



THE SPAR GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1967/001572/06)

JSE and A2X share code: SPP

ISIN: ZAE000058517

("SPAR" or the "Company" or the "Group")

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE 26 WEEKS ENDED 27 MARCH 2026

Shareholders are advised that this announcement sets out the unaudited condensed consolidated interim financial results for the 26 weeks ended 27 March 2026. Poland, Switzerland and the United Kingdom operations are classified as discontinued operations in accordance with International Financial Reporting Standards ("IFRS") 5 and are excluded from continuing operations in both periods presented.

SALIENT FEATURES

Salient Features are presented in terms of IFRS.

- Group revenue from continuing operations increased by 3.6% to R67.5 billion for the 26 weeks ended 27 March 2026 ("Current Period") compared to R65.2 billion for the 26 weeks ended 28 March 2025 ("Prior Period").
- Group gross profit margin at 10.5%, broadly in line with the Prior Period (10.7%), reflecting resilience in the underlying business and a positive contribution from Ireland.
- Operating profit of R740.5 million (Prior Period: R1 353.7 million); operating profit before extraordinary items of R882.0 million (Prior Period: R1 464.1 million).
- HEPS down 53.9% to 199.9 cents per share in the Current Period (Prior Period: 433.8 cents per share).
- Group net debt increased to R7.3 billion, compared to R5.4 billion as at 26 September 2025, primarily due to the timing of creditor payments at period-end, the SPAR Switzerland loan repayments outflow and lower earnings before interest, tax, depreciation and amortisation (EBITDA).
- Group leverage is at 2.73x; with leverage in Southern Africa at 3.29x and within the 3.50x covenant. Group headroom is adequate at R5.6 billion with balance sheet management remaining a priority.
- Ireland ("BWG Group") delivered a solid result, with operating profit of R502.8 million (up 3.5%), gross margin improving 20 bps to 13.7% and leverage continuing to decline.

CONTINUING OPERATIONS

R million	26 weeks ended 27 March 2026 (182 days)	26 weeks ended 28 March 2025 (179 days)	% change
Turnover ¹	67 482.5	65 160.2	+3.6%
Gross profit ³	7 111.7	6 998.0	+1.6%
Gross profit margin (%)	10.5%	10.7%	
Operating profit (excluding extraordinary items)	882.0	1 464.1	-39.7%
Operating profit margin (excluding extraordinary items) (%)	1.3%	2.2%	
Operating profit ³	740.5	1 353.7	-45.3%
Operating profit margin (%)	1.1%	2.1%	
Earnings per share (cents)	151.5	398.8	-62.0%
Headline earnings per share (cents)	199.9	433.8	-53.9%
Net debt	7 338.7	9 711.2 ²	-24.4%
Net leverage (x)	2.73x	2.81x	

¹ Turnover represents revenue from the sale of merchandise; ² Includes Switzerland; ³ Refer to Reconciliation of continuing operations for the period ended 26 March 2026 presented below

SUMMARY SEGMENT ANALYSIS

The table below and the subsequent performance overview unpacks the business, excluding extraordinary items, as the company considers this to be the most meaningful indicator of underlying performance.

	Group	Southern Africa	Ireland
	R'million	R'million	EUR million ¹
Turnover ²	67 482.5	50 783.2	855.7
Gross profit (excluding extraordinary items)	7 134.1	4 843.2	117.4
Gross profit margin (%)	10.6%	9.5%	13.7%
Operating profit (excluding extraordinary items)	882.0	396.4	24.9
Operating profit margin (%)	1.3%	0.8%	2.9%
Operating profit (including extraordinary items)	730.7	237.2	25.3
Operating profit margin (%)	1.1%	0.5%	3.0%
Profit/(loss) before tax	363.0	(50.9)	21.2
Financial position			
Net debt (R'm)	7 338.7	4 597.0	2 741.7

¹ Average EURZAR: 19.516; Closing EURZAR: 19.679.

² Turnover represents revenue from the sale of merchandise.

Reconciliation of continuing operations for the period ended 26 March 2026

R'million	As presented in terms of IFRS	Extra ordinary items recognised in			Total	Per continuing operations - comparable
		Cost of sales	Other non-operating expenses	Net operating expenses		
Revenue - sale of merchandise	67 482.5				67 482.5	67 482.5
Gross profit	7 111.7	22.4			7 134.1	7 134.1
Revenue – other and other income	1 171.2				1 171.2	1 171.2
Net operating expenses	(7 542.4)			119.1	(7 423.3)	(7 423.3)
Operating profit before extraordinary items	740.5	22.4	-	119.1	882.0	882.0
Extra ordinary items	-	(22.4)	(9.8)	(119.1)	(151.3)	(151.3)
Operating profit after extraordinary items	740.5	-	(9.8)	-	730.7	730.7
Share of associates profits/(losses)	(4.8)				(4.8)	(4.8)
Other non-operating items	(9.8)		9.8		-	-
Net finance income/(expense)	(362.9)				(362.9)	(362.9)
Profit before tax	363.0	-	-	-	363.0	363.0
GP margin	10.5%					10.6%
OP Margin	1.1%					1.1%

PERFORMANCE OVERVIEW

Continuing operations – comparable

SPAR Group

The Group delivered a muted topline performance in the Current Period, with revenue from continuing operations increasing 2.1% to R67.5 billion. Gross profit grew 0.6% to R7.1 billion, with the gross margin at 10.6% (down 10 bps), reflecting operational challenges in Southern Africa partially offset by margin improvement in Ireland.

Operating profit of R730.7 million (Prior Period: R1 401.1 million) was significantly affected by three specific and quantifiable factors. The KwaZulu-Natal (“**KZN**”) distribution centre (“**DC**”) contributed R123 million to the Group’s operating profit decline, driven by a loss of margin discipline as topline was driven hard, operational disruption that caused out-of-stock rates to peak and a logistics structure that was not geared for higher volumes. Black Friday promotional overspend in the Current Period contributed R212 million to the operating profit decline, with the additional investment failing to generate a commensurate return. Debtor costs increased by R159 million when compared to the Prior Period, reflecting conservatism, a methodology change and retailer distress in selected areas of the network.

Group net debt increased to R7.3 billion from R5.4 billion at September 2025, driven primarily by unfavourable working capital movements. Southern Africa net leverage of 3.29x is comfortably within the 3.50x covenant. Free cash flow was negative in the Current Period, primarily due to an accounts payable timing effect at period-end.

Extraordinary Items

The Group recognised the following extraordinary items in the Current Period primarily comprising; (i) impairment of goodwill and property, plant and equipment (PPE) of R72.8 million; (ii) software of R30.7 million; (iii) Build it imports warehouse closure costs of R27.5 million; and (iv) corporate stores impairments as a result of loss-making stores of R25.1 million. These charges reflect a continued focus on ensuring that asset carrying values are reflective of underlying value.

SPAR Southern Africa

Revenue increased by 1.7% to R50.8 billion (Prior Period: R49.9 billion). Grocery and liquor wholesale revenue grew 1.1%, with retail sales up 1.1% against internal selling price inflation of 2.6%, representing volume pressure. Liquor retail sales went up 2.1%, with the low-alcohol drinks portfolio continuing to gain share.

Build it generated wholesale revenue of R5.2 billion (up 1.3%), with organic retail sales growth of 6.1% ahead of product inflation, supported by micro-credit extension and regional strength in Namibia, KZN and the Eastern Cape. SPAR Health revenue grew by 26.1% to R1.2 billion, driven by the Aptekor integration, Scriptwise growth and pharmacy retail outperformance (up 13.6% Year to Date).

Southern Africa gross profit declined 1.4% to R4.8 billion, with gross margin at 9.5% (Prior Period: 9.8%), impacted by Black Friday promotional subsidies and KZN margin compression. Operating expenses increased 18.5%, impacted by the marketing and selling costs related to Black Friday, elevated KZN logistics costs, and expected credit losses, debtor write-offs and provisions of R286 million (Prior Period: R127 million). Operating profit before extraordinary items was R396 million (Prior Period: R989 million).

The final two months of the Current Period (February 2026 and March 2026) showed the most encouraging trading of the half for Grocery and Liquor. Revenue growth improved and gross profit growth turned positive, reflecting early stabilisation in KZN, reduced promo subsidy drag and improving category mix.

Retailer loyalty on a 12-month rolling basis was 78.5% at period-end (Prior Period: 78.9%), below the Group's 80% target. Monthly rolling loyalty has stabilised over the six months of the Current Period, with the direction of travel improving. SPAR Rewards’ sales grew 9.3% year-on-year. Transactions declined 2.3%, with average basket spend up 3.5%.

KZN stabilisation programme

KZN is the Group's single most critical near-term execution priority.

A structured stabilisation programme was launched with dedicated workstream ownership. New leadership is in place across Merchandise, Finance and Retail Operations. There is reduced dependency on external truck hire and

out-of-stock rates have improved significantly. By period-end, KZN had recorded three consecutive months of positive operating profit to end the period marginally above break-even.

BWG Group

Ireland excluding AWG

Ireland delivered a solid result against a challenging consumer backdrop. Revenue of EUR855.7 million increased 2.2% on the Prior Period, with underlying organic growth positive across convenience formats. Gross profit of EUR117.4 million grew 4.1%, with gross margin improving 20 bps to 13.7%, reflecting better supplier trading terms, favourable non-tobacco category mix and the continued shift toward low-alcohol ready-to-drink formats. Operating profit (before extraordinary items) of EUR24.9 million was 0.8% ahead of the Prior Period, with operating margin maintained at 2.9%.

Net interest of EUR3.8 million declined 22.8% year-on-year with further deleveraging. Net debt of EUR139.3 million is EUR44 million below the 2022 peak, with available facility headroom of EUR96.7 million and leverage at 2.12x, comfortably within the 3.25x covenant.

Sri Lanka Joint Venture

The Sri Lanka Joint Venture (“**JV**”) delivered topline growth of 7.6% to LKR8.3 billion, with footfall up 8% and items sold up 5%. Operating profit declined year-on-year due to higher establishment costs for independent retailers, increased selling and distribution spend and elevated personnel costs as the business invests ahead of network maturity. The JV operates 12 corporate stores and 13 independent retailers at Current Period end.

Portfolio simplification

As announced by the Company on SENS on 18 May 2026, an asset purchase agreement has been signed with A. F. Blakemore & Son for the sale of the South-West England (“**AWG**”) SPAR licence, representing the final step in the European portfolio simplification programme.

At September 2025, AWG bank debt had already been reduced to nil. The GBP13.875 million intercompany loan balance was fully impaired as part of the broader impairment recognised during the financial year ended 26 September 2025. This is the final step in a three-year portfolio simplification programme. With the UK exit, SPAR’s footprint is now Southern Africa and Ireland.

CREATING A STRONGER PLATFORM FOR GROWTH

Following engagements with retailers and a comprehensive review of operations, the Group has identified key retail focus areas and commercial transformation initiatives, alongside efficiency and growth workstreams, designed to strengthen margins and improve retailer profitability.

Retail Focus Areas

- **Stronger procurement and sharper pricing:** closing competitive gaps on key value items (“**KVI**”), national management of KVI availability and improved category management to support retailer margin.
- **Brand and marketing effectiveness:** new Chief Marketing Officer appointed; return on investment framework adopted for all marketing spend; Black Friday approach repositioned for the next financial period.
- **Repositioning SPAR2U:** differentiating on SPAR’s unique “personal”, locally connected store proposition; a dedicated team established with accountability for the customer and retailer experience.
- **Future-fit retail technology platform:** SAP Finance go-live in the 26 weeks ending 25 September 2026 (“**H2 FY2026**”) before any DC integration; modernising retail systems to remove manual processes in claims, settlement and reconciliation.
- **Empowering retailers to improve profitability and manage costs:** national benchmarking, staff scheduling and rental negotiation support and Guild Profitability Committee being established.

Wholesale Focus Areas

Many of the initiatives underpinning strengthening wholesale are aligned with our retail focus areas. These initiatives are grouped under margin optimisation, efficiency improvements and growth initiatives. Rather than managing to a single margin target, the Group is executing against a set of defined operational levers, each measurable and tracked, with margin recovery and new revenue streams as the combined outcome.

SHAREHOLDER DISTRIBUTION

The Board has resolved not to declare an interim dividend for the Current Period (Prior Period: nil cents per share). The Group's intention is to return to paying dividends. Reinstatement will be considered once HEPS is on a sustained recovery trajectory and leverage is trending toward the medium-term target range of 1.5 to 2.0 times. This position will be reassessed at each reporting period, taking into account prevailing macroeconomic and operational dynamics.

Shareholders granted the Board general authority to repurchase shares at the previous annual general meeting; however, currently there is no intention to pursue any repurchases while leverage is elevated and free cash flow is negative. No equity issuance is planned. The Board's overarching priority is to ensure that resources are deployed in a manner that delivers both sustainable growth and long-term value for shareholders.

OUTLOOK

The Group enters H2 FY2026 with identified execution priorities, stabilising indicators in KZN and a simplified portfolio focused primarily on Southern Africa and Ireland. This follows the appointment of Reeza Isaacs and Megan Pydigadu as Group Chief Executive Officer and Group Chief Financial Officer, respectively, effective 1 March 2026.

The trading environment remains constrained. Food inflation in South Africa, while softening to 3.4% in March 2026, is expected to accelerate modestly due to transport costs and fuel pressures. Successive fuel cost increases in H2 FY2026 will raise distribution and logistics costs across the network. The South African Reserve Bank increased the repo rate by 25 basis points in May 2026. In Ireland, consumer confidence remains at a three-year low and further European Central Bank rate increases are expected, representing a headwind for both funding costs and consumer demand.

Against this backdrop, the Group's H2 FY2026 performance will be driven by execution rather than a macro tailwind. The non-recurrence of Black Friday overinvestment, progressive KZN recovery, improved service levels and the initial impact of the commercial transformation workstreams are expected to produce a materially improved H2 FY2026 result when compared to the Current Period. The medium-term priority is the restoration of Southern Africa operating margins, sustained deleveraging and the rebuilding of a platform for long-term shareholder returns.

Post-period, early trading in April 2026 and May 2026 shows continued recovery in KZN and an improving gross profit margin trajectory in the core grocery and liquor business, albeit with year-on-year comparatives affected by timing of Easter wholesale purchases.

The Board remains confident in the Group's ability to deliver sustainable operating performance and long-term value creation.

ABOUT THIS ANNOUNCEMENT

This results announcement is the responsibility of the directors of the Company and has been prepared in compliance with the JSE Listings Requirements.

As the information in this announcement does not provide all of the details, any investment decision should be based on consideration of the condensed consolidated interim financial statements for the 26 weeks ended 27 March 2026, which are accessible via the JSE cloudlink at: https://senspdf.jse.co.za/documents/2026/JSE/ISSE/SPP/Interim_26.pdf and on the Company's website at: <https://thespargroup.com/resource-centre/results-announcements/>.

This results announcement has not been audited or reviewed by the Group's external auditors.

By order of the Board

Umhlanga

10 June 2026

Sponsor

One Capital

Corporate Broker

Rand Merchant Bank (a division of FirstRand Bank Limited)