerate leadership as well as valuable expertise and focus to the role. He is the first person from a previously disadvantaged background to lead a major food retailer in South Africa, and his appointment marks a milestone for SPAR and our industry. The Board also appointed a Group COO and Megan Pydigadu joined the Group on 1 November 2023. She is the first woman ever in an executive director role at SPAR, and has embraced the role of COO, bringing a wealth of experience that has been instrumental in charting a new path for the Group.

I express my sincere and heartfelt gratitude to Mark Godfrey, the Group's CFO, who is retiring on 31 December 2024. His steady guidance has been pivotal in shaping SPAR's financial strategy over the past 29 years as part of the leadership of the finance function.

The Board has also undergone a remarkable transformation in recent years. Key Board changes and committee movements (page 60) have contributed to a well-rounded and dynamic team.

Our directors bring a diverse mix of race, gender and professional perspectives, which reflect the communities we serve and are essential in shaping SPAR's future.

This diversity allows for more robust discussions and innovative thinking, ensuring we are better equipped to navigate challenges and deliver long-term value to stakeholders.

I have full confidence in the Board's ability to guide SPAR through the next chapter.

50% female
50% male

50% black[1]
50% white

Average age
56 years

Average tenure
2 years 8 months

Independence
100%

Board and committee meeting attendance
98.8%

For detailed information on Board diversity statistics, including a skills profile and the key elements of SPAR's diversity policies and targets, refer to Board composition (page 61).

[1] Black as defined by the B-BBEE Act, No. 53 of 2003

What are the Board's key priorities and outlook for SPAR in the coming year?

We paid a lot of attention again this year to injecting renewed energy, focus and change across the Group, which, though exciting, has undoubtedly been challenging for some stakeholders and employees. I sincerely thank executive management and all of our employees for their dedication and resilience throughout this process. It has not been easy.

The Board remains committed to continually challenging and refining practices to ensure they align with the Group's evolving needs. Our focus will remain on supporting executive management to unlock SPAR's potential by refining our operating model, enhancing retailer loyalty and exploring new opportunities.

I am confident that SPAR is on the right trajectory. The excitement and momentum within the business are evident, and I am eager to see the positive impact of everyone's efforts in the year ahead.

I extend my heartfelt thanks to:

My fellow directors for their invaluable contributions, SPAR's shareholders for their support and belief in the business and its leadership and our independent retailers and partners for whom I have the greatest respect, for their unwavering resilience and commitment.

Mike Bosman
Chairman

19 December 2024

Key Board deliberations and outcomes

More confidence for shareholders

Governance matters

- The composition of the Board and committees was reviewed and changed significantly, including the formation of the Business Transformation Committee.
- We appointed a new Group CEO, Group COO and a new Group CFO who will take up office on 1 January 2025.
- The delegation of authority (DOA) was reviewed and updated to reflect changes in the Group's leadership structure, ensuring alignment with current authority levels.
- The potential structure of subsidiary boards for operating companies was reviewed to optimise governance.
- Whistleblowing policies were revised to align with legal requirements and best practice.
- The talent acquisition policy was updated, specifically addressing the process for executive director appointments.
- We reviewed the establishment of a Credit Committee and a Property Committee to oversee credit matters, property and lease transactions for SPAR Southern Africa.

Strategic oversight

- The Board evaluated SPAR Poland's acquisition strategy and funding, ultimately deciding to dispose of it. Interim funding provided by the Southern African business supported Polish working capital needs. Group funding arrangements were assessed, including the capacity for Polish debt and restructuring plans. Communication protocols for the disposal of SPAR Poland were established.
- The Board was kept abreast of ongoing discussions relating to Group funding focused on financial covenants with banks. A joint RMB/Nedbank team conducted a debt advisory review of the Southern Africa business to assess its capacity to take on the residual Polish debt and evaluate the optimisation of working capital facilities.
- The implementation costs for SAP were presented and monitored, with the Board overseeing accountability and risks related to the SAP project.
- The Board reviewed the business structures in Ireland and South-West England, concentrating on optimising shareholder return.
- The Board reviewed the business in Switzerland with a view to optimising shareholder return.

Remuneration decisions

- We refined SPAR's HR function, including the appointment of Brigitte da Gama as the new Head of HR.
- We conducted a benchmarking exercise to align compensation practices with industry standards and a pay gap analysis to address gender and racial disparities. Findings were reviewed in November 2024, and management was tasked with addressing gaps in FY2025.
- The pay mix for 2025 was realigned by increasing long-term incentives (LTIs) and reducing guaranteed pay to promote long-term value creation. Employees were informed about the new LTI structure, including deferred payments with a three-year vesting period.
- The LTI policy was updated to align executive performance metrics with SPAR's strategic goals and shareholder expectations, introducing ESG-related metrics for 2025. We also increased transparency regarding short-term incentive (STI) performance conditions.
- The minimum shareholding requirements (MSR) policy was refined to better align executive and shareholder interests.
- A malus and clawback policy was developed and approved to promote executive accountability, with specific cases for the potential recovery of payments related to reportable irregularities under review.
- The fair wage policy, adopted in June 2024, supports equitable pay practices across the Group.
- A strategy for implementing a living wage was reviewed, with recommendations for gradual adjustments to mitigate financial impact and ongoing analysis to estimate costs over the next three to five years.

A message from our Group CEO

Building a better future, together

As I conclude my first full year as CEO of SPAR, I reflect on the significant changes the Group has undergone. We have implemented substantial adjustments at both the executive and Board levels, focusing on modernisation and upholding the highest standards of corporate governance. While these changes have posed challenges, they are essential in positioning the business for future success.

When we look at the Group's performance, despite the ongoing recovery and our optimism about the Group's future, we must acknowledge the difficulties faced over the past year. The transition to new management and a tough operating environment have required substantial time, resources and attention.

A snapshot of our performance

Group

At a macro level, we are approaching the end of several significant challenges that have affected retailer profitability in recent years, including the after-effects of COVID-19, economic difficulties across our territories and, more recently, loadshedding in South Africa.

Fortunately, these shocks appear to be subsiding. However, retailers have had to dig deep to navigate these circumstances, and the road to recovery will require time and effort.

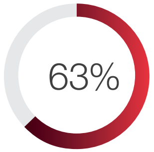
For this year, I am pleased to report that the key priorities we set out to address are well-managed and on track, laying the groundwork for future benefits. While I am satisfied with our operational performance, there is still room for improvement.

Southern Africa

R96.0 billion

Turnover

Contribution to Group turnover



In Southern Africa, EBIT grew by 20.2%, a solid performance despite a weak sales environment. The business showed strong cost discipline, but we must address lagging retailer loyalty and have plans already in place.

The supermarket and liquor brands performed well and met our expectations. Recovery in KwaZulu-Natal has been slower than anticipated, but we have addressed many underlying issues, positioning us to return to normalcy in the new year.

Our private label brand, Encore, delivered strong results. Pharmacy at SPAR also performed well, while Build it improved on last year, achieving satisfactory outcomes and maintaining its position as a market leader.

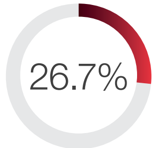
By separating Build it and Pharmacy at SPAR into distinct entities, we recognise their unique value chains and provide them with direct access to capital allocation.

Ireland and South-West England

R40.7 billion

Turnover

Contribution to Group turnover



Ireland showed strong performance, and we successfully expanded our store network, with EBIT growing by 12.3%. The Mace brand has emerged as our fastest-growing segment, and the wholesale operations also demonstrated consistent growth, driven by acquisitions and an expanding market reach.

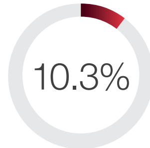
In contrast, performance in South-West England was disappointing, with EBIT declining by 8.6%. Macro-economic conditions have intensified competition, especially as large grocery retailers enter the convenience retail space, putting pressure on our convenience businesses.

Switzerland

R15.7 billion

Turnover

Contribution to Group turnover



Switzerland's performance was disappointing, with EBIT declining by 8.1%.

While we demonstrated exceptional cost discipline that contributed to solid profitability, our weak sales performance requires urgent attention. We will continue to focus on operational efficiency to navigate this challenging market effectively.

Sri Lanka

Our joint venture in Sri Lanka continued to experience strong growth, maintaining double-digit year-on-year increases.

This is an exciting market for us. Significant milestones this year included a successful transition to a new ERP system and our first move into independent retail. We established the brand with corporate-owned stores, which were successful, and we will also open our first site outside Colombo, in Galle, by the end of calendar 2024.

Our journey to more

We are leading SPAR into a new chapter, where we critically assess how we have operated in the past and challenge ourselves to find better ways to serve our customers.

This is not about discarding SPAR's history and legacy, but about striking the right balance between being future-focused and respecting the traditions that have driven the Group's success. SPAR has, at times, become too inward-looking, and changing our focus to the external environment, and the opportunities out there, will help us overcome our blind spots and re-energise the business.

We have had to rethink some of the Group's long-standing practices, ensuring they are still relevant in today's environment. We have made key structural changes, including appointing a COO and a Group Head of Strategy – two roles that will be pivotal as we modernise SPAR's operations.

Our priorities in 2024

Exiting Poland

One of the major decisions has been our exit from the Polish market. It is important to view this as part of our broader strategy to optimise our capital allocation across territories. Despite Poland's potential as a large and growing market, the capital investment required to see returns in the long term does not align with our current strategic priorities.

Instead, we are directing our resources toward areas where we see more immediate and sustainable returns. Exiting Poland allows us to refocus on markets with better returns and alignment with a renewed focus on capital allocation discipline.

I would like to commend the team at SPAR Poland for effectively managing the uncertainty surrounding this transition.

Optimising the balance sheet

One of the key areas of focus has been to optimise our balance sheet. We have engaged extensively with our banking partners, particularly around the debt associated with our exit from Poland. The objective has been to create a sustainable financial structure, especially for our Southern African operations.

We manage our debt well and believe we are adequately capitalised. Refer to the CFO's financial review (page 30) for more details.

Profitability of the Southern African business

We have set a goal to recover the operating margin in Southern Africa to 3% by 2026. The SAP implementation in KwaZulu-Natal has impacted profitability, causing a slight dip in margins, which have historically been around 3%. Excluding the KwaZulu-Natal challenges, the broader business remains close to this level. With focused management, we are confident in reaching this target.

Our SAP rollout in KwaZulu-Natal has provided critical insights into business transformation. We are addressing the challenges and will not proceed with further SAP rollouts until the system is optimised. This approach ensures we leverage what we have learned to avoid similar disruptions in other regions.

Rethinking our international business model

Regarding our international operations, we are looking at the relative return of each business unit compared to the capital deployed. This has prompted us to think about how we invest, where we should invest more capital as part of our growth strategy, and where we should reconsider continuing with the current business model or consider further exits.

A renewed operating model

We are embarking on a project to review our targeted operating model for our Southern African operations, which includes examining whether a deeply decentralised approach remains the most effective way to manage the business. At the same time, we will clearly distinguish between Group and territory functions to ensure that our operating units can focus on execution while the Group monitors and guides the bigger picture.

We have also enlisted external independent advisors to conduct a comprehensive review of our operations, giving us an unbiased perspective on how we compare to global benchmarks and where we need to evolve.

A renewed commitment to sustainability

We have made significant progress on the environmental and social fronts. We adopted solar energy across all distribution centres and pioneered the use of biodiesel across our Southern African fleet. Our commitment extends to societal issues through initiatives like the supplier development rural hub and our programmes to combat gender-based violence (GBV).

However, we recognise that sustainability must become more embedded in all business decisions, and we are committed to further improvements and scaling our impact. We are enhancing our focus on sustainability by integrating ESG principles into the core of our business strategy.

A comprehensive materiality assessment is helping us identify and address key material topics, with plans to refine our strategy and improve our reporting based on forthcoming data.

The power of collaboration

Collaboration has been pivotal in guiding SPAR's strategic direction, both internally and externally.

The theme of this report underscores a critical element of our success: collaboration. Collaborating closely with our partners also enhances their sustainability and contributes to a more resilient retail ecosystem.

Externally, we have seen strong support from stakeholders. Investors particularly value SPAR's deep connection with independent entrepreneurs, which differentiates us in the market and underscores our role in supporting these entrepreneurs and their communities.

Internally, our commitment to independent retailers remains a cornerstone of our business model. We actively support their growth by providing essential market insights, benchmarked data, and centralised distribution services. This assistance helps them remain competitive and drives their operational efficiency.

Furthermore, our partnerships with local companies and small suppliers are designed to strengthen their long-term success.

Building resilience for tomorrow

SPAR is navigating a transition period, and we are doing so with a clear focus on the future. The new executive team has diagnosed our key challenges, and we are refining our operating model to position us for long-term success. At this stage, the new Group strategy serves more as a direction of travel than a fully developed plan, but it has been presented to the Board for approval. Details are outlined on page 11, but there is still much to develop. As we flesh out the strategy, we will prioritise initiatives, align KPIs and create capital allocation plans.

Looking ahead, our attention will shift from internal problem-solving to growing the business and addressing external market challenges. Over the next 12 to 24 months, we will concentrate on the growth of our footprint and the business rather than solely on the internal issues that we have dealt with over the last 12 months.

Our executive management team is more energised than ever, with a clearer focus on capital allocation and cash generation priorities now central to our strategy. With a renewed emphasis on capital allocation, operational efficiency and sustainability, I believe we are on the right path to creating lasting value for our stakeholders.

Timeline of our key priorities

September 2024	SPAR Poland exit ✓
December 2024	Debt restructuring ✓
June 2025	Europe strategic decisions
September 2025	SAP system rollout to the next distribution centre
September 2026	South African profitability 3% EBIT margin

I want to extend my gratitude to the Board for its continued support and to all executives at central office, in our distribution centres and across the territories who have remained focused on running their businesses despite competing demands for their attention. I would like to give special recognition to Mark Godfrey for his years of dedicated service to SPAR. Working alongside him has been a pleasure, and we look forward to his continued involvement with the Group.

Additionally, I want to acknowledge Leo Crawford, who is retiring from BWG Group after 28 years with the company. We are grateful for his contributions and dedication. I am pleased with our succession planning. John Moane will step directly into Leo's position, with Leo agreeing to remain on as a non-executive director of BWG Group to ensure a smooth transition.

Equally important are the contributions of our employees, whose resilience, dedication and hard work position SPAR well for the future.

Angelo Swartz
Group CEO

19 December 2024

Employees

How we engage

Across all markets, management teams host employee briefings, providing business updates to keep lines of communication open and inform employees about developments and strategic initiatives.

Key concerns

Concerns from employees have centred around the significant organisational changes and the impact of these changes on their daily lives. The transition to a new management structure has created a period of adjustment for employees.

This restructuring aimed at modernising SPAR's operations and enhancing governance, but it also brought challenges, such as the implementation issues with the SAP system in KwaZulu-Natal. These challenges led to inefficiencies and a temporary decline in profitability, affecting employees' morale and operational effectiveness.

Our response

The Board and management have worked diligently to address these issues by reinforcing governance processes and resolving system problems, focusing on stabilising operations and improving overall efficiency.

> **We acknowledge the dedication and resilience of SPAR's employees in adapting to the changes. Engagement with employees has been imperative during this transition.**

The Board's proactive approach, including updates to whistleblowing policies and talent acquisition procedures, demonstrates a commitment to supporting employees through this period.

The Group's renewed focus on capital allocation and operational efficiency is intended to benefit employees by providing a more stable and rewarding work environment.

In addition, SPAR's emphasis on sustainability and social responsibility reflects a broader commitment to the values and interests of our workforce, ensuring that employees are invested in the Group's long-term strategic goals.

Our strategic trade-offs

Balancing for long-term value creation

The following examples illustrate how we manage trade-offs between different resources and priorities to ensure long-term value creation for our stakeholders.

Exiting Poland

The decision to exit the Polish market is driven by the need to reallocate capital to regions with more immediate and sustainable returns. This exit involves recognising financial losses but allows us to focus resources on more promising opportunities going forward.

- Short term
- Short term
- Long term

Optimising the balance sheet

Optimising the balance sheet involves working closely with our banking partners to manage debt and establish a more sustainable financial structure, especially for Southern African operations. This process aims to enhance financial stability and efficiency while maintaining stakeholder confidence and avoiding the need for additional capital.

- Short and long term
- Long term

Strengthening risk management and supply chain controls

Enhancing risk management and controls across our business is important for securing our supply chain and addressing past vulnerabilities. This involves investing in better internal control systems and processes to enhance stability, operational efficiency and risk management, ensuring reliable supply chain performance. Success depends on securing buy-in from employees and suppliers and effective change management.

- Short term
- Short term
- Long term
- Long term
- Long term

Enhancing e-commerce and on-demand business

Investing in the SPAR2U e-commerce platform and on-demand business expansion involves substantial financial capital to develop a tailored solution that meets growing consumer demands. This investment aims to enhance customer experience, improve market reach, and support business growth through better technology and expanded service offerings.

- Short term
- Long term
- Short term
- Long term
- Short term

An interview with our Group COO

Driving growth, enhancing value

I am inspired by the Group's culture, strong relationships and collaborative spirit. These offer a solid foundation for innovation and growth, and I look forward to contributing to our continued success.

What are your initial impressions of SPAR, and how does the Group's culture and approach stand out?

SPAR is an exceptional business, and our unique model of supporting independent retailers distinguishes the Group from competitors. I have been impressed by the strong relationships and commitment to employees from the outset.

I have engaged extensively across the business, and communication and transparency have been key to managing change.

That said, modernisation could benefit certain operational practices by aligning them more closely with current industry trends and expectations. While SPAR has made strides in areas like diversity and inclusion at Board level, there is still room to build on these initiatives to ensure continued progress.

The welcoming, inclusive culture and the long tenure of many employees are a testament to SPAR's sustained investment in its workforce.

Since joining SPAR in November last year, what have been your key responsibilities and strategic focuses? How has your role as COO evolved?

My role has evolved significantly since joining, broadening well beyond traditional COO responsibilities.

I have focused on core strategic priorities, particularly on mergers and acquisitions and divesture, and driving adjacencies outside of the grocery and liquor business in South Africa. The negotiations and finding a buyer for the disposal of SPAR Poland has also taken up a significant portion of my time. I have worked closely with teams across the Group to enhance collaboration across SPAR's various territories to support business development.

Another part of my focus has been enhancing the growth trajectories of two key divisions: Build it and S Buys Pharmacy at SPAR. Originally part of our grocery portfolio, we have separated them out so we have the right level of strategic focus on these divisions and they are now central to the Group's long-term growth strategy where we would like to see 30% contribution in South Africa coming from non-grocery and liquor.

Additionally, I have taken on oversight of the risk and legal portfolios, and I oversee the newly established Property Committee. This committee replaced a decentralised process and now manages all our property leases. It has formalised head and sub lease agreements and improved the consistency and strategic selection of retail sites, optimising our property management approach.

Managing substantial lease liabilities and providing a robust framework for evaluating and negotiating leases has significantly strengthened our control environment and positioned us for better property-related decisions.

How do international territories contribute to Group strategy, and what role does cross-learning play in the business?

The international territories have historically operated independently, so extensive cross-learning has not occurred. However, we have taken steps to improve collaboration. For instance, we created an IT forum to share best practices across regions addressing similar IT challenges. This is still in its early stages, but we are looking at opportunities for synergies, especially in areas like own brand sourcing.

We have also introduced a risk forum, where managing directors from different regions and Group leadership discuss common risks and work on integrated strategies.

What are your priorities for the Build it and S Buys Pharmacy at SPAR divisions?

In the S Buys Pharmacy at SPAR division, our focus is on optimising operational efficiencies and expanding our distribution capacity. We are, in particular, looking at distribution centres in the Western Cape and KwaZulu-Natal. These efforts are designed to improve service levels and broaden the division's national footprint, ensuring that we can effectively serve a wider customer base.

Build it has maintained its position as the number one brand for building materials in South Africa.

For Build it, we have redefined its identity as a standalone business, distinct from our grocery operations. A key priority has been addressing past governance issues and rebuilding trust with our retailers.

Recent performance metrics demonstrate encouraging growth. Despite tough market conditions in the construction sector, we have seen resilient retail sales and consistent delivery of high-quality products at affordable prices.

Both divisions are proof of our ability to build successful brands, and we are determined to capitalise on these strengths. We are also exploring new growth opportunities, including adjacent markets which align with our vision of creating comprehensive retail solutions for our customers.

From a risk perspective, what measures have you implemented to strengthen governance and control at the Group level?

Ensuring the security of our supply chain is a top priority, particularly given the current economic climate and concerns about food security.

We have concentrated on improving our control environment, especially within procurement and supplier onboarding processes. Historically, weaknesses in these areas have led to challenges, some of which have been publicly highlighted. To address this, we introduced more stringent controls for long-term stability and improvement.

What message would you like to send to independent retailers, employees, and investors for the upcoming year?

SPAR offers substantial value, particularly in advancing entrepreneurship among independent retailers.

The past year has presented challenges for SPAR's employees. I believe there was an opportunity for management to more fully acknowledge the impact these had on their daily responsibilities.

As we move forward, we are dedicated to prioritising our people in decision-making processes, learning from past experiences, and strengthening our strategies to better support and prepare for the future.

My priorities will be to assist the CEO and executive team in refining SPAR's strategic direction, strengthening our risk management framework, and driving sustainable growth. A major focus is optimising how we allocate capital and in turn, how we ensure superior shareholder returns.

Additionally, we are emphasising our own brands. In the grocery sector, especially in Europe, own brands are well-established, contributing a meaningful portion of sales. We are evaluating how to expand this across our offerings to better meet customer demands and enhance value.

The insights I have gained over the past year will guide us as we evolve and ensure that SPAR remains at the forefront of the retail industry.

Megan Pydigadu
Group COO

19 December 2024

Independent retailers

How we engage

Regional distribution centre teams work closely with retailers to support and grow their businesses. Retailers are invited to SPAR conventions, member's meetings, cell meetings and "Look and Learn" trips to stay informed about trends, new offerings, and best practices.

Key concerns

Retailers consistently seek improved margins and profitability. In the past year, they have been particularly concerned about the impact of reputational challenges, structural changes, and financial and operational difficulties faced by the Group. Issues with the SAP system disrupted pricing visibility and efficiency, leading to lost sales in KwaZulu-Natal.

Our response

SPAR provides guidance on improving profitability and enhances margins through quality private label products. We are focused on modernising operations to boost efficiency, including improving SAP performance and data management. Our commitment to strengthening governance and addressing retailer needs will enhance resilience.

Additionally, SPAR2U was launched at 256 new sites to support competitiveness in the delivery market.

Consumers

How we engage

We maintain the SPAR brand's visibility in local communities to support high levels of consumer engagement. Our customer care teams across all regions address consumer concerns and provide additional support to retailers.

Key concerns

Consumers face tighter budgets and are focused on getting the most value for their money. They are concerned about finding affordable, nutritious food with rising living costs. There is also a strong demand for better on-demand shopping options and rewarding customer loyalty programmes. Meeting their needs for better service and a wider range of products is key to enhancing their shopping experience.

Our response

SPAR is dedicated to providing affordable, nutritious food by expanding our private label range to offer better value. We prioritise delivering high-quality products at competitive prices and enhance supply chain controls to improve product reliability and address food security.

Our efforts also include boosting operational efficiency and expanding distribution to improve service. SPAR2U facilitates on-demand shopping through local SPAR stores, and SPAR Rewards now offers personalised content and promotions tailored to individual shopper profiles and behaviours.

Our Group CFO's financial review

Financial progress in focus

As I conclude my tenure as CFO, I am proud of how SPAR has tackled challenges toward achieving the Group's financial and operational goals. I am confident that focusing on strategic improvements will drive future growth and stability.

Key highlights from continuing operations

R152.3 billion (up 4.0%) Group turnover	R3.8 billion (up 13.9%) EBITDA*	R9.1 billion (down 8.9%) Net borrowings	2.41x (2023: 3.02x) Net borrowings/EBITDA*	855.9 cents (up 24.5%) Earnings per share	R1.6 billion (up 20.9%) Profit after tax

* *Earnings before interest, tax, depreciation and amortisation determined on a pre-IFRS 16 basis.*

Salient features – continuing operations

Rmillion		Year ended 30 September 2024	Year ended 30 September 2023 Represented*	% change
Turnover[1]		**152 337.5**	146 461.0	4.0
Operating profit		**2 895.5**	2 516.7	15.1
Earnings per share	(cents)	**855.9**	687.2	24.5
Headline earnings per share	(cents)	**917.9**	826.0	11.1
Diluted headline earnings per share	(cents)	**917.5**	825.7	11.1

[1] *Turnover represents revenue from the sale of merchandise.*
* *The Polish operation has been classified as discontinued and comparative numbers represented. Refer to note 42 of the consolidated annual financial statements for the year ended 30 September 2024 for further details.*

Summary segment analysis

	Continuing operations				Discontinued Operation
Rmillion	**The SPAR Group Ltd**	**Southern Africa**	**Ireland**	**Switzerland**	**Poland**
Profit/(loss)					
Turnover[1]	**152 337.5**	**95 997.1**	**40 674.3**	**15 666.1**	**2 948.6**
Gross profit	**18 179.1**	**9 128.5**	**6 187.5**	**2 863.1**	**648.8**
Gross profit margin %	***11.9***	***9.5***	***15.2***	***18.3***	***22.0***
Operating profit/(loss)	**2 895.5**	**1 461.0**	**1 216.8**	**217.7**	**(1 100.7)**
Operating margin %	***1.9***	***1.5***	***3.0***	***1.4***	***(37.3)***
Profit/(loss) before taxation	**2 116.9**	**1 108.0**	**925.1**	**83.8**	**(1 274.1)**
Financial position					
Net Borrowings	**9 115.3**	**3 368.9***	**2 150.1**	**2 833.1**	**763.2****

[1] *Turnover represents revenue from the sale of merchandise.*
* *Includes R1.18bn for the bridge facility raised to settle Polish term debt.*
** *To be settled from balance of bridge facility.*

Performance overview

Continuing operations

The Group has made significant strides in its strategic priorities as it aims to optimise operations and achieve growth objectives. Amid navigating a challenging trading environment and addressing consumer pressures across various territories, together with the ongoing impacts of the SAP system implementation in South Africa, SPAR's continuing operations have demonstrated a resilient performance.

Turnover for the Group's continuing operations in Southern Africa, Ireland and South-West England (BWG Group), and Switzerland, increased by 4.0% to R152.3 billion. Turnover growth slowed in the second half of the financial year across all geographies, influenced by the ZAR translation impacts of the foreign subsidiaries as the currency strengthened, together with slowing levels of food inflation, increased competition across all markets and consumers that continue to experience cost-of-living constraints.

Gross profit margins remained stable at 11.9% compared to the previous financial year. Whilst interventions to resolve the SAP impacts in the KwaZulu-Natal region are well underway, it will take some time for the full effects to be felt and for the overhang on gross margins to be eliminated. Gross profit margin for SPAR Southern Africa, including SPAR, TOPS and Build it, decreased from 8.7% to 8.5%. BWG Group saw a slight increase in its overall gross profit margin from 15.1% to 15.2%, driven by a more favourable category mix. Improved margin management within the wholesale and TopCC Cash & Carry businesses saw SPAR Switzerland's gross margin improve from 17.8% to 18.3%.

Operating expenses were well managed, increasing by 3.5% to R18.7 billion, underpinned by an increased focus on cost management and efficiency initiatives across the Group. The translation effect of foreign currency also impacted this performance.

Operating profit for the continuing Group saw a strong improvement of 15.1% to R2 895.5 million (2023: R2 516.7 million), with an improvement in operating margin to 1.9% (2023: 1.7%). Across all regions cost increases were broadly managed in line with lower-than-expected muted turnover growth. SPAR Southern Africa delivered operating profit of R1 461.0 million, an increase of 20.0% against the prior comparative period significantly influenced by the improvement in the KwaZulu-Natal operating performance by R126 million (while still reporting a loss for the year of R279 million).

BWG Group reported an increase in operating profit of 10.4% in local currency and 14.5% in ZAR terms to R1 216.8 million, owing to solid turnover growth and as well as management's ongoing strategic focus on cost reduction to offset the increase in labour costs.

The decline in turnover in the Swiss business was always going to be difficult to compensate for, or counter via expenses savings, and this was further negatively impacted as the Rand strengthened in the second half of the year, resulting in a decline in operating profit by 8.1% in ZAR terms to R217.7 million.

Profit before tax for the continuing Group was R2 116.9 million (2023: R1 828.4 million), improving by 15.8% against the weak prior comparative period. The high interest rates across all markets have resulted in a significant increase in gross finance costs of 11.1% which did erode the strong operating profit. Profit after tax increased by 20.9% to R1 648.3 million (2023: R1 363.2 million). Diluted headline earnings per share for continuing operations grew by 11.1% to 917.5 cents.

Group net borrowings reduced by R2.0 billion, from R11.1 billion as at 31 March 2024, to R9.1 billion at 30 September 2024, resulting in the net borrowings/EBITDA (determined on a pre-IFRS 16 basis) ratio improving to 2.41 times from 3.02 times in the previous financial year.

Analysis of the Group's turnover

Turnover by division and region

R million	2024	2023	Change %
SPAR – core grocery business	**73 149.3**	71 168.7	2.8
TOPS – liquor sales	**11 156.6**	10 197.4	9.4
SPAR & TOPS	**84 305.9**	81 366.1	3.6
Build it	**9 928.4**	9 706.7	2.3
South Africa	**94 234.3**	91 072.8	3.5
S Buys – pharmaceutical business	**1 762.8**	1 539.1	14.5
Total Southern Africa	**95 997.1**	92 611.9	3.7
Ireland	**40 674.3**	38 137.5	6.7
Switzerland	**15 666.1**	15 711.6	(0.3)
Continuing operations	**152 337.5**	146 461.0	4.0

SPAR Southern Africa, including SPAR, TOPS, Build it and Pharmacy at SPAR, reported a 3.7% increase in turnover in a trading environment characterised by high inflation, high interest rates and low GDP growth. Core grocery and liquor turnover rose by 3.6%, with SPAR private label growing by 7.0%. Wholesale price inflation was internally measured at 5.5%. Build it achieved a 2.3% rise in turnover, improving from a 4.3% decline in the previous financial year. Pharmacy at SPAR saw a 14.5% growth in turnover due to a strong performance from ScriptWise. The SPAR2U on-demand shopping app expanded to 525 sites by the end of September, with order volumes increasing 380% year-on-year. Operating profit in our Southern African segment, excluding non-recurring items, increased by 26.1%.

SPAR Southern Africa has arrested recent market share declines and stabilised its share in its key customer base over the past year with monthly market share, according to NielsenIQ, staying flat since February 2024. In the case of the liquor segment, which continues to be a crucial contributor to SPAR's overall market position, monthly market share has grown year-on-year.

Turnover in Ireland and South-West England, represented by **BWG Group**, grew by 2.8% in EUR terms and 6.7% in ZAR terms. Both markets faced challenges from persistently higher living and operating costs. In Ireland, the successful integration of recent acquisitions made over the last 18 months into the Value Centre network provided synergies and contributed to turnover growth. Management's continued focus on cost containment in this region led to improved operating profit margins. The hospitality sector continued to grow in Ireland, even amidst cautious consumer spending. The UK business, Appleby Westward group, reported a steep decline in turnover as UK retailers struggled throughout the year. The summer trading months were particularly weak, affected by very poor weather. This business has also dealt with the challenge of the change to the national minimum wage which came into effect from April 2024 and resulted in an increase of 9.8% in the minimum wage.

The Swiss macro-economy showed little signs of recovery for consumers, leaving them opting for cheaper alternatives locally and abroad. **SPAR Switzerland's** turnover declined by 6.2% in CHF terms (down 0.3% in ZAR terms) compared to the previous financial year. The sustained contraction in the gastronomy sector continued to negatively impact the cash and carry business, TopCC, which reported a marked decline in turnover. To address and defend against intensifying competition, the Group is focused on cost-saving initiatives and on its convenience and fresh food offering to counteract cross-border shopping effects.

Capital investments

Capital expenditure for the Group has been carefully focused on supporting expansion and maintenance across the regions.

In Southern Africa, capital investment was focused on software, including further investment in SAP operational requirements, and routine replacements of trucking and plant and equipment.

In Ireland, significant investments were made in retail store equipment. Switzerland's expenditure was focused on plant and store equipment.

Business acquisition activities involved the net cash outflows of R55.9 million for five retail stores in South Africa, R134.8 million for four retail stores in Ireland and R4.5 million for a wholesale business in Ireland.

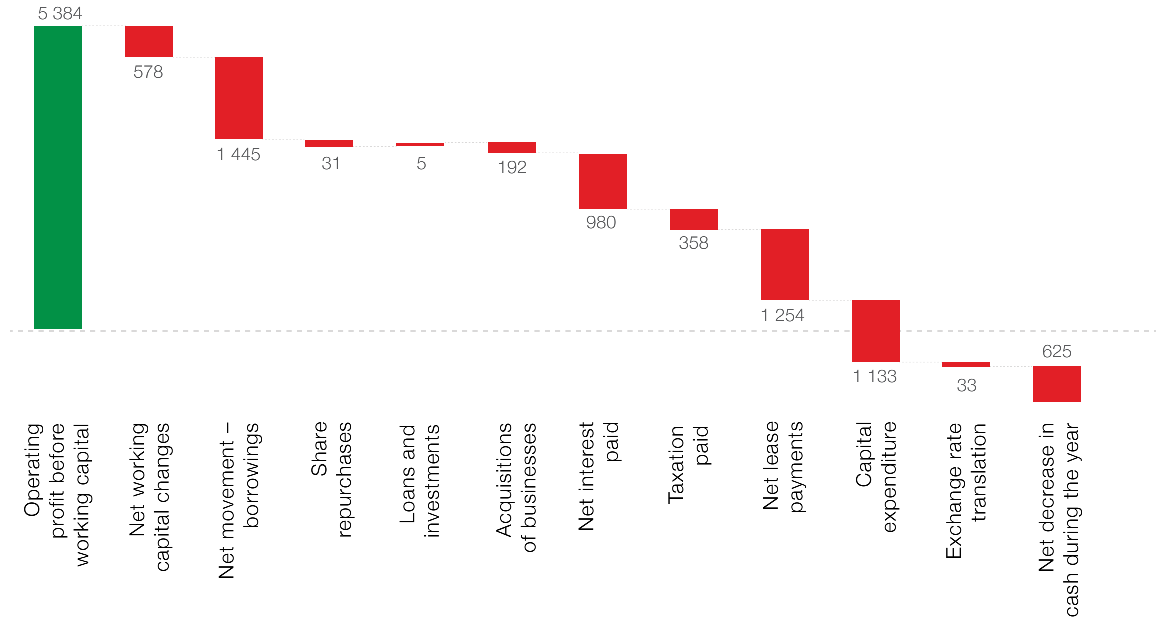
R million	**2024**	2023
Investment to expand operations	**(659.1)**	(1 269.3
Investment to maintain operations	**(473.6)**	(666.8)
Replacement of property, plant and equipment and intangibles	**(599.3)**	(765.1)
Proceeds on disposal of property, plant and equipment	**125.7**	98.3
Investment to maintain and expand	**(1 132.7)**	(1 936.1)
Acquisition of business/subsidiaries	**(192.3)**	(307.4)
Proceeds from disposal of businesses	**1.5**	8.7
Total capital expenditure	**(1 323.5)**	(2 234.8)

Regional capital expenditure	Expansion	Replacement	**2024**
Southern Africa	276.7	178.3	**455.0**
Ireland	252.1	225.0	**477.1**
Switzerland	114.1	196.0	**310.1**
Poland	16.2	–	**16.2**
	659.1	599.3	**1 258.4**

Cash flow

Cash flow from operating activities totalled R3.5 billion (2023: R4.4 billion). Net working capital changes reflect an outflow of R578.1 million (2023: inflow of R1 156.2 million) and was exclusively attributed to the timing of payments to trade payables in the current year. The higher interest rates across all business regions resulted in net finance costs increasing to R980.1 million (2023: R788.2 million). The Group's cash outflow from investing activities was R334.1 million (2023: R1 234.3 million) and reflects a tight control over both expansion and replacement capital expenditure. Cash outflows from financing activities of R3 724.9 million (2023: R2 638.4 million) reflects both the payments of R2 248.7 million (2023: 2 114.4 million) on the principal element of leases, and net repayment of borrowings of R1 445 million during the period.

Cash flow (Rmillion)



Key factors affecting SPAR's financial performance

Significant challenges, as well as areas of recovery, have characterised the financial year. We concentrated on key stakeholder concerns, including the performance of our South African operations, the Group's debt levels, the Polish disposal and challenges with SAP implementation. Addressing these issues is crucial to securing the Group's long-term financial health and stability.

Performance of Southern African operations

The performance of our Southern African operations remains a focus. Historically generating operating margins of 3%, these have declined to under 2%. This decline is primarily due to:

- SAP challenges in KwaZulu-Natal, a key region for the Group's profitability
- Gross margin pressures from SAP implementation and increased competition during high inflation periods
- Turnover falling short of expectations, though strategic initiatives are in place to address this
- Abnormal costs over the past 18 months

We are committed to restoring profitability by enhancing operational efficiency and controlling costs. We have made significant strides in increasing cost discipline across regions, which is beginning to yield savings. In addition, disposing of loss-making corporate stores will assist in improving overall profitability.

Polish disposal

The sale of the Group's entire shareholding in SPAR Poland to Specjal aims to streamline operations and reallocate resources for better returns. SPAR Poland has been a financial drain due to its negative asset value and ongoing losses.

Discontinued operation financial performance

R million	Change %	Audited year ended September 2024	Audited year ended September 2023
Revenue – sale of merchandise	3.0	**2 948.6**	2 863.3
Cost of sales		**(2 299.8)**	(2 295.5)
Gross profit	14.3	**648.8**	567.8
Gross profit %		**22.0%**	19.8%
Revenue – other		**4.5**	6.6
Other income		**28.1**	36.9
Net operating expenses		**(837.0)**	(868.8)
Normal operation result		**(155.6)**	(257.5)
Impairments[1]		**(945.1)**	(442.2)
Operating loss	57.3	**(1 100.7)**	(699.7)
Finance income		**28.5**	29.9
Finance costs	12.5	**(201.9)**	(179.4)
Loss before taxation	50.0	**(1 274.1)**	(849.2)
Taxation		**(22.3)**	(71.5)
Loss after taxation	40.8	**(1 296.4)**	(920.7)

[1] *Impairment of assets held for sale in the disposal group (NPI) during the year (FY 2023 relates to impairment of goodwill, PPE and ROI assets).*

The Polish business reported an increase in turnover in ZAR terms of 3.0%, but a decrease of 6.5% in local currency. Wholesale turnover was down 9.6% in local currency due to decreased loyalty, and some stores exiting the Group following the announcement of the business sale. In addition, persistent levels of food inflation have led to a decrease in consumer purchasing power and an increase in competition.

Margins have improved from 19.8% to 22%, mainly in the wholesale business, due to a new pricing policy, lower rebates paid and increased margins in the production business. Operating expenses are inflated by the write-off of the investments in Poland, together with a substantial impairment in the assets based on the terms of the sale agreement. Employment costs increased by 3.2% in local currency largely as a result of the 20% increase in the national minimum wage. Delivery costs have decreased by 11.9% in local currency, as sales have reduced. Finally, a substantial bad debt impairment of R146.7 million has been recognised in line with the debtor risk profiles and ageing.

The increased interest costs are impacted by higher rates, together with maximised facility use throughout the period.

SPAR Poland has been classified as a discontinued operation.

The Polish business includes three distribution centres, approximately 200 retail stores, a production facility and a head office building in Poznan.

The amount payable for the entire issued share capital of the business is PLN 40 million (approximately R185 million). SPAR is required to recapitalise the business at an estimated PLN 586 million (approximately R2.7 million), which includes settling the existing guaranteed debt and certain restructuring costs. The funding has been sourced from South African lenders in the form of a bridge loan of R2.0 billion. The remaining amounts will be funded by group companies.

Debt and funding strategy

Engagements with our lenders focused on the Group's debt structure, plans to reduce this and the ability of the South African business to take on the residual Polish debt that had been guaranteed.

Group net debt (R million)	Sept 2024	March 2024	Sept 2023
Bank overdrafts	**3 696.9**	4 426.3	3 157.9
Total borrowings	**6 694.6**	7 760.1	8 265.2
Bank balances – SPAR	**(1 276.2)**	(1 106.1)	(1 421.7)
Total	**9 115.3**	11 080.3	10 001.4

To address the Polish debt, we negotiated a bridge facility of R2.0 billion that was activated in late September 2024 to allow us to settle the Polish term debt as required by the sale terms. This short-term facility, together with a further R2.5 billion of local bank overdrafts will be converted into a medium-term loan in the new financial year.

In Southern Africa, SPAR has several levers available to manage this debt effectively, while also improving liquidity and financial flexibility.

- We are in the process of selling non-core property assets, including the Pinetown head office, the Knowles shopping centre and the Group's West Rand property, which will allow us to free up capital that will be used to reduce debt.
- We are exploring leasing our fleet, which enables us to unlock capital tied up in fixed assets.
- We are actively marketing certain of the corporate stores currently owned, which will not only generate capital, but also reduce their negative financial impact.

In the European businesses' borrowings decreased, with repayments in accordance with payment schedules. This reported decrease was also influenced by the strengthening of the rand.

Geographical split of borrowings		2024 Local currency	2023 Local currency	2024 ZAR	2023 ZAR
Southern Africa	(ZAR)	**1 303.2**	129.8	**1 303.2**	129.8
Ireland	(EUR)	**119.5**	165.2	**2 295.9**	3 309.5
Switzerland	(CHF)	**148.8**	167.1	**3 037.3**	3 453.3
Poland	(EUR)	**3.0**	68.5	**58.2**	1 372.6
Total borrowings				**6 694.6**	8 265.2

Leverage ratio by region

(R million)	Group	Southern Africa	Ireland	Switzerland
Pre-IFRS16 EBITDA	3 782.6	1 798.7	1 513.7	470.2
Net debt				
Bank overdrafts	3 696.9	3 459.8	237.1	–
Long-term borrowings	6 694.6	1 361.5	2 295.8	3 037.3
Total debt	10 391.5	4 821.3	2 532.9	3 037.3
Less: unencumbered cash and cash equivalents	(1 276.2)	(689.2)	(382.8)	(204.2)
Net debt	9 115.3	4 132.1	2 150.1	2 833.1
Leverage ratio (Pre-IFRS16 basis)	2.41	2.30	1.42	6.03

The Group was in compliance with all financing covenants as at the year-end and remains committed to its debt restructuring plans, with no plans to seek additional funding from shareholders.

Return on invested capital (ROIC)[1] and weighted average cost of capital (WACC)

	ROIC[1] (%)	WACC (%)
Group	12.8	10.7
Southern Africa	13.6	11.2
Ireland	13.0	8.8
Switzerland	2.6	3.9

[1] *ROIC is calculated as net operating profit after tax divided by invested capital. ROIC has been adjusted for the impact of SPAR Poland and SAP system implementation and is presented on a pre-IFRS 16 basis.*

Debt and funding strategy

Finance income and costs overview

Prolonged higher interest rates across all regions have influenced the finance costs significantly.

Finance income and costs (R million)	2024	2023
Finance income		
Loans	**26.0**	35.9
Bank deposits	**66.9**	46.6
Trade and other receivables	**71.1**	66.2
Lease receivables (IFRS 16)	**436.5**	428.5
Total finance income	**600.5**	577.2
Finance costs		
Loans	**259.3**	236.2
Bank overdraft	**382.0**	301.6
Deposits and other payables	**21.9**	24.2
Lease liabilities (IFRS 16)	**720.3**	681.9
Financial liabilities at fair value (Finance cost)	**–**	1.6
Total finance costs	**1 383.5**	1 245.5
Net finance costs	**783.0**	668.3

Regional finance summary (R million)	Finance income	Finance costs	Net finance costs
Continuing operations	600.5	(1 383.5)	(783.0)
Southern Africa	572.0	(931.3)	(359.3)
Ireland	15.8	(305.6)	(289.8)
Switzerland	12.7	(146.6)	(133.9)

The impact of SAP implementation

The SAP implementation at our KwaZulu-Natal distribution centre has significantly affected financial performance and operational efficiency. The distribution centre, which previously generated profits of between R350 million and R400 million per annum, reported a loss of R280 million this year.

SAP, a comprehensive enterprise resource planning system, was introduced to streamline processes and enhance data visibility. However, its complexity and need for inflexible protocols led to substantial operational inefficiencies. Key issues include:

- **Logistics and warehouse operations:** Initial phases saw incomplete SAP functionality, causing disruptions in supply chain management and delays in product delivery, impacting our ability to meet retailer demands effectively.
- **Margin management and pricing visibility:** The SAP dashboard lacked the clarity of the previous system, affecting pricing and margin visibility. Manual processes required for this had a negative impact on margins.
- **Retailer impact:** The system's instability led to inefficiencies and loss of retailer confidence. Retailers turned to alternative suppliers, resulting in significant revenue loss. Loyalty rates dropped by 10 to 15%, but are recovering.
- **Training and user adaptation:** The new system's complexity posed some challenges, particularly for our warehouse management teams who were used to more straightforward systems. To address this, we have invested extensively in training, which has led to improved user proficiency.

We have implemented solutions, including new dashboards for better pricing visibility, though these were complex and time-consuming. We anticipate that the adapted system will be fully operational in the coming months. With ongoing improvements, training and operational adjustments, we are optimistic about returning to previous levels of profitability.

Going concern

The Board has reviewed the Group's financial position and confirms that the going concern assumption remains appropriate for the 2024 financial year.

Outlook for 2025

The operating environment across our territories continues to be challenging with ongoing inflationary pressures in food, fuel and energy, though these are showing signs of easing in some areas.

In South Africa, we saw strong growth in our value focused formats compared to subdued growth in our higher end stores, illustrating the prevailing tough macro-economic conditions and the impact on the middle and higher segment consumers. We believe that every customer should be treated as a segment of one, and we are focused on clarifying our market positioning through clearer format and brand architecture. To that end, SPAR's tiered private label approach is well placed to offer better value for all shopping budgets with the launch of a bespoke high-end offering seeking to capture the higher income consumer segment. The revitalised SaveMor store format will include quality products at competitive prices and the model will be focused on operational efficiency to establish SaveMor as a leading discount retailer. We will continue to scale our on-demand grocery delivery offering, SPAR2U, in line with evolving consumer needs.

Our European strategic review is well underway, but ongoing and we are evaluating the return on capital for each international business unit. This review will guide our investment decisions, identifying where to allocate more capital, reassess existing models, or consider exits as part of our growth strategy.

As committed to shareholders, we have made significant progress on our 2024 priorities, including finalising the sale of SPAR Poland, reducing debt and stabilising our balance sheet position, resolving SAP issues at the KwaZulu-Natal distribution centre, and working towards a 3% operating margin in Southern Africa, a target which remains intact. In 2025, we will focus on supporting SPAR's independent retailers, defining our target operating model, improving Group profitability, and finalising the ERP system modernisation plan.

A last word

I wish to express my thanks and heartfelt appreciation to the finance teams in all of our businesses, whose dedication and efforts have consistently delivered accurate results. This has ensured the quality of our financial reporting that has been both meaningful and respected by the investment community.

I would also extend my deepest thanks to the Board for their support and trust for what has been both the most challenging, yet rewarding time of my career.

As I retire after nearly three decades with SPAR, I reflect with pride on the accomplishments we have achieved together.

Lastly, I wish our incoming CFO, Reeza, every success. I have every confidence that his strong strategic and operational finance experience will bring considerable value to the Group as it enters this new chapter.

Thank you all.

Mark Godfrey
CFO

19 December 2024

Shareholders and financiers

How we engage

Our investor relations team actively engages with investors and analysts throughout the year, while the Group CFO and the Group finance team address financier concerns, monitor covenants and renegotiate support as needed.

Key concerns

Shareholders and financiers are concerned about the financial strain from ongoing losses in SPAR Poland and the associated recapitalisation, impacting the Group's stability. The decline in operating margins (including the impact of the SAP implementation) in Southern Africa and concerns about debt management further affect confidence.

European operations face challenges from rising costs and declining volumes, raising additional concerns about cash flow and financial flexibility.

Our response

We are disposing of SPAR Poland to focus on more profitable regions and improve financial stability. SAP-related issues are being addressed with system adjustments and training.

In Southern Africa, we are enhancing operational efficiency and cost control to restore margins. A new revolving credit facility has been secured to manage debt and support financial flexibility.

In Europe, recent acquisitions and improved margin management are aimed at boosting performance. Improved stock management and cost control efforts are expected to strengthen cash flow and liquidity.

Delving into performance detail

The economic context of performance Page 39
The trends driving retail Page 41
Strategic progress in the territories Page 45
Progressing sustainability Page 50
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SPAR is navigating a challenging economic environment marked by inflation, shifting consumer behaviours and global uncertainties. Despite these pressures, the Group remains focused on adapting to key trends driving operational performance and long-term value creation.

This chapter outlines SPAR's strategic responses to these dynamics and includes a summary of the Group's ESG performance.

The economic context of performance

Building in any economy

Our territories experienced ongoing inflationary pressures in food, fuel, and energy, though these slightly eased in some areas toward the end of the period. Cost-of-living challenges remained severe, and geopolitical issues continued to impact our operating environments. While some challenges were global, others were specific to individual regions.

Southern Africa

The Southern African retail food sector is navigating challenging trading conditions, although there are some positive developments in the economy.

In November 2024, annual consumer inflation dropped to 2.9%, while food and non-alcoholic beverage inflation fell sharply to 2.3%, the lowest since December 2010.*

The consumer confidence index improved marginally from -15 to -12, driven by a more stable power supply, lower inflation and reduced fuel costs, benefiting low and middle-income consumers.

In contrast, high-income consumer confidence remains weak, influenced by high interest rates.

* *Stats SA*

Ireland and South-West England

The Irish economy is robust, rebounding strongly in the last year and boasting virtually full employment and steady growth prospects over the medium term.

Increased operational costs from inflation and a 13% rise in minimum wage impacted margins and business models.

Consumer spending power is diminished due to higher housing costs, mortgages, and inflation, leading to cautious consumer behaviour.

Inflation in fast-moving consumer goods peaked at 10 to 12% but has decreased to around 2%. Despite lower inflation, retailers face flat sales and rising costs.

In the UK, inflation and consumer behaviour were challenging, with performance weakened by poor weather and a shift towards value-driven shopping.

Switzerland

Traditionally stable, the Swiss economy has challenged business performance.

COVID-19 led to a sales boost as closed borders halted cross-border shopping.

After borders reopening, cross-border shopping continues due to products being up to 60% cheaper, excluding VAT refunds, leading to a sustained sales decline.

In addition, over 3 500 restaurant and catering establishments closed during COVID, shrinking the market base.

SPAR has defended the revenue base through strict cost controls, efficiency and productivity strategies.

Sri Lanka

The economic recovery following the severe COVID-19 lockdowns and the 2022 economic crisis has been robust, with significant improvements in local inflation, currency exchange rates, energy costs, and business and consumer confidence.

Inflation overview

Region		Category	2024 (%)	2023 (%)
	**South Africa**	CPI	**+3.8**	+5.4
		Food and non-alcoholic beverages	**+4.7**	+8.1
		Alcohol and tobacco	**+4.7**	+5.2

Region		Category	2024 (%)	2023 (%)
	**Ireland**	CPI	**+0.7**	+6.4
		Food and non-alcoholic beverages	**+1.9**	+7.8
		Alcohol and tobacco	**+3.1**	+4.3

Region		Category	2024 (%)	2023 (%)
	**Switzerland**	CPI	**+0.8**	+1.7
		Food and non-alcoholic beverages	**+0.3**	+3.8
		Alcohol and tobacco	**+1.8**	+1.2

The trends driving retail

Framing our future

SPAR operates mainly as a wholesaler, but our success depends on how well stores perform and how quickly independent retailers adapt to major market trends. These key trends continue to shape the Group's performance in Southern Africa and Europe.

Gradual normalisation of price and volume

As inflation stabilises and volume growth normalises, consumer spending patterns are expected to steady. However, ongoing inflationary pressures and economic challenges impact consumer behaviour, particularly among middle- and lower-income groups.

Risks

- Persistent inflation could continue to strain consumer spending, leading to muted volume growth.
- Middle-income and rural consumers may remain financially pressured, affecting their spending power and service expectations.

Opportunities

- Stabilised inflation could improve consumer confidence and lead to more predictable volume growth.
- Enhancing service offerings in rural and township markets can align with upmarket standards, capturing new customer segments.

Continued margin and cost pressure

Retailers are facing ongoing pressures on margins and high costs from fuel, labour and energy. Managing operational costs and margin pressures effectively is crucial in this challenging environment.

Risks

- High fuel, labour and energy costs could further squeeze margins and impact profitability.
- Operational challenges, including loadshedding and economic pressures, may strain financial performance.

Opportunities

- Implementing cost control measures and enhancing operational efficiencies can mitigate margin pressures.
- Exploring alternative energy solutions and optimising productivity may reduce cost impacts and improve profitability.

A focus on value through private label

Consumers increasingly prioritise cost-effective food options, boosting demand for value-based private labels. This trend allows for expansion into lifestyle-focused private label products, addressing diverse consumer needs.

Risks

- Increased competition in the private label space could pressure margins and lead to potential oversupply.
- There is a risk that private label products may not fully meet evolving consumer expectations for quality and lifestyle needs.

Opportunities

- Strong private label growth offers the chance to cater to a wide range of lifestyle needs, building brand differentiation and loyalty.
- Expanding private label offerings into niches like vegan or plant-based proteins and specialised nutrition can attract diverse customer segments.

A race for economies of scale

Retailers are intensifying efforts to achieve and exploit economies of scale to enhance market position and operational efficiency. The independent retailer model provides a strategic advantage for quicker scaling.

Risks

- Aggressive pursuit of economies of scale may lead to increased operational complexity and integration challenges.
- Smaller retailers might struggle to compete effectively without achieving similar scale advantages.

Opportunities

- Achieving economies of scale can strengthen market position and operational efficiency.
- Leveraging the independent retailer model for quicker scaling and effective capital allocation can drive growth.

The quest for profitable online growth

E-grocery growth is expected to be moderate over time but will remain ahead of brick-and-mortar for the foreseeable future. The focus will shift to achieving profitability amid fierce competition. SPAR2U's growth reflects significant momentum and provides an opportunity for effective online expansion.

Risks

- Intense competition and high investment requirements could hinder e-grocery profitability.
- Early-stage growth of online platforms like SPAR2U may face challenges in scaling effectively and maintaining profitability.

Opportunities

- Capitalising on SPAR2U's growth can enhance online presence and profitability.
- Developing a robust online strategy can position us advantageously in the e-grocery sector.

Expansion into adjacent categories

There is a growing trend toward entering adjacent categories such as pets, pharmacy and speciality areas. International examples, like Ireland's acquisitions, demonstrate potential for successful category expansion.

Risks

- Expanding into new categories carries the risk of overextending resources, not achieving integration or failing to achieve the expected market share.
- Regulatory and operational challenges in new categories may impact profitability and integration.

Opportunities

- Entering new categories presents opportunities for market expansion and diversification.
- Learning from international examples provides a model for successful category expansion and revenue generation.

Trends in the liquor retail space

Shoppers are increasingly focused on finding deals, exploring new shopping methods, and opting for low or no-alcohol options. On-demand delivery is becoming essential, while informal liquor outlets play a specific, secondary role for many shoppers.

Risks

- Economic pressures are driving consumers to hunt for bargains, which may squeeze margins and intensify competition among retailers.
- Shoppers' tendency to frequent multiple retailers based on price and promotions can lead to reduced customer loyalty and fragmented sales.

Opportunities

- Effectively leveraging promotions can attract price-sensitive shoppers and boost sales.
- Investing in on-demand delivery and integrating liquor sales with grocery shopping apps can capture the growing segment of convenience-focused consumers.
- The trend towards no or low-alcohol beverages presents an opportunity to offer diverse product options to health-conscious and socially aware consumers.
- Recognising the informal sector's role as offering ready-to-drink options can meet specific shopper needs and drive additional sales.

Retail media as a core profit centre

Retail media is becoming a major profit driver for the grocery sector, though its prominence has decreased compared to last year. Integrating retail media into our strategy can leverage consumer data for targeted advertising.

Risks

- Decreased prominence of retail media may reduce its effectiveness as a profit driver.
- Overreliance on retail media could be risky if consumer behaviour shifts or data utilisation faces limitations.

Opportunities

- Integrating retail media can drive targeted advertising and hyper personalised promotions, increasing revenue opportunities.
- Using consumer data for retail media can enhance marketing effectiveness and direct customer engagement.

Innovation in South Africa's hardware retail landscape

South Africa's hardware retail sector is undergoing a dynamic transformation, driven by rapid advancements in smart home technology, sustainable materials, and digitalisation. As consumer preferences shift toward eco-friendly and tech-savvy solutions, the industry is evolving to meet these demands with innovative products and experiences.

Risks

- Increased reliance on smart technology may lead to a widening gap between tech-savvy home owners and those less inclined to adopt these innovations.
- Economic pressures may limit the ability of some home owners to invest in eco-friendly but often more expensive materials and products.
- The shift to digitalisation requires significant investments in technology and training, which may present financial and operational challenges for some retailers.

Opportunities

- The growing demand for smart home devices and energy-efficient solutions creates opportunities for retailers to offer cutting-edge products and services.
- Expanding eco-friendly product lines, including solar solutions and recycled materials, can attract environmentally conscious home owners and align with sustainability goals.
- Digitalisation of the retail experience, including online ordering and virtual consultations, allows hardware stores to enhance convenience, improve customer engagement, and increase sales.

Systematic scaling of automation and technology

Investments in automation and emerging technologies like artificial intelligence (AI) are important for operational efficiency and value creation. Embracing new technologies can address operational challenges and enhance service offerings.

Risks

- High investment costs in automation and AI may strain financial resources and return on investment if not managed effectively.
- Rapid technological advancements could lead to integration challenges and require ongoing adaptation.

Opportunities

- Investing in automation and AI can drive operational efficiencies and create competitive advantages.
- Leveraging emerging technologies can enhance marketing and operational capabilities, leading to value creation.

Supplier collaboration for sustainability

Increasing focus on sustainability includes reducing Scope 1 and 2 emissions and understanding Scope 3. Collaborating with suppliers on sustainability practices is becoming a vital strategy component. Read more in our sustainability report.

Risks

- Implementing and enforcing sustainability practices may require significant changes in business practices.
- Collaborating with suppliers on sustainability could be complex and require significant co-ordination and investment.

Opportunities

- Collaborating with suppliers on sustainability can drive impactful environmental practices and improve brand reputation.
- Focused sustainability efforts can meet the growing consumer demand for environmentally responsible practices.

Strategic progress in the territories

Performance that delivers more

Southern Africa

Performance overview

SPAR Southern Africa delivered a wholesale turnover of R96.0 billion, representing 3.7% growth year-on-year.

Our core grocery segment saw solid demand, leading to a 3.0% increase in sales. Liquor, through our TOPS outlets, continued to perform well, posting 9.4% sales growth. Build it, while growing by 2.3%, was affected by challenging market conditions, which tempered its performance. Despite this, we remain optimistic about the long-term potential of this business as a market leader in the segment.

A key pressure point during the period was the drop in our gross profit margin, which fell to 9.51% from 9.53%. This decline was primarily attributed to inefficiencies at our KwaZulu-Natal distribution centre, where SAP implementation challenges led to operational disruptions. The centre's performance had a notable impact on our overall results, although our other distribution centres maintained relative stability.

Despite these hurdles, we generated a profit before tax of R1 108 million, reflecting a 17.6% increase from the prior year.

Strategic priorities and future focus

Our key focus areas will centre on recovering performance in KwaZulu-Natal, restoring margins to align with budget expectations and maintaining rigorous cost management.

We will continue to address immediate business needs while staying committed to our long-term strategic objectives. Our four-year plan, targeting a 1/30/50 growth trajectory by 2028, remains a critical priority.

1 = First-choice brand in the communities we serve, 30 = 30% of sales to be housebrand sales, and 50 = 50% increase in retail turnover.

Ireland and South-West England

Performance overview

We achieved a sales increase of R3 385 million, reflecting a 6.7% growth year-over-year. We expanded our store network by opening 54 new locations, with the Mace brand emerging as our fastest-growing segment.

Our retail sector, encompassing 1 485 stores, and our wholesale Cash & Carry business, serving independent retailers, pubs and catering services, have been key drivers of our growth.

Our wholesale operations reached a significant milestone of R40.7 billion in revenue, demonstrating consistent growth of 6.7%, driven by acquisitions and expanding market reach.

Our five-year performance in Ireland has shown an increase in turnover since the post-COVID period. The resilience of our business model has been boosted by our ability to drive efficiencies and trim expenses effectively, ensuring continued profitability.

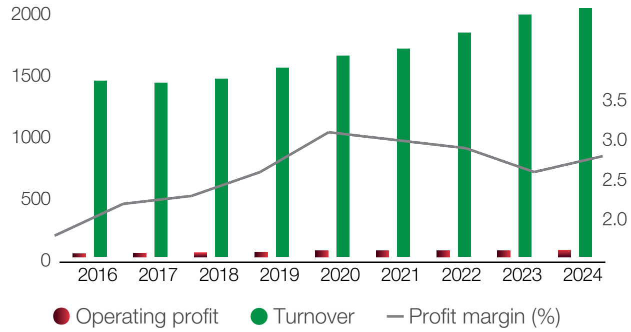
Our wholesale and Cash & Carry operations, especially in the food service sector, saw strong performance. However, we anticipate potential challenges as businesses in this sector face closures.

Nonetheless, our scale and flexibility position us well to navigate these changes and explore consolidation opportunities.

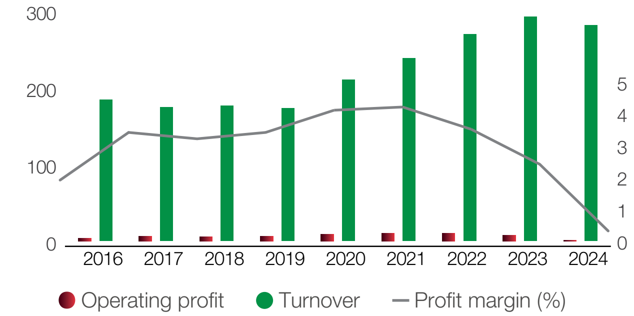
Despite a challenging year for the UK market and some disappointing performance, our overall profitability remains strong, with good cash generation and robust margins. The BWG Group has demonstrated a proven track record and continues to expand its market share in Ireland.

Historical performance

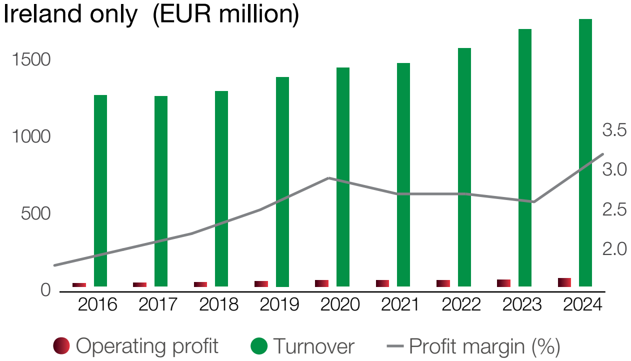
Ireland (UK and IRE) (EUR million)



UK only (EUR million)



Ireland only (EUR million)



This year, we faced heightened regulatory pressures, including the introduction of the deposit scheme for plastic bottles in Ireland. While positive for the environment, this initiative increased operational costs and regulatory complexity, particularly for smaller retailers.

Strategic priorities and future focus

We will continue to focus on managing regulatory costs and enhancing operational efficiencies. Investment in infrastructure, including new regional distribution centres, will support growth and improve logistics.

We remain committed to supporting retailers through advisory services and technology investments. We aim to balance cost management with enhancing retailer profitability and customer satisfaction.

The pursuit of growth opportunities, particularly in the wholesale and food service sectors, will be ongoing. While major acquisitions are not planned, we will focus on improving our existing operations and infrastructure.

Collaboration with suppliers and stakeholders will continue to drive mutual growth. We will support small and regional suppliers through our distribution channels and provide advice and resources to facilitate their development.

Switzerland

Performance overview

In 2024, our focus on operational efficiency paid off as we managed to keep costs below turnover growth, leading to solid profitability despite a challenging market. Investments in our warehouse and logistics operations have allowed us to create significant efficiencies that will continue to benefit us.

One major shift was our approach to vendor agreements, moving from volume-related discretionary rebates to guaranteed rebates, providing greater income stability.

We have increased our focus on fresh produce, with a three-day turnaround for ultra-fresh items, making convenience and freshness key business drivers.

Our retail format has also been evolving, particularly through a stronger emphasis on private label products, which now account for over 21% of our sales.

Our wholesale and Cash & Carry operations have faced some pressure due to the economic environment. Still, we have leveraged our scale to remain competitive, particularly in joint business planning with key suppliers.

The restaurant and catering sector is unlikely to recover fully, and succession challenges remain in the restaurant industry. However, we believe the market has stabilised, presenting opportunities for us to capture a larger market share.

Strategic priorities and future focus

We will focus on controlling costs and boosting productivity, leveraging the S4S warehouse and logistics project for long-term supply chain and fleet efficiency. We will explore new IT solutions, implementing automated ordering systems for retailers and improving smaller store operations.

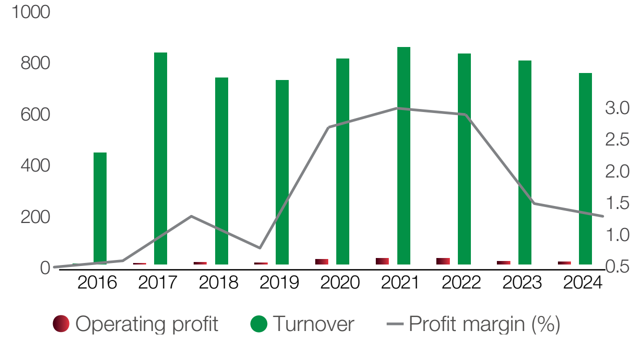
We will strengthen collaboration with key suppliers through joint business planning, delivering efficiencies and creating shared value for SPAR and its partners.

We will continue expanding the private label range, increasing penetration by focusing on quality and affordability, especially in fresh produce, allowing us to further leverage margins.

Growth in the TopCC customer base will be achieved through targeting existing and new food service customers by enhancing the offering and driving efficiency.

Restructuring the distribution centre model, improving margin recovery, shifting to higher-margin fresh and convenience products and boosting retailer profitability are further priorities in the year ahead.

Switzerland (CHF million)



Sri Lanka

Performance overview

Our successful joint venture has contributed to growth. Despite market and political challenges, the business has continued its double-digit year-on-year growth and has been independently recognised as one of the leading supermarket brands in the capital city of Colombo. Our initial stores were all launched in Colombo in order to build our brand equity and recognition before our expansion into the neighbouring cities, with our first SPAR launching in Galle in December 2024.

The Sri Lankan market remains largely dominated by informal retail, with the two largest formal food retailers operating approximately 530 and 130 stores, respectively. Through our joint venture with Ceylon Biscuits Limited, SPAR operates 29 stores across the various formats, including Pharmacy at SPAR, SPAR, SPAR Express and SaveMor. Of these, 25 are corporate retail stores.

The joint venture is actively pursuing opportunities with informal independents to expand its footprint.

A highlight this year was the launch of the first SaveMor independent retail store in March, marking a strategic step towards capturing a broader market share.

Strategic priorities and future focus

The joint venture is focused on growth, targeting opportunities with informal independent retailers seeking a strong partner in an increasingly competitive market. Our superior support, logistics, and infrastructure provide these retailers with a competitive edge as Sri Lanka's retail landscape consolidates and evolves, driving expansion in retail and wholesale channels. Rapid growth is now a key priority.

E-commerce is also a critical growth area. SPAR2U has launched, supported by a strategic alliance with a well-known third-party platform. We will focus on optimising Sri Lanka's underdeveloped supply chain and logistics, enhancing supplier relationships and operational efficiency.

Our in-store fresh offering is unmatched and sets us apart from competitors. The team is dedicated to continuous improvement with initiatives such as a new central kitchen to further elevate our offerings and drive efficiency and profitability. We have also launched a locally produced private label range, complementing this with products sourced from SPAR South Africa and SPAR International and positioning this as a key differentiator for future growth.

Progressing sustainability

A better future for all

Our sustainability strategy

SPAR is committed to sustainability in partnership with our stakeholders. Our "My SPAR, Our Tomorrow" approach promotes long-term collaborations in our value chain to drive positive change for our brand, people and planet. Our sustainability strategy aligns with the Group's purpose and business goals, while addressing emerging risks and trends.

More detail on our sustainability focus areas, themes and the initiatives mentioned here can be found in our sustainability report.

Driving sustainability

The Board oversees sustainability risk management through the Social, Ethics and Sustainability Committee and Risk Committee, in alignment with the Group's values and King IV principles. The Group Sustainability Executive, a member of these committees and reporting to the Group CEO, is responsible for implementing the sustainability risk management approach, supported by senior managers in each territory.

Sustainability governance

The Board is committed to integrating sustainability into the Group's governance processes, ensuring alignment with corporate responsibilities and long-term business objectives, while addressing the evolving expectations of internal and external stakeholders. An ethical culture is central to this approach, ensuring sustainability is fully entrenched across the Group.

Sustainability thinking is embedded in our governance frameworks, guiding decision-making to balance long-term environmental and socio-economic impacts.

Sustainability risk management

We have mapped SPAR's impacts, risks and opportunities across the entire value chain to navigate our sustainability journey. This sustainability map, detailed in the sustainability report, covers all aspects of SPAR's value chain – upstream, downstream, and our own operations – highlighting both positive and negative impacts.

The Group's enterprise risk management framework directs identifying and ranking sustainability-related risks and opportunities, which are captured in our sustainability risk register.

SPAR's sustainability purpose

Building a better future for all – by creating a considered, sustainable, responsible and ethical culture throughout our value system

Sustainability focus areas

- **Thought leadership**
- **Awareness and culture change**
- **Training and development**
- **Performance monitoring**
- **Communication and storytelling**

Our impacts at a glance

Environmental

Scope 1 and 2 GHG emissions reduced by 99% from 2017 baseline

226 683 tCO_2e total greenhouse gas emissions

21 432 tons of cardboard and plastic recycled through South African distribution centres

19 786 022 kWh solar energy generated

578 025 KL water consumed

Socio-economic

8 362 customer care line complaints and queries addressed

R8.5 million invested in our commitment to ending Gender-Based Violence

Governance

Food safety training for 28 869 suppliers, distribution centre employees and retailers

80 small scale suppliers completed our small scale supplier food safety programme

Progress highlights in 2024

Group-wide CDP submission

We extended our ESG efforts globally, marking our first Group-wide CDP submission.

Previously, only South Africa and our corporate stores participated. For this year's submission, Switzerland, Sri Lanka, Poland and Ireland were also included, reflecting a growing recognition of sustainability across the Group.

We have also integrated Scope 1 and Scope 2 emissions data into our reporting, which is externally verified.

The latest reports can be found at https://thespargroup.com/sustainability/#Reports:

1. CDP Climate Change
2. CDP Forest
3. CDP Water

SPAR Supplier Development Programme

The programme enhances supply chain flexibility and resilience by helping participants become more agile. We sponsored accredited food safety training for 59 businesses and introduced a business basics course to equip suppliers with essential skills.

We aim to strengthen and expand these initiatives to ensure all suppliers can succeed.

Circular economy

Our goal is to reuse materials that would otherwise end up in landfills while creating livelihood opportunities for communities.

In 2024, we implemented a packaging policy and achieved Extended Producer Responsibility compliance across all business units. Our practices include using 100% recycled plastic for bags and transitioning to white plastic caps on milk bottles for easier recycling. We are committed to eliminating surplus food waste by 2025 and halving food waste in our operations by 2030.

The SPAR food safety movement

As a global supermarket chain, SPAR prioritises food safety to uphold consumer trust, ensure regulatory compliance and reduce the risk of foodborne illnesses.

Our food safety movement focuses on high handling, hygiene and storage standards to prevent contamination. This year, we updated our recall policy to improve response times to potential food safety issues. Our Southern African business is introducing risk-based food safety audits at retail stores in 2025, supported by extensive training and communication at distribution centre and retail levels.

Addressing food security

SPAR supports South Africa's Operation Hunger initiative to combat malnutrition in rural communities. Through our distribution network, food is delivered to local SPAR stores, collected by Operation Hunger and distributed to feeding schemes in remote areas. Since 2011, SPAR has provided annual financial support of R1.4 million and ongoing food donations.

The initiative follows the Universal Declaration of Human Rights, aiming to address the triple burden of malnutrition: undernutrition, micro-nutrient deficiencies and the risk of non-communicable diseases from obesity.

Water risk management

We are focused on improving water efficiency and promoting responsible stewardship by creating policies at the warehouse level.

In 2024, we used the WWF water risk filter tool to assess water risk at 65 sites globally. Expanding this assessment to all 4 579 sites is essential for understanding water and climate risks, mitigating financial risks and boosting business resilience.

Compliance and reporting

We are significantly enhancing our focus on compliance and reporting, particularly emphasising mandatory sustainability reporting.

The EU's Corporate Sustainability Reporting Directive (CSRD), introduced in 2023, requires SPAR, as a business with EU subsidiaries within the non-financial reporting directive thresholds, to comply with the first phase (2025/26) of the European Sustainability Reporting Standards (ESRS). Proactively, SPAR's 2024 sustainability report is aligned with the ESRS.

Strategic case studies

Spotlight on collaboration

The NextGen Entrepreneurs Programme

In 2024, 31 future leaders enrolled in our BWG Next Generation Entrepreneurs Programme in Ireland, a bespoke initiative designed to develop the next generation of retail owners and managers. This highly collaborative programme combines education, mentorship, and networking to ensure long-term success for participants.

Partnering with Dublin City University, the programme offers six intensive modules that blend academic learning with practical retail management. Mentorship is key, providing participants with personalised guidance from industry experts. Networking opportunities, including international experiences and themed events, empower participants to build strong connections in Ireland and abroad.

Through this initiative, SPAR is equipping future retailers with the skills and relationships necessary to drive growth and innovation in the industry.

SPAR's cage-free eggs initiative

SPAR's transition to cage-free eggs reflects our commitment to sustainability and ethical sourcing. Recognising the global shift towards humane practices, we believe going cage-free is the right thing to do. We have developed a roadmap to achieve the goal of being 100% cage-free for SPAR branded eggs by 2030.

Our transition is collaborative with key stakeholders, including suppliers and Humane Society International. We are focused on a gradual shift, beginning with SPAR private label brands, to ensure our suppliers can adapt without undue pressure.

Acknowledging challenges like biosecurity, rising input costs and the financial pressures on producers, we are focusing on barn production as a more sustainable approach. We also aim to support black farmers in participating in this transformation.

With clear timelines, milestones and open communication, we are committed to a humane, sustainable food system.

Addressing gender-based violence

SPAR is acknowledged for our leadership and collaborative initiatives in combating GBV in South Africa.

Since 2019, we have partnered with organisations like the KwaZulu-Natal Liquor Board and Lifeline SA to drive impactful GBV initiatives. Our efforts include developing a student safety app, supporting NPA Thuthuzela Care Centres and raising awareness through shopping bags that feature GBV helpline numbers. By working with various stakeholders, we aim to provide comprehensive support and create lasting change in communities affected by GBV.

In addition, we are collaborating with Leafline to promote reusable sanitary pads, while continuing the distribution of our Petals private label sanitary pads at the low cost of R6 per pack. These initiatives seek to combat the common issue of girls missing school due to insufficient personal hygiene resources.

Integrating these efforts into our broader social responsibility strategy demonstrates our commitment to working with others to deliver meaningful and sustainable solutions for critical social issues.

International recognition for SPAR Mopani Rural Hub

This year, our efforts to support small-scale farmers in Limpopo Province gained international recognition.

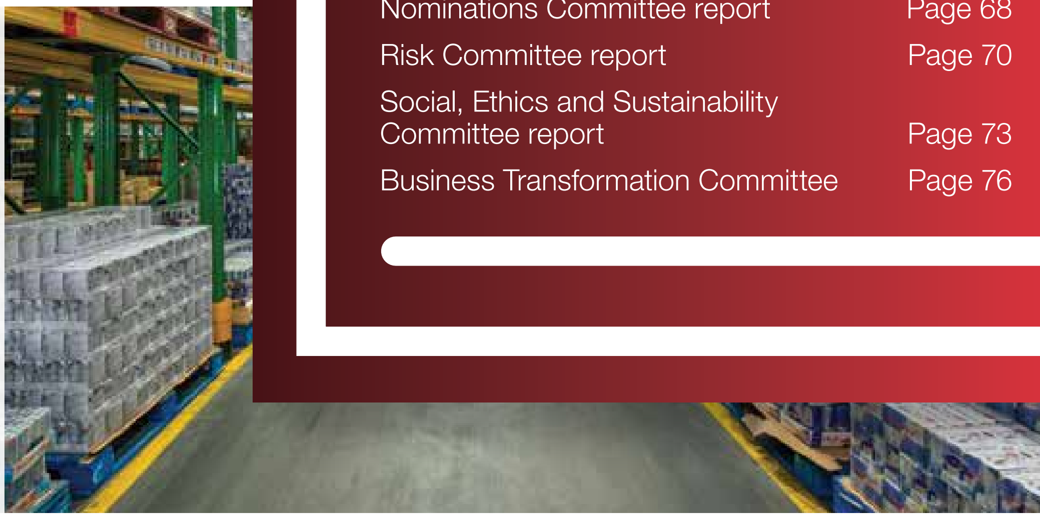
The SPAR Mopani Rural Hub project won the GLOBALG.A.P. "Changemaker of the Year" award, which celebrates significant contributions to improving farming practices.

Since its establishment in 2017, the SPAR Mopani Rural Hub in Limpopo's Mopani District has been dedicated to supporting and developing small-scale farmers. The rural hub model helps farmers who cannot yet supply commercial markets but have the potential to do so. This support includes technical and food safety training, access to input and infrastructure funding, and a market for their produce.

Understanding our governance ecosystem

Our governance structure	Page 55
The SPAR Board of Directors	Page 58
The work of the Board committees	Page 62
Audit Committee report	Page 64
Nominations Committee report	Page 68
Risk Committee report	Page 70
Social, Ethics and Sustainability Committee report	Page 73
Business Transformation Committee	Page 76

This chapter introduces the SPAR Board and outlines our governance structures and practices. It includes reports from the various Board committees, providing insights into their roles and contributions to effective oversight and strategic direction.



Our governance structure

Building trust through accountability

The Board is satisfied that the governance structure is appropriate and the governance and authority frameworks provide clarity and contribute to effective control and performance.

Our corporate governance framework sets out the structures, processes and practices the Board uses to direct and manage the Group's operations. We comply with the Companies Act, the JSE Listings Requirements and King IV. Our business is conducted in good faith, prioritising the interests of the Group and its stakeholders.

King IV

The Board supports King IV's governance principles. SPAR's governance structures align with King IV's outcomes-based approach. We assess value creation through King IV's definition of corporate governance, emphasising ethical and effective leadership to achieve the prescribed governance outcomes.

The King IV disclosure matrix, available on our website at https://thespargroup.com/resource-centre/governance/, summarises SPAR's application of the principles.

The Board confirms that for the year ended 30 September 2024, the Group complied with the provisions of the Companies Act and operated in conformity with its Memorandum of Incorporation. The Board further confirms the application of the King IV Code of Corporate Governance.

Shareholders and other stakeholders

Board

Provides oversight of the management and governance of the Group.
Monitors executive management's performance.
Offers strategic direction and leadership in line with the Group's value system to ensure sustainability.
The Chairman is independent. He leads the Board, sets its ethical tone, ensures effectiveness, and upholds high governance standards.
The Group Company Secretary supports Board members by guiding them in fulfilling their responsibilities as directors.

Committees

The Board's committees support independent judgement, maintain a balance of power and aid in fulfilling Board responsibilities.

Committees are governed by a delegation of authority framework, reviewed annually, which specifies matters reserved for shareholders, the Board, and those delegated to management and executive committees.

A Audit Committee

- Provides oversight of assurance functions and services
- Focuses on combined assurance: external service providers, internal audit, and finance
- Ensures the integrity of annual financial statements and other external reports

R Risk Committee

- Provides oversight of risk governance
- Oversees technology and information governance
- Monitors compliance governance

SEC Social, Ethics and Sustainability Committee

- Provides oversight of organisational ethics
- Monitors responsible corporate citizenship
- Oversees sustainable development, including environmental and climate change
- Manages stakeholder relationships

N Nominations Committee

- Oversees the process of nominating and electing Board and committee members
- Manages Board, committee, and senior management succession planning
- Oversees induction and continuous training of Board members
- Evaluates the performance of the Board, its committees, and individual members

RC Remuneration Committee

- Oversees the Group's remuneration and implementation policy
- Manages the remuneration of executive and senior management

B Business Transformation Committee

- Provides strategic oversight of the Group's business transformation agenda
- Monitors progress against the transformation workstreams
- Ensures a system-wide and integrated approach is taken for the benefit of the whole Group

Group executive management
Territory Boards
Territory CEOs

Executive committees — Assist the Group CEO in implementing the strategy and objectives of SPAR and carry out the Group's day-to-day activities

Divisional/Operational — Various regional, executive, departmental, operational, and project committees and forums

The SPAR Guild of Southern Africa → **Social and ethics committees**
Regional Guild committees ← **The Build it Guild of Southern Africa**

Organisational ethics

Our ethics framework is guided by SPAR's Code of Ethics, which applies to all employees and directors. It is supported by policies on conflicts of interest, gifts, bribery, fraud prevention, information protection, technology use and workplace harassment.

The Social, Ethics and Sustainability Committee oversees organisational ethics on behalf of the Board.

We encourage reporting of suspected serious misconduct via the Tip-offs Anonymous hotline. This year, we received 55 reports (2023: 24), all of which were investigated. 12 reports related to independent SPAR stores were referred to them for action, while three concerning other SPAR International affiliates were directed accordingly. For the Group, 10 investigations are ongoing, three (2023: two) led to disciplinary action, and the rest were unfounded.

Additionally, four whistleblowing reports were received outside the hotline, leading to varying degrees of investigation, including some disciplinary actions and dismissals. Independent forensic teams are engaged where necessary to ensure thorough investigations and implementation of recommendations.

We also addressed reports through the internal grievance process and allegations of fraud not reported via the hotline, resolving all grievances and acting where misconduct was proven. The ethical culture assessment by The Ethics Institute will be conducted in 2025.

Tax management

We ensure ethical and effective tax management across all operations. The Board oversees the implementation of our tax policy and strategy through the Audit and Risk Committees, with our tax division managing risks and ensuring compliance. The tax policy is reviewed every two years, with the latest review in November 2023. We engage only in tax planning that supports genuine commercial activities, avoiding tax avoidance schemes.

Our tax governance, aligned with King IV, is based on five principles: zero tolerance for non-compliance, stakeholder value, reputational risk, corporate citizenship and strong communication with tax authorities.

Refer to the sustainability report for a detailed review of our tax rate and contributions.

Corporate citizenship

The Board, supported by the Social, Ethics and Sustainability Committee, reviews the Group's impact on stakeholders, society, the economy and the environment.

Key updates for the year included:

Human resources	Socio-economic development	Environment
• BBBEE: Retained our level 4 rating for the year • YES Programme: Involved 478 learners; continuation planned • Trade unions: Industrial action at one distribution centre; new negotiations underway • Employee development: Expanded training with a hybrid model • Transformation: Progress monitored with new management programmes	• Strategy: Presented and discussed • Initiatives: Focus on GBV, workplace harassment policy, employee wellness and supplier development • Corporate social investment contributions: R20.3 million	• Strategy: Updated for the coming year • Focus areas: Energy use, decarbonisation and sustainability initiatives • Reporting: Submitted CDP reports on climate change, water and forests

Further details are available in our sustainability report.

The SPAR Board of Directors

Leadership that drives success

Non-executive directors

as at 30 September 2024

Mike Bosman (64)

Independent non-executive Chairman

BCom (Hons), LLM – Cape Town
AMP – Harvard
CA(SA)

Mike offers expertise in entrepreneurship, finance, legal, and governance and brings strong leadership to the Board.

Appointed to the Board as Chairman: December 2022

RC B N

Shirley Zinn (63)

Independent non-executive director, Deputy Chair

BA, HDipEd, MEd – Western Cape
BEd (Hons) – UNISA
EdM, EdD – Harvard

Shirley provides business acumen, governance, people management, leadership, culture and HR skills.

Appointed to the Board: February 2023

SEC N RC

Liesbeth Botha (62)

Independent non-executive director

BEng (Electronics), MEng (Electronics) – Pretoria
PhD (ECE) – Carnegie Mellon

Liesbeth brings a wealth of knowledge in digital business transformation, innovation, digital upskilling, scientific research, AI, data analysis and technology leadership.

Appointed to the Board: February 2024

SEC R RC B

Pedro da Silva (56)

Independent non-executive director

BEcon, AMP – Harvard
EDP – IMD, Lausanne

Pedro adds business acumen, financial insight, dynamic growth strategies and expertise in retail and international markets.

Appointed to the Board: February 2023

Foreign resident based in Portugal

B R

Funke Ighodaro (61)

Independent non-executive director

BSc (Hons) – Salford
FCA – ICAEW
CA(SA)

Funke offers expertise in finance, legal, governance, risk, business, leadership and strategy.

Appointed to the Board: February 2024

Foreign resident based in UK

R B A

Marie Jamieson (64)

Independent non-executive director

BSSc Business (Hons) – Queen's Belfast
PGDip (International Management) – Teesside

Marie brings business acumen, strategic planning, brand marketing and communications expertise to the Board.

Appointed to the Board: February 2024

SEC B

A Audit Committee | R Risk Committee | SEC Social, Ethics and Sustainability Committee | N Nominations Committee | RC Remuneration Committee | B Business Transformation Committee | Chair

For comprehensive information on our directors' experience, skills, qualifications and other board memberships, visit our website at https://thespargroup.com/about-us/board-of-directors/.

Lwazi Koyana (56)
Independent non-executive director

BCom – Rhodes
BCompt (Hons) – Walter Sisulu
CA(SA)

Lwazi brings finance, auditing, governance, retail and entrepreneurship skills.

Appointed to the Board: May 2019

SEC A R

Trudi Makhaya (46)
Independent non-executive director

BCom, BCom (Hons), MCom – Wits
MSc, MBA – Oxcon

Trudi contributes her knowledge of economics, business, governance and ESG.

Appointed to the Board: September 2023

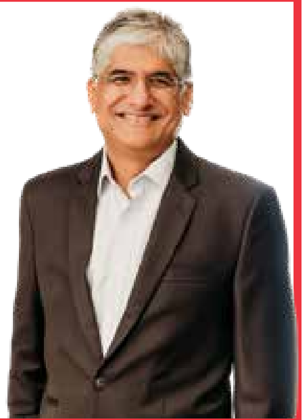
R SEC

Sundeep Naran (57)
Independent non-executive director

BSc (Mathematics)
CFA Charter

Sundeep contributes financial, auditing and governance skills to the Board.

Appointed to the Board: February 2022



R N A

Executive directors as at 30 September 2024

Angelo Swartz (43)
Group CEO

Angelo adds his business acumen and knowledge of and experience in wholesale and retail.

Joined the Group in 2007

Appointed to the Board: October 2023

Appointed as Group CEO: 1 October 2023

The SPAR Guild of Southern Africa Chairman

B R

Mark Godfrey (59)
Group CFO

BComm – Port Elizabeth
CA(SA)

Mark contributes business acumen, financial, auditing and governance skills to the Board.

Joined the Group in 1996

Appointed to the Board: October 2010

R

Megan Pydigadu (50)
Group COO

BComm – Natal
HDipAcc – Wits
CA(SA)

Megan contributes her strengths in business acumen, finance, mergers and acquisitions, legal, governance and risk, business transformation, HR and IT.

Joined the Group in November 2023

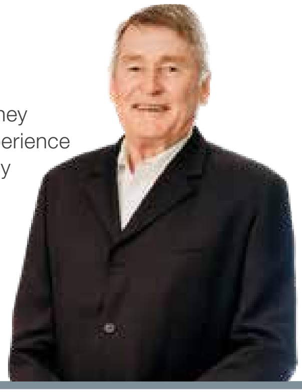
Appointed to the Board: November 2023

B R

Interim Group Company Secretary

Neill O'Brien (70)
Joined the Group in September 2024

Neill is an admitted attorney with over 20 years of experience as the company secretary of several listed and unlisted companies.



Board changes during the year

Andrew Waller and Jane Canny resigned as independent non-executive directors effective 17 November 2023.

Effective 20 November 2023, SPAR appointed:

- Lwazi Koyana as interim Chairman of the Audit Committee
- Pedro da Silva as an interim member of the Audit Committee
- Trudi Makhaya as interim Chair of the Social, Ethics and Sustainability Committee

On 1 February 2024, Marie Jamieson and Liesbeth Botha were appointed independent non-executive directors. Marie has an extensive international strategic planning, marketing, and advertising background, having held leadership roles at TBWA and Absa. Liesbeth holds a PhD in electrical and computer engineering and has led digital transformation initiatives at PwC Africa, with a strong background in innovation, AI, and data analysis.

Funke Ighodaro was appointed as an independent non-executive director, effective 21 February 2024. With a wealth of financial expertise from roles at Old Mutual, Sabvest and Telkom SOC, Funke brings valuable experience to the Board.

Committee movements in February 2024:

- **Audit Committee:** Pedro da Silva stepped down as an interim member, Lwazi Koyana stepped down as interim Chairman but remains a member, and Funke Ighodaro was appointed Chair.
- **Social, Ethics and Sustainability Committee:** Marie Jamieson and Liesbeth Botha joined, with Trudi Makhaya appointed Chair.
- **Other Committees:** Liesbeth Botha also joined the Remuneration and Risk Committees, while Sundeep Naran joined the Nominations Committee.
- On 11 June 2024, the Board approved the formation of the Business Transformation Committee, to be chaired by Liesbeth Botha and with Mike Bosman, Pedro da Silva, Marie Jamieson, Megan Pydigadu and Angelo Swartz as committee members. The purpose of the committee is to oversee and provide guidance on all matters related to the transformation of the Group's business model, operations, processes, digital technology platforms and strategies.

Mark Godfrey will retire as Group CFO and executive director on 31 December 2024. The Board deeply appreciates his 29 years of dedicated service, particularly his financial oversight during challenging times.

Reeza Isaacs was appointed Group CFO designate, effective 1 November 2024, and will assume the role of Group CFO and executive director on 1 January 2025. Reeza, a qualified Chartered Accountant, previously served as Group Finance Director of Woolworths Holdings Limited. He brings extensive finance and leadership experience, including roles at Ernst & Young and Hyprop Investments.

The Board congratulates him on his appointment and looks forward to his contribution.

Board composition and diversity

as at 30 September 2024

The Group's Memorandum of Incorporation (MoI) defines the Board and directors' responsibilities. The Board's terms of reference are detailed in the Board charter, which is reviewed annually.

The Board charter outlines the Board's powers and authority and clarifies the roles and responsibilities of its members, ensuring no single director holds unfettered decision-making power. No material changes have been made to the charter.

To mitigate conflicts of interest, Board members annually update their general disclosure of personal financial interests as required by the Companies Act. At each Board or committee meeting, members are reminded to declare any material personal financial interests in contracts entered into or authorised by the Group.

The Board has a policy on promoting broader diversity at the Board level. It sets voluntary targets for race and gender, and applies the diversity indicators of knowledge, skill, experience, age, culture, race and gender in all its appointments.

The Board considered and applied the policy and diversity indicators in all Board appointments made this year. Refer to pages 17 and 18 for more detail.

Gender diversity

50% female

50% male

Target: Minimum two women

Independence

100%

Average age

56 years

Policy: 70 (retirement age)

Race diversity

50% black[1]

50% white

Target: Minimum three black people

[1] *Black as defined by the B-BBEE Act, No. 53 of 2003*

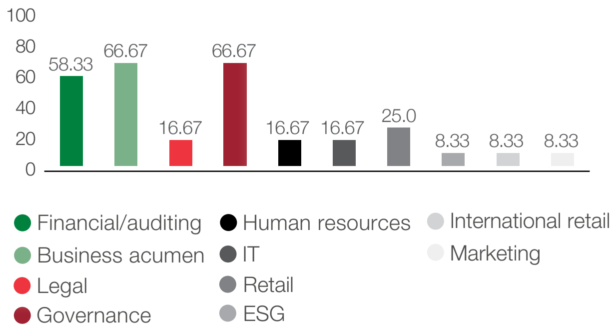
Average tenure

2 years 8 months

Board and committee meeting attendance

98.8%

Skills and expertise (%)



The evolution of our Board and executive team is sharpening our focus on long-term success. As part of this, we have prioritised improving internal and external communication to strengthen our brand reputation. With this enhanced leadership and communication strategy, we are confident that the breadth of experience now steering SPAR will drive sustained value.

The work of the Board committees

Governance with purpose

The Board delegates specific roles and responsibilities to its committees but retains overall accountability.

Each committee is chaired by an independent non-executive director and operates under its terms of reference, which define its composition, roles, responsibilities, functions, and authority. The terms of reference for the committees are available on our website at https://thespargroup.com/resource-centre/governance/.

Committees report to the Board at each meeting and provide recommendations based on their terms of reference.

Occasionally, the Board may establish ad hoc committees with specific tasks, consisting of suitable Board members.

Meeting attendance

The Board values independent judgement and requires all members to prepare, participate and contribute at every meeting. The Group Company Secretary prepares meeting agendas according to approved annual work plans and in consultation with the respective chairs. Members receive relevant information on the Group's strategies, plans, and performance and are expected to allocate sufficient time for preparation.

The Board holds an on-site meeting at a distribution centre at least once a year to enhance non-executive directors' understanding of the Group's operating divisions. This year's meeting was held at the Western Cape distribution centre.

Director	Board	Audit Committee	Remuneration Committee	Nominations Committee	Risk Committee	Social, Ethics and Sustainability Committee	Business Transformation Committee
Number of meetings	**11**	**4**	**4**	**4**	**3**	**4**	**1**
Non-executive directors							
Mike Bosman	**11**		4	4			1
Shirley Zinn	**11**		4	4		4	
Liesbeth Botha[1]	**9**		3		2	3	1
Pedro da Silva[2]	**11**	2			3		1
Funke Ighodaro[3]	**9**	2			1		
Marie Jamieson[4]	**9**					3	1
Lwazi Koyana[5]	**11**	4			3	4	
Trudi Makhaya[6]	**9**				3	4	
Sundeep Naran[7]	**11**	4		3	3		
Executive directors and officers							
Angelo Swartz	**11**		4	4	3		1
Mark Godfrey	**11**		4		3		
Megan Pydigadu	**11**		4		3		1
Kevin O'Brien					3	3	

[1] *Appointed to the Board, the Remuneration Committee, the Risk Committee and the Social, Ethics and Sustainability Committee on 1 February 2024.*
[2] *Interim member of the Audit Committee from 20 November 2023 to 22 February 2024.*
[3] *Appointed to the Board effective 21 February 2024 and as Chair of the Audit Committee and member of the Risk Committee on 22 February 2024.*
[4] *Appointed to the Board and the Social, Ethics and Sustainability Committee on 1 February 2024.*
[5] *Interim Chairman of the Audit Committee from 20 November 2023 to 22 February 2024.*
[6] *Appointed interim Social, Ethics and Sustainability Committee Chair on 20 November 2023 and as Chair on 22 February 2024.*
[7] *Appointed to the Nominations Committee on 1 February 2024.*

Committee evaluation

The committees' effectiveness is assessed through self-evaluation reviews conducted every two years. The last review was completed in 2023, and the next review is scheduled for 2025.

The Board is satisfied that the committees fulfilled their responsibilities under their respective terms of reference.

Group Company Secretary

All directors have access to the services and advice of our dedicated Group Company Secretary.

Shana Ashokumar resigned from the role, effective 31 August 2024, and the Board extends its thanks for her valuable contributions and best wishes for her future endeavours.

Neill O'Brien was appointed interim Group Company Secretary on 1 September 2024, having already begun assisting with company secretarial duties from 22 August 2024 to ensure a smooth transition.

The Board assessed his competency, qualifications, and experience and found him suitably qualified. As the Company Secretary is not a director of the Group, he maintains an arm's length relationship with the Board.

The Board is satisfied that the arrangements in place for providing it with access to corporate governance services are adequate.

Executive management

The Group CEO leads the implementation of approved strategies, policies and operational planning, and acts as the link between executive management and the Board. The Group CEO reports to the Board, which conducts an annual performance evaluation. The Group CFO and Group COO provide support.

There are five executive committees responsible for executing the Group's strategy and daily operations:

- SPAR Southern Africa Executive Committee
- BWG Group Executive Committee
- SPAR Switzerland Executive Committee
- SPAR Sri Lanka Executive Committee
- SPAR Poland Executive Committee (discontinued operation)

These committees include the respective CEO, CFO and any additional executive roles necessary for effective strategy execution.

A Steering Committee was established to oversee the SAP programme's progress and implementation in South Africa.

Audit Committee report

Building trust through rigorous oversight

The Audit Committee (the committee) presents its report for 2024 as per section 94(7)(f) of the Companies Act. The committee oversaw the implementation of control improvement plans to address control weaknesses uncovered during the previous financial year, and to remediate the SAP system implementation issues.

Committee governance

Role and responsibilities

The committee has specific statutory responsibilities to the Company's shareholders in terms of the Companies Act.

The committee supports the Board by advising on financial reporting, internal controls, internal and external audit functions, combined assurance and regulatory compliance, as defined by our annually reviewed terms of reference.

We receive feedback from the Risk Committee, Social, Ethics and Sustainability Committee of the Group, and the Audit Committees of the foreign subsidiaries.

Meetings

The committee conducted four formal meetings this year, an increase from the previous two meetings. This increase aligns with industry standards and enhances our capacity to address critical issues effectively.

Composition

As at 30 September 2024, the members of the committee were independent non-executive directors Funke Ighodaro (Chair), Lwazi Koyana and Sundeep Naran.

Permanent invitees are the Group CEO, CFO, COO, the outsourced internal auditor, external auditor and Group Company Secretary (who also acts as secretary of the committee).

The reconfiguration of the committee reflects a strong mix of financial and accounting expertise to fulfil our fiduciary duties. Shareholders appoint members based on recommendations from the Nominations Committee and the Board. The 2025 committee composition will be voted on at the 2025 AGM.

Evaluation

The committee undergoes a performance review every two years, with the last assessment conducted in 2023 and the next planned for 2025.

The Board is satisfied with the Audit Committee's performance and its ability to meet its responsibilities. The committee has the financial literacy, skills, and experience to perform its duties effectively.

Committee focus areas

- The Board worked effectively to ensure the smooth transition and changes to the membership of the Audit Committee.
- The committee oversaw the implementation of control improvement plans to address control weaknesses identified during the previous year.
- The poor implementation of the SAP system at the KZN distribution centre affected the Group's growth and operational efficiency in the short term. The Group is focused on addressing identified gaps to ensure a successful rollout across the rest of the Group.
- The committee considered the disposal of the Group's Polish operations and the optimisation of Group debt.
- The committee reviewed the Group's management results, assessing performance against budgets and prior year results and reviewing the underlying assumptions to ensure alignment with the Group's strategy and risk appetite.
- The Group's South African internal audit function was outsourced to EY in 2023. The Audit Committee reviewed audit findings and management action plans to address identified internal control gaps.
- The committee approved the external audit plan for the year and met with the auditors, reviewed and approved the annual financial statements and draft integrated annual report for recommendation to the Board.

External audit

PricewaterhouseCoopers Inc. (PwC) has served as SPAR's external auditor for seven years, with Thomas Howatt as the designated audit partner since 19 May 2020. The committee evaluated PwC and Thomas Howatt and found no concerns regarding their performance or independence based on audit quality indicators and regulatory criteria.

Thomas Howatt will rotate out as the designated audit partner in 2025. The committee recommended re-electing PwC for the 2025 financial year. After conducting interviews with suitable candidates, the committee recommended Pieter Pelcher as the designated audit partner to replace Thomas Howatt. These recommendations are included as a resolution for approval at the 2025 AGM, under section 61(8)(c)(i) of the Companies Act and paragraph 3.84 (g)(iv) of the JSE Listing Requirements. The committee satisfied itself that the external auditor, PwC, and its audit partner, complied with the suitability criteria for appointment as required in terms of paragraph 3.84(g)(iii) read with paragraphs 3.86 and 3.87 of the JSE Listings Requirements.

For external audit, the committee assessed independence and performance at each meeting, and reviewed documentation related to audit and non-audit services to ensure compliance with policies.

The committee reviewed the policy and controls related to non-audit services and found them satisfactory. The committee agreed the terms of engagement and fees for audit services provided by PwC, and reviewed the non-audit services provided, as detailed in note 3 of the annual financial statements.

The Chair met with the external auditor independently of management to discuss any concerns, and no issues were raised. We are satisfied that the external auditor is independent of the Group.

Key audit matters

Key audit matters identified by the external auditors are detailed in the annual financial statements. The matters which were most significant in the audit of the consolidated and separate financial statements, were discussed and agreed upon with management and presented to the committee.

While the auditors considered these issues in their overall audit and in forming their opinion, they did not issue a separate opinion on these specific matters. The committee considered the appropriateness of the key audit matters reported in the external audit opinion.

Internal audit

From the start of the 2024 financial year, the internal audit function was fully outsourced to EY, which had already been overseeing the Group's SAP programme as part of the IT audit. The committee approved the internal audit plan for 2024 and 2025 and evaluated the audit findings and audit plans and agreed timelines by management to address identified gaps.

The committee approved and recommended the internal audit charter to the Board. It confirmed that the function fulfilled its objectives, ensuring compliance with legal, regulatory and other obligations.

Internal controls

The directors are responsible for the Company's system of internal financial controls, which are designed to provide reasonable assurance regarding the reliability of financial statements, safeguard assets and prevent and detect misstatements and loss.

Committee statement

The committee is of the opinion that the Company'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 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 financial year. It also considers information and explanations given by management and discussions with the external auditor on the results of the external audit assessed by the Audit Committee.

The Audit Committee's opinion is supported by the Board.

During the year under review, the committee considered control weaknesses identified from various reports received by the committee in the context of the overall effectiveness of internal controls. Where deficient controls or matters were raised, the committee reviewed the progress on remedial plans.

The committee confirmed that appropriate financial reporting procedures were in place and that those procedures are operating for all entities included in the consolidated Group IFRS financial statements and that financial information was available for accurate preparation and reporting.

Group CFO and finance function

The committee is satisfied that Mark Godfrey has the necessary expertise and experience for his role as Group CFO. It reviewed the expertise and resources of the Group's finance function and found them adequate, with the senior management members responsible for the Group function meeting the required experience standards.

Committee priorities

The committee will focus on enhancing oversight and effectiveness. We will improve scrutiny across the Group by enhancing transparency and adherence to standards, as well as addressing past reputational issues through clear guidelines and robust oversight mechanisms. Ensuring appropriate procurement practices are entrenched in the Group and reviewing how internal controls are improved, will also be on the radar. The focus on oversight and effectiveness will be supported by aligning SPAR's combined assurance process, internal audit plan, and external audit plan through a risk-based approach.

The committee will also ensure conflicts of interest are identified and mitigated effectively by fostering a culture of accountability and rigorous internal controls. Additionally, the committee will maintain strong oversight of the SAP system, including monitoring its implementation and addressing related performance and integration issues.

Managing significant transactions, such as asset sales and debt-raising activities, will be another priority. The committee will ensure these processes are handled with due diligence, particularly in assessing management assumptions and evaluating their impact on the Group.

Acquisitions will be closely scrutinised to ensure that associated risks are thoroughly evaluated and managed, including their impact on the Group's overall risk profile.

Finally, the committee will assist the Board in evaluating strategic decisions, including the SPAR's geographical presence and long-term strengths, and reviewing methods to enhance loyalty while continuing to support retailer profitability.

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

Funke Ighodaro
Audit Committee Chair

27 November 2024

Nominations Committee report

Building leadership for a stronger future

Key focus areas included appointing new independent non-executive and executive directors, adjusting Board and committee structures, and updating succession plans. The committee also reviewed governance policies and addressed Board training needs.

Committee governance

Role and responsibilities

The Nominations Committee operates under its terms of reference, which are reviewed and approved annually by the Board. The committee oversees critical governance areas, including the nomination and election of Board members, succession planning for the Board and senior management, and evaluating the Board's performance.

Our responsibilities include setting criteria for Board positions, identifying suitable candidates, and recommending appointments based on diversity, skills and balance between executive, non-executive, and independent directors.

Additionally, the committee ensures succession planning for key positions such as the Chairman, Group CEO, Group CFO, Group COO, and Group Company Secretary.

We also oversee the induction and ongoing training of Board members, ensure the effectiveness of the Board and its committees, and evaluate the independence of non-executive directors. Human resources risks related to talent management are also a focus area.

Evaluation

The committee's effectiveness is reviewed biannually, with the most recent evaluation in 2023 and the next scheduled for 2025.

The committee is satisfied that it has fulfilled its responsibilities under its terms of reference.

Composition

As of 30 September 2024, the committee comprised independent non-executive directors Mike Bosman (Chairman), Shirley Zinn and Sundeep Naran.

Details on members' qualifications and experience are available under the SPAR Board of Directors (page 58).

The Group CEO attends meetings by invitation to provide input as needed.

Meetings

The committee held four meetings during the year.

Members' attendance is detailed under meeting attendance (page 62).

Committee focus areas

- The appointments of Liesbeth Botha, Marie Jamieson, Trudi Makhaya, and Funke Ighodaro as independent non-executive directors were recommended and approved, alongside the executive appointments of Angelo Swartz, Megan Pydigadu and Reeza Isaacs.
- Mike Bosman was confirmed as Independent Non-Executive Chairman, and Shirley Zinn as Deputy Chair for the financial year. The Lead Independent Director role was discontinued as of 1 October 2023.
- Changes in the Board committees' composition were endorsed, including the addition of Sundeep Naran to the Nominations Committee. The re-election of Lwazi Koyana and Sundeep Naran as non-executive directors was recommended. The Board also approved the classification of only executive directors as the Group's prescribed officers.
- The succession plan was updated for key roles, including Deputy Chair, Group CFO, COO, and CEO, ensuring both external and emergency successors were identified. The committee confirmed the continuity plans for Board roles and emergency plans for senior management.
- The Board approved the committee's terms of reference and 2024 Annual Work Plan, as well as the revised Board appointment policy and powers and duties of directors.

Board diversity

The Board values diversity and has adopted a policy to guide its approach. A copy of the Board diversity policy is available at https://thespargroup.com/resource-centre/company-policies/. The committee reviewed this policy and is satisfied with the targets and the Board's diversity in skills, race and gender.

The voluntary targets include a minimum of three black people (as defined by the B-BBEE Act, No. 53 of 2003) and two women. Board diversity statistics are available on page 61.

Matters for shareholder consideration

In line with the Group's MoI, one-third of non-executive directors with the longest service since their last election must retire by rotation at each AGM. This year, three will retire and have offered themselves for re-election. The committee reviewed their independence and performance and recommends their re-election.

In compliance with the Companies Act, shareholders must elect the Audit Committee annually. The committee evaluated Funke Ighodaro, Lwazi Koyana and Sundeep Naran for their roles as independent Audit Committee members and recommends their appointment at the 2025 AGM.

Independence

The Board requires all directors to act independently in the Group's best interests. The committee annually assesses the independence of non-executive directors who have served over nine years, with external reviews every three years.

Currently, no director has served beyond nine years. Internal assessments confirmed that all independent non-executive directors continue to provide unbiased and valuable contributions, based on King IV principles.

Mike Bosman
Chairman of the Nominations Committee

Risk Committee report

Managing risk to build opportunity

The Risk Committee's 2024 report emphasises our efforts in improving risk management and identifying and managing the top business risks. Updates include enhanced reputational management and a review of the SAP implementation.

Committee governance

Role and responsibilities

The committee supports the Board by overseeing risk management, technology and information governance, and compliance governance, as outlined in its annually reviewed terms of reference.

Our responsibilities include ensuring that the Group effectively identifies and manages potential risks in these areas, implements robust policies and plans, and upholds ethical standards to support the Group's strategic objectives and corporate citizenship. We receive feedback on relevant matters from the Audit Committee and the Social, Ethics and Sustainability Committee.

Composition

As of 30 September 2024, the committee comprises independent non-executive directors Liesbeth Botha, Pedro da Silva, Funke Ighodaro, Lwazi Koyana (Chairman), Trudi Makhaya and Sundeep Naran, and executive directors Angelo Swartz, Mark Godfrey and Megan Pydigadu.

Details on members' qualifications and experience are available under the SPAR Board of Directors (page 58).

Permanent invitees to the committee meetings include the Group Risk Manager, Group Chief Information Officer, Group Internal Audit Manager, external auditor, and Group Company Secretary, who also serves as the committee secretary.

Meetings

This year, the committee increased its meetings from two to three annually, enhancing our ability to address critical issues effectively.

Members' attendance is detailed under meeting attendance (page 62).

Evaluation

The committee's performance is reviewed every two years, with the most recent evaluation in 2023 and the next scheduled for 2025.

We are satisfied with the outcome and confident that we have met our responsibilities in accordance with our terms of reference.

Committee focus areas

- An annual review of the Group insurance cover was presented to the committee. The committee is satisfied with the insurance risk cover of the business.
- Monitoring of key Group risks and opportunities.
- Oversight of the development of a roadmap to maturity for the risk and compliance process.
- Oversight of the close out of significant forensic investigations.
- Weaknesses in procurement controls were identified as the root cause of the majority of the forensic investigations. Controls were enhanced across South Africa to address weaknesses identified in the procurement process.
- Oversight of business continuity plans.
- A post-implementation review of SAP in KwaZulu-Natal was conducted to determine root causes of the issues experienced at the time of going live. Corrective action has been implemented from a governance, data migration and user training perspective. A separate warehouse management system, CSNX has been selected for all future implementations.
- Reputation management efforts focused on positive media coverage of our strategic direction, debt management, and the Polish exit, contributing to the Group's strong public image.

Risk governance

An ERM policy and framework are in place, in line with King IV recommendations. Megan Pydigadu, the Group COO, oversees the implementation of the risk management process with executive management.

The Group Risk Structure and a supporting framework have been finalised. The risk roadmap to 2025 includes:

- Identifying key risk indicators (KRIs) and developing combined assurance plans for high priority business risks
- Quarterly monitoring and reviewing of risk registers by territory and functional executives
- Establishing proactive risk management practices within management committees at the various levels and conducting strategic risk workshops
- Aligning functional risk registers with the Group's key business risks and assessing mitigation effectiveness

Compliance

Executive management is responsible for effective compliance management. The regulatory universe has been updated, with legislation owners assigned and frameworks in the process of being developed for the high-risk legislations.

IT governance

The Chief Information Officer in each country, alongside executive management, ensures effective technology and information management. We oversee the revamping of the IT strategy to align with the Group strategy, supported by a risk tolerance framework. This involves monitoring and mitigating significant IT-related risks and assessing opportunities that impact SPAR's products and services.

In the IT and data management realm, we have overseen progress in addressing issues related to the SAP implementation and are exploring improved warehouse management systems. We have also developed a comprehensive data map and are finalising data usage agreements, which are integral to our broader IT strategy revamp.

Cyber risk is one of the high-level risks that the committee is concerned about. We considered cost-effective cover for the Group related to cyber risk.

Strategic risks and opportunities

The committee reviewed the Group's top business risks and opportunities together with risk owners, root causes and mitigation plans. The top risks are outlined from the next page.

Lwazi Koyana
Risk Committee Chairman

Top 10 strategic risks

Ranking	Strategic risk description	Mitigations
1	Decrease in retailer loyalty that impacts on wholesale profitability	• Ensuring access to data to identify reasons for purchases outside of the wholesaler system • Ensuring house brand strategy is in place to target retailer profitability
2	Decline in independent retailer profitability	• Implementing different store formats and market segmentation, with clear price strategies per format • Ensuring house brand strategy is in place to ensure value proposition for the end consumer
3	Sub-optimal SAP rollout to the remaining business leading to business disruption and negative impact on financial performance and business efficiency	• Ensuring gaps in previous governance processes have been addressed • A new rollout plan has been approved which is less risky due to going live for one of the smaller divisions within SPAR • Oversight by third party assurance providers • Focus on change management and user training
4	Suboptimal allocation of capital and use of Balance Sheet resulting in declining returns for shareholders	• Investments viewed against WACC and returns superior to WACC • Property and credit committees established to evaluate the use of capital
5	Business disruption due to a cyber security breach resulting in lost revenue	• Penetration testing is performed on an ongoing basis • Software is in place to monitor security threats and potential breaches • Assessments performed by independent service provider to assess cyber security risk across all territories and remedial action taken
6	Loss of market share due to lack of innovation and non-timeous digital transformation as a result of the lack of the use of data for insights and e-commerce initiatives resulting in decreased revenue	• IT forum established to share information and innovation across territories • Digital transformation strategy in place which seeks to address revenue and income growth and drive efficiencies across the supply chain
7	Damage to the SPAR brand as a result of independent retailer model and negative retailer actions such as compromised food safety standards leading to a loss of consumers	• Well established PR and reputational risk capabilities in place • Pro-active stance toward managing brand reputation • All territories have a robust food safety programme in place
8	Negative financial impact as a result of having to fund losses relating to the Group's exit from Poland	• Sale agreement with the purchaser has been signed • Anti-monopoly approval obtained • Weekly monitoring of MAC clauses and performance of business
9	Resistance to changing business processes to enable tangible contribution to environmental, sustainability and socio-economic development initiatives resulting in the failure of the Group ESG strategy	• Target ESG strategy adopted • TCFD Scenario planning completed • CDP: carbon, water and forestry completed for the Group • Transformation, sustainability policies in place • Carbon, water and forestry targets in place • Monitoring of International Labour standards in place • Signed commitment to The SA Plastic Pact and SA Food Loss and Waste initiative
10	Inability to sustain revenue and profit growth dues to the downturn in the global economy, geo-political issues, socio economic conditions and country infrastructure challenges (water and electricity) resulting in decreased shareholder returns	• Development of local, in country strategies to ensure sustainability • Greater focus on capital allocation and reviewing returns • Increased focus on credit management, cost management and turnover growth

Social, Ethics and Sustainability Committee report

More purpose for a sustainable future

The Social, Ethics and Sustainability Committee presents its report for the 2024 financial year in line with the Companies Act. This year, the focus was on strengthening internal processes and aligning Group initiatives with best practices to ensure effective oversight of social, ethical and sustainability functions.

Committee governance

Role and responsibilities

The Social, Ethics, and Sustainability Committee supports the Board in overseeing the Group's ethics, corporate citizenship, environmental risks, sustainability initiatives, and stakeholder relationships. This responsibility is defined in the committee's terms of reference, which are reviewed and approved annually by the Board.

We ensure that the Group's sustainability performance aligns with being a responsible corporate citizen, fostering a culture of ethical conduct, and balancing the needs of the business with the interests and expectations of all stakeholders. Regular feedback on these matters is received from the audit, risk, and social and ethics committees of the SPAR Guild and Build it Guild of Southern Africa.

Composition

As of 30 September 2023, the committee consists of independent non-executive directors Shirley Zinn, Liesbeth Botha, Marie Jamieson, Lwazi Koyana and Trudi Makhaya (Chair).

Details on members' qualifications and experience are available under the SPAR Board of Directors (page 58).

Permanent invitees include the Board Chairman, Human Resources Executive, and Group Company Secretary, who also serves as the committee's secretary. These invitees attend all committee meetings throughout the year to provide additional insights and expertise.

Meetings

The committee met three times during the financial year. The increase from two to three annual meetings enables the committee to better address emerging sustainability and ethics-related challenges.

Members' attendance is detailed under meeting attendance (page 62).

Evaluation

The committee undergoes a performance review every two years, with the last assessment conducted in 2023 and the next planned for 2025.

The Board is satisfied that the committee has the necessary skills, knowledge and experience to continue its governance duties effectively.

Committee focus areas

- The ESG Strategy was expanded with clear timeframes, accountable teams and financial requirements. Integration with the CSRD framework was prioritised to ensure comprehensive alignment.
- Implementation of a dashboard is underway to consolidate information across territories, aligned with the JSE Disclosure Guidance.
- The rural hub supplier development programme was expanded, and socio-economic development projects were scaled up. The committee also reviewed environmental impacts, including the quantification of carbon tax and sustainable procurement practices.
- A new supplier entertainment and engagement policy was defined, including the drafting and review of an updated entertainment policy. The gifts policy was finalised and implemented, and the stakeholder engagement policy was reviewed, leading to the development of a tailored engagement strategy for each territory.
- HR risks were addressed, ensuring that B-BBEE and EE risks were incorporated into risk reports. These risks were added to Risk Committee agendas to support the ongoing regulatory review process.

The committee has transitioned from a traditional CSI approach to a systems-focused perspective. We are now empowering management to form strategic partnerships aligned with our sustainability goals and developing dashboards that integrate policies with business activities. Our aim is to embed sustainability into all operations and shift business thinking to prioritise it as a source of competitive advantage.

Policy review and compliance

Over the past year, ten key policies were reviewed and approved by the committee. These policies reflect the business's current progress and are aligned with the overarching strategy that is being developed.

As we bed down the strategy, further policy alignment will take place, particularly in the context of double materiality, which is a major focus going forward.

Whistleblowing and governance

The committee has dedicated significant time to addressing whistleblowing and governance-related grievances, which had been a persistent issue in the past. A backlog of whistleblowing reports was addressed with management, and we engaged external service providers to independently review the most material cases. Through this process, we ensured independent assessments were made by reputable law and auditing firms.

Actions were taken where necessary, and key governance concerns were resolved. As a result, the committee is confident that these issues are now under control, with two committees actively monitoring reports.

In addition to addressing grievances, we introduced a few policy changes, such as the implementation of a new gift policy, capping gifts at R1 000 to avoid conflicts of interest.

The ethical culture assessment by The Ethics Institute will be done in 2025.

ESG initiatives

Several ESG initiatives have been successfully implemented this year, with a focus on ending GBV, women's empowerment, and socio-economic development. Notable achievements include the launch of a sanitary product initiative and the support of rural hubs through procurement by branded labels.

While these initiatives are commendable, the committee recognises the need to prioritise, consolidate, and scale them to ensure greater impact. Our goal is to support these initiatives by integrating them into the broader business strategy while ensuring their sustainable impact can be measured effectively.

Women empowerment remains a core focus, and we are proud of the work done in areas such as GBV, women in sport and locally produced, sustainable sanitary products. These efforts, spearheaded by dedicated individuals within the Group, reflect our ongoing commitment to uplifting women and addressing critical issues affecting their well-being.

Moving forward, we aim to amplify the success stories and ensure that our work in women's empowerment becomes a key narrative in our sustainability efforts.

Transformation and employment equity

The committee oversaw the revision and approved the Group's employment equity plan.

We have now decentralised the discussion of transformation and B-BBEE performance to the divisional level, providing a more granular view of progress. This approach allows us to better monitor and address specific challenges, driving more effective transformation outcomes across the Group.

Environmental initiatives and metrics

This year, our primary focus has been the enhancement of our methods for measuring environmental impact. We have successfully established robust metrics and baselines in South Africa. However, we face challenges at the Group level, especially in regions with less developed environmental data collection practices.

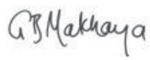
The committee has begun discussing adopting EU standards, specifically the CSRD, and integrating double materiality assessments into our future reporting framework. This will be a significant area of focus next year, as we seek to align the entire Group with global best practices.

Stakeholder engagement

A new stakeholder management policy is under development and is expected to be tabled for approval early in 2025. This policy aims to formalise our approach to stakeholder engagement, ensuring that the right stakeholders are targeted with appropriate messaging. This will enhance our communication and collaboration with critical stakeholders, further aligning our actions with their expectations.

Fulfilment of mandate and commitments

At the end of each year, the committee conducts a comprehensive review of its work plan to ensure that it has fulfilled its mandate in line with the terms of reference and regulatory requirements. The self-assessment process ensures we remain diligent and proactive in meeting our commitments. Based on this assessment, we are confident that we have effectively fulfilled our obligations for the past year.



Trudi Makhaya
Social, Ethics and Sustainability Committee Chair

Business Transformation Committee

Transforming today for a stronger tomorrow

The Business Transformation Committee presents its first report, which is for the 2024 financial year. The committee works closely with other committees to ensure comprehensive oversight, provide strategic direction, monitor progress and hold management accountable for effectively executing SPAR's transformation.

Committee governance

Role and responsibilities

The Board approved the formation of the Business Transformation Committee on 1 June 2024. The committee operates under a terms of reference, which the Board also approved. The committee's main function is to oversee and provide guidance on all matters related to transforming SPAR's business model, operations, processes, digital technology platforms and strategies.

The committee's responsibilities also include approving the business transformation roadmap, monitoring the implementation of transformation initiatives, evaluating the effectiveness of change management processes and reviewing the risks associated with the transformation process to ensure that appropriate risk management strategies are in place.

Composition

As of 30 September 2024, the committee was made up of six members, comprising four independent non-executive directors and two executive directors. Independent non-executive directors are Mike Bosman, Liesbeth Botha (Chair), Pedro da Silva and Marie Jamieson. Executive directors are Angelo Swartz and Megan Pydigadu.

Details of members' qualifications and experience are available under the SPAR Board of Directors (page 58).

Meetings

The committee held its first meeting during the year.

Members' attendance is detailed under meeting attendance (page 62).

Evaluation

The committee's effectiveness will be reviewed biannually, with the first evaluation scheduled for 2025.

Committee focus areas

- Enhancing operations by improving processes and transforming SPAR's operating model to align with best practice standards.
- Guiding SPAR's digital transformation by focusing on system upgrades and technology integration and overseeing the development and implementation of a master data project to transform data into a strategic asset.
- Modernising SPAR's culture to support ongoing change and development, supporting employee engagement and ensuring alignment with strategic goals. Evaluating and guiding change management processes across the Group.
- Reviewing and improving SPAR's branding and marketing strategies to maximise value for retailers.

SPAR has a history of over 60 years with a well-established way of working. However, while the Group has experienced organic growth in the past, it is clear that SPAR must evolve to meet the demands of the current and future retail environment. We are embarking on a transformation journey with a clear vision to modernise SPAR, ensuring it is fit for future growth.

Target operating model transformation

The committee oversees the work of adapting SPAR's target operating model to ensure long-term success. We are reviewing the balance between centralised and decentralised functions to optimise efficiency and value. This transformation aims to reduce costs and enhance competitiveness.

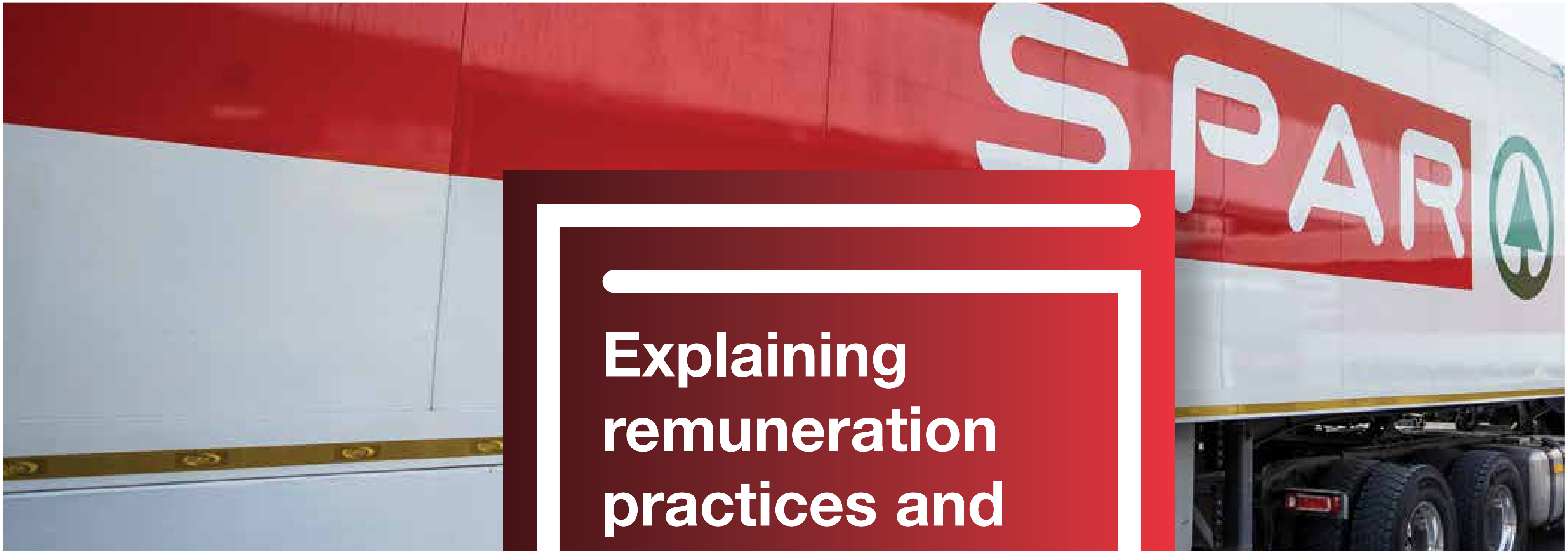
Digital transformation, system integration and the master data project

The committee oversees SPAR's digital transformation, including system upgrades and technology integration, to stay competitive in the technology-driven retail environment and better serve our retailers and customers. The master data project is central to SPAR's digital transformation. The committee views data as a strategic asset, using multichannel systems to gather and analyse customer and merchandising data. This has and will continue to provide insights to improve sales and retailer relationships.

Cultural transformation and change management

The committee is working on modernising SPAR's culture to embrace change, ensuring the workforce aligns with SPAR's vision. We will implement structured change management processes to support employees.

Liesbeth Botha
Business Transformation Committee Chair



Explaining remuneration practices and outcomes

This chapter offers a detailed overview of our remuneration practices and outcomes. It includes a background statement from the committee Chair, an in-depth look at our remuneration policy, and a report on implementing these practices.

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Key abbreviations used in this chapter

STIs	Short-term incentives
LTIs	Long-term incentives
TCOE	Total cost of employment
SOP	Share Option Plan (legacy plan)
CSP	Conditional Share Plan (current plan)
MSR	Minimum shareholding requirement
ROCE	Return on capital employed
HEPS	Headline earnings per share
TSR	Total shareholder return (relative to a peer)

Report from the Remuneration Committee

Rewarding performance for sustainable growth

Sound and effective remuneration governance is about more than compliance. It is a commitment to fairness and transparency.

I am pleased to present the SPAR remuneration report for 2024. This year, we have made significant progress in enhancing SPAR's remuneration policy and practices to align with stakeholder expectations and support the Group's long-term growth. After a thorough evaluation, the committee confirms that the remuneration policy has successfully met its objectives.

Committee governance

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 committee's mandate is to ensure the Company remunerates fairly, responsibly and transparently across all levels.

In executing this, we annually review the Company's remuneration policy to ensure it promotes the achievement of strategic objectives and encourages individual performance.

Composition

As of 30 September 2024, the committee consists of independent non-executive directors Mike Bosman, Shirley Zinn (Chair) and Liesbeth Botha.

Details on members' qualifications and experience are available under the SPAR Board of Directors (page 58).

The Company CEO attends meetings by standing invitation to make proposals and provide such information as the committee requires. He recused himself from the meeting during discussions and decisions about his performance and remuneration.

Meetings

The committee met four times during the year.

Members' attendance is detailed under meeting attendance (page 62).

Evaluation

The committee's performance is reviewed every two years, with the most recent evaluation in 2023 and the next scheduled for 2025.

We are satisfied with the outcome and confident that we have met our responsibilities under our terms of reference.

Factors that influenced remuneration decisions

This year, SPAR navigated substantial changes, including integrating a new executive team and various operational updates, which influenced remuneration strategies. As a committee, we engaged extensively with shareholders, incorporating their feedback to ensure alignment with their expectations and enhance reporting.

We also welcomed Brigitte da Gama as the new Head of HR, whose fresh perspectives will play a vital role in refining remuneration strategies going forward.

Operationally, certain challenges and areas of recovery characterised the year, prompting executive management to prioritise selected urgent matters. These included the performance of South African operations, the management of the Group's debt levels, the strategic disposal of SPAR Poland and overcoming challenges related to the SAP implementation. Addressing these issues has been essential for securing the Group's long-term financial health and stability.

The salient financial features affecting SPAR's performance and informing remuneration decisions were:

Group turnover

Increased by 4.0**%** to **R152.3 billion** (2023: R146.5 billion), reflecting reasonable sales growth alongside operational cost control.

Cash generated from operations

Decreased by 22.6**%** to **R4.8 billion** (2023: R6.2 billion), reflecting the hard work undertaken to improve the Group's capital position and financial stability.

Group operating profit

Increased by 15.1**%** to **R2.895.5 million** (2023: R2 516.7 million), demonstrating effective cost management.

Diluted headline earnings per share

Increased by 11.1**%** to **917.5 cents** (2023: 825.7 cents), demonstrating SPAR's ability to uphold shareholder value.

Return on invested capital

Achieved a 12.8**%** return, showing improvements in the use of resources and returns for stakeholders.

The input from independent advisors

Committee members can access any necessary information to support their independent judgement on remuneration-related matters, including compliance, risk mitigation and the control environment.

During the year, we engaged external experts, RemChannel, to provide advisory services, market benchmarking data and assistance in refining our remuneration policies. This ensures our practices align with best practices and remain competitive.

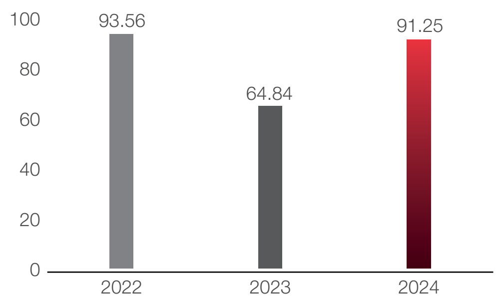
The Remuneration Committee was satisfied that RemChannel maintained independence and objectivity during the period.

The individual independent advisors undertaking the project subsequently joined PwC, which has affected its independence as PwC is our auditor. Consequently, we will transition to a new service provider in 2025. In the interim, we have engaged Vasdex for policy work after year end, while RemChannel continues to assist with benchmarking.

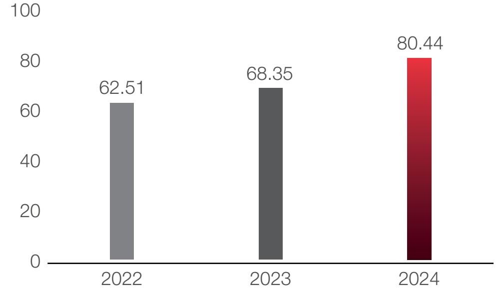
Engaging with shareholders

At the 2024 AGM, shareholders voted on the 2023 remuneration report in two parts:

Supporting votes for the SPAR remuneration policy (%)



Supporting votes for the SPAR implementation report (%)



These results reflect significant progress in enhancing the Company's remuneration practices to meet stakeholder expectations and support growth.

The improved voting results meant that we were not required by King IV and the JSE Listings Requirements to engage with shareholders formally. However, engaging with shareholders is essential for aligning our remuneration practices with SPAR's long-term success.

We actively seek their feedback to understand their concerns, allowing us to address potential issues early and maintain transparency. By clearly communicating our responding actions and the rationale behind them, we aim to build trust and reassure stakeholders that we are committed to the best interests of the Group and its stakeholders.

Specific engagement focus areas

Enhancing the pay mix

Shareholder feedback

Shareholders expressed concerns about the Company's pay mix, highlighting an overemphasis on guaranteed pay compared to short-term incentives (STIs) and long-term incentives (LTIs). They felt this structure deviated from market practices and did not effectively support long-term value creation.

Actions taken

We have realigned the pay mix for employees below executive directors, to better balance guaranteed pay, STIs and LTIs for FY2025. This adjustment increases the weight of LTIs while reducing the proportion of guaranteed pay, promoting a culture of long-term value creation. Prior to implementing any changes for executive directors, we will first engage with shareholders on these proposed changes.

The committee knows this change requires careful management, as many employees are accustomed to higher guaranteed pay. To facilitate this transition, executive management and the HR function will educate teams about the new LTI structure, which involves deferred payments with vesting over three years from award.

Minimum shareholding requirements

Shareholder feedback

Based on shareholder feedback, MSRs are crucial for aligning the interests of executives and shareholders.

Actions taken

The committee has refined the MSR policy to achieve the right balance in these arrangements. Implementing the MSR policy will take time, but we are committed to engaging with shareholders to clarify our objectives and processes.

We recognise that executives may not have significant liquidity to invest easily in MSRs. Therefore, the LTIs will be used as a lever where possible.

LTI policy update

Shareholder feedback

Shareholders indicated that the LTI policy needed to evolve to better align with the changing needs of our executive team, especially regarding performance metrics for executives.

Actions taken

We have updated our LTI policy, revising performance metrics for executives to ensure their incentives align with our strategic goals and shareholder expectations.

ESG-related performance metrics

Shareholder feedback

Shareholders requested more forward looking disclosures regarding STI performance conditions, particularly concerning ESG metrics. They also sought clarity on how these performance conditions are weighted against our budgets and the overall cost of capital.

Actions taken

We are committed to transparency regarding ESG-related performance metrics. These will be established for FY2025 and focus on decarbonisation and transformation.

Our commitment to transparent engagement means acknowledging diverse opinions while striving for a unified direction.

At the 2025 AGM, the remuneration policy and the remuneration implementation report will be tabled separately for non-binding advisory votes by shareholders.

If either the policy or the implementation report or both are voted against by 25% or more of the voting rights exercised, the committee will engage with shareholders on the reasons for their dissenting votes and address any legitimate and reasonable objections or concerns raised appropriately.

Committee focus areas

In addition to the matters resulting from shareholder engagement, the committee also focused on the matters set out below.

Transforming the HR function	Independent benchmarking and gender and racial pay gap analysis	Annual increases and incentives	Job grading and alignment with the Paterson system	Living wage alignment	2024 integrated annual report	Policies
This year's major focus for the committee has been overseeing the transformation of the Group's HR function, emphasising digitisation to modernise HR and payroll systems. This initiative aims to improve efficiency, leverage data analytics for better decision-making, streamline processes and reduce reliance on manual data collection.	SPAR is committed to pay parity. The equal pay for equal work principle is central to our reward structure. We engaged our advisors to conduct a benchmarking exercise, comparing SPAR's practices against industry peers to ensure the Company exceeds industry standards. Additionally, the committee initiated a comprehensive pay gap analysis to identify wage gaps, as well as gender and racial pay disparities and estimate the costs of rectifying these issues. Findings from these analyses received in November 2024 highlighted certain gaps. Management has been mandated to review these gaps and make amendments as necessary in FY2025. Non-executive directors' fees were independently benchmarked in 2023. Refer to page 84 for the outcomes.	The committee recommended a salary increment of 5% to 6% for employees in South Africa, which the Board subsequently approved. We also oversaw salary adjustments for foreign subsidiaries, with increases ranging from 1.5% in Switzerland to 15% in Ireland.	The committee prioritised aligning executive grading with the Paterson grading system to enhance consistency and transparency in role classification. This comprehensive process, conducted in collaboration with RemChannel, has established a clearer framework for executive remuneration.	The committee discussed the Company's strategy for implementing a living wage, recommending gradual adjustments to mitigate financial impact. Ongoing analyses are estimating the costs of aligning all areas of the business with a living wage over the next three to five years.	We provided recommendations for enhancing the development process of remuneration reports, focusing on streamlining content and ensuring clarity. The Remuneration Committee approved including the report in the integrated annual report.	**Malus and clawback** We developed a malus and clawback policy to promote accountability in executive remuneration. The policy has been approved, and we have reviewed specific cases for the potential recovery of payments related to reportable irregularities. **MSR policy** We have revised the MSR policy to strengthen alignment between executives and shareholders, ensuring that executives have a vested interest in the long-term success of the Group. **Fair wage policy** The fair wage policy was proposed and adopted in June 2024.

Changes to the remuneration policy

FY2024

Remuneration element	Reason for change	Remuneration outcome	Read more
Executive director remuneration	Benchmarking of the Group CFO, CEO and COO's remuneration to ensure competitiveness.	Aligned the Group CFO's total remuneration to the 62.5th percentile and adjusted LTI scheme bands for executives.	Page 94
Non-executive director fees	Reviewed fees for 2024/2025, considering inflation adjustments for non-South African directors.	Increased fees were approved at the AGM on 21 February 2024.	Page 98
LTI and STI schemes	Conducted regular reviews of LTI and STI scorecards for key executive roles to align with industry standards.	Approved adjustments to LTI bands, updated Conditional Share Plan (CSP) scheme rules and considered new performance metrics.	Page 87
CSP and RSP	Approved performance share allocations to incentivise executives and support retention.	Granted up to 1 422 530 performance shares in two award tranches valued at R155.8 million for 2024.	Page 89

FY2025

Remuneration element	Reason for change	Remuneration outcome	Read more
STI scheme	To drive performance outcomes, motivate employees, and focus on long-term achievement.	The redesign of the Group's variable pay approach splits the STI between cash and deferred components for bands EU and EL. It retains a strong long-term incentive exposure for executive directors through the CSP. This is the start of repurposing our overall remuneration offering for the E-Lower and E-Upper levels.	Page 87

Remuneration outcomes for 2024

↑ 5%
Adjustment for management

↑ 5%
Adjustment for executive directors

↑ 5%
Adjustment for non-executive directors

↑ 6%
Adjustment for staff

To attract quality board members, we must offer competitive fees reflecting their increasing responsibilities.

Priorities for 2025

We will continue to engage with shareholders to incorporate their insights and concerns into our approach. Specific areas of focus will be:

- Ongoing digitisation of HR functions to enhance decision-making and improve cost management.
- Implementing a fair and responsible pay policy.
- Extending the MSR policy to a level below the executive director tier.
- The Group CEO has recommended a transition to a total cost of employment (TCOE) remuneration structure, which considers compensation and benefits holistically. The committee supports this recommendation.
- The changes in STI and LTI support the transition towards TCOE.
- We aim to modernise our approach, aligning it with market standards and enabling more accurate benchmarking and clearer insights into employee compensation.

Fulfilling our mandate and commitments

I can confirm that the Remuneration Committee has fulfilled its obligations outlined in our terms of reference. There have been no deviations from our agreed policies, and we maintain thorough documentation to support our processes.

The committee is satisfied that SPAR's remuneration philosophy and policy align with the Group's strategic objectives by incentivising short- and long-term behaviours to achieve and exceed goals. Furthermore, the increased transparency around pay structures will offer employees greater visibility and contribute to attracting top talent to SPAR.

I look forward to sharing further updates as we progress through FY2025. Thank you for your continued support.

Shirley Zinn
Chair of the Remuneration Committee

Remuneration policy

Remuneration philosophy

SPAR values its employees as essential to achieving the Group's strategic objectives. We are committed to providing fair, competitive, and market-related remuneration to attract and retain top talent.

Our remuneration policy aims to:

- Position remuneration levels competitively within the labour market
- Reward individual contributions towards achieving the Group's goals

In addition to fixed remuneration, we offer variable remuneration through short- and long-term incentive schemes linked to specific performance targets. This approach enhances our ability to attract and retain key employees.

Differentiation and benchmarking

We apply fair differentiation based on performance and skills shortages, regularly benchmarking against comparable companies and monitoring national remuneration trends.

SPAR uses reputable salary surveys to inform our remuneration guidelines based on the Paterson grading system.

Market positioning

We strive to remunerate key positions, especially those with skill shortages, at the 75th percentile of the market while ensuring that other positions are at least at the 50th percentile. Given the identified shortage of qualified senior managers and executives, we consider the associated premium necessary for talent retention.

Furthermore, employees promoted to executive management roles will see their remuneration enhanced over three years based on performance-linked progression.

Performance management

Our performance management system ensures a positive correlation between individual and team performance and earned remuneration, with management responsible for supporting the Group's long-term sustainability.

Fair and responsible remuneration

We engaged independent advisors to:

- Conduct a comprehensive pay gap analysis to identify wage disparities
- Analyse gender and racial pay disparities

The findings from these analyses are disclosed below and highlight certain gaps. Management has been mandated to review these gaps and make necessary amendments in FY2025.

Pay gap analysis findings*

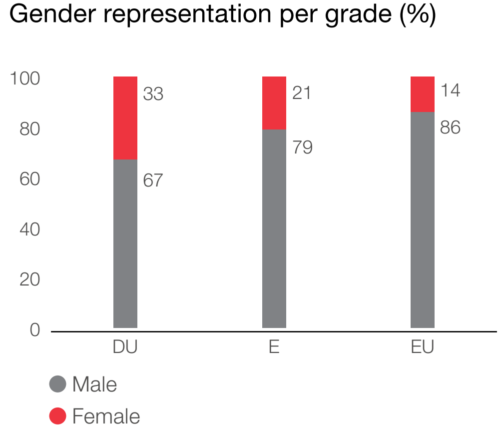
Category	Total guaranteed pay	Total remuneration
Rand values (average/ median)		
Highest paid employee (CEO)	R11 868 520	R17 108 296
Average top 5%	–	–
Average remuneration	R412 430	R440 514
Median remuneration	R369 685	R402 260
Average bottom 5%	–	–
Lowest paid employee	R103 583	R103 583
Ratios		
CEO to lowest paid ratio	114.6	165.2
Top 5% vs bottom 5% ratio	14.2	15.5

* *The pay gap analysis was performed using annualised payroll data as at October 2024.*

Gender pay gap findings

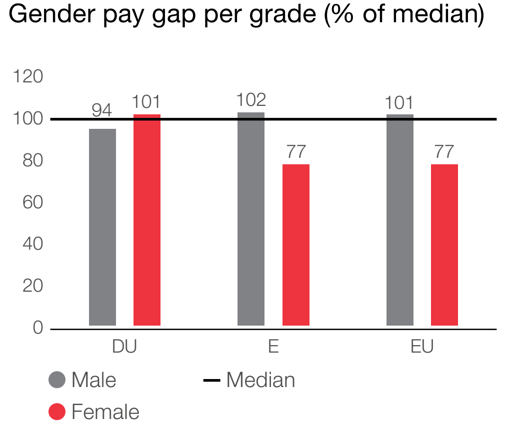
Gender representation per grade

This graph illustrates the proportion of female and male employees in each grade at SPAR.



Gender pay gap per grade

This graph highlights the gender pay gap for female and male employees in each grade, with the median pay for all employees in the respective grade set at 100%.



Paterson grading definitions

Bands A to CU (Non-management)

A	Low-level skilled
B	Clerical
C	High-level skilled/clerical/ supervisory
CU	Lower-middle management

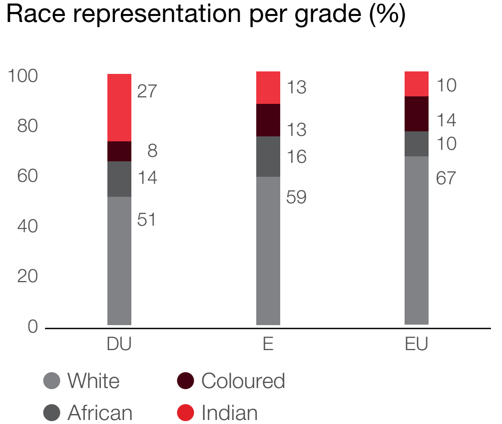
Bands D to F (Management)

D	Management
DU	High-level specialists/middle to high management
EL and EU	Executive management
F	Forward looking
FL	Group Chief Financial Officer and Group Chief Operating Officer
FU	Group Chief Executive Officer

Race pay gap findings

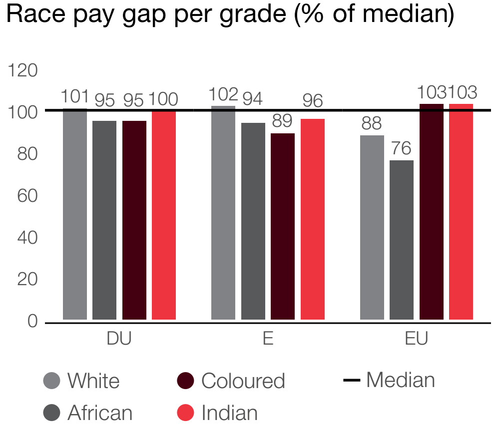
Race representation per grade

To provide context to the pay gap outcomes, this graph indicates the representation per grade of White, African, Coloured, and Indian employees per grade for SPAR.



Race pay gap per grade

This graph illustrates the race pay gap per grade, as a percentage of the median of all employees within the grade.



Remuneration process

The committee approves salary increases for executive directors and management.

We adjusted remuneration ratios to better balance guaranteed pay, STIs and LTIs, increasing the weight of LTIs. To facilitate this change, executive management and HR will educate employees on the new LTI structure, which includes deferred payments vesting over three years.

The Group CEO, CFO and COO manage increases for employees below EU grade, and the committee authorises the overall percentage increase.

Salary adjustments are as follows:

- 1 January: Employees graded DU band and below (not in the bargaining unit).
- 1 October: Employees graded EL band and above.
- As per collective agreements: Employees in the bargaining unit.

Remuneration structure

FY2024

	Fixed remuneration	Variable remuneration	
	TGP	**STIs**	**LTIs**
Objective	To help attract and retain the best talent.	To motivate and incentivise performance delivery, financial and non-financial, consistent with the Group's strategy over the financial year.	To motivate and incentivise the delivery of long-term, sustainable performance.
Type	Salary and benefits	Performance Bonus Plan.	CSP Share Option Plan (SOP) (closed)
Policy	Based on the Paterson grading methodology, it is determined by the level of skill, experience and scope of responsibilities.	Solely at the discretion of SPAR and can be changed or withdrawn at any time. STIs are only paid to individuals employed by 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 to selected other employees on merit. These may be either performance or retention awards. However, executive directors will not typically receive retention awards unless exceptional circumstances require a mechanism to secure executive lock-in.

FY2025

	Fixed remuneration	Variable remuneration	
	TGP	**Cash STIs**	**LTIs**
Objective	To help attract and retain the best talent.	To drive performance outcomes, motivate employees, and focus on long-term achievement.	To motivate and incentivise the delivery of long-term, sustainable performance.
Type	Salary and benefits	Cash	CSP
Performance	Not applicable	Annual performance measured against the Group, business and individual performance objectives.	Vesting based on three-year performance targets.
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. STIs are only paid to individuals who are in the employ of the Company at the end of the financial year.	Annual or ad hoc awards approved by the Board are granted to executive directors on merit. Awards are designed to align a portion of senior executive remuneration with the shareholder experience.
Applicability	A to FU bands	A to FU bands	FL and FU bands

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

This will change with the transition to a TCOE structure.

Bands D to F (Management)

- Salary
- Other pensionable remuneration, such as car allowance, vehicle insurance and fuel, which the Company pays
- Benefits

This will change with the transition to a TCOE structure.

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 Company Management Provident Fund[1]
- The Old Mutual SuperFund Pension Fund: The SPAR Company Ltd Defined Contribution Pension Fund
- The Old Mutual SuperFund Provident Fund: The SPAR Company Ltd Staff Provident Fund

[1] *To streamline the process, all executives at the EL level and above were moved to this fund this year.*

Membership in a medical aid scheme is voluntary. The Company offers several schemes for employees to join, including the Tiger Brands Medical Scheme, a Company scheme, and various low-cost options negotiated at the distribution centre level.

Other variable remuneration, such as allowances, is provided where applicable, in line with legislation and collective agreements with unions or workers' committees.

Non-financial benefits include:

- Subsidised canteen meals
- Access to a clinic
- Uniforms
- Training and development opportunities

Variable remuneration

STIs for FY2024

All employees participated in the STI scheme for FY2024 as follows:

Bands A to CU (Non-management)

Performance bonus of up to 50% of one month's salary or part thereof, based on achieving 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 (maximum)	Bonus split financial: functional and transformational
EU to F	120	75:25
EL	60	60:40
DU	30	30:70
DL	15	30:70

STIs are formulaically determined based on the achievement of financial, functional and transformational targets, which differ depending on the line-of-sight and reporting lines of the relevant employee. Weightings for each of these areas will differ depending on the job role and segment of the employee.

The formula for determining STIs

STI = [Basic salary x applicable % as per table above] x [(Financial performance score x applicable weighting) + (Functional performance score x applicable weighting) + (Transformational performance score x applicable weighting)]

Financial performance score

The financial element of the STI is based on profit:

- Profit after tax for executive directors and central office management
- Targeted divisional profit before tax for divisional management

The profit target threshold starts at the previous year's profit (adjusted for extraordinary items) and increases to the maximum stretch level, which aligns with the Board-approved internal budget. Considering current market conditions, budgets are set using a historical earnings baseline, adjusted for extraordinary impacts and increased by consumer price index (CPI) projections plus 2%–3% real growth.

On-target achievement is set at approximately 97% of the budget. This ensures the budget reflects a challenging target, allowing management to focus on relevant components throughout the year. The Board scrutinises the budget process and key considerations, with details retrospectively disclosed in performance reports.

This structure promotes a performance culture where management is rewarded as shareholders see real earnings growth from a stabilised baseline.

Functional performance score	Transformational performance score
The functional component includes corporate objectives (e.g., transformation) and individual objectives relevant to each manager's role. Achieving these targets supports the Group's strategic goals and sustained shareholder value. Pay for performance is a fundamental principle of the STI, with variable payments tied to performance outcomes.	Transformation constitutes 40% of the functional allocation, equating to 10% of the total bonus opportunity. It focuses on: • Employment and promotion of black employees • Development of black ownership

STIs for FY2025

All employees will participate in the STI scheme for FY2025 as follows:

Grade	Target % of TGP	Maximum % of TGP	Group performance weighting	Business performance weighting	Individual performance weighting	Delivery
FU	80%	100%	75%		25%	100% Cash
FL	80%	100%	75%		25%	100% Cash
EU	80%	120%	20%	50%	30%	100% Cash
EL	60%	90%		60%	40%	100% Cash
DU	20%	30%		30%	70%	100% Cash
DL	10%	15%		30%	70%	100% Cash
A to CU	Performance bonus of up to 50% of one 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					100% Cash

Group performance score	
The Group performance score is based on financial performance metrics including: • Group revenue growth • Group profit after tax (PAT) • Group operating margin • Group debt	The targets are set using the prior period's performance as the threshold; with "on-target" achievement being based on an appropriate improvement on the prior year's performance. The stretch target is set at a level which is a significant improvement on target. This structure will promote a performance culture within the Group, with teams being rewarded for above-target achievement.

Business performance

Similar to the Group performance score, the business performance score is based on financial performance metrics including:

- Business unit revenue growth
- Business unit profit before tax (PBT)
- Business unit operating margin

The targets are set using the prior period's performance as the threshold; with "on-target" achievement being based on an appropriate improvement on the prior year's performance. The stretch target is set at a level which is a significant improvement on target.

This structure will promote a performance culture within the Group, with teams being rewarded for above target achievement.

Individual performance

The individual performance score includes corporate objectives (e.g., transformation) and individual objectives relevant to each manager's role. For executives, achieving these targets supports the Group's strategic goals and sustained shareholder value. Pay for performance is a fundamental principle of the STI, with variable payments tied to performance outcomes.

Remuneration committee discretion

The committee can reduce, adjust or remove the STI. This includes deferring STI payments due to cash flow considerations or not awarding STIs if financial performance thresholds (based on the prior year's results) are not met.

Change of control and termination of employment

In the event of a change of control, the STI will be calculated pro rata. If a participant leaves before the financial year ends, they forfeit any STI payment for that year.

Malus and clawback

Malus and clawback provisions (refer to page 93) apply to all STI payments. Clawback may be enforced (in whole or part, on the pre-tax value) for up to three years following payment if a trigger event occurs.

LTIs

The Company currently operates one LTI plan (CSP) for key employees, senior management, and executive directors. The SOP is no longer in use.

SOP (legacy plan)

The SPAR Company Ltd Employee Share Trust (2004) scheme closed in 2014, with no further allocations since then. The SOP allowed option holders to purchase shares at a specified price, with one-third of the options vesting after three years and an additional third after four and five years, respectively.

No performance criteria were applied, and as the scheme is now closed, none can be introduced for past awards. The last options were allocated on 7 February 2014, and participants had until February 2024 to exercise their rights. Details on options granted to executive directors, exercised options during the review year, and unexercised options as of 30 September 2024 are in the remuneration implementation report (page 95).

CSP (current plan)

The CSP allows the Company to grant key employees shares based on achieving performance conditions.

Retention shares may be awarded in exceptional circumstances to address retention risks or to compensate new hires for lost LTI awards.

While the committee acknowledges potential shareholder concerns about retention shares, it deems them necessary to retain and recruit key executives in challenging times. It is not intended to use retention shares as rewards during poor performance years.

The committee has reviewed historical grants of retention CSPs and considers them appropriate.

The committee regularly assesses compensation practices and may decide, following best practices, against granting time-based retention shares to the executive team. After considering shareholder feedback, it did not award retention shares to executive directors.

The CSP is settled through market purchases of shares, avoiding shareholder dilution. Since its inception in 2014, all vested awards have been settled by market purchases, with no new shares issued.

Salient features of the CSP remain as follows:

Details	CSP
Description	Participants receive a conditional right to receive a share in the Company on the vesting date and will have no shareholder rights before the settlement date.
Company limit	The cumulative aggregate number of shares allocated under the CSP shall not exceed 5 200 000 shares (approximately 3% of issued share capital). This limit excludes shares purchased in the market (which is the preferred approach) and shares forfeited and not settled. The aggregate number of retention shares allocated under the CSP may not exceed 1 300 000 shares.
Individual limit	The cumulative aggregate number of shares allocated to any individual may not exceed 570 000 (approximately 0.33% of issued share capital). To prevent these numbers from being exceeded, the annual awards are capped at a percentage of gross annual basic salary, for example, the Group CEO at a maximum of 120%.
Settlement method	The intention is to settle all CSP awards from a market purchase of shares, which has been the practice since the scheme was implemented. 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

Details	CSP
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.
Change of control	If a change of control of the Company occurs before the vesting date, a portion of the award held by a participant will vest on such date. The portion of the award that will vest will be determined based on (1) the extent to which the performance conditions are satisfied, and (2) the number of completed months served over the total number of months of the award.
Allocation methodology	The CSP is used for annual allocations. The annual allocation levels are expressed as a gross annual basic salary percentage. In defining these levels, SPAR assesses market benchmarks, the ideal level of lock-in it wants to attain, as well as the level of outperformance it wants to drive. To this end, allocations that may be made on an annual basis (expressed as a percentage of gross annual basic salary) are as follows: • Group CEO: 60% to 120% • Group COO and Group CFO: 60% to 100% • Executives 50% and Senior Management 35%
Grant price	Not applicable.
Dividends	No dividends are paid on CSP awards; employees will only receive dividends to the extent that shares vest and become shareholders.
Vesting/ employment period	The scheme rules set this at three years for the annual award of performance shares and in equal parts after years three, four and five for retention shares. Before vesting, executive directors may elect to subject settled shares to an additional holding period of three years to assist in reaching minimum shareholding requirement targets.
Malus and clawback	Applicable to all awards. Clawback of any vested LTI award can be imposed (in whole or part on the pre-tax value) for three years following the vesting of the LTI if a trigger event occurs.

Performance conditions

The committee sets the annual performance conditions for share awards, incorporating shareholder feedback. These conditions are assessed over a three-year performance period, aligning with the Group's financial year.

The table below summarises the three performance conditions, their definitions, and the corresponding weightings of the total award. It also outlines the target levels for threshold, on-target, and stretch measures needed for vesting portions of the performance shares.

Most targets have remained unchanged since shareholder approval at inception. However, the committee has responded to shareholder concerns about capital allocation discipline with inclusion of Return on capital employed in 2024.

Performance condition and weighting	Definition	Detail	Threshold	On-target	Stretch
Return on capital employed (ROCE) *40%*	Earnings before interest and taxes (EBIT) expressed as a percentage of total assets minus current liabilities at the relevant year end.	The average ROCE over the performance period will be compared to the targets set.	3 to 5-year long bond +[1% to 2%] – *spread will be dependent on economic conditions.*	3 to 5-year long bond +[3% to 4%] – *spread will be dependent on economic conditions.*	3 to 5-year long bond +[5% to 6%] – *spread will be dependent on economic conditions.*
Headline earnings per share *50%*	Headline earnings are divided by the weighted average number of ordinary shares (net of treasury shares) issued during the relevant financial year. Headline earnings are those 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.	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. This was historically set at 30% growth, which approximated an annualised growth in HEPS at CPI + 3% (assuming a 6% baseline CPI).	Target plus 9% over the performance period.
Total shareholder return relative to the peer group *10%*	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.	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 Company will constitute suitably constructed and appropriate peer companies.	80% of the on-target. The vesting percentage is retained at 10% for threshold.	Weighted average TSR of peer company. The vesting percentage retained at 40% for on-target.	160% of the on-target.

For the 2024 LTI award, the peer group, for purposes of the TSR measurement, is comprised as follows:

- Cashbuild Ltd
- Clicks Group Ltd
- Dis-Chem Pharmacies Ltd
- Pick n Pay Stores Ltd
- Shoprite Holdings Ltd
- Woolworths Holdings Ltd

The peer group will be considered again for FY2025 given changes in the market.

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

	Performance	Vesting percentage
Threshold	Acts as a gatekeeper and will represent the minimum performance required before performance shares vest.	30% of the award of performance shares will vest for performance at threshold. Since the 2019 awards, the TSR award threshold for vesting has been 10%. All future awards will apply this vesting percentage, until further review. None of the performance shares will vest for performance below threshold.
On-target	Relates to good performance.	65% of the award of performance shares will vest for performance on target. Since the 2019 awards, TSR award threshold for on-target vesting has been 40%. All future awards will apply this vesting percentage, until further review.
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 determines the proportion of shares vested.

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

The committee supports shareholding by the Group's executive directors and believes this reinforces shareholder alignment following the vesting of LTIs.

To this end, executive directors may elect to subject their CSP shares coming up for vesting for a further agreed holding period, during which such shares cannot be disposed of. During the period all executives have elected to hold their shares further for three years.

Minimum shareholding requirement

Shareholders emphasised that MSRs are vital for aligning executives' interests with those of shareholders. The committee has refined the MSR policy to strike the right balance. While full implementation will take time, we are engaging with shareholders to clarify our objectives. We acknowledge that executives may lack the liquidity to invest in MSRs directly, so we encourage participation in LTIs that could lead to MSR compliance.

The previous MSR policy mandated that executive directors and Executive Committee members build a specific shareholding in SPAR, using shares from various sources, including vesting awards from the CSP. Changes to the MSR policy came into effect during FY2024.

Target minimum shareholding:

- Group CEO: 200% of basic salary[1]
- Group COO and CFO: 150% of basic salary[1]

Executives must retain their shares until the earlier of:

- Three years
- Termination of employment
- Abolition of the MSR policy
- Approved application to the committee under special circumstances, such as financial hardship

Vested shares are held by an escrow agent, preventing executives from trading them freely until the holding period ends. However, they can vote and receive dividends.

[1] *For FY2025, this will be adjusted for TCOE.*

Malus and clawback policy

We have established a malus and clawback policy to ensure accountability in executive remuneration. This policy was approved. We reviewed specific cases for potential recovery related to reportable irregularities but found no grounds for recovery, as enforcement of these matters has proven to be challenging.

Salient features

Malus	Clawback
The committee may reduce an award's value before the vesting date if a trigger event occurs during the relevant period. The committee will assess if a trigger event occurred in cases of early termination during the vesting period.	The committee may recover awards that have vested (on a pre-tax basis) if a trigger event arises during the three-year clawback period following vesting. In cases of breaches of directors' duties, the committee reserves the right to pursue remedies under the clawback policy and applicable laws. The policy also outlines recovery methods if participants dispose of shares after vesting but before the clawback period ends.

Current CSP in-flight awards

Performance conditions, targets, information and allocations

The interim measures against the targets for the unvested awards issued in 2020 and 2021 are summarised in the table below.

The projected HEPS growth and average annual RONA returns over the appropriate performance periods for each applicable grant were calculated using historical and forecast HEPS values and are provided purely for shareholders' information.

Description	2021	2023	2024
Grant date	11 August 2022	7 December 2023	**20 February 2024**
Vesting date	11 August 2025	7 December 2026	**22 February 2027**
Performance period	1 October 2021 to 30 September 2024	1 October 2022 to 30 September 2025	**1 October 2023 to 30 September 2026**
HEPS condition			
Threshold (expected CPI growth)	17.16%	12.67%	**11.92%**
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	1 195.1 cents	1 172.7 cents	**614.7 cents**
On-target HEPS required	1 553.6 cents	1 524.5 cents	**799.1 cents**
Expected vesting outcome	Below threshold	Below threshold	**Above stretch**
RONA condition			
Threshold (80% target)	32.00%	–	–
On-target RONA (average for three years)	40.00%	–	–
Stretch	48.00%	–	–
Base year RONA measure	34.65%	–	–
Expected vesting outcome	Below Threshold	–	–
ROCE condition			
Threshold (80% target)	–	10.06%	**10.63%**
On-target ROCE (average for three years)	–	12.06%	**12.63%**
Stretch	–	14.06%	**14.63%**
Base year ROCE measure	–	17.0%	**8.3%**
Expected vesting outcome	–	Above stretch	**Above stretch**

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

Awards made during 2024

Awards were made to executive directors in accordance with the policy. The remuneration implementation report provides details of CSP awards to executive directors (page 97).

Awards that vested during 2024

On 21 February 2024, the seventh tranche of CSP awards issued in November 2020 vested. The final performance conditions for the grant were measured and again externally verified by ZAQ Actuaries. The results of the calculation of the actual vesting percentage were as follows:

	HEPS growth over the performance period					
Description	Threshold	On-target	Stretch	Actual	Vesting percentage	Weighted x 50%
HEPS condition	18.94%	30%	39%	(53.67%)	0%	0%

Description	RONA growth over the performance period Threshold	On-target	Stretch	Actual	Vesting percentage	Weighted x 30%
RONA condition	32%	40%	48%	26.08%	0%	0%

Description	Compound annual growth rate Threshold	On-target	Stretch	Actual	Vesting percentage	Weighted x 20%
TSR condition	13.02%	16.27%	26.03%	(14.76%)	0%	0%
					Total to vest	0%

Of the total number of awards in effect at the measurement date, none vested.

All the retention awards issued in November 2018 have vested. Two-thirds of the retention awards granted in November 2019 have already vested with a remaining balance of 16 138 still to vest. One-third of the retention awards granted in November 2020 have already vested, with a remaining balance of 73 675 still to vest.

The actual vesting of performance awards for the last four years was as follows:

	2024	2023	2022	2021
HEPS growth	**0.00%**	0.00%	0.00%	88.27%
RONA growth	**0.00%**	40.35%	55.60%	62.08%
TSR	**0.00%**	0.00%	100.00%	100.00%
Final vesting	**0.00%**	12.11%	36.68%	82.76%

Executive directors' remuneration

We have realigned remuneration ratios to better balance guaranteed pay, STIs, and LTIs. This adjustment increases the weight of LTIs while reducing guaranteed pay, fostering a culture of long-term value creation.

We have also updated our LTI policy and revised performance metrics for executives to align their incentives with our strategic goals and shareholder expectations.

Executive directors' benefits

Executive directors receive a monthly salary and benefits tailored to their roles, performance, and contributions to the Company's overall results. Benefits include pensionable remuneration, allowances (such as car allowances), and coverage for medical aid, vehicle insurance, and fuel. With the transition to TCOE, executive directors' remuneration will be simplified for a single figure total guaranteed package (TGP) in future.

The remuneration implementation report includes details of executive directors' remuneration for the financial year (page 95).

Executive directors' terms of service

Executive directors are full-time employees with employment agreements that reflect the Company's standard conditions of service. They have a notice period of three months (six months for the CEO), compared to one month for other employees, and face more comprehensive confidentiality undertakings. Executive directors are also subject to a restraint of trade of 12 months.

Executive directors do not have special termination clauses or unusual payment provisions. Their termination conditions align with standard contractual arrangements and the remuneration policy, without offering preferential treatment or exceptional benefits.

Remuneration implementation report

The remuneration implementation report contains 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 94.

The executive remuneration was again reviewed against appropriate peer companies. In addition, the committee considered remuneration trends and latest developments in the market for the comparable percentile.

R'000	Basic salary	Performance-related bonus[1]	Retirement funding contributions	Allowance and other benefits[2]	Lump sum payment	Share option gains	Total
2024							
Executive directors							
Angelo Swartz	9 559	4 359	1 111	1 016	–	–	16 045
Mark Godfrey	7 045	3 523	824	698	–	1 084	13 174
Megan Pydigadu	10 083	4 135	–	–	–	–	14 218
Total emoluments	26 687	12 017	1 935	1 714	–	1 084	43 437
2023							
Executive directors							
Brett Botten[3]	2 835	–	330	1 806	12 721	7 351	25 043
Mark Godfrey	6 710	–	784	632	–	1 149	9 275
Mike Bosman (Executive Chairman)[3]	14 400	–	–	469	–	–	14 869
Total emoluments	23 945	–	1 114	2 907	12 721	8 500	49 187

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.*
3 *Brett Botten retired as Company CEO on 31 January 2023 and as a result a temporary operating arrangement was implemented, whereby Mike Bosman was appointed by the Board as Executive Chairman effective 1 February 2023. During Mike's tenure as Executive Chairman, he was not an employee of SPAR.*

Executive STIs

The STI policy is summarised on page 87.

For information purposes, details of the targets, relative bonus caps as a percentage of annual salary and the average payout are as follows:

	Bonus cap (% of annual salary)	Executive directors' average performance achievement %
Company financial results	75%	15%
Transformation and functional targets	25%	23%
Total	**100%**	**38%**

	On-target bonus achievable R'000	Actual bonus R'000	Actual bonus % of on-target bonus %	Actual bonus as % of TGP %
Director				
Angelo Swartz	6 500	4 359	67	37
Megan Pydigadu	6 000	4 135	69	38
Mark Godfrey	5 636	3 523	63	41
Weighted average achievement	**6 045**	**4 006**	**66**	**39**

Performance bonus scorecard

	Weighting (as a % of total annual bonus opportunity)	Score	Payout (as a % of total bonus opportunity)
Financial targets	**75%**	**15/75***	**20%**
– Achieve Group revenue of R163.7 billion			
– Achieve Group operating profit of R3.7 billion			
– Achieve Group PAT of R2.2 billion			
– Achieve cash generated from operations of 80% of operating profit			
– Achieve Group targeted ROCE			
Functional and transformation targets	**25%**	**23/25**	**92%**
– Polish business disposal			
– Develop and finalise debt restructure plan			
– Implement funding arrangements to deal with Polish residual debt			
– Manage Group covenant obligations			
– Review current pay structures and implement the change to TCOE			
– For all new Group appointments ensure the employment equity score has improved			
– Achieve enterprise development target for store ownership			
– Deliver on Group ESG plan			
	Average score achieved		**38%**

* *Several mechanisms are available to the RemCo to ensure pay outcomes appropriately reflect individual and business performance. This includes the ability of the committee to apply malus, clawback and responsible discretion to override formulaic outcomes under the incentive schemes. After meaningful deliberation, the committee concluded it was appropriate to review the financial targets and adjust the achieved results, to fairly reflect the performance of the executive directors.*

Executive LTIs

SOP

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

Options held over shares in the Company

	Date of option issue	Option price R	Number of options held 2024	2023
Executive directors				
Mark Godfrey	12/11/2013	126.43	–*	30 000
Total			–	30 000
Total options held by directors			–	30 000

* *These options were cancelled on reaching final vesting date as the option price at that date exceeded the share price.*

CSP

The CSP is summarised on page 89.

Details of unvested CSP awards held by directors

	Award date	Share price on date of grant R	Number of shares 2024	2023
Angelo Swartz	11/02/2020	198.01	**2 334**	–
	16/02/2021	181.15	**6 667**	–
	11/08/2022	142.83	**13 300**	–
	07/12/2023	113.00	**18 400**	–
	20/02/2024	107.22	**52 640**	–
Total			**93 341**	–
Mark Godfrey	12/02/2019	175.20	**–**	2 677
	11/02/2020	198.01	**2 800**	5 600
	16/02/2021	181.15	**–**	30 000
	11/08/2022	142.83	**23 100**	23 100
	07/12/2023	113.00	**31 600**	–
	20/02/2024	107.22	**49 450**	–
Total			**106 950**	61 377
Megan Pydigadu	20/02/2024	107.22	**52 640**	–
Total			**52 640**	–
Total directors' interest in the CSP			**252 931**	61 377

CSP gains

	Date vested	Gain R'000
Mark Godfrey	**21/02/2024**	**1 084**

Details of vested award shares held by directors

In line with the committee's view that senior executives should remain invested in the Company's share price after their LTIs vest, the following executives have chosen to subject their CSP shares to an additional holding period of three years.

	Award date	Total number granted	% vested	Total vested
2024				
Angelo Swartz	**12/02/2019**	**3 000**	**33.3%**	**1 000**
	11/02/2020	**7 000**	**33.3%**	**2 333**
	16/02/2021	**6 000**	**0.0%**	**–**
	16/02/2021	**10 000**	**33.3%**	**3 333**
Mark Godfrey	**12/02/2019**	**8 000**	**33.3%**	**2 667**
	11/02/2020	**8 400**	**33.3%**	**2 800**
	16/02/2021	**30 000**	**0.0%**	**–**
2023				
Mark Godfrey	11/02/2020	12 400	12.11%	1 501
	11/02/2020	8 400	33.33%	2 800
	12/02/2019	8 000	33.33%	2 666
	07/02/2018	7 000	33.33%	2 334

Executive and non-executive directors' interests in the share capital of the Company

Number of shares	2024	2023
Directors' interests in the share capital of the Company		
Executive directors		
Angelo Swartz	**12 637**	–
Mark Godfrey – direct beneficial holding	**84 452**	78 984

Indication of executive directors' shareholding against the proposed target MSR

Angelo Swartz	
Direct beneficial holding	**12 637 shares**
Market value at 30 September 2024	**R1 712 819**
As a percentage of 2024 guaranteed basic salary	**18%**
Target for CEO	**200%**
Unvested shares	**93 341 shares**
Market value of unvested shares at 30 September 2024	**R12 651 439**
Unvested shares as a % of guaranteed pay	**108%**

Mark Godfrey	
Direct beneficial holding	**84 452 shares**
Market value at 30 September 2024	**R11 446 624**
As a percentage of 2024 guaranteed basic salary	**162%**
Target for CFO	**150%**
Unvested shares	**106 950 shares**
Market value of unvested shares at 30 September 2024	**R14 496 003**
Unvested shares as a % of guaranteed pay	**150%**

Megan Pydigadu	
Direct beneficial holding	**Nil shares**
Market value at 30 September 2024	**Rnil**
As a percentage of 2024 guaranteed basic salary	**0%**
Target for COO	**150%**
Unvested shares	**52 640 shares**
Market value of unvested shares at 30 September 2024	**R7 134 826**
Unvested shares as a % of guaranteed pay	**65%**

Non-executive directors' remuneration

Non-executive directors are not full-time employees and operate under contracts for services rather than employment contracts. Their remuneration comprises a fixed basic fee, which is not linked to the Group's financial performance, and they do not receive short-term or long-term incentive awards.

Fee determination process

Management recommends non-executive directors' fees based on industry benchmarks to the committee, which proposes them to the Board. The Board recommends these fees to shareholders for approval under the Companies Act.

In 2024, non-executive directors' fees were benchmarked against the same comparator companies as for executive directors (see page 92). Proposed fees were approved by shareholders at the 21 February 2024 AGM.

Proposed fee increases

For fees effective from 1 March 2025, the Board recommends an inflationary increase of 5%, as detailed in the table below.

	Current per annum (VAT exclusive)	Proposed fees per annum (VAT exclusive)	Increase (%)
Board			
Chairman (representing an all-inclusive fee for participation in all scheduled meetings of the Board and committees)	**R2 902 060**	**R3 047 163**	**5.0%**
Deputy Chair (representing an all-inclusive fee for participation in all scheduled meetings of the Board and committees)	**R1 519 245**	**R1 549 630**	**5.0%**
South African resident member	**R539 123**	**R566 078**	**5.0%**
Non-South African resident member (representing an all-inclusive fee for membership and participation in scheduled meetings of the Board and committees)	**€84 000**	**€88 200**	**5.0%**
Audit Committee			
Chair	**R423 438**	**R444 610**	**5.0%**
Member	**R225 912**	**R237 208**	**5.0%**
Risk Committee			
Chairman	**R306 281**	**R321 595**	**5.0%**
Member	**R151 368**	**R158 936**	**5.0%**
Social, Ethics and Sustainability Committee			
Chair	**R229 226**	**R240 687**	**5.0%**
Member	**R135 786**	**R142 575**	**5.0%**

	Current per annum (VAT exclusive)	Proposed fees per annum (VAT exclusive)	Increase (%)
Remuneration Committee			
Chair	**R291 312**	**R305 878**	**5.0%**
Member	**R135 786**	**R142 575**	**5.0%**
Nominations Committee			
Chairman	**R217 487**	**R225 211**	**5.0%**
Member	**R135 786**	**R142 786**	**5.0%**
Business Transformation Committee			
Chair	**–**	**R305 878**	**n/a**
Member	**–**	**R142 575**	**n/a**
Ad hoc meetings and other assignments			
South African resident members (including the Chairman and Deputy Chair of the Board)			
Daily fee (if meeting exceeds four hours)	**R32 722**	**R34 358**	**5.0%**
Hourly fee	**R5 565**	**R5 843**	**5.0%**
Non-South African resident members			
Daily fee (if meeting exceeds four hours)	**€3 157**	**€3 315**	**5.0%**
Hourly fee	**€537**	**€564**	**5.0%**

Most Board and committee roles will receive total annual fees based on a retainer and attendance per meeting (40% retainer and 60% for scheduled meetings), except for the Chairman and Deputy Chair, who will be paid solely on a retainer basis, along with ad hoc meeting fees.

Executive directors' unvested shares

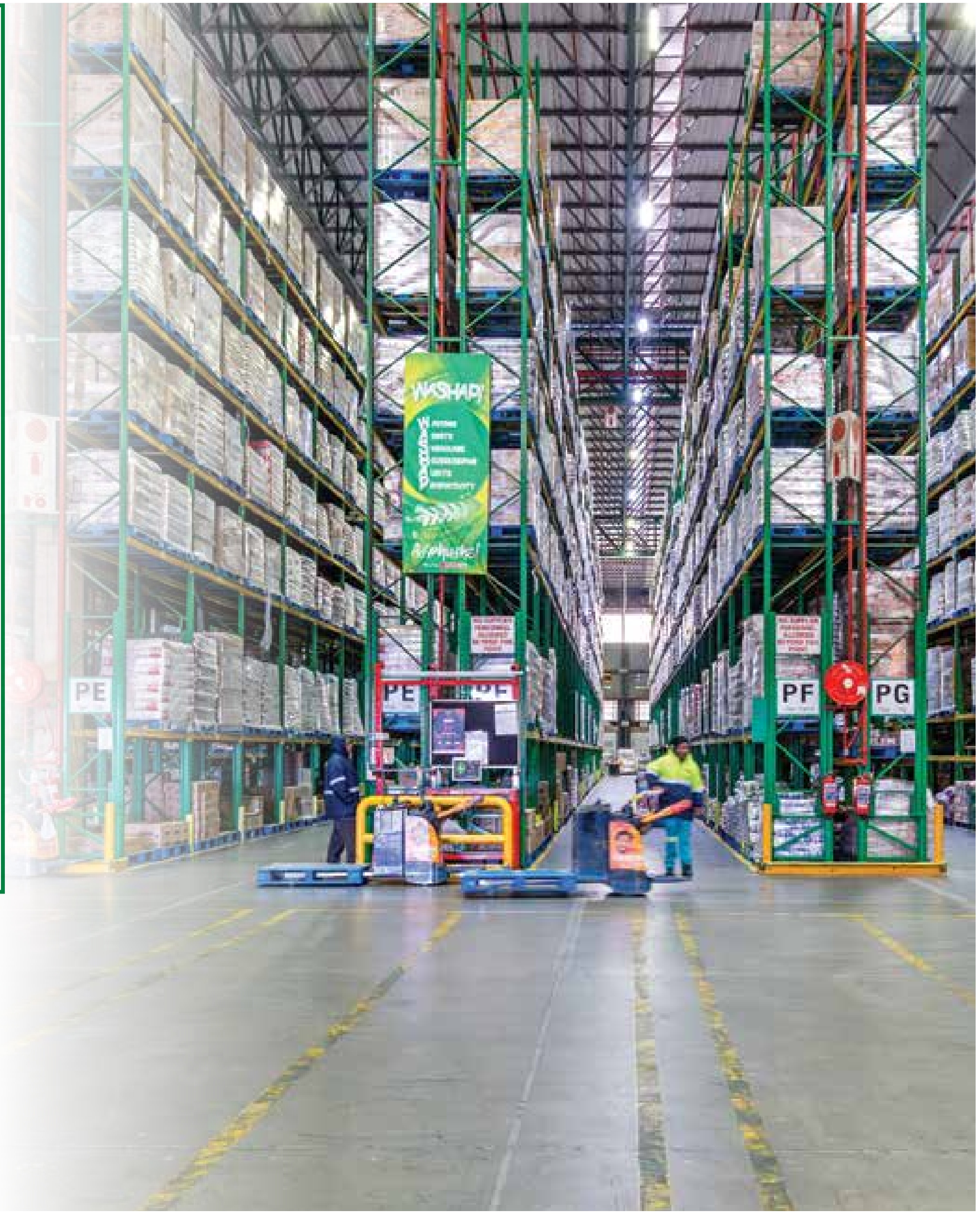
Director	Unvested shares	Market value at 30 September	% of guaranteed pay
Angelo Swartz	93 341	12 651 439	108
Mark Godfrey	106 950	14 496 003	150
Megan Pydigadu	52 640	7 134 826	65

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.

Director	Fees for ordinary meetings as approved at the AGM	Ad hoc fees	Fees for subsidiary boards	Total
Mike Bosman****	2 844 529	1 885 098	1 410 477	6 140 104
Shirley Zinn	1 489 101	338 891		1 827 992
Liesbeth Botha*	700 754	63 997		764 751
Pedro da Silva	1 760 373	148 582		1 908 955
Funke Ighodaro**	991 102	264 213		1 255 315
Marie Jamieson*	504 318	61 215		565 533
Lwazi Koyana	1 271 655	63 204		1 334 859
Trudi Makhaya	893 073	63 600		956 673
Sundeep Naran	991 437	63 202		1 054 639
Andrew Waller***	110 000			110 000
Jane Canny***	104 050	7 950		112 000

* *Appointed to the Board on 1 February 2024.*
** *Appointed to the Board on 21 February 2024.*
*** *Resigned effective 17 November 2023.*
**** *Chairman of the subsidiary boards, SPAR Ireland, SPAR Poland, SPAR Switzerland, SPAR Southern Africa divisional board and attendance at SPAR Sri Lanka.*



Detailed insights and additional information

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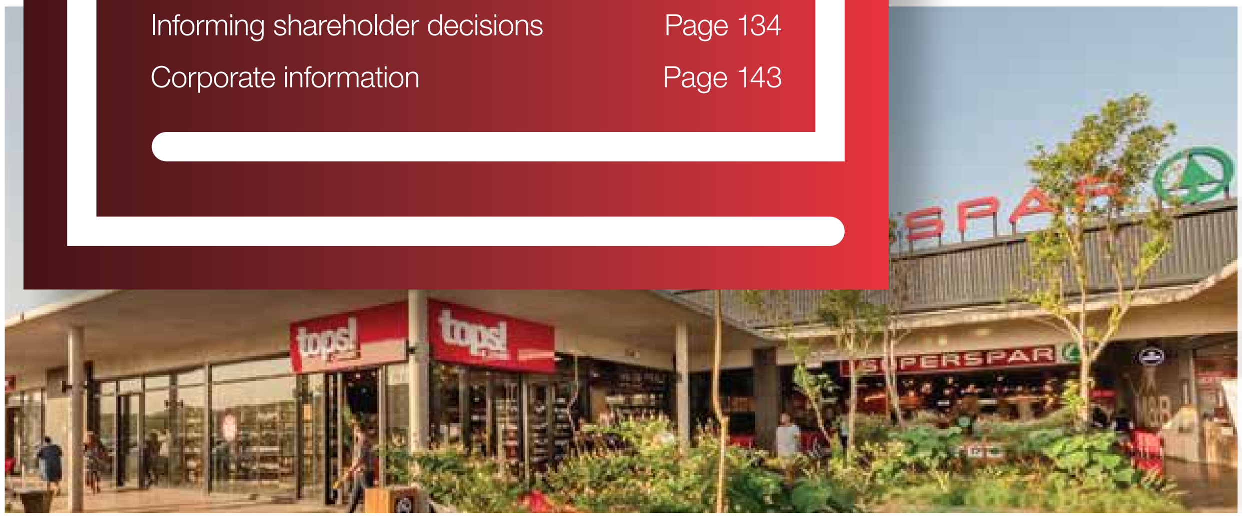


This chapter offers a comprehensive look at various aspects of our operations, including our reporting process, a detailed examination of our territories, and a summary of the financials. It also provides insights to assist shareholder decisions.

Explaining the reporting process

Communicating our progress

Our reporting suite

Our 2024 reporting suite is available on SPAR's website and consists of the following:

Integrated annual report

This report is the primary communication tool for stakeholders, including financial capital providers. It highlights how SPAR creates value for its stakeholders, including the full remuneration and governance reports.

Sustainability report

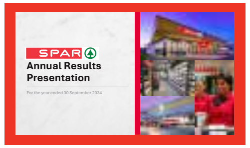
Details SPAR's approach, strategy, and performance on environmental, socio-economic, and governance matters. It includes additional governance details like tax practices and King IV principles.

Climate change report

Issued every second year, this report aligns with TCFD recommendations. The 2024 sustainability report includes a summary.

Consolidated annual financial statements

Audited financial statements showcasing the Group's performance and financial position.



Annual results presentation and webcast

Our reporting to shareholders, the investment community and analysts on the Group's financial position and performance.

SPAR has been a CDP participant since 2009. Submissions on water, climate change and forests are available on our website at https://thespargroup.com/pdf/SPAR_Climate_Change_Report_2022_Final.pdf and on the CDP website.

Scope and boundary of this report

This report covers SPAR's integrated performance from 1 October 2023 to 30 September 2024, addressing financial and non-financial performance, operating environments and strategic risks and opportunities with all stakeholders in mind.

It includes SPAR's wholesale and distribution operations in Southern Africa, Ireland, South-West England, Switzerland, and its joint venture in Sri Lanka. Poland is reported as a discontinued operation.

Independent retailer-owned store operations are not included in SPAR's financial reporting.

Reporting framework, standards and guidelines

This report adheres to the principles and content elements of the International Integrated Reporting Framework (2021). It also applies the following standards and regulations:

- International Financial Reporting Standards (IFRS)
- Companies Act, No. 71 of 2008 (as amended)
- JSE Limited Listings Requirements
- King IV

Additionally, the reporting suite considers guidance from CDP, TCFD and the United Nations Sustainable Development Goals.

The Group's material themes

In 2023, SPAR conducted an informal materiality assessment based on desktop research, an internal workshop, and a review process with support from external advisors. The Board approved the assessment's outcome in August 2023, contributing to the information in the 2023 reporting suite.

This assessment was the first step in developing a formal and robust materiality determination process. A more detailed double materiality process was concluded towards the end of the financial year, which will inform future reporting from 2025 onwards for the integrated annual report, but has already been incorporated into the sustainability report.

As a result, the same material themes as those for 2023 guided this year's integrated annual report compilation.

Themes where SPAR has a high level of control or influence

Theme	Context
SPAR's reputation impacts all stakeholders' interests	A strong reputation increases stakeholder confidence, builds loyalty, and drives performance. SPAR's reputation helps the Group distinguish itself from competitors and creates a unique stakeholder identity.
Distribution and logistics are the cornerstone of SPAR's operations, requiring careful consideration of its environmental and other impacts	Continuous efficiency improvements in transport and cold chain systems can reduce financial and natural resource use. This impacts working capital management, emissions, water usage, food quality, safety, and waste.
Expansion across geographies and retail formats adds diversity and complexity	Relevant developments in different regions and market sectors must be considered. Priorities include ensuring the smooth execution of the Board's decision to exit the Polish market and building resilience in Switzerland.
Technology, including e-commerce, changes how businesses operate, and consumers purchase	Digital transformation requires innovative approaches and integrated risk management across SPAR's value chain. Cybersecurity and on-demand shopping are critical. SPAR must complete its SAP rollout and incorporate new technologies (e.g., artificial intelligence) without causing disruption.
SPAR's relationship with its independent retailers and the success of these retailers are key to the Group's success	Independent retailers operate SPAR stores, adhering to SPAR's quality, brand standards, and local regulations. Retailers' loyalty, sustainability practices, profitability, and reputation directly impact SPAR's performance and reputation.
Diversity, transformation, and inclusion foster a positive work environment	In South Africa, workforce transformation is required and can drive business success while aligning the Group with societal expectations and values.

Themes where SPAR has a medium level of control or influence

Theme	Context
The talent needed for SPAR to remain competitive is in short supply	SPAR and its independent retailers need to attract specialist skills from a limited talent pool and offer fair, equitable, and competitive remuneration, especially in Europe where retention is challenging.
Packaging and waste, including food waste, have a material impact on the environment	Managing fresh produce and food to prevent waste is crucial. Single-use packaging, while maintaining health standards, contributes significantly to pollution and a buy-use-dispose culture.
Local infrastructure challenges such as loadshedding and water shortages impact operations, costs, retailers, and environmental capital	Electricity shortages lead to lost trading hours, increased inventory levels, and higher operational and capital expenditures for generators and solar infrastructure. Water shortages due to weather and infrastructure issues impact SPAR's value chain and increase costs for alternative water sources.

Themes where SPAR has a low level of control or influence

Theme	Context
Cost pressures impact consumers' needs, expectations, and business costs	High inflation, interest rates, and fuel and utility costs are placing financial pressure on consumers and companies globally. Consumers have reduced spending, creating pressure on SPAR to offer greater value while maintaining profit margins.
Business resilience in the context of geopolitical challenges and a strained South African landscape becomes challenging	SPAR must remain agile in responding to South Africa's socio-economic challenges, including civil unrest, high unemployment, and geopolitical challenges in Europe. The Group must manage these risks and seize opportunities to ensure long-term sustainability and profitability.

Value-creating business model

SPAR's operations rely on six capitals, and effective value creation depends on balancing the trade-offs between them. Our integrated annual report reflects on how we harness these capital inputs across our wholesale operations to generate positive outputs and outcomes for all stakeholders.

As part of the reporting processes, we review SPAR's business model to ensure the report addresses all material elements. Below is a summary of the business model.

Our outputs are the products and services we provide to support independent retailers, enabling them to serve consumers and strengthen their communities. We source competitively priced fresh produce, dry goods, and SPAR private label products to help these retailers compete locally. In addition, we offer top-tier distribution, retail operations and marketing support.

Our core business activities are outlined under introducing SPAR (page i) and our value chain (page 6).

Capital / Inputs	Challenges	Outcomes	Read more
Financial capital Funding from equity and debt providers for procuring goods and services, paying salaries, taxes, developing products, investing in technology, operations, and paying shareholders.	Ongoing optimisation of the balance sheet, managing debt levels amid currency weakness and higher operating expenses, higher interest rates, and write-offs from the SAP implementation and exit from Poland.	**+4.0%** turnover growth **R4.8 billion** cash generated from operations **R10.4 billion** equity **R6.7 billion** long-term borrowings	Our Group CFO's financial review (page 30) Shareholders and financiers stakeholder focus (page 37) Audit Committee report (page 64)
Manufactured capital Infrastructure related to wholesale and logistics capabilities, including central offices, distribution centres, trucks, warehouses and stores.	SAP implementation challenges in KwaZulu-Natal impacting profitability, operational inefficiencies, and service levels. Decreased operational hours due to loadshedding.	**R1.3 billion** of capital expenditure SPAR2U launched at over **525** new retail sites in Southern Africa **356** stores (+**169** net new)	A message from our Group CEO (page 20) Our Group CFO's financial review (page 30) Strategic progress in the territories (page 45)
Human capital Skills and capabilities of employees driving culture, daily business activities, and relationships with stakeholders.	Transition to new leadership, including CEO and Board changes, creating short-term uncertainty for employees. Difficulty sourcing experienced digital workforce.	Composition of Board improved considerably, including its diversity The number of employees increased from 10 512 in 2023 to 11 191 in 2024 Retail programme education continued across markets	Employees stakeholder focus (page 24) Progressing sustainability (page 50) Social, Ethics and Sustainability Committee report (page 73) Sustainability report

Capital / Inputs	Challenges	Outcomes	Read more
Intellectual capital Accumulated knowledge, systems, policies, and intellectual property, including the SPAR brand and its associated brands.	Competitive pressure from discounters and managing a decentralised, independent retail model. Cybersecurity threats and ongoing SAP challenges.	Implementation of SAP for the business SPAR merchandising business dedicated to SPAR private label products in Southern Africa SPAR2U e-commerce solution for retailers Private label product ranges	A message from our Group CEO (page 20) An interview with our Group COO (page 26) Strategic progress in the territories (page 45)
Social and relationship capital Sustainable stakeholder relationships essential for operational performance, procuring goods, and engaging communities.	Increased living costs, service level disruptions, unemployment and reputational damage from earlier media allegations	**Level 4** B-BBEE in South Africa Ongoing GBV campaigns **R20.3 million** CSI spend in South Africa Empowerment of small suppliers through the SPAR supplier development programme	Our stakeholder universe (page 12) The various stakeholder focus blocks in reflecting on 2024 (page 14) Social, Ethics and Sustainability Committee report (page 73)
Natural capital Use of natural resources, including energy and water, with a focus on reducing the carbon and water footprints to ensure responsible procurement and protection.	Diesel shortages, loadshedding, flooding in KwaZulu-Natal, and water shortages in the Eastern Cape and Gauteng.	**9 761 MWh** of energy generated by distribution centres in South Africa **Scope 1: 47 049; Scope 2: 80 554 tonnes** CO_2 equivalent total footprint **19 073 tonnes of cardboard** and **2 360 tonnes of plastic** recycled through distribution centres in South Africa	Progressing sustainability (page 50) Social, Ethics and Sustainability Committee report (page 73) Sustainability report

Unpacking our territories

Bringing more to our communities

We support our independent and corporate stores through a network of warehouses, distribution centres and logistics operations. As the local custodian of the SPAR brand and several affiliated brands, we promote these brands through diverse store formats. In Ireland, we also support various well-known convenience brands alongside SPAR.

Southern Africa

Our retailers' stores are strategically located within communities, designed to meet local needs and offer convenience. They cater to all income groups and are equipped with parking and access to public transport where feasible.

Our distribution network includes six major regional distribution centres, one Build it (building material imports) centre, and one S Buys (pharmaceutical) centre. Satellite warehousing hubs enhance efficiency by reducing transport costs on specific distribution routes.

Number	Distribution network	Purpose
6	Major regional distribution centres (SPAR and TOPS)	Primary distribution across regions
1	Building materials imports distribution centre (Build it)	Centralised imports for building materials
1	Pharmaceutical distribution centre (S Buys)	Centralised distribution for pharmaceuticals
3	Satellite warehousing hubs	Reduce transport costs along specific routes
1	Private Label distribution centre (Encore)	Private label consolidation

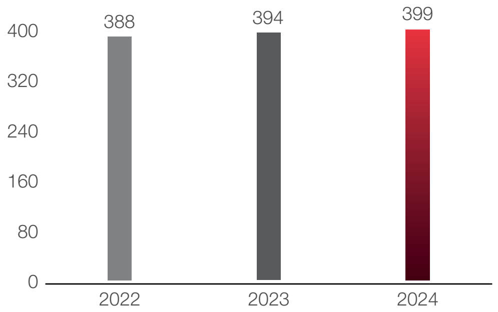
Store format overview

SUPERSPAR

Overview

- ≥ 1 300 m² selling area
- Serves all SEMs (socio-economic measures) in urban, suburban and rural markets
- Individual stores tailored to suit specific market and customer demographic
- Full offering of fresh food departments including bakery, butchery, deli, fruit and vegetables, ready-to-eat food and home-meal replacement service counters
- Extensive grocery range incorporating perishables, groceries, care and general merchandise
- Beantree coffee offering at selected stores ranging from coffee-to-go to full sit-down cafés

Number of stores

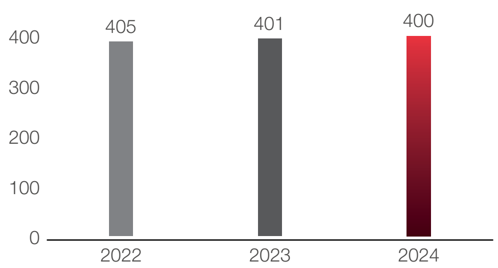


SPAR

Overview

- 750 m² to 1 300 m² selling area
- Serving all SEMs with focus on the first choice supermarket in the community
- Competitively priced against opposition groups
- In-store offering focused on providing a full daily shopping experience with fresh produce, in-store bakery, butchery, deli, ready-to-eat meals and home-meal replacement solutions
- Comprehensive grocery and perishables offerings tailored to provide a total basket to the customer in the market the store serves
- Beantree coffee offering at selected stores ranging from coffee-to-go to full sit-down cafés

Number of stores

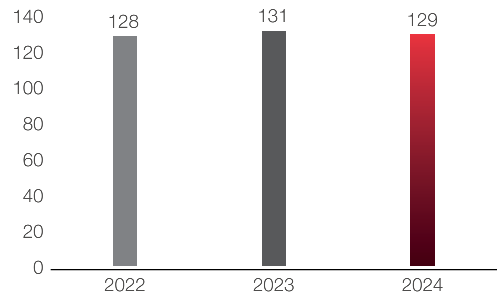


KWIKSPAR

Overview

- 200 m² to 750 m² selling area
- Aimed at mid to upper SEMs in urban and suburban environments
- Focus on convenience with ready-to-eat, home-meal replacement, bakery, butchery and fruit and vegetable offerings in-store
- Core groceries and perishable ranges
- Beantree coffee offering at selected stores typically as a coffee-to-go solution

Number of stores

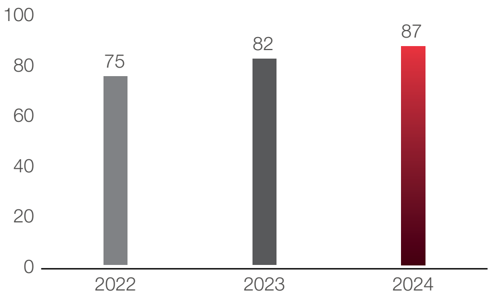


SPAR express

Overview

- Fuel station forecourt convenience stores geared to service transient customer
- 90 m^2 to 300 m^2 selling area
- Open 24 hours
- Comprehensive offering of ready-to-eat solutions including Beantree coffee and Chikka Chicken
- Core range of groceries including baked goods and perishables with focus on snacking categories

Number of stores

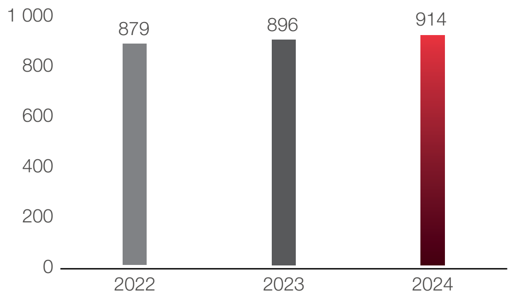


tops! at SPAR

Overview

- Approximately 200 m^2 average selling area
- Serves all SEMs in urban, suburban and rural markets
- Standalone liquor stores
- Full range of liquor products including premium ranges
- Typically located in the same centre or near existing SPAR stores

Number of stores

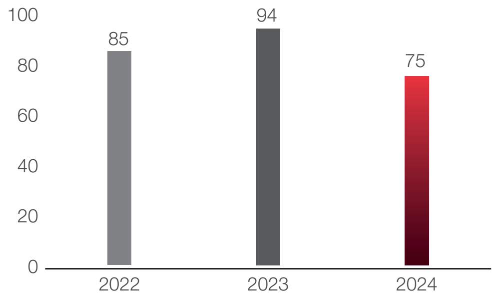


SPAR SaveMor

Overview

- 200 m^2 and upward selling area
- Value supermarkets focusing on SEM 1 to 3
- Providing essential groceries, perishables and general merchandise
- Fresh produce, baked goods, butchery and ready-to-eat meals

Number of stores

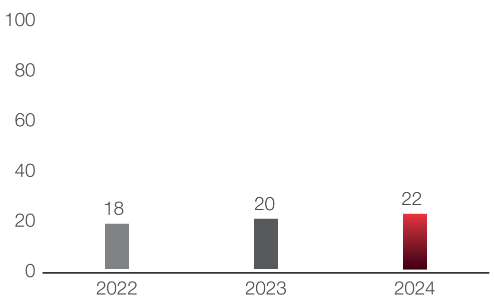


SaveMor Liquors

Overview

- Approximately 170 m² average selling area
- Focus on lower SEMs to complement SPAR SaveMor store offering
- Standalone liquor stores
- Comprehensive range of liquor products largely driven by beer, RTDs and FABs
- Located in the same centre or near existing SPAR SaveMor stores

Number of stores

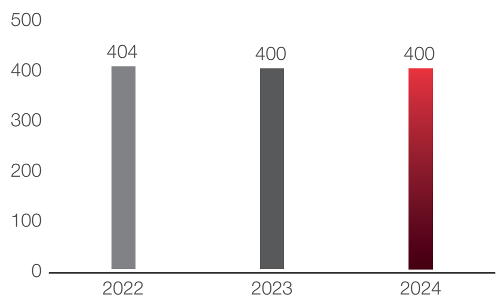


Build it

Overview

- Standalone building material stores
- Building and hardware products (tools and materials for basic construction)
- Aimed at small contractors and home builders and renovators in lower to middle-income sectors

Number of stores

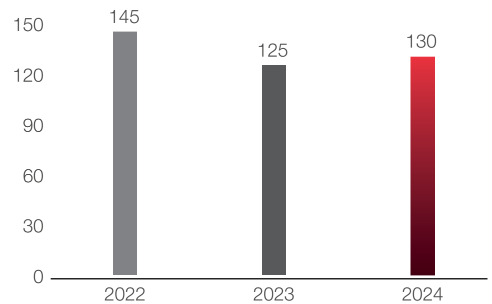


Pharmacy at SPAR

Overview

- Flexibility to serve communities across all SEMs
- Community-based and family-oriented standalone pharmacies
- Comprehensive range of dispensary, health-related and FMCG products
- In-store family care clinics
- Typically, but not exclusively, located in centres with existing SPAR stores

Number of stores



Warehousing	Warehouse space (m²)	Cases dispatched (million)	Number of stores serviced	Divisional Managing Director
South Rand	64 000	53.5	434	Desmond Borrageiro
North Rand	53 317	38.5	366	Jerome Jacobs
KwaZulu-Natal	69 112	49.6	419	Damon Harry
Eastern Cape	46 084	38.7	273	Siyolo Dick
Western Cape	40 405	29.7	393	Martin Webber
Lowveld	22 415	13.6	141	Wilma Mahne
Build it (imports)[1]	10 000	5.3	400	Hawie Du Preez
S Buys[2]	2 295	2.0	130	Jeremy Nicol
Encore	16 000	3.9	6 SPAR DCs	Bruce Hughes
Total	323 628	234.8	2 556	

[1] *Build it stores are also included in-store numbers within each region, as these stores receive services from their regional distribution centre.*
[2] *Nature of pharmaceutical deliveries not comparable.*

Ireland and South-West England

Our store format primarily includes convenience stores, with EUROSPAR representing the supermarket format.

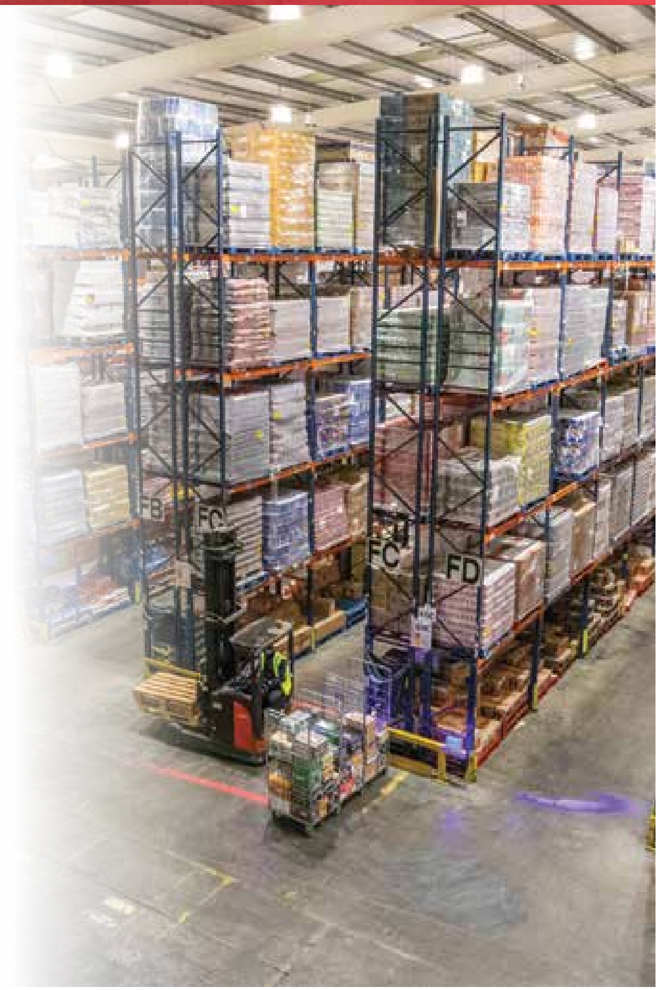
BWG Foods operates Ireland's largest Cash & Carry chain, Value Centre, which provides direct wholesale supply services to the independent retail grocery market. The wholesale brands under BWG Foods include BWG Foodservice, which caters to the Irish catering industry from three depots, and BWG Wines and Spirits, which operates from the national distribution centre.

BWG Foods distributes the SPAR, EUROSPAR, MACE, Londis and XL brands nationwide through its national distribution centre in Kilcarbery. It holds the largest market share in the Irish convenience retail market and also supplies Gala and Fresh stores in Ireland.

The BWG Group also owns the Appleby Westward Group in the South-West of England, which operates a SPAR distribution centre in Saltash, Cornwall, and a multitemperature depot in Cullompton, Devon.

Warehousing	Warehouse space (m^2)	Cases dispatched (million)	Number of stores serviced	Divisional Managing Director
Ireland				**Leo Crawford[1]**
Kilcarbery	24 000	24.4	837	
South-West England				**Mike Boardman**
Appleby Westward			311	
Saltash	7 210	6.2		
Cullompton	2 616	5.1		

[1] *Leo Crawford is the CEO of BWG Group.*



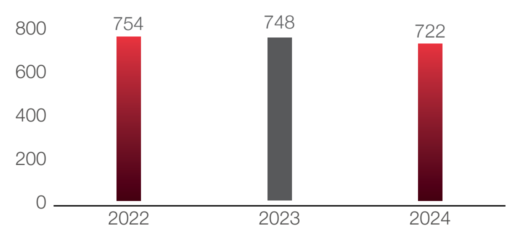
Store format overview

SPAR

Overview

- Comprises SPAR and SPAR forecourt stores
- Neighbourhood and forecourt convenience
- Groceries, fresh produce, baked goods, coffee, liquor
- Comprehensive offering of snacking and ready-to-eat meals

Number of stores



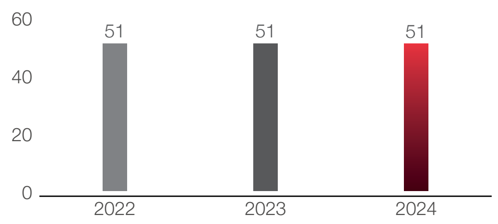
* *SPAR numbers quoted are combined Ireland and South-West England*

EUROSPAR

Overview

- Average <700 m² selling area
- Comprehensive range of groceries and general merchandise
- Fresh produce, in-store bakery, butchery, deli, ready-to-eat products and home-meal replacement

Number of stores

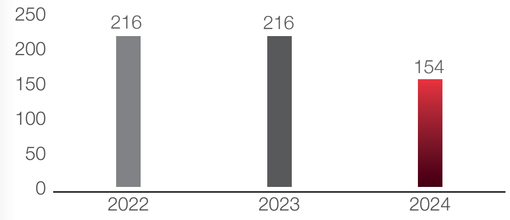


MACE

Overview

- Average 145 m² selling area
- Neighbourhood and forecourt convenience
- Groceries, fresh produce, baked goods, coffee, liquor; comprehensive offering of snacking, ready-to-eat, and on-the-go products

Number of stores



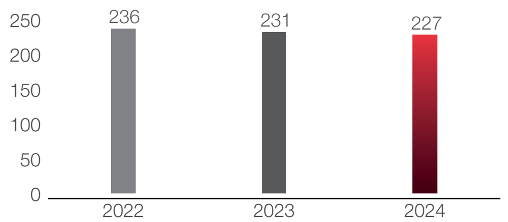
* *Excludes Maxol store numbers for all years*

XL

Overview

- Average 95 m² total selling area
- Smaller-scale convenience and neighbourhood store
- Comprehensive offering of snacking, ready-to-eat, and on-the-go products

Number of stores

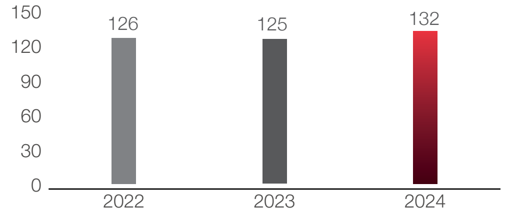


Londis

Overview

- 230 m² average selling area
- Range of formats including Londis Plus, supermarket, food market and convenience

Number of stores

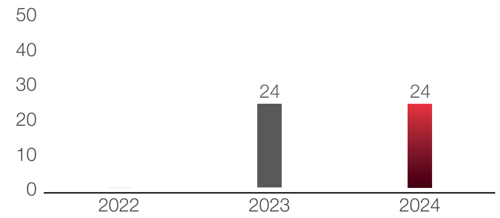


VALUE CENTRE

Overview

- 1 200 m² to 6 000 m² selling area
- Direct wholesale and cash and carry
- Product listing of over 15 000 lines
- Primary supplier of XL stores

Number of stores



Switzerland

SPAR Switzerland comprises local neighbourhood stores with a wide product range, including the on-the-go convenience format, SPAR Express. The distribution and logistics centre in St Gallen services a range of independent retailers operating under the SPAR, MAXI and other brands. It also services 51 independent convenience retail stores not owned by SPAR.

Warehousing	Warehouse space (m²)	Cases dispatched (million)	Number of stores serviced
St Gallen	33 000	25	334*

* *Including 11 TopCC.*

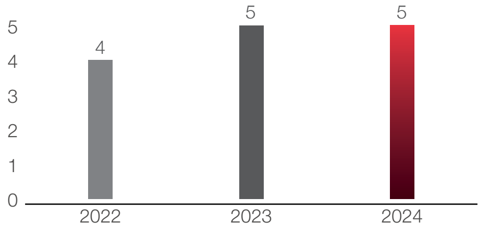
Store format overview

EUROSPAR

Overview

- 1 050 m² selling area
- In-store Beantree café
- Comprehensive range of groceries and fresh services departments
- Includes butchery, deli, and ready-to-eat products

Number of stores

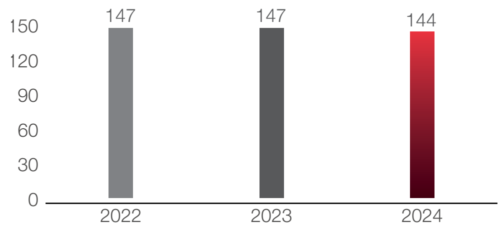


SPAR

Overview

- 220 m² to 430 m² average selling area
- Neighbourhood stores
- Broad product range with a focus on fresh
- Wide selection of quality meats and wines
- Smaller stores focus on fresh and regional products as well as convenience food

Number of stores

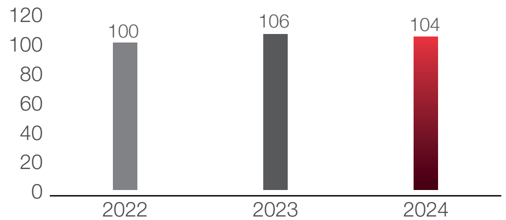


SPAR express

Overview

- 125 m² total selling area
- Forecourt convenience stores
- Comprehensive offering of snacking, ready-to-eat, and on-the-go products

Number of stores

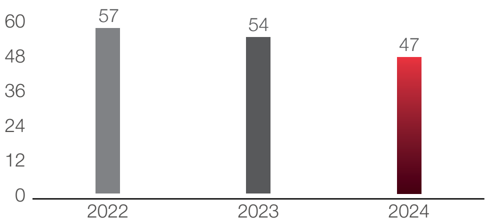


maxi

Overview

- Neighbourhood stores provide a limited convenience range of dry and fresh products

Number of stores

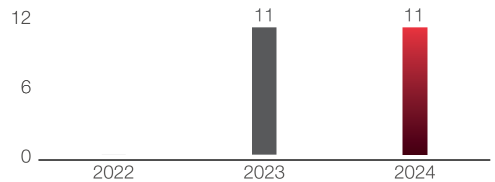


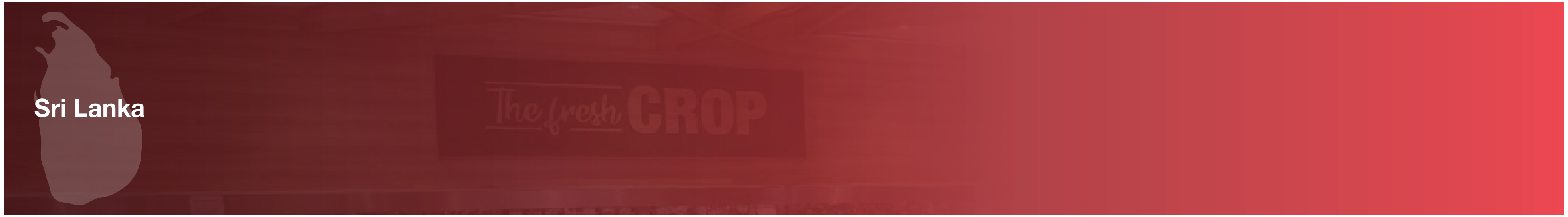
TopCC

Overview

- 3 300 m² – 5 500 m² direct wholesale and cash and carry
- Product listing of over 18 000 lines
- Direct general wholesale supply service to the wider, independent, culinary-focused retail grocery market

Number of stores





Sri Lanka

SPAR Sri Lanka operates as a prominent player in the local supermarket sector, having launched in April 2018 through a partnership between Ceylon Biscuits Limited (CBL Group) and SPAR Group South Africa. SPAR Sri Lanka has established a network of 29 stores by 30th September 2024 across the country, with a retail sales area totalling approximately 10 196 m². SPAR Sri Lanka reported retail sales of LKR13.2 billion ($ 44.1 million) in FY2023-24. This reflects a growing presence in the competitive supermarket landscape.

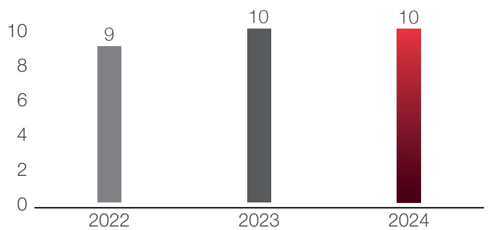
Store format overview

SPAR

Overview

- 10 Corporate Stores fully owned by SPAR Sri Lanka
- Total 8 435 m² selling area
- In-store café TOPS owned and operated by SPAR Sri Lanka
- Business partners are operating within/adjacent to the store (pizza, electronics, pharmacy, and household items)
- Operations are managed by dividing the business into three key segments Dry, Fresh, and TOPS

Number of stores

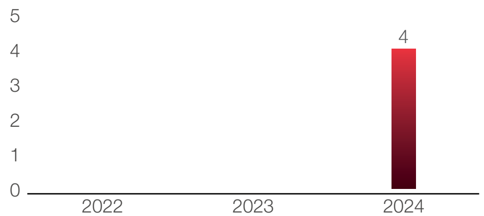


SPAR SaveMor

Overview

- 150 m² to 430 m² average selling area
- Neighbourhood stores
- A typical "Independent Retail" format, supplied through DC and drop shipment. SPAR assists in funding options through partner banks

Number of stores

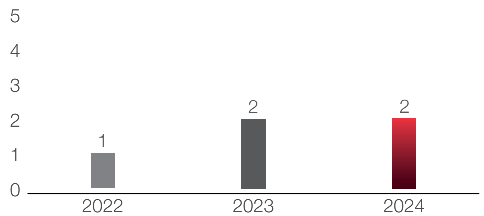


SPAR express

Overview

- 50 m² average selling area
- Neighbourhood stores supplied through SPAR corporates
- Limited to 1 000 + key lines based on the demand
- Operates with no fresh produce, a café, and a range of sweets, snacks, and impulse products

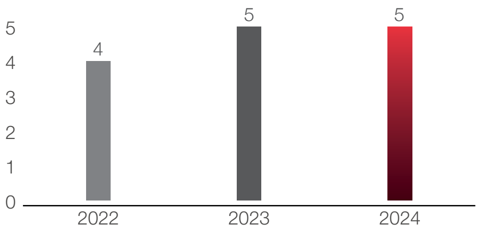
Number of stores



Overview

- Operate by third parties who have licences to operate
- Enhances the corporate store sales

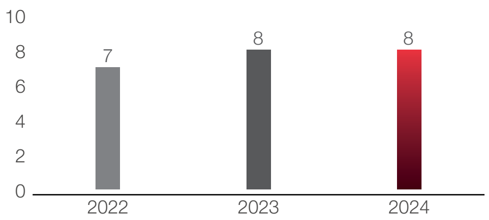
Number of stores



Overview

- Seven stores within SPAR corporate stores, one in an adjacent building
- Total 437 m² including 85 m² one large format
- Wide range of products including imported wine and spirits
- Average 17%+ organic growth over previous years

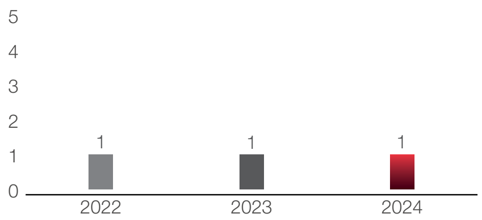
Number of stores



Overview

- A third-party logistics company operates and manages the DC
- Maintaining a cost structure below 1% of turnover
- Operates Dry goods currently at one location

Number of stores



Summarising the financials

Five year review

R million	2024	2023*	2022	2021	2020
Condensed statements of profit or loss and other comprehensive income					
Revenue – sale of merchandise	**152 338**	146 461	135 609	127 941	124 277
Operating profit	**2 896**	2 517	3 429	3 393	3 443
Other non-operating items	**(2)**	(13)	(9)	(6)	(279)
Finance income	**601**	577	599	573	618
Finance costs	**(1 384)**	(1 246)	(984)	(936)	(1 023)
Share of equity-accounted associate (losses)/profit	**6**	(7)	7	(7)	(63)
Profit/(loss) before taxation	**2 117**	1 828	3 042	3 017	2 696
Taxation	**(469)**	(465)	(822)	(808)	(740)
Profit after taxation	**1 648**	1 363	2 220	2 209	1 956
Discontinued operation	**(1 296)**	(920)	–	–	–
Profit after taxation for the year	**352**	443	2 220	2 209	1 956
Remeasurement of employee benefits net of tax	**(5)**	4	–	(7)	15
Remeasurement of retirement funds net of tax	**72**	50	475	461	164
Gain/(loss) on cash flow hedge net of tax	**–**	–	–	–	3
Exchange differences from translation of foreign operations	**(261)**	531	374	(219)	295
Total comprehensive income	**158**	1 028	3 069	2 444	2 433
Condensed statements of financial position					
Assets					
Property, plant and equipment	**9 603**	10 378	8 997	8 193	8 725
Right-of-use assets	**8 005**	9 024	8 320	7 136	6 606
Finance lease receivable	**4 215**	4 656	5 007	5 121	4 713
Goodwill and intangible assets	**8 165**	8 241	7 576	6 837	6 983
Loans and investments	**951**	994	970	896	1 120
Operating lease receivables	**0**	6	8	8	6
Prepayments	**236**	–	–	–	–
Employee benefit asset	**109**	–	–	–	–
Deferred taxation asset	**133**	219	254	228	223
Current assets	**26 583**	28 295	25 963	23 618	24 324
Assets classified as held for sale	**1 257**	12	23	30	39
Total assets	**59 257**	61 825	57 118	52 067	52 739

R million	2024	2023*	2022	2021	2020
Equity and liabilities					
Capital and reserves	**10 374**	10 222	10 009	8 379	7 890
Deferred taxation liability	**533**	545	435	312	278
Employment benefit obligations	**298**	254	249	811	1 270
Financial liability	**–**	–	–	50	50
Long-term borrowings	**5 072**	7 337	7 091	7 346	6 896
Provisions	**–**	–	–	–	–
Other non-current financial liabilities	**–**	–	–	–	–
Operating lease payable	**–**	–	–	–	–
Finance lease payable	**11 932**	13 396	13 018	12 052	11 200
Current liabilities	**29 685**	30 071	26 316	23 117	25 155
Liabilities associated with assets held for sale	**1 363**	–	–	–	–
Total equity and liabilities	**59 257**	61 825	57 118	52 067	52 739
Condensed statements of cash flows					
Cash flows from operating activities before dividends	**3 467**	4 823	3 831	3 620	5 221
Dividends paid	**–**	(437)	(1 387)	(1 837)	(1 378)
Cash flows from investing activities	**(334)**	(1 234)	(1 169)	(658)	(1 502)
Cash flows from financing activities	**(3 725)**	(2 638)	2 439	(2 541)	(1 821)
Net movement in cash and cash equivalents	**(592)**	514	(1 164)	(1 416)	520

* *Comparative information has been restated - Refer to note 43 of the consolidated annual financial statements for the year ended 30 September 2024 for further details.*

Financial value added statement

	2024 (R million)	% of Revenue	% Wealth created	2023 (R million)	% of Revenue	% Wealth created
Revenue	**155 286.0**			149 324		
Less: Net cost of products and services	**144 494.5**			139 186		
Value added	**10 791.5**			10 138		
Add: Income from investments/associates	**178.6**			150		
Wealth created	**10 970.1**	7.10	100.0	10 288	6.9	100.0
Applied to:						
Employees (salaries, wages, benefits)	**8 729.5**		79.6	7 966		77.4
Providers of capital	**355.2**		3.2	738		7.2
Interest on borrowings	**355.2**		3.2	304		3.0
Dividends to ordinary shareholders	**–**		–	434		4.2
Taxation	**491.0**		4.5	537		5.2
Replacement of assets	**1 042.5**		9.5	1 080		10.5
Retained in the Group	**351.9**		3.2	(32)		(0.3)
Wealth distributed	**10 970.1**		100.0	10 288		100.0

Reflecting on five years' ratios and statistics

	2024	2023	2022	2021	2020
Share performance					
Number of ordinary shares (millions)	**192.6**	192.6	192.6	192.6	192.6
Headline earnings per share (cents)	**736.7**	606.6	1 160.5	1 196.2	1 135.3
Dividends per share (cents)	**–**	–	400.0	816.0	855.0
Dividend cover (multiple)	**–**	–	2.9	1.47	1.33
Net asset value per share (cents)	**5 386.6**	5 313.2	5 201.0	4 350.5	4 102.2
Comprehensive income information					
Gross margin (%)	**11.9**	12.0	12.0	12.0	11.9
Operating profit margin (%)	**1.9**	1.7	2.5	2.7	2.8
Headline earnings (R million)	**1 418.7**	1 166.9	2 233.4	2 303.9	2 183.6
Shareholder return					
Return on equity (%)	**3.4**	4.0	23.4	27.9	27.0
Return on net assets (%)	**17.3**	17.8	34.3	40.5	43.6
Employee statistics					
Number of employees (corporate & DC)	**11 191**	10 512	10 385	10 281	10 168

	2024	2023	2022	2021	2020
Stock exchange statistics					
Market price per share					
– year end (cents)	**13 554**	11 628	14 336	19 642	18 965
– highest (cents)	**14 064**	16 533	20 323	20 884	21 622
– lowest (cents)	**8 558**	9 130	12 909	19 334	15 562
Number of share transactions	**458 246**	727 018	810 468	189 244	1 168 151
Number of shares traded (millions)	**184.9**	359.5	231.8	189.2	231.8
Number of shares traded as a percentage of total issued shares (%)	**96.0**	186.6	120.4	98.3	120.4
Value of shares traded (R million)	**20 518.2**	45 419.0	37 200.2	35 956.0	42 204.0
Earnings yield at year end (%)	**4.6**	8.3	8.5	6.1	6.0
Dividend yield at year end (%)	**0.0**	1.5	5.0	4.2	4.5
Price earnings ratio at year end (multiple)	**21.7**	12.0	11.8	16.4	16.7
Market capitalisation at year end net of treasury shares (R million)	**26 103**	22 396	27 584	37 818	36 509
Market capitalisation to shareholders' equity at year end (multiple)	**2.5**	2.2	2.8	4.5	4.6

Summarised financial statements

Directors' approval of the 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, No. 71 of 2008 (as amended) (Companies Act). The Group's independent external auditors, PricewaterhouseCoopers Inc., have audited the full financial statements and their unmodified report is enclosed therein. 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 summarised 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 2024, changes in equity 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 27 November 2024 and are signed on its behalf by:

MJ Bosman
Chairman

AP Swartz
Chief Executive Officer

27 November 2024

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 (No. 71 of 2008, as amended) of South Africa and that all such returns and notices appear to be true, correct and up to date.

N O'Brien
Interim company secretary

27 November 2024

The summarised group results have been prepared under the supervision of the Chief Financial Officer, Mr MW Godfrey, CA(SA), on behalf of The SPAR Group Ltd.

These summarised financial results are extracted from underlying 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 on the company's website. The directors take full responsibility for the preparation of the summarised consolidated financial results and that the financial information has been correctly extracted from the underlying annual financial statements.

Directors' report

The directors of the Company have the pleasure in submitting their report on the audited annual financial statements of the Company for the year ended 30 September 2024.

Nature of business

SPAR is a warehousing and distribution business listed on the JSE Limited (JSE) in the food and drug retailer's 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 2024 financial year.

Directorate and company secretary

During the financial year under review, the following changes to the composition of the Board occurred:

- Mr Andrew Waller resigned as independent non-executive director and Chairman of the Audit Committee effective 17 November 2023;
- Ms Jane Canny resigned as independent non-executive director effective 17 November 2023;
- Dr Elizabeth (Liesbeth) Botha and Ms Marie Jamieson were appointed as independent non-executive directors with effect from 1 February 2024;
- Ms Olufunke Ighodaro was appointed as an independent non-executive director and Chairman of the Audit Committee with effect from 21 February 2024; and
- Ms Shana Ashokumar resigned as Group Company Secretary effective 31 August 2024. Mr Neill O'Brien was appointed as the interim Group Company Secretary effective 1 September 2024.

Particulars relating to the directors' remuneration and interests and directors' share scheme interests are set out in notes 36 and 37 of the full annual financial statements.

Post the financial year end, the following changes to the composition of the Board occurred:

- Ms Trudi Makhaya has resigned as an independent non-executive director with effect from 31 December 2024;
- The Board approved the appointment of Mr Sundeep Naran as the new Chairperson of the Social, Ethics and Sustainability Committee.

Corporate governance

The directors are the custodians of corporate governance and subscribe to King IV. Refer to our governance structures, composition and functioning in the integrated report. Committee reports are disclosed as follows:

- Audit Committee report
- Nominations Committee report
- Remuneration Committee report
- Risk Committee report
- Social, Ethics and Sustainability Committee report

The directors are not aware of any material non-compliance with statutory or regulatory requirements. The directors confirm that the Company is in compliance with the provisions of the Companies Act, No. 71 of 2008, as amended, the Listings Requirements of the JSE Limited and the relevant laws governing its establishment, specifically relating to its incorporation; and operating in conformity with its Memorandum of Incorporation.

Financial results

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

Going concern

The Board believes that the Company and Group have adequate financial resources to continue in operation for the foreseeable future and accordingly the 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 full annual financial statements.

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

Dividends

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

Recognising the challenges facing the Group, the Board believed it was prudent not to declare a final dividend for the period ended 30 September 2024 (2023: No dividend was paid). The Board will reconsider this decision, depending on the prevailing macro and operating conditions going forward. Returning capital to shareholders in the form of dividends and responsible capital allocation remains a priority for the Board.

Share scheme

Particulars relating to the Company's share-based payments are set out in note 36 of the full annual financial statements.

Subsidiaries

The interest of the Company in the aggregate net profit/loss after taxation of subsidiaries was a loss of R133.9 million (2023: loss of R97.6 million). Details of the Company's principal subsidiaries are set out in note 14 of the full annual financial statements.

Special resolutions

The Company passed the following special resolutions at the annual general meeting held on 21 February 2024:

- 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. Refer to note 41 of the full annual financial statements for further detail.

Events after the reporting date

Matters or circumstances arising since the end of the 2024 financial year, which have or may significantly affect the financial position of the Company, or the results of its operations are disclosed in note 40 of the full annual financial statements.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 September 2024

	GROUP	
Rmillion	**2024**	2023 Represented*
Continuing operations		
Revenue – sale of merchandise	**152 337.5**	146 461.0
Cost of sales	**(134 158.4)**	(129 083.1)
Gross profit	**18 179.1**	17 377.9
Revenue – other	**3 145.5**	2 984.9
Other income	**299.6**	256.0
Net operating expenses	**(18 728.7)**	(18 102.1)
Warehousing and distribution expenses	**(5 876.1)**	(5 520.1)
Marketing and selling expenses	**(8 425.5)**	(7 697.9)
Administration and information technology expenses	**(4 210.0)**	(4 463.5)
Impairment of assets	**(69.7)**	(190.1)
Net ECL movement on financial assets	**(147.4)**	(230.5)
Operating profit	**2 895.5**	2 516.7
Other non-operating items	**(1.9)**	(13.0)
Finance income	**600.5**	577.2
Finance costs	**(1 383.5)**	(1 245.5)
Share of equity-accounted associate profits/(losses)	**6.3**	(7.0)
Profit before taxation	**2 116.9**	1 828.4
Taxation	**(468.6)**	(465.2)
Profit after taxation from continuing operations	**1 648.3**	1 363.2
Discontinued operation	**(1 296.4)**	(920.7)
Profit after taxation for the year	**351.9**	442.5
Attributable to:		
Equity holders of the Company	**351.9**	401.3
Non-controlling interests		41.2

	GROUP	
Rmillion	**2024**	2023 Represented*
Profit after taxation attributable to owners:	**351.9**	401.3
Continuing operations	**1 648.3**	1 322.0
Discontinued operation	**(1 296.4)**	(920.7)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of employee benefits	**(6.8)**	6.0
Deferred tax relating to remeasurement of employee benefits	**1.8**	(1.6)
Remeasurement of retirement funds	**81.9**	56.8
Deferred tax relating to remeasurement of retirement funds	**(9.9)**	(6.9)
Items that may be reclassified subsequently to profit or loss:		
Exchange rate differences from translation of foreign operations	**(260.9)**	530.8
Total comprehensive income	**158.0**	1 027.6
Attributable to:		
Equity holders of the Company	**158.0**	986.4
Non-controlling interests		41.2

* *The Polish operation has been classified as discontinued and comparative numbers represented. Refer to note 42 of the full annual financial statements for further detail.*

Consolidated statement of financial position

as at 30 September 2024

Rmillion	GROUP 2024	GROUP 2023 Restated*
ASSETS		
Non-current assets	**31 416.6**	33 517.6
Property, plant and equipment	**9 602.8**	10 378.1
Right-of-use assets*	**8 004.4**	9 023.1
Lease receivable*	**4 215.1**	4 656.3
Goodwill and intangible assets	**8 165.0**	8 241.3
Investment in associates and joint ventures	**159.2**	150.2
Other investments	**19.1**	17.8
Operating lease receivable	**0.1**	5.9
Loans and other receivables	**771.4**	807.9
Block discounting loan receivable	**1.4**	18.3
Prepayments	**235.9**	
Deferred taxation asset	**132.8**	218.7
Employee benefit asset	**109.4**	
Current assets	**26 583.0**	28 295.4
Inventories	**6 364.3**	6 760.2
Trade and other receivables*	**17 234.2**	18 396.1
Prepayments	**340.8**	282.8
Loans and other receivables	**118.7**	146.0
Current portion of block discounting loan receivable	**2.3**	14.0
Income tax receivable	**11.6**	38.3
Current portion of lease receivable*	**888.9**	950.0
Cash and cash equivalents – SPAR	**1 276.2**	1 421.7
Cash and cash equivalents – Guilds and trusts	**346.0**	286.3
Assets held for sale	**1 257.1**	11.7
Total assets	**59 256.7**	61 824.7

Rmillion	GROUP 2024	GROUP 2023 Restated*
EQUITY AND LIABILITIES		
Capital and reserves	**10 373.7**	10 221.6
Stated capital	**2 231.5**	2 231.5
Treasury shares	**(1.5)**	(1.5)
Reserves	**1 014.4**	1 213.7
Non-controlling interests		6.5
Retained earnings	**7 129.3**	6 771.4
Non-current liabilities	**17 835.8**	21 532.1
Deferred taxation liability	**533.5**	545.4
Employment benefit obligations	**297.9**	254.2
Long-term borrowings	**5 071.3**	7 318.2
Block discounting loan payable	**1.5**	18.7
Lease liability*	**11 931.6**	13 395.6
Current liabilities	**29 684.5**	30 071.0
Trade and other payables*	**22 275.6**	23 774.8
Current portion of financial liabilities*	**21.9**	
Current portion of long-term borrowings	**1 623.3**	947.0
Current portion of block discounting loan payable	**2.3**	15.2
Provisions	**50.4**	51.8
Current portion of lease liability*	**1 972.8**	2 110.5
Income tax payable	**41.3**	13.8
Bank overdrafts	**3 696.9**	3 157.9
Liabilities associated with assets held for sale	**1 362.7**	
Total equity and liabilities	**59 256.7**	61 824.7

* *Comparative information has been restated – refer to note 43 of the full annual financial statements for further detail.*

Consolidated statement of changes in equity

for the year ended 30 September 2024

Rmillion	Stated capital	Treasury shares	Currency translation reserve	Share-based payment reserve	Retained earnings	Equity reserve	Hedging reserve	Non-controlling interest	Total equity
GROUP									
Balance at 30 September 2022	2 231.5	(30.9)	706.3	285.8	6 644.7	(26.8)	(28.2)	226.7	10 009.1
Profit for the year					401.3			41.2	442.5
Remeasurement of employee benefits					4.4				4.4
Remeasurement of retirement funds					49.9				49.9
Recognition of share-based payments				8.8					8.8
Take-up of share options		38.0		(9.5)					28.5
Transfer arising from take-up of share options				9.5	(9.5)				–
Settlement of share-based payments		32.6		(32.9)	0.3				–
Treasury shares acquired		(41.2)							(41.2)
Dividends paid					(433.5)			(3.1)	(436.6)
Additional shareholding acquired from non-controlling interest					(116.3)			(258.3)	(374.6)
Share-based payments transferred to retained earnings				(230.1)	230.1				–
Exchange rate translation			530.8						530.8
Balance at 30 September 2023	2 231.5	(1.5)	1 237.1	31.6	6 771.4	(26.8)	(28.2)	6.5	10 221.6
Profit for the year					**351.9**				**351.9**
Remeasurement of employee benefits					**(5.0)**				**(5.0)**
Remeasurement of retirement funds					**72.0**				**72.0**
Recognition of share-based payments				**28.9**					**28.9**
Settlement of share-based payments		**16.9**		**(22.3)**	**5.4**				**–**
Treasury shares acquired		**(16.9)**							**(16.9)**
Additional shareholding acquired from non-controlling interest					**(11.4)**			**(6.5)**	**(17.9)**
Transfer to retained earnings					**(55.0)**	**26.8**	**28.2**		**–**
Exchange rate translation			**(260.9)**						**(260.9)**
Balance at 30 September 2024	**2 231.5**	**(1.5)**	**976.2**	**38.2**	**7 129.3**	**–**	**–**	**–**	**10 373.7**

Consolidated statement of cash flows

for the year ended 30 September 2024

	GROUP	
Rmillion	**2024**	2023
CASHFLOWS FROM OPERATING ACTIVITIES	**3 467.5**	4 386.7
Cash generated from operations	**4 805.6**	6 152.3
Finance income received	**614.9**	585.7
Finance costs paid	**(1 595.0)**	(1 373.9)
Taxation paid	**(358.0)**	(540.8)
Dividends paid		(436.6)
CASHFLOWS USED IN INVESTING ACTIVITIES	**(334.1)**	(1 234.3)
Acquisition of businesses/subsidiaries	**(192.3)**	(307.4)
Proceeds from disposal of businesses	**1.5**	8.7
Investment to expand PPE and intangible assets	**(659.1)**	(1 269.3)
Investment to maintain operations	**(473.6)**	(666.8)
– Replacement of PPE and intangible assets	**(599.3)**	(765.1)
– Proceeds on disposal of PPE and intangible assets	**125.7**	98.3
Principal element of lease receipts	**994.8**	919.4
Cash inflows on loans and investments	**319.6**	413.2
Cash outflows on loans and investments	**(325.0)**	(332.1)
CASHFLOWS USED IN FINANCING ACTIVITIES	**(3 724.9)**	(2 638.4)
Sale of treasury shares		28.5
Principal element of lease payments	**(2 248.7)**	(2 114.4)
Proceeds from borrowings	**1 187.7**	343.9
Principal element of repayments of borrowings	**(2 632.7)**	(612.1)
Non-controlling interest share repurchases	**(14.3)**	(187.1)
Settlement of financial liability		(56.0)
Treasury shares acquired	**(16.9)**	(41.2)
Net (decrease)/increase during the year	**(591.5)**	514.0
Net overdrafts at the beginning of the year	**(1 449.9)**	(1 900.2)
Exchange rate translation	**(33.3)**	(63.7)
Net overdrafts at the end of the year	**(2 074.7)**	(1 449.9)

The cash flows above are derived from both continuing and discontinued operations, refer to note 42 of the full annual financial statements for cash flows relating to the discontinued operation.

Notes to the summarised consolidated financial results

for the year ended 30 September 2024

1. Statement of compliance and basis of preparation

The summarised consolidated group results for the year ended 30 September 2024 have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council. The report contains the information required by International Accounting Standard IAS 34: Interim Financial Reporting and is in compliance with the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act, No. 71 of 2008 (as amended) (Companies Act). The accounting policies as well as the methods of computation used in the preparation of the results for the period ended 30 September 2024 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 30 September 2023.

The presentation currency is the South African rand, rounded to the nearest million, except where otherwise indicated.

2. Headline earnings

		GROUP	
Rmillion		**2024**	**2023**
Headline earnings			
Profit for the year attributable to equity holders of the Company		**351.9**	401.3
Adjusted for:			
Loss on sale of PPE and intangible assets		**21.1**	35.8
Write-off of SAP asset under construction		**13.0**	94.1
Impairment of assets held for sale		**995.1**	2.1
Impairment of goodwill		**19.7**	344.5
Impairment of PPE and intangible assets			229.3
Impairment of right-of-use asset			56.4
Loss on disposal of businesses		**17.9**	3.4
Headline earnings		**1 418.7**	1 166.9
Headline earnings from discontinued operation		**(349.0)**	(422.1)
Headline earnings from continuing operations		**1 767.7**	1 589.0
Headline earnings per share			
Basic	cents	**736.7**	606.6
Diluted	cents	**736.4**	606.3
Headline earnings per share from discontinued operation			
Basic	cents	**(181.2)**	(219.4)
Diluted	cents	**(181.2)**	(219.3)
Headline earnings per share from continuing operations			
Basic	cents	**917.9**	826.0
Diluted	cents	**917.5**	825.7

3. Segment reporting

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

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 is the chief operating decision maker (CODM) and assesses the performance of the operating segments based on profit before tax and for joint ventures and associates based on earnings after tax, and 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 and are therefore disclosed as separate reportable segments.

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, and IFRS adjustments made by segments to their management report for the purposes of IFRS compliance. These assets and liabilities are all directly attributable to the segments.

The principal activity of the reporting 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*	Consolidated Total
2024					
Statement of profit or loss					
Revenue from contracts with customers	**97 110.6**	**41 323.6**	**17 048.8**		**155 483.0**
Cost of sales	**86 868.6**	**34 486.8**	**12 803.0**		**134 158.4**
Depreciation and amortisation	**496.0**	**789.0**	**969.3**		**2 254.3**
Total employment costs	**3 520.4**	**2 808.3**	**1 975.2**		**8 303.9**
Impairment of goodwill	**19.7**				**19.7**
Delivery costs – Fuel	**950.1**	**633.0**	**132.3**		**1 715.4**
Advertising	**1 102.2**	**270.3**	**298.6**		**1 671.1**
Operating profit	**1 461.0**	**1 216.8**	**217.7**		**2 895.5**
Profit before tax	**1 108.0**	**925.1**	**83.8**		**2 116.9**
Finance income	**572.0**	**15.8**	**12.7**		**600.5**
Finance costs	**931.3**	**305.6**	**146.6**		**1 383.5**
Share of equity-accounted associate profits	**6.3**				**6.3**
Taxation	**368.5**	**82.8**	**17.3**		**468.6**
Statement of financial position					
Total assets	**27 750.6**	**18 177.5**	**12 281.8**	**1 046.8**	**59 256.7**
Total liabilities	**24 395.4**	**13 120.1**	**9 227.4**	**2 140.1**	**48 883.0**
2023					
Statement of profit or loss					
Revenue from contracts with customers	93 630.6	38 742.2	17 073.1		149 445.9
Cost of sales	83 783.4	32 381.0	12 918.7		129 083.1
Impairment of PPE and intangible assets		53.7			53.7
Depreciation and amortisation	472.2	722.1	964.2		2 158.5
Total employment costs	3 232.5	2 501.2	1 855.6		7 589.3
Impairment of goodwill	66.7	67.0			133.7
Delivery costs – Fuel	948.3	620.9	175.6		1 744.8
Advertising	1 176.2	247.5	319.7		1 743.4
Operating profit/(loss)	1 217.6	1 062.3	236.8		2 516.7
Profit/(loss) before tax	942.0	773.3	113.1		1 828.4
Finance income	557.0	9.2	11.0		577.2
Finance costs	835.4	275.4	134.7		1 245.5
Share of equity-accounted associate profits/(losses)	3.0	(10.0)			(7.0)
Taxation	313.6	125.2	26.4		465.2
Statement of financial position					
Total assets	27 953.4	18 678.1	13 192.6	2 000.6	61 824.7
Total liabilities	23 680.8	14 409.5	10 174.3	3 338.5	51 603.1

* *The Polish operation has been classified as discontinued and comparative numbers re-presented. Refer to note 42 of the full annual financial statements for further detail.*

Segment disclosure of material costs for 2024 and 2023 has been provided in accordance with IFRS 8.23(f).

3. Segment reporting continued

Rmillion	GROUP 2024	GROUP 2023
Disaggregated Revenue as reviewed by the CODM		
Southern Africa		
Revenue – sale of merchandise	**95 997.1**	92 611.9
SPAR	**72 793.8**	70 749.1
TOPS at SPAR	**11 156.6**	10 197.4
Build it	**9 928.4**	9 706.7
S Buys	**1 762.8**	1 539.1
Encore	**355.5**	419.6
Revenue – Other	**1 113.5**	1 018.7
Revenue from contracts with customers	**97 110.6**	93 630.6
Ireland		
Revenue – sale of merchandise	**40 674.3**	38 137.5
BWG	**35 016.5**	32 476.5
Appleby Westward	**5 657.8**	5 661.0
Revenue – Other	**649.3**	604.7
Revenue from contracts with customers	**41 323.6**	38 742.2
Switzerland		
Revenue – sale of merchandise	**15 666.1**	15 711.6
Wholesale	**7 371.9**	7 526.1
TopCC	**5 955.5**	5 957.8
Retail	**2 338.7**	2 227.7
Revenue – Other	**1 382.7**	1 361.5
Revenue from contracts with customers	**17 048.8**	17 073.1
Total Revenue – sale of merchandise	**152 337.5**	146 461.0
Total Revenue – other	**3 145.5**	2 984.9
Total Revenue from contracts with customers	**155 483.0**	149 445.9

4. Cash generated from operations

Rmillion	GROUP 2024	GROUP 2023
Operating profit/(loss) from:		
Continuing operations	**2 895.5**	2 516.7
Discontinued operation	**(1 100.7)**	(699.7)
Operating profit including discontinued operation	**1 794.8**	1 817.0
Adjusted for the following items recognised in profit or loss:		
Depreciation and amortisation	**2 277.1**	2 266.3
Net loss on disposal of PPE and Intangible assets	**21.1**	35.8
Write-off of SAP asset under construction	**13.0**	94.1
Movement in employee benefit provisions	**14.1**	94.7
Movement in employee benefit provisions – Retirement fund	**4.7**	(19.1)
Movement in financial guarantee liability	**21.9**	
Share-based payment expenses	**30.7**	14.2
Movement in provisions raised against trade receivables and loans	**296.8**	62.4
Gain on lease modification	**(11.0)**	(18.5)
Lease smoothing adjustment	**0.6**	0.2
Loss on disposal of businesses	**17.9**	3.4
Impairment of subsidiary investment		
Impairment of goodwill	**19.7**	344.5
Impairment of PPE and Intangible assets		229.3
Impairment of right-of-use asset		56.4
Loan write off	**(13.8)**	120.5
Fair value adjustment – other investments	**(0.5)**	(2.7)
Impairment of assets held for sale	**995.1**	2.1
Dividend income		
Other	**(4.8)**	8.2
Foreign exchange adjustments	**(93.7)**	(112.7)
Cash generated from operations before:	**5 383.7**	4 996.1
Net working capital changes	**(578.1)**	1 156.2
Decrease/(increase) in inventories	**135.7**	262.0
Decrease in trade and other receivables	**(29.4)**	(951.0)
(Decrease)/Increase in trade payables and provisions	**(684.4)**	1 845.2
Cash generated from operations	**4 805.6**	6 152.3

5. Business combinations

5.1 Acquisitions

Retail stores acquired

During the financial year, SPAR acquired the assets of five retail stores in South Africa (2023: seven), one of which is leased to an independent retailer trading the store for his account. The BWG Group acquired the assets of four stores in the United Kingdom (UK) and Ireland (2023: seven stores in the UK). The principal activity of these acquisitions is that of retail trade and all its aspects. The UK retail stores were purchased as part of the strategy for growth, while the stores purchased by BWG Group and SPAR South Africa were largely for defensive reasons. The goodwill arising on the business combinations is indicative of future turnover expected to be made by the Group as a result of wholesale sales to these acquired stores as well as net profits to be made by the stores. These acquisitions were funded from available cash resources.

Ireland wholesale business

On 2 April 2024, the BWG group purchased the trade and assets of Faherty Wholesale for R9.3 million. The contingent consideration for this acquisition is based on the performance of this company during the measurement period. The measurement period for this acquisition is 12 months, commencing 2 April 2024. The wholesale business was acquired to access their customer base and new markets, and to avail of economies of scale and synergies. This acquisition was funded from available cash resources.

KS Market Sp. z o.o.

On the 20 June 2024, SPAR Poland acquired the entire share capital of KS Market Sp. z o.o.. KS Market is a retail company that owns four retail stores located in and around Poznan.

GROUP

Rmillion	2024 SA Retail Stores	UK and Irish Retail Stores	Ireland wholesale business	KS Market Sp. z o.o.	Total
Assets	**12.5**	**145.4**	**2.0**	**23.5**	**183.4**
Property, plant and equipment	12.5	111.5		3.1	127.1
Right-of-use assets		26.1			26.1
Trade and other receivables		1.2		8.4	9.6
Cash and cash equivalents		0.2		2.9	3.1
Inventories		6.4	2.0	9.1	17.5
Liabilities	**(0.2)**	**(26.5)**		**(94.5)**	**(121.2)**
Lease liability		(26.1)		(0.7)	(26.8)
Long term borrowings				(6.2)	(6.2)
Trade and other payables	(0.2)	(0.4)		(87.6)	(88.2)
Total identifiable net assets/(liabilities) at fair value	12.3	118.9	2.0	(71.0)	62.2
Goodwill arising from acquisition	43.6	14.2	7.3	71.0	136.1
Purchase consideration	55.9	133.1	9.3		198.3
Cash balances acquired		(0.2)		(2.9)	(3.1)
Business acquisition costs		1.9			1.9
Contingent consideration			(4.8)		(4.8)
Net cash outflow/(Inflow) on acquisition	**55.9**	**134.8**	**4.5**	**(2.9)**	**192.3**

5.2 Assets and liabilities at date of disposal

The assets and liabilities disposed of relate to three South African retail stores (2023: Three retail stores).

Rmillion	GROUP 2024 SA Retail stores
Assets	**19.4**
Property, plant and equipment	4.7
Goodwill	14.7
Loss on disposal of businesses	(17.9)
Proceeds	**1.5**
Net cash inflow on disposal	1.5

5.3 Contribution to results for the year

	GROUP				
	2024				
Rmillion	SA Retail Stores	UK and Irish Retail Stores	Ireland wholesale business	KS Market Sp. z o.o.	Total
Revenue	242.9	37.1	19.7	46.2	345.9
Operating (loss)/profit	(10.9)	(1.6)	1.0	(0.7)	(12.2)

Had all acquisitions been consolidated from the beginning of the financial year, the contribution to the results would have been as follows:

	GROUP				
	2024				
Rmillion	SA Retail Stores	UK and Irish Retail Stores	Ireland wholesale business	KS Market Sp. z o.o.	Total
Revenue	556.7	182.8	40.9	194.3	974.7
Operating (loss)/profit	(45.0)	6.4	2.1	(4.1)	(40.6)

5.4 Cash flow on acquisition of business/subsidiaries

The cash flow on acquisition of businesses/subsidiaries is noted as being the amount disclosed in note 33.1 and the contingent consideration and deferred consideration as described below.

	GROUP	
Rmillion	**2024**	2023
Net cash outflow	**192.3**	301.6
Contingent consideration cash outflow on prior year business combinations		5.8
Total net cash outflow relating to acquisitions	**192.3**	307.4

5.5 Contingent and deferred consideration

Faherty Wholesale's contingent consideration of R4.8 million will be payable in April 2025 and is based on the 12 month sales performance in the measurement period.

In the current period, the contingent consideration on the Ireland wholesale businesses purchased in 2023 was increased by R10.1 million in line with their performance expectations.

6. Financial guarantees

Financial guarantees may be provided by the Group to subsidiaries and affiliates. These financial guarantees are accounted for in terms of IFRS 9 and measured at the higher of fair value or expected credit loss. Management has formally assessed the IFRS 9 fair values of the guarantees and confirms that no legal obligation exists at the reporting date to settle these guarantees issued.

Management's assessment is based on the principles of IFRS 13 *Fair value measurement* and 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 monitoring of covenants.

The Company has also provided a financial guarantee on the TIL JV Ltd bank facilities to the value of EUR249.8 million (2023: EUR289.2 million), and the SPAR Holding AG borrowing facilities to the value of CHF32.0 million (2023: CHF40.0 million).

The SPAR Group had a facility with WesBank where SPAR undertook to stand guarantee for loans issued to retailers up to a limit of R1.0 billion. This facility arrangement was concluded under a direct deal basis which meant that the retailer signed the loan agreement directly with the bank and SPAR signed a separate guarantee for this loan. Exposure on the direct deals facility is disclosed as a financial guarantee and is not recognised on our balance sheet. The balance disclosed in the statement of financial position as at September 2024 relate to the full recourse deals.

The Company has also provided a financial guarantee on the NPI Sp. z o.o. bank facilities to the value of EUR40.0 million (2023: EUR105.0 million).

The Group has provided a limited guarantee relating to a loan facility held by Numlite (Pty) Ltd exposing the Group to credit risk in the event that Numlite (Pty) Ltd defaults on its loan facility payments. In 2009 the Company sold its investment in retail computer equipment and ceded its right to receive payment of the existing and future rental streams to Numlite (Pty) Ltd, who in turn raises finance via a loan facility with an independent financial institution. At year end, 1 067 SPAR stores (2023: 1 079), 788 TOPS at SPAR stores (2023: 764), 22 Pharmacy at SPAR stores (2023: 57) and 133 Build it stores (2023: 120) were participants in the IT retail scheme, with an average debt of R107 065 per store (2023: R115 680).

	GROUP	
Rmillion	**2024**	2023
Financial risk management		
Financial instruments classification		
Financial assets held at amortised cost		
Loans and other receivables	**890.1**	953.9
Block discounting loan receivable	**3.7**	32.3
Lease receivable*	**5 104.0**	5 606.3
Trade and other receivables*	**17 234.2**	18 396.1
Financial liabilities at amortised cost		
Net bank overdrafts	**(2 074.7)**	(1 449.9)
Block discounting loan payable	**(3.8)**	(33.9)
Lease liability*	**(13 904.4)**	(15 506.1)
Trade and other payables*	**(22 275.6)**	(23 774.8)
Borrowings	**(6 694.6)**	(8 265.2)
Financial guarantee liabilities*	**(21.9)**	

* *Comparative information has been restated – refer to note 43 of the full annual financial statements for further detail.*

The Company and Group's financial instruments primarily consist of bank balances and overdraft funding from banks, trade payables, loans and other receivables, block discounting loans, borrowings, financial liabilities and trade receivables. The carrying amount of trade receivables, after accounting for the expected credit losses and bad debts written off, approximates fair value.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Concentrations of risk are assessed by considering financial instruments with similar maturity profiles and those which are payable in foreign currencies.

The Group has the following overdraft/call facilities at its disposal:

	Southern Africa		Ireland		Switzerland	
Rmillion	**2024**	2023	**2024**	2023	**2024**	2023
Unsecured bank overdraft facilities, reviewed annually, and at call:						
– Utilised as at year end	**2 697.2**	2 601.8	**237.1**	15.9		
– Unutilised	**4 301.8**	2 987.2	**470.5**	906.5	**400.0**	355.5
Total available overdraft/call and borrowing facilities	**6 999.0**	5 589.0	**707.6**	922.4	**400.0**	355.5

7. Commitments

Capital commitments

	GROUP	
Rmillion	**2024**	2023
Contracted	**668.2**	377.7
Approved but not contracted	**716.6**	984.1
Total capital commitments	**1 384.8**	1 361.8
Analysed as follows:		
Property, plant and equipment	**411.0**	567.8
Intangible assets	**820.8**	779.7
Investments	**153.0**	14.3

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 in terms of IFRS 9 and measured at the higher of fair value or expected credit loss. Management has formally assessed the IFRS 9 fair values of the guarantees and confirms that no legal obligation exists at the reporting date to settle these guarantees issued.

Management's assessment is based on the principles of IFRS 13 *Fair value measurement* and 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 monitoring of covenants.

The SPAR Group had a facility with WesBank where SPAR undertook to stand guarantee for loans issued to retailers up to a limit of R1.0 billion. This facility arrangement was concluded under a direct deal basis which meant that the retailer signed the loan agreement directly with the bank and SPAR signed a separate guarantee for this loan. Exposure on the direct deals facility is disclosed as a financial guarantee and is not recognised on our balance sheet. The balance disclosed in the statement of financial position as at September 2024 relate to the full recourse deals.

The Group has provided a limited guarantee relating to a loan facility held by Numlite (Pty) Ltd exposing the Group to credit risk in the event that Numlite (Pty) Ltd defaults on its loan facility payments. In 2009 the Company sold its investment in retail computer equipment and ceded its right to receive payment of the existing and future rental streams to Numlite (Pty) Ltd, who in turn raises finance via a loan facility with an independent financial institution. At year end, 1 067 SPAR stores (2023: 1 079), 788 TOPS at SPAR stores (2023: 764), 22 Pharmacy at SPAR stores (2023: 57) and 133 Build it stores (2023: 120) were participants in the IT retail scheme, with an average debt of R107 065 per store (2023: R115 680).

The table below represents the full exposure of the Group in relation to utilisation on these financial guarantees as at 30 September:

	GROUP	
Rmillion	**2024**	2023
Guarantee of WesBank direct deal loan agreements	**359.1**	495.0
Guarantee of retailer finance obligation	**31.7**	34.8
Guarantee of Numlite (Pty) Ltd finance obligations	**215.2**	233.7
	606.0	763.5

9. Events after the reporting date

On 4 November 2024, the Group entered into a sale agreement for the disposal of the property owned by Knowles Shopping Centre Investments Proprietary Limited and the Central Office Building owned by the SPAR Group Limited as described in note 42 of the full annual financial statements. The sale agreement is subject to certain conditions precedent, which are anticipated to be fulfilled in the upcoming months.

This transaction is considered a non-adjusting event in accordance with IAS 10 *Events after the Reporting Period*, as the sale agreement was signed after the reporting date and does not provide evidence of conditions that existed at the reporting date. Consequently, no adjustments have been made to the financial statements as at 30 September 2024 in respect of this transaction.

Post the end of the financial year management have formally decided to dispose of a non-core property on the West Rand.

Appointment of new directors

The Board has resolved to appoint Mr Moegamat Reeza Isaacs as Group Chief Financial Officer Designate with effect from 1 November 2024, and as Group Chief Financial Officer and as an executive director of the Board with effect from 1 January 2025.

Changes to the Board

Ms Trudi Makhaya has resigned as an independent non-executive director with effect from 31 December 2024.

The Board approved the appointment of Mr Sundeep Naran as the new Chairperson of the Social, Ethics and Sustainability Committee.

10. Contingent liability

Southern Africa

As was initially reported in 2022, summons was served on the Company by one of its larger retailers, the Giannacopoulos Group, for alleged damages of R2.1 billion arising from a membership dispute. The Company denied any liability and has filed a plea to defend the matter.

Management have engaged extensively with the retailer and while many issues have been successfully resolved, a few major dispute matters could not be finalised. The parties have agreed that the dispute be dealt with through a legal process. The Company remains satisfied that, based on legal opinion, there is insufficient evidence to substantiate the claim and does not recognise any liability for damages.

Switzerland

The Swiss business has received a notification of an "intention to sanction" from the Swiss Competition Commission (WEKO) regarding findings in connection with compensation received from a trading and service cooperative. The Company has been given the opportunity to respond to the notice, make representations relating to the findings and to make submissions as to why some, or all, of the intended sanctions should not be imposed. The Company has engaged a specialist lawyer to examine the claim and to prepare formal responses. It is therefore not yet possible to reliably estimate the form of any resolution or amount of any possible sanction.

Informing shareholder decisions

Analysis of ordinary shareholders as at 30 September 2024

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	4	0.01%	250 545	0.14%
Directors and associates	2	0.01%	184 459	0.10%
Treasury	1	0.00%	53 097	0.03%
Share schemes	1	0.00%	12 989	0.01%
Public shareholders	23 234	99.99%	192 351 810	99.86%
Total	23 238	100.00%	192 602 355	100.00%

Beneficial shareholders with a holding greater than 5% of the issued shares	Number of shares	% of issued capital
Government Employees Pension Fund	43 945 206	22.82%
Allan Gray	15 120 683	7.85%
M & G Investments	12 895 373	6.70%
Alexander Forbes Investments	10 678 839	5.54%
Old Mutual Group	10 580 495	5.49%
Total	93 220 596	48.40%

Notice of annual general meeting

Notice is hereby given to shareholders that the annual general meeting (AGM) of The SPAR Group Ltd (the Company) is scheduled to be held via electronic medium and in the Company's boardroom, The Umhlanga Arch, 1 Ncondo Place, Umhlanga Ridge, Durban, South Africa, on Friday, 28 February 2025 at 09:00 (South African Standard Time) (subject to any cancellation, postponement or adjournment) to consider and, if deemed appropriate, approve with or without modification, the ordinary and special resolutions as set out in this notice of AGM (notice) and deal with such other business as may lawfully be dealt with at the AGM. References to 'the Board' in this notice refer to the directors of the Company.

A hybrid AGM will take place allowing shareholders and/or investors to participate by either electronic communication or in person at the Company's registered office. Accordingly, the AGM will also be accessible through electronic communication, as permitted by the JSE Limited and in accordance with the provisions of the Companies Act, No. 71 of 2008 (the Companies Act) and the Company's Memorandum of Incorporation (MOI) and any reference in this notice to 'present in person or represented by proxy' shall also include a reference to a person who is present in person (or able to participate in the AGM by electronic communication) or represented by proxy (which proxy is present in person or able to participate in the AGM by electronic communication).

The Company has secured the services of The Meeting Specialist Proprietary Limited (TMS) to remotely host the AGM on an interactive electronic platform, in order to facilitate remote attendance, participation and voting by shareholders. The transfer secretaries, JSE Investor Services Proprietary Limited (JIS), have been retained to act as scrutineer for purposes of the AGM.

Although voting will be permitted by way of electronic communication, shareholders are encouraged to make use of forms of proxy for purposes of voting at the AGM.

Irrespective of whether a shareholder is attending the meeting in person from the registered office of the Company or electronically, all shareholders are required to register to attend, participate in and vote at the AGM either in person or via the electronic platform. To this end, all shareholders participating in the meeting, either in person or electronically, must have an internet-enabled device (e.g. phone, laptop or a desktop) capable of browsing a regular website.

Shareholders will not be able to vote via the electronic platform if their voting instructions/proxy forms have been submitted prior to the AGM.

Arrangements with regard to the electronic meeting are detailed in the section of this notice titled 'Meeting guide for shareholders: How to access the virtual AGM'.

If you are in any doubt about the action you should take, consult your broker, central securities depository participant (CSDP), banker, financial advisor, accountant or other professional advisor immediately.

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 required for the adoption of ordinary resolutions 1 to 5 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:

Presentation of the annual financial statements

To present the annual financial statements for the year ended 30 September 2024, incorporating the directors' report, Audit Committee report and independent auditor's report, in accordance with section 61(8) of the Companies Act.

To present the report of the Social, Ethics and Sustainability Committee on the matters within its mandate, in accordance with regulation 43 of the Companies Regulations, 2011.

The Company's annual financial statements are available on the Company's website at https://thespargroup.com/wp-content/uploads/2024/11/SPAR_Group_FY24_AFS.pdf, and the report of the Social, Ethics and Sustainability Committee is set out on pages 73 to 75 of the integrated annual report of which this notice forms part.

Ordinary resolution number 1 – Confirmation of appointment of directors

"Resolved, each by way of a separate vote, that the following appointments be and are hereby confirmed:

- Funke Ighodaro as an independent non-executive director with effect from 21 February 2024
- Reeza Isaacs as an executive director with effect from 1 January 2025."

The Nominations Committee conducted an assessment of the eligibility of Funke Ighodaro as an independent non-executive member and of Reeza Isaacs as an executive member of the Board and the Board accepted the results of the assessments. Accordingly, the Board recommends their appointments to shareholders.

Brief *curricula vitae* for Funke Ighodaro and Reeza Isaacs can be found on pages 58 to 59 of the integrated annual report of which this notice forms part.

Ordinary resolution number 2 – Re-election of non-executive directors retiring by rotation

It is recorded that

- Mike Bosman, Pedro da Silva and Shirley Zinn retire as non-executive directors of the Company in terms of the MOI,
- each of these directors, being eligible, offer themselves for re-election.

"Resolved, each by way of a separate vote, that Mike Bosman, Pedro da Silva and Shirley Zinn are hereby re-elected as non-executive directors of the Company."

The Nominations Committee conducted an assessment of the performance and independence of Mike Bosman, Pedro da Silva and Shirley Zinn and the Board accepted the results of the assessment. Accordingly, the Board recommends their re-elections to shareholders.

Brief curricula vitae for Mike Bosman, Pedro da Silva and Shirley Zinn can be found on page 58 of the integrated annual report of which this notice forms part.

Ordinary resolution number 3 – Re-election of the independent external auditor

"Resolved, each by way of a separate vote, that PricewaterhouseCoopers Incorporated be re-elected as the independent external audit firm of the Company, and that Pieter Pelcher be appointed as the new designated individual audit partner, to hold office for the ensuing financial year."

The Audit Committee considered the suitability of the external audit firm and designated audit partner, considering paragraph 3.84(g)(iii) read with paragraphs 3.86 and 3.87 of the JSE Listings Requirements. Having satisfied itself that they continue to meet the independence, and skills and expertise requirements for the audit, the Audit Committee recommends that PricewaterhouseCoopers Incorporated and Pieter Pelcher be appointed as independent auditor and designated audit partner, respectively.

Ordinary resolution number 4 – 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 effect, until the conclusion of the next AGM of the Company:

- Funke Ighodaro, subject to adoption of the proposed ordinary resolution number 1,
- Lwazi Koyana, and
- Sundeep Naran."

Reason and effect

Shareholders are required to elect the Audit Committee at each AGM of the Company, in accordance with the Companies Act.

The Nominations Committee assessed the suitability of each member, taking into consideration independence, performance, and skill and expertise requirements, and the Board accepted the results of the assessment. Accordingly, the Board recommends their election as members of the Audit Committee to shareholders.

Brief curricula vitae for Funke Ighodaro, Lwazi Koyana and Sundeep Naran can be found on pages 58 to 59 of the integrated annual report of which this notice forms part.

Ordinary resolution number 5 – Authority to issue shares for the purpose of The SPAR Group Limited Conditional Share Plan (CSP)

"Resolved that such number of the ordinary shares in the authorised but unissued capital of the Company, required for the purpose of the CSP, be and is 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, 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. However, the rules of the CSP are flexible to allow for settlement by way of a market purchase of shares, the use of treasury shares, or the issue of shares. 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 an issue of shares for these purposes.

Ordinary resolution number 6 – 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."

Should 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 therefor. It undertakes to make recommendations based on the feedback received.

The remuneration policy report can be found on pages 84 to 94 of the integrated annual report of which this notice forms part.

Ordinary resolution number 7 – 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."

Should 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 therefor. It undertakes to make recommendations based on the feedback received.

The remuneration implementation report can be found on pages 95 to 99 of the integrated annual report of which this notice forms part.

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 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:

Special resolution number 1 – Financial assistance to related or inter-related parties

"Resolved that, with effect from 1 March 2025, directors of the Company, in terms of section 45 of the 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."

Reason and effect

This resolution is required 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 within that category.

Special resolution number 2 – Non-executive directors' fees

"Resolved that with effect from 1 March 2025, until the earlier of this resolution being replaced or two years from the date of passing of this resolution, the remuneration payable to the non-executive directors for their services as directors of the Company is as listed in the table below under "Proposed fees". With the exception of the fees for the Chairman and Deputy Chair of the Board (who will be paid purely on a retainer basis) and ad hoc meeting fees, the total annual fees for all other Board and Board Committee roles will be paid on a retainer and attendance per meeting basis (based on a 40% retainer and 60% for the scheduled meetings during the year)."

	Current per annum (VAT exclusive)	Proposed fees per annum (VAT exclusive)	Increase (%)
Board			
Chairman (representing an all-inclusive fee for participation in all scheduled meetings of the Board and committees)	R2 902 060	R3 047 163	5.0%
Deputy Chair (representing an all-inclusive fee for participation in all scheduled meetings of the Board and committees)	R1 519 245	R1 549 630	5.0%
South African resident member	R539 123	R566 078	5.0%
Non-South African resident member (representing an all-inclusive fee for membership and participation in scheduled meetings of the Board and committees)	€84 000	€88 200	5.0%
Audit Committee			
Chair	R423 438	R444 610	5.0%
Member	R225 912	R237 208	5.0%
Risk Committee			
Chairman	R306 281	R321 595	5.0%
Member	R151 368	R158 936	5.0%
Social, Ethics and Sustainability Committee			
Chair	R229 226	R240 687	5.0%
Member	R135 786	R142 575	5.0%
Remuneration Committee			
Chair	R291 312	R305 878	5.0%
Member	R135 786	R142 575	5.0%
Nominations Committee			
Chairman	R217 487	R225 211	5.0%
Member	R135 786	R142 786	5.0%
Business Transformation Committee			
Chair	–	R305 878	n/a
Member	–	R142 575	n/a
***Ad hoc* meetings and other assignments**			
South African resident members (including the Chairman and Deputy Chair of the Board)			
Daily fee (if meeting exceeds four hours)	R32 722	R34 358	5.0%
Hourly fee	R5 565	R5 843	5.0%
Non-South African resident members			
Daily fee (if meeting exceeds four hours)	€3 157	€3 315	5.0%
Hourly fee	€537	€564	5.0%

Reason and effect

This resolution is required to comply with the requirements of sections 65(11)(h) and 66(9) of the Companies Act, which provide that remuneration may only be paid to directors of a profit company in accordance with a special resolution approved by the shareholders within the previous two years. The Company's MOI does not limit, restrict or qualify the Company's power to pay remuneration to its directors for their service.

The Chairman and Deputy Chair of the Board continue to be remunerated on a full retainer basis, as they are required to attend and participate in all Board and committee meetings irrespective of whether they are members.

The Board recommends an inflationary increase of 5% to the non-executive directors' fees with effect from 1 March 2025.

During 2024, the Board approved the formation of a new committee, the Business Transformation Committee. The purpose of the committee is to oversee and provide guidance on all matters related to the transformation of the Company's business model, operations, processes, digital technology platforms and strategies. Membership of the committee comprises four non-executive directors as well as the Chief Executive Officer and the Chief Operating Officer. The resolution provides for the payment of fees to the non-executive director members of the committee.

To transact such other business as may be transacted at an AGM

Record date

The record date set by the Board to determine which shareholders are entitled to:

- Receive this notice is Friday, 3 January 2025 (the date on which a shareholder must be registered in the Company's securities register to receive this notice).
- Participate in, and vote at, the AGM is Friday, 21 February 2025. Accordingly, the last day to trade for a shareholder to be eligible to vote at the AGM is Tuesday, 18 February 2025.

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 AGM and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead at the AGM. The person so appointed need not be a shareholder.

Forms of proxy should be forwarded to reach the Company's transfer secretaries, JIS, PO Box 4844, Johannesburg, 2000, or meetfax@jseinvestorservices.co.za, by no later than 09:00 (South African Standard Time) on Wednesday, 26 February 2025. Thereafter, a form of proxy must be handed to the Chairman of the AGM before the appointed proxy may exercise any rights of the shareholder at the AGM. Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised shares with own name registration.

A form of proxy is attached.

Subject to the rights and other terms associated with any class of shares, on a poll, every shareholder present 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.
- Should 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

1. The Company has secured the services of TMS to host the AGM on an interactive platform, in order to facilitate electronic participation and voting by shareholders. The online shareholder meeting guide contains detailed information in this regard and is attached to this notice.
2. All shareholders are entitled to attend and participate via the use of the electronic platform. Any shareholder (or a representative or proxy for a shareholder) who wishes to attend, participate in and/or vote at the AGM by way of electronic participation, must contact TMS at proxy@tmsmeetings.co.za or on 084 433 4836 or 081 711 4255 as soon as possible, and for administrative purposes, by no later than 09:00 (South African Standard Time) on Wednesday, 26 February 2025.

   This is in order for TMS to arrange such participation for the shareholder and to provide the shareholder with the details as to how to access the AGM by means of electronic participation.

   Shareholders may still register/apply to participate in and/or vote electronically at the AGM after this date, provided, however, that those shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the AGM.

Any person wishing to attend the AGM as an observer, must contact TMS on the details provided above to register to attend the meeting, by no later than 09:00 (South African Standard Time) on Wednesday, 26 February 2025. Such attendance may be allowed at the discretion of the Company Secretary of the Company.

3. Shareholders participating in the AGM by way of electronic communication may still appoint a proxy to vote on their behalf at the AGM.
4. The cost of electronic participation in the AGM is for the expense of the shareholder so participating and will be billed separately by the shareholder's own service provider.
5. Each shareholder by their participation in the AGM, acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the shareholder or anyone else. In particular, but not exclusively, each shareholder that participates in the AGM acknowledges that they will have no claim against the Company, the directors or any employees or representatives of the Company for any direct or indirect damages or for consequential damages or otherwise, arising from the use of the electronic services or any defect in them or from total or partial failure of the electronic services and connections linking the shareholder who participates or wishes to participate via the electronic services to the AGM. The Company does not and cannot guarantee there will not be a break in electronic communication.

By order of the Board

Neill O'Brien
Interim Company Secretary

18 December 2024

Form of proxy

The SPAR Group Ltd

Registration number: 1967/001572/06
JSE and A2X share code: SPP
ISIN: ZAE000058517
(SPAR or the Company)

For use by certificated and own name dematerialised SPAR shareholders (shareholders) at the annual general meeting (AGM) of the Company to be held via electronic communication and in the Company's boardroom, The Umhlanga Arch, 1 Ncondo Place, Umhlanga Ridge, Durban, South Africa on Friday, 28 February 2025 at 09:00 (South African Standard Time) 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 or postponement 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.	**Confirmation of directors appointed since the last AGM**			
1.1	Funke Ighodaro as independent non-executive director			
1.2	Reeza Isaacs as executive director			
2.	**Re-election of directors retiring by rotation**			
2.1	Mike Bosman			
2.2	Pedro da Silva			
2.3	Shirley Zinn			
3.	**Re-election of independent external auditor and appointment of designated audit partner**			
3.1	PricewaterhouseCoopers Inc. as external auditor			
3.2	Pieter Pelcher, as designated audit partner			
4.	**Election of members of the Audit Committee**			
4.1	Olefunke Ighodaro (subject to passing of resolution 1.1)			
4.2	Lwazi Koyana			
4.3	Sundeep Naran			

		Insert an 'X' or the number of shares with which you wish to vote		
		For	**Against**	**Abstain**
Ordinary business				
5.	**Authority to issue shares for the purpose of The SPAR Group Ltd Conditional Share Plan (CSP)**			
6.	**Non-binding advisory vote on the remuneration policy**			
7.	**Non-binding advisory vote on the remuneration implementation report**			
Special business				
1.	**Financial assistance to related and inter-related companies**			
2.	**Non-executive directors' fees**			

Signed at ________________________ on this __________ day of ________________________

Signature ________________________

Notes to the form of proxy

Although voting will be permitted by way of electronic communication, shareholders are encouraged to make use of proxies for purposes of voting at the AGM.

Completed forms of proxy must be received at the office of the Company's transfer secretaries, JSE Investor Services (Pty) Ltd, PO Box 4844, Johannesburg, 2000, or meetfax@jseinvestorservices.co.za, by no later than 09:00 (South African Standard Time) on Wednesday, 26 February 2025. Thereafter, a shareholder or his proxy must deliver the form of proxy to the Chairman of the AGM before the appointed proxy may exercise any rights of the shareholder at the AGM.

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 that 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
- A proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy
- 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 MOI, 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 required in terms of the Companies Act or such company's MOI 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 receive 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:
    - Bear a reasonably prominent summary of the rights established in section 58 of the Companies Act
    - 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
    - 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
- The proxy appointment remains valid only until the end of the meeting at which it was intended to be used

Corporate information

The SPAR Group Ltd

(SPAR or the Group)

Registration number: 1967/001572/06

ISIN: ZAE000058517

JSE and A2X share code: SPP

https://thespargroup.com

Directors

MJ Bosman* (Chairman), SA Zinn* (Deputy Chair), AP Swartz (Group CEO), MW Godfrey (Group CFO), M Pydigadu (Group COO), EC Botha*, PMP da Silva*, O Ighodaro*, MJ Jamieson*, LM Koyana*, GB Makhaya*, ST Naran*

** Independent non-executive.*

Interim Group Company Secretary

N O'Brien

Registered office

The Umhlanga Arch

1 Ncondo Place

Umhlanga Ridge

Durban

Transfer secretaries

JSE Investor Services (Pty) Ltd

PO Box 4844

Johannesburg

2000

Auditor

PricewaterhouseCoopers Inc.

Waterfall City Heliport

4 Lisbon Lane

Jukskei View, Midrand

2090

Sponsor

One Capital

17 Fricker Road

Illovo

2196

Bankers and corporate brokers

Rand Merchant Bank, a division of FirstRand Bank Ltd

PO Box 4130

The Square

Umhlanga Rocks

4021

Forward looking statements

This report includes forward looking statements that involve known and unknown risks, uncertainties, and other factors that could cause the Group's actual results, performance or achievements to differ materially from those anticipated. These statements have not been reviewed or audited by external auditors.

SPAR is under no obligation to publicly update or revise any forward looking statements to reflect events or circumstances after the report's date, or the occurrence of anticipated events.

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