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SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

(EXTRACTED FROM AUDITED INFORMATION)
FOR THE YEAR ENDED 30 JUNE 2022

TWENTY22

Prepared under the supervision of the group chief financial officer, Cristina Teixeira CA(SA)

Spur Corporation Limited
(Registration number: 1998/000828/06)

HIGHLIGHTS*

Franchised restaurant turnovers
up 28.2% to R7.741 billion

Headline earnings per share
up 31.0% to 144.22 cents

Revenue
up 32.5%
to R2 391.2 million

Diluted headline earnings per share
up 30.9% to 143.68 cents

Profit before income tax
up 41.9% to R209.7 million

Dividend per share#
127 cents (2021: Nil cents)

Earnings per share
up 30.9% to 144.33 cents

Unrestricted cash and cash equivalents for the year
up R29.8 million to R290.7 million

Diluted earnings per share
up 30.9% to 143.80 cents

Net gearing
Nil

* *Prior year information has been restated. Refer note 3 to the summary consolidated financial statements.*
\# *No dividend was declared in the prior year. The interim 2020 dividend was settled in cash during the current year.*

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (EXTRACTED FROM AUDITED INFORMATION)

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COMMENTARY ON RESULTS AND CASH DIVIDEND

INTRODUCTION

Spur Corporation is a leading casual dining restaurant franchise group of 631 outlets across South Africa, the rest of Africa, Mauritius and the Middle East.

The group owns seven well-established and diverse brands, including one of South Africa's most iconic family restaurant brands, Spur Steak Ranches.

The Spur brand represents 68% of the group's South African restaurant sales and remains the leading casual dining chain in South Africa*, followed by RocoMamas which continues to dominate in the fast-casual, smashburger category.

As part of the group's strategy to reposition the Panarottis brand, a new look restaurant concept was launched in May 2022, with a revamp pilot of the restaurant in the Vaal Mall shopping centre (Vanderbijlpark). Following the success of the test site, which is generating a 40% growth in turnover since conversion, a further twelve revamps are imminent.

Following the success of the first Spur Drive Thru opened in Pretoria in 2021, the first RocoMamas Drive Thru was opened in Little Falls, Gauteng, in June 2022 and the second RocoMamas Drive Thru is due to open at the end of August 2022 in Queenswood, Pretoria. The group will continue to expand this convenient and lucrative channel to meet customers' need for convenience.

The virtual kitchen (VK) brands launched during the hard lockdown in 2020 are now integrated into the brand offerings. Following the growth trend of chicken in South Africa**, the Spur brand has recently launched a new VK brand, Just Wingz, specialising in a range of chicken wings. The VK offering allows full-service restaurants to leverage their existing infrastructure to enjoy increased market share of the online food business. At the end of June 2022, over 50% of the group's restaurants were participating in VK brand offerings.

The group's newest brand, Modrockers, is an innovative quick service restaurant. Based in Rosebank, Johannesburg, Modrockers aims to capitalise on the growth and awareness of consumers who seek environmentally conscious and ethical options when it comes to their food choices. This pilot concept is aimed at the youthful 'flexitarian' market who are seeking a value meal with a greater purpose. The group will continue to grow the plant-based, environmentally-conscious meal options at Modrockers as well as all the other major brands.

The group's commitment to transformation is evident in the investment in the next generation of leadership. Black franchise partners account for 28% of all franchisees and it remains a priority to increase this further. Enterprise development projects will be amplified and opportunities to lead for the greater good will remain at the forefront of all initiatives.

TRADING PERFORMANCE

The group delivered a strong trading performance for the year, following a recovery from the impact of the global COVID-19 pandemic over the past two years. Increased customer foot traffic is evident in the group's restaurants, although new trading patterns are emerging, and these levels are erratic.

Franchised restaurant sales for the year ended 30 June 2022 (the period) increased by 28.2% over the prior financial year, and are pleasingly slightly ahead of the 2019 financial year pre-pandemic levels.

Following the relaxation of lockdown restrictions, trading conditions improved from August 2021 with franchised restaurant sales in the first half of the period growing by 28.3% over the prior comparable period to December 2020.

This strong growth trend continued into the second half of the period, with a 28.5% increase in local restaurant sales and a 24.7% increase in international restaurant sales over the second half of the 2021 financial year.

* *Kantar Research February 2022.*
** *Euromonitor forecast a 36.9% growth in chicken in limited-service restaurants by 2026.*

Although economic conditions remain challenging in the face of higher inflation and severe pressure on consumer disposable income, the group's business model continues to demonstrate its resilience. The group embarked on robust and aggressive marketing campaigns to increase brand awareness, everyday value and consumer convenience, including takeaways, click and collect services and third-party deliveries.

The focus on core brand categories ensured that strategic product lines gained market share. In the Spur brand, breakfast sales increased by 31% and the popular Spur ribs trebled sales volumes.

The group has already seen good traction on its new supply chain strategy aimed at increasing volume in strategic categories to improve franchisee profitability while offering consumers a quality product at the best price. Supply chain initiatives include eliminating single use packaging, phasing out avoidable packaging and working with ethical and environmentally-aware suppliers to procure responsibly. This supply chain strategy will be amplified in the forthcoming financial year.

In addition to sustainable seafood procurement, the group has also centrally listed cage-free eggs which are being purchased by 40% of restaurants. The group's drive to eliminate the use of palm oil has been temporarily halted due to the Ukraine war impact on oil prices.

	Total restaurant sales growth (%)			**Restaurant sales (R'm)**	
Restaurant sales	6 months to Dec 2021 vs 6 months to Dec 2020	6 months to June 2022 vs 6 months to June 2021	**Full year to June 2022 vs full year to June 2021**	**2022**	2021
Spur	32.6	27.9	**30.1**	**4 744.8**	3 646.4
Panarottis	33.4	29.5	**31.4**	**698.4**	531.7
John Dory's	31.5	23.2	**27.0**	**413.4**	325.4
RocoMamas	29.4	21.5	**25.3**	**789.0**	629.5
Speciality brands[&]	41.8	60.6	**52.0**	**359.8**	236.7
Total South Africa	32.6	28.5	**30.5**	**7 005.4**	5 369.7
Total International	(1.8)	24.7	**10.3**	**736.4**	667.8
Total group	28.3	28.2	**28.2**	**7 741.8**	6 037.5

& *Speciality brands include The Hussar Grill, Casa Bella and Nikos.*

In South Africa, growth in volume was driven mainly by the Spur brand, which increased restaurant sales by 30.1%. Panarottis increased restaurant sales by a third with John Dory's and RocoMamas increasing by 27.0% and 25.3% respectively. The Speciality brands increased sales by 52.0% driven by a strong performance by The Hussar Grill brand.

While the group's core offering is casual and fast casual restaurants, takeaways grew by 30% year-on-year. The top two contributing brands in terms of percentage of takeaways to total sales are RocoMamas at 57% and Panarottis at 39%. Pizza and burgers are the most popular product lines for takeaway and delivery.

Convenience and online purchases continue to be driven by technology and touchless solutions, with collections (click, call or walk-in) representing over 52% of takeaway sales, followed by Mr D Food, with its large national footprint, and then Uber Eats.

International franchised restaurant sales increased by 10.3% with improved trading conditions in the rest of Africa. Africa represent 67% of the international portfolio with solid performances in Zambia, Namibia, Zimbabwe and Kenya.

RESTAURANT FOOTPRINT

At year end, the group trades through 631 restaurants and in 15 countries.

In South Africa, 23 restaurants were opened during the period, including nine RocoMamas, five Spur and four Panarottis restaurants. The Speciality brands opened two The Hussar Grills, two Nikos restaurants and one Casa Bella restaurant. Fifteen local restaurants closed mainly due to the current market conditions. Black franchise partners now represent 28% (2021: 22%) of the group's network.

The group's international growth strategy gained momentum and eight restaurants opened internationally, with four Panarottis and two RocoMamas in Zambia as well as a RocoMamas in both Namibia and India.

The group continued to de-risk its presence in Australia and New Zealand, with only three restaurants remaining in this region at year-end. Subsequent to year-end, the New Zealand restaurant closed.

	June 2022			June 2021		
Number of restaurants	**South Africa**	**International**	**Total**	South Africa	International	Total
Spur	**297**	**32**	**329**	296	34	330
Panarottis[#]	**82**	**33**	**115**	84	29	113
John Dory's	**47**	**2**	**49**	49	3	52
RocoMamas	**85**	**15**	**100**	78	17	95
Speciality brands[#]	**36**	**2**	**38**	32	2	34
The Hussar Grill	**22**	**2**	**24**	20	2	22
Casa Bella	**6**	**–**	**6**	5	–	5
Nikos	**8**	**–**	**8**	7	–	7
Total group	**547**	**84**	**631**	539	85	624

[#] *Speciality brands include The Hussar Grill, Casa Bella and Nikos. Casa Bella was previously included with Panarottis as the Pizza Pasta segment in prior years. Comparative information has been reclassified to accord with current year classifications.*

FINANCIAL PERFORMANCE

R'000	**Audited 2022**	Restated[@] 2021	% change
South Africa			
External revenue	**2 343 224**	1 768 076	32.5
Profit before income tax	**197 461**	142 424	38.6
International			
External revenue	**47 968**	36 869	30.1
Profit before income tax	**12 207**	5 378	127.0
Group			
External revenue	**2 391 192**	1 804 945	32.5
Profit before income tax	**209 668**	147 802	41.9

[@] *Prior year financial information has been restated to correctly account for sales by the group's outsourced distributor and marketing fund contribution revenue in accordance with* IFRS 15 – Revenue from Contracts with Customers.

The improved trading performance together with a focus on expanding margins, and to a lesser extent the reduced level of financial support in discounted franchise and marketing fund fees required by franchisees post pandemic, led to a strong recovery in both group revenue and profit.

The improved revenue was supported by higher sales in retail company stores (+52.0%), increased sales from the manufacturing and distribution division (+30.5%) and improved restaurant turnovers. The improved trading volumes contributed to an increase in marketing revenue from R168.5 million to R204.5 million. Group revenue is thus reported at R2.4 billion, an increase of 32.5% (2021: R1.8 billion). Group profit before income tax increased by 41.9% to R209.7 million (2021: R147.8 million).

Profit before income tax in the South African operations includes a marketing fund surplus of R2.4 million (2021: R23.2 million).

The prior period includes an amount of R14.8 million in COVID-19 business interruption insurance claims due to the retail company stores, with the proceeds received in the first half of the current financial year.

The prior period was also impacted by costs of R3.9 million related to a voluntary retrenchment programme as well as the present value of a once-off employee benefit liability of R8.5 million.

The most material once-off item in the current period is a charge against earnings of R22.0 million, previously paid to the South African Revenue Service (SARS), as reported on SENS on 18 October 2021. Of this charge, R14.0 million is reflected as an income tax expense and R8.0 million as an interest expense.

The current period's results include a fair value loss charged against earnings of R2.5 million relating to the contingent consideration receivable due on the purchase of 51% of the Nikos business. The group extended the period of the purchase price determination by 12 months.

The allowance for expected credit losses increased in the current period primarily due to the group's exposure to franchisees in Saudi Arabia which have not been able to adhere to their payment obligations. This contributed to a net charge against earnings of R2.5 million (2021: net credit of R3.0 million).

A net finance income of R0.7 million is reported which includes the charge of R8.0 million on the SARS matter referred to above. Interest increased with higher cash generated by the group and higher interest rates during the period.

In the international operations, profit before income tax increased to R12.2 million (2021: R5.4 million) with reduced losses in Australia and improved trading in the rest of Africa.

Headline earnings increased by 31.0% to R121.1 million, with diluted headline earnings per share 30.9% higher at 143.68 cents. Earnings increased by 31.0% to R121.2 million, with diluted earnings per share 30.9% higher at 143.80 cents.

During the period the group repurchased 1 475 000 of the company's shares at an average cost of R20.16 per share, totalling R29.7 million. Subsequent to year-end, the group repurchased an additional 575 000 of the company's shares at an average cost of R21.22 per share, totalling R12.2 million, in terms of an approval granted by the JSE to trade in shares during a closed period. A total of 2 050 000 company shares were thus purchased to date this calendar year, at an average cost per share of R20.46 totalling R41.9 million.

The balance sheet remains ungeared with unrestricted cash of R290.7 million at 30 June 2022. The allocation of the group's available capital remains a key focus area of, and requires the approval of the board.

During the year, as shareholders were previously advised, the company appointed PricewaterhouseCoopers Inc. as the external auditor of the group from this 2022 financial year.

CASH DIVIDEND

Shareholders are advised that the board of directors of the company has, on Thursday, 18 August 2022, resolved to declare a final gross cash dividend for the year ended 30 June 2022 of R70.954 million, which equates to 78.0 cents per share for each of the 90 966 932 shares in issue, subject to the applicable tax levied in terms of the Income Tax Act (Act No. 58 of 1962), as amended (dividend withholding tax).

The dividend has been declared from income reserves. The dividend withholding tax is 20% and a net dividend of 62.4 cents per share will be paid to those shareholders who are not exempt from dividend withholding tax.

The company's income tax reference number is 9695015033. The company has 90 966 932 shares in issue at the date of declaration.

In accordance with the provisions of Strate, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the dividend are as follows:

Event	Date
Last day to trade "cum dividend"	Tuesday, 13 September 2022
Shares commence trading "ex dividend"	Wednesday, 14 September 2022
Record date	Friday, 16 September 2022
Payment date	Monday, 19 September 2022

Those shareholders of the company who are recorded in the company's register as at the record date will be entitled to the dividend.

Share certificates may not be dematerialised or rematerialised between Wednesday, 14 September 2022 and Friday, 16 September 2022, both days inclusive.

OUTLOOK

South Africa is facing a range of macroeconomic issues, including political instability, an ongoing electricity crisis, rising inflation driven by higher fuel, food and electricity prices, and the impact of the Russia-Ukraine war on supply chain costs. Statistics SA has recorded food inflation at 7.8% for June 2022 year-on-year, and an increase of 8.2% in the year-on-year basket of basic grocery essentials. Petrol has increased by 41% in the past year.

These issues are likely to continue to challenge the local restaurant market by impacting the operating environment as well as consumer disposable income. Should current market conditions remain stable the group remains optimistic for growth.

The widespread changes in the trading environment and the shifting consumer trends provide opportunities for innovation for the group, including new meal solutions, expansion of restaurant formats and alternative trading channels.

E-commerce and on-demand delivery have seen rapid growth in recent years due to the global pandemic and lockdown, which interrupted traditional purchasing behaviour and diverted consumers online. Consumers have grown accustomed to convenience, resulting in increased sales of food products on e-commerce platforms.

A heightened awareness of eating habits of the conscious consumer is an ongoing global and local trend that is continuing to gain momentum in the local market, with more brands adding plant-based and vegan options to their menus to meet the growing demands of health-conscious and environmentally aware consumers. There remains a constant need for providing value and reward.

According to Euromonitor, the limited services restaurant segment, which includes fast food, chained and independent restaurants, compound annual growth rate from 2022 to 2026 is projected at 8.6% (R43.3 billion to R60.2 billion sales), which offers a positive outlook and an opportunity for the group to leverage this projected growth.

The group plans to open 32 new restaurants in South Africa and nine internationally in the new financial year.

For and on behalf of the board

M Bosman
Independent non-executive chairman

V Nichas
Group chief executive officer

19 August 2022

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF SPUR CORPORATION LIMITED

OPINION

The summary consolidated financial statements of Spur Corporation Limited, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 30 June 2022, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Spur Corporation Limited for the year ended 30 June 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 18 August 2022. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTOR'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: JA Hugo
Registered Auditor

Cape Town, South Africa

18 August 2022

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SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

R'000	Note	2022	Restated 2021*	% Change
Revenue	5	**2 391 192**	1 804 945	32.5
Cost of sales[1]		**(1 695 194)**	(1 289 374)	31.5
Gross profit		**695 998**	515 571	35.0
Other income	6	**3 958**	27 071	(85.4)
Administration expenses		**(183 430)**	(155 540)	17.9
Impairment (losses)/reversal – expected and actual credit losses – financial instruments and lease receivable	7	**(2 957)**	2 523	(217.2)
Marketing expenses		**(175 111)**	(120 130)	45.8
Operations expenses		**(95 123)**	(93 189)	2.1
Other non-trading losses	7	**(2 525)**	(7 677)	(67.1)
Retail company store expenses		**(31 889)**	(24 335)	31.0
Operating profit before net finance income	7	**208 921**	144 294	44.8
Net finance income		**747**	3 508	(78.7)
Interest income[2]		**13 325**	8 273	
Interest expense[3]		**(12 578)**	(4 765)	
Profit before income tax		**209 668**	147 802	41.9
Income tax expense[4]	8	**(81 328)**	(48 557)	67.5
Profit		**128 340**	99 245	29.3
Other comprehensive income#		**(1 146)**	14	
Foreign currency translation differences for foreign operations		**(1 256)**	(80)	
Foreign exchange gain on net investments in foreign operations		**135**	115	
Current tax on foreign exchange gain on net investments in foreign subsidiaries		**(25)**	(21)	
Total comprehensive income		**127 194**	99 259	28.1
Profit attributable to:				
Equity owners of the company		**121 235**	92 568	31.0
Non-controlling interests		**7 105**	6 677	
Profit		**128 340**	99 245	29.3
Total comprehensive income attributable to:				
Equity owners of the company		**120 089**	92 582	29.7
Non-controlling interests		**7 105**	6 677	
Total comprehensive income		**127 194**	99 259	28.1
Earnings per share (cents)				
Basic earnings	9	**144.33**	110.24	30.9
Diluted earnings	9	**143.80**	109.87	30.9

* *Refer note 3.*

\# *All items included in other comprehensive income are items that are, or may be, reclassified to profit or loss.*

1 *Includes cost of inventory expense of R1 528.1 million (2021: R1 163.6 million).*

2 *Interest income comprises interest revenue calculated using the effective interest method.*

3 *Interest expense includes interest on tax liabilities of R8.038 million (refer note 8.2), lease liabilities of R3.683 million (2021: R4.441 million) and interest on employee benefits (refer note 11) of R0.496 million (2021: R0.302 million).*

4 *Income tax expense for the current year includes R13.996 million of tax relating to the group's 2004-2009 share incentive scheme previously paid to SARS but disputed and charged against earnings in the current year as a result of a judgement by the Supreme Court of Appeals in October 2021 (refer note 8.2). The prior year includes a charge of R4.110 million relating to withholding tax credits not deducted by franchisees on payments of franchise fees in foreign jurisdictions in respect of previous financial years.*

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE

R'000	Note	2022	Restated 2021*	Restated 2020*
ASSETS				
Non-current assets		**489 339**	500 311	518 466
Property, plant and equipment[1]		**92 516**	93 957	102 182
Right-of-use assets[2]		**27 555**	36 002	41 921
Intangible assets and goodwill[3]		**364 300**	365 402	365 253
Loans receivable		**350**	962	2 929
Deferred tax		**4 618**	3 988	6 181
Current assets		**558 637**	473 515	350 879
Inventories[4]		**97 692**	76 095	84 587
Tax receivable[5]		**2 325**	25 168	28 073
Trade and other receivables[6]		**101 352**	93 978	55 619
Loans receivable		**597**	1 359	4 022
Contingent consideration receivable[7]		**1 594**	4 047	4 555
Restricted cash[8]		**64 381**	11 998	8 671
Cash and cash equivalents		**290 696**	260 870	165 352
TOTAL ASSETS		**1 047 976**	973 826	869 345
EQUITY				
Total equity		**686 017**	631 035	531 991
Ordinary share capital		**1**	1	1
Share premium		**34 309**	34 309	34 309
Shares repurchased by subsidiaries	10.1	**(44 852)**	(15 118)	(15 118)
Foreign currency translation reserve		**27 880**	29 026	29 012
Share-based payments reserve	10.2	**8 248**	4 751	3 473
Retained earnings		**647 720**	564 752	471 877
Total equity attributable to owners of the company		**673 306**	617 721	523 554
Non-controlling interests		**12 711**	13 314	8 437
LIABILITIES				
Non-current liabilities		**92 187**	116 051	127 566
Contingent consideration liability		**–**	–	1 589
Employee benefits	11	**–**	2 304	–
Contract liabilities[9]		**23 458**	24 771	29 342
Lease liabilities[2]		**26 039**	33 690	39 740
Deferred tax		**42 690**	55 286	56 895
Current liabilities		**269 772**	226 740	209 788
Tax payable		**11 424**	6 772	2 229
Trade and other payables	12	**184 847**	126 257	119 281
Loans payable		**196**	196	196
Provision for lease obligation[10]		**7 514**	7 175	–
Employee benefits	11	**–**	4 300	–
Contract liabilities[9]		**56 226**	8 269	8 617
Lease liabilities[2]		**8 679**	7 514	13 208
Shareholders for dividend[11]		**886**	66 257	66 257
TOTAL EQUITY AND LIABILITIES		**1 047 976**	973 826	869 345

* *Refer note 3.*

1 *Property, plant and equipment comprises predominantly owner-occupied land and buildings, but includes plant and equipment relating to the group's corporate offices, manufacturing facilities and retail company stores.*

2 *Right-of-use assets and related lease liabilities are in respect of primarily the group's Johannesburg corporate office and retail company store premises, but includes the group's fleet of vehicles used by operations personnel. The reduction in the right-of-use assets for the year is as a result of depreciation and a remeasurement relating to a retail company store lease where the group had previously assessed that it was highly likely that a renewal option would be exercised, but has re-evaluated that assessment in the current year to determine that it is not highly likely.*

3 *Intangible assets and goodwill comprises predominantly the value of the Spur, Panarottis, John Dory's, The Hussar Grill, RocoMamas and Nikos trademarks and related intellectual property and goodwill relating to The Hussar Grill restaurant and franchise operations and RocoMamas franchise operations, but includes software licences.*

4 *The increase in inventories relates primarily to increased inventories held by the group's outsourced distributor of R85.238 million (2021: R64.477 million) (refer note 3.1).*

5 *The tax receivable balance in prior years included payments of tax and interest related to the group's 2004-2009 share incentive scheme dispute with SARS (refer note 8.2) of R22.034 million, which has been charged to profit or loss in the current year. The tax receivable also includes an asset in respect of withholding tax credits of R2.272 million (30 June 2021: R3.893 million) which are expected to be utilised within a reasonable period as a credit against foreign taxes payable.*

6 *Trade and other receivables comprise largely accruals for ongoing franchise fee revenue, marketing fund contributions revenue and related income receivable in respect of the last month of the financial year. The increase relative to the prior year is due to restaurant sales in June 2022 being significantly higher than in June 2021, with the group's franchised restaurants operating under less stringent lockdown trading restrictions relative to the prior year. The balance at 30 June 2021 included accruals of R14.773 million for COVID-19-related business interruption insurance claims relating to the group's retail company stores which were received in cash during the current year.*

7 *The contingent consideration receivable relates to the purchase consideration of 51% of the Nikos Coalgrill Greek business acquired in August 2018. The total purchase consideration was initially calculated as five times earnings before interest tax and depreciation (EBITDA) of the Nikos business for the period August 2020 to July 2021. An initial amount of R5 million was paid to the sellers on the acquisition date and the contingent consideration receivable previously reflected the estimated amount repayable by the sellers to the group following the finalisation of the financial performance of the business to July 2021. During the current year, following the passing of one of the founders of the brand, and in consideration of the impact of COVID-19 on the business, the group extended the period of the purchase price determination by 12 months, such that the total purchase consideration is now calculated as five times EBITDA for the period August 2021 to July 2022. The contingent consideration receivable at 30 June 2022 accordingly represents the present value of the estimated amount repayable by the sellers to the group following the finalisation of the financial performance of the business to July 2022.*

8 *Restricted cash balances represent cash surpluses in the group's marketing funds that may be used exclusively for marketing purposes in accordance with the franchise agreements concluded between franchisees and the group, other than those cash balances that have been funded by the respective franchise businesses (refer also footnote 9), as well as cash held in reserve to honour unredeemed gift vouchers.*

9 *Contract liabilities relate to the initial franchise fees paid by franchisees to the group on conclusion of franchise agreements as well as marketing fund contributions made by franchisees to marketing funds administered by the group on behalf of franchisees. Initial franchise fee revenue is recognised over the period of the franchise agreement; the balance of the liability accordingly represents the revenue not yet recognised relating to the unexpired portions of current franchise agreements. Marketing fund contributions received by franchisees may be used exclusively for marketing expenditure for the benefit of franchisees and are accordingly recognised as revenue over time as the funds are spent on marketing expenditure; the balance of the liability accordingly represents the value of marketing fund contributions received by the group that have not yet been spent on marketing activities for the benefit of franchisees and therefore not yet recognised as revenue (refer note 3.2 for a more detailed explanation).*

10 *During the prior year, the landlord of the former Apache Spur premises in Australia cancelled the head lease concluded with the group relating to these premises due to non-payment by the sublessee. The lease makes provision for the lessee continuing to be liable for the aggregate rental payments due for the remainder of the unexpired lease term, notwithstanding the cancellation, on demand. The extent of the liability is subject to the landlord mitigating its losses (including for example by reletting the premises). While the landlord has not taken formal legal action to recover these amounts from the group, the premises remain vacant, and a provision was accordingly raised for the total gross value of the remaining lease payments over the term of the lease in the prior year. The timing and amount of the potential cash outflows are uncertain as at the reporting date.*

11 *The interim 2020 dividend of R70.978 million was declared on 26 February 2020 and was due to be paid on 6 April 2020. Following the outbreak of COVID-19 and the potential impact of long-term trading restrictions on the group's cash reserves, the board resolved, in compliance with the Companies Act and the directors' fiduciary duties, to defer the payment of the dividend until future cash flows could be predicted with a greater confidence level. At its meeting on 22 September 2021, the board resolved to proceed with the payment of the interim 2020 dividend on 25 October 2021.*

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE

		Attributable to owners of the company			Attributable to owners of the company					
R'000	Note	**Ordinary share capital**	**Share premium**	**Shares repurchased by subsidiaries**	**Foreign currency translation reserve**	**Share-based payments reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 July 2020 as previously reported		1	34 309	(15 118)	29 012	3 473	475 501	527 178	8 437	535 615
Prior period restatements	3	–	–	–	–	–	(3 624)	(3 624)	–	(3 624)
Restated balance at 1 July 2020*		1	34 309	(15 118)	29 012	3 473	471 877	523 554	8 437	531 991
Total comprehensive income		–	–	–	14	–	92 568	92 582	6 677	99 259
Restated profit*		–	–	–	–	–	92 568	92 568	6 677	99 245
Other comprehensive income		–	–	–	14	–	–	14	–	14
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners		–	–	–	–	1 278	307	1 585	(1 800)	(215)
Equity-settled share-based payment	10.2	–	–	–	–	1 278	307	1 585	–	1 585
Dividends		–	–	–	–	–	–	–	(1 800)	(1 800)
Restated balance at 30 June 2021*		1	34 309	(15 118)	29 026	4 751	564 752	617 721	13 314	631 035
Total comprehensive income		**–**	**–**	**–**	**(1 146)**	**–**	**121 235**	**120 089**	**7 105**	**127 194**
Profit		**–**	**–**	**–**	**–**	**–**	**121 235**	**121 235**	**7 105**	**128 340**
Other comprehensive income		**–**	**–**	**–**	**(1 146)**	**–**	**–**	**(1 146)**	**–**	**(1 146)**
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners		**–**	**–**	**(29 734)**	**–**	**3 497**	**(38 267)**	**(64 504)**	**(7 708)**	**(72 212)**
Equity-settled share-based payment	10.2	**–**	**–**	**–**	**–**	**6 309**	**155**	**6 464**	**–**	**6 464**
Transfer within equity on vesting of equity-settled share-based payment	10.2	**–**	**–**	**–**	**–**	**(2 812)**	**2 812**	**–**	**–**	**–**
Purchase of treasury shares	10.1		**–**	**(29 734)**	**–**	**–**	**–**	**(29 734)**	**–**	**(29 734)**
Dividends		**–**	**–**	**–**	**–**	**–**	**(41 234)**	**(41 234)**	**(7 708)**	**(48 942)**
Balance at 30 June 2022		**1**	**34 309**	**(44 852)**	**27 880**	**8 248**	**647 720**	**673 306**	**12 711**	**686 017**

* *Refer note 3.*

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

R'000	Note	2022	Restated 2021*
Cash flow from operating activities			
Operating profit before working capital changes	13	**305 159**	175 195
Working capital changes		**856**	(30 164)
Cash generated from operations		**306 015**	145 031
Interest income received		**12 930**	7 561
Interest expense paid[1]		**(4 044)**	(4 117)
Tax paid		**(75 768)**	(41 071)
Dividends paid[2]		**(113 509)**	(1 800)
Net cash flow from operating activities		**125 624**	105 604
Cash flow from investing activities			
Additions of intangible assets		**(48)**	(1 119)
Additions of property, plant and equipment[3]		**(7 997)**	(1 935)
Proceeds from disposal of property, plant and equipment		**353**	131
Repayment of loans receivable		**2 268**	3 307
Net cash flow from investing activities		**(5 424)**	384
Cash flow from financing activities			
Acquisition of treasury shares	10.1	**(29 734)**	–
Payment of lease liabilities		**(8 348)**	(7 088)
Net cash flow from financing activities		**(38 082)**	(7 088)
Net movement in cash and cash equivalents		**82 118**	98 900
Effect of foreign exchange fluctuations		**91**	(55)
Net cash and cash equivalents at beginning of year		**272 868**	174 023
Net cash and cash equivalents at end of year		**355 077**	272 868

* *Refer note 3.*

[1] *Includes interest on lease liabilities of R3.683 million (2021: R4.095 million), but excludes R8.038 million of interest on tax liability paid in prior years (refer note 8.2).*

[2] *Refer footnote 11 of the summary consolidated statement of financial position; included in dividends paid in the current year is the delayed payment of the 2020 interim dividend, in addition to the 2022 interim dividend payment.*

[3] *Additions for the current year include the fit out of a pilot proof of concept Modrockers retail company store and the refurbishment of The Hussar Grill Morningside.*

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These summary consolidated financial statements for the year ended 30 June 2022 (Summary AFS) are prepared in accordance with the requirements of the JSE Limited Listings Requirements (Listings Requirements) for provisional reports and the requirements of the Companies Act of South Africa (No. 71 of 2008 amended) applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by *IAS 34 – Interim Financial Reporting*. The Summary AFS do not include all the information for a complete set of financial statements in compliance with IFRS.

The Summary AFS have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified audit opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements for the year ended 30 June 2022 (the Consolidated AFS) from which the Summary AFS were derived. The Consolidated AFS and the auditor's report thereon are available for inspection online at www.spurcorporation.com/investors/results-centre, at the company's registered office or on request at companysecretary@spurcorp.com.

The Summary AFS do not (in compliance with the Listings Requirements) include the information required pursuant to paragraph 16A(j) of IAS 34 (relating to fair value disclosures required by *IFRS 7 – Financial Instruments*: *Disclosures* and *IFRS 13 – Fair Value Measurement*). The IFRS 7 and IFRS 13 disclosures are detailed in note 41 (and certain other notes, where applicable) of the Consolidated AFS.

The accounting policies applied in the preparation of the Consolidated AFS, from which the Summary AFS were derived, are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements for the year ended 30 June 2021, except as disclosed in note 3. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Full details of the group's accounting policies are included in note 46 of the Consolidated AFS.

The Summary AFS are presented in South African rands, which is the group's presentation currency, rounded to the nearest thousand, unless otherwise stated. They are prepared on the going concern basis (refer note 2). The Summary AFS have been prepared on the historical cost basis except in the case of the contingent consideration receivable which is measured at fair value.

The Summary AFS were prepared under the supervision of the group chief financial officer, Cristina Teixeira CA(SA), and authorised for issue by the directors on 18 August 2022. The Summary AFS were published on 19 August 2022.

2. IMPACT OF COVID-19 AND GOING CONCERN

The first positive case of the COVID-19 virus in South Africa was reported on 5 March 2020. In an attempt to curb the spread of the virus, the South African government imposed various trading restrictions (which impacted on restaurant businesses) in South Africa from 27 March 2020 until 22 June 2022. A general correlation existed between economic activity and the severity of the lockdown restrictions that were in place at any point in time, and the commensurate level of trading within the group's franchise network. The trading restrictions had a severe impact on the South African economy and, relevant to the group's performance, employment, discretionary income, consumer confidence and the ability of the group's regular customer base to frequent restaurants. This had a direct impact on the group's independently owned franchises and, as a consequence, the group's business and financial performance.

A timeline of trading restrictions imposed on the restaurant industry in South Africa is listed below:

27 March 2020 to 30 April 2020 (first wave)	–	Complete prohibition on trading
1 May 2020 to 31 May 2020	–	Trading for delivery business only
1 June 2020 to 28 June 2020	–	Trading for delivery and collection business only
29 June 2020	–	Sit-down trade recommenced, subject to strict social distancing protocols (including capacity limitations)
18 August 2020	–	Resumption of alcohol sales in restaurants permitted
20 September 2020	–	Lockdown level reduced to level 1; restaurants still subject to social distancing protocols
29 December 2020 to 31 January 2021 (second wave)	–	Lockdown level 3 re-imposed; sale of alcohol prohibited; capacity restricted to lower of 50% capacity or 50 people; beaches closed in designated hot spots; trading time limited to 20:00
1 February 2021	–	Trading time extended to 22:00; resumption of alcohol sales permitted
1 March 2021	–	Lockdown level reduced to level 1; trading time extended to 23:00; capacity restricted to 100 people, subject to social distancing protocols
15 June 2021	–	Lockdown level 3 re-imposed; trading time limited to 21:00; capacity restricted to lower of 50% capacity or 50 people
28 June 2021 to 25 July 2021 (third wave)	–	Lockdown level 4 re-imposed; sit-down trade prohibited; trading time limited to 20:00
26 July 2021	–	Lockdown level reduced to level 3; sit-down trade permitted subject to capacity restrictions (lower of 50% capacity or 50 people); trading time extended to 21:00
13 September 2021	–	Lockdown level reduced to level 2; capacity limited to 250 people observing social distancing requirements (or 50% of capacity if venue cannot accommodate 250 people); trading time extended to 22:00
1 October 2021	–	Lockdown level reduced to level 1; trading time extended to 23:00; capacity limitations increased to lower of 50% of capacity or 750 people
31 December 2021	–	Curfew scrapped; capacity limitations increased to lower of 50% of capacity or 1 000 people
5 April 2022	–	State of disaster lifted, although capacity limitations as before still in place
22 June 2022	–	Remaining regulations repealed; no trading restrictions in place

2. IMPACT OF COVID-19 AND GOING CONCERN continued

2.1 The impact on the group

The group discounted its franchise and marketing fund contribution fee structures for certain periods in response to the various lockdown levels in an effort to assist franchisees' cash flow.

The combined impact of changes in restaurant sales and the temporarily revised franchise and marketing fund contribution fee rates has resulted in a 'multiplier effect' on the group's revenue (franchise and marketing fund contribution fee revenue).

Most of the group's revenue is either directly or indirectly linked to restaurant sales. The group has therefore seen commensurate changes in revenue earned on the sales of sauces and peripheral supplies through its manufacturing division, as well as sales of restaurant supplies through the group's outsourced distributor, as franchised restaurant sales have been affected by changes in the trading restrictions imposed.

As a franchise business, most of the group's franchise-related overhead costs are employment-related costs. These are not directly variable in the short term. As part of the group's austerity measures, the group:

- reduced the standard workweek of all employees to four days (or 30 hours) and reduced salaries commensurately across the board by 20%* with effect from 1 June 2020 to 30 September 2020 (i.e. for three month in the prior year); fees paid to non-executive directors were similarly reduced;
- implemented a voluntary retrenchment programme locally during the prior year: 15 employees accepted the voluntary retrenchment offer which comprised a severance payment of two weeks' salary for each completed year of service. A further post was made redundant in the Australian operations. The aggregate cost of the retrenchments in the prior financial year was R3.9 million; and
- suspended its short-term profit share and thirteenth cheque bonus schemes in June 2020. The board subsequently authorised an *ex gratia* payment of a half month's salary to all employees in December 2020, the cost of which is included in the previous financial year. No short-term profit share incentives were payable for the 2021 financial year, although an accrual was made in the 2021 financial year for a half month's thirteenth cheque. The board subsequently authorised an *ex gratia* payment pool equivalent to a full month's salary bill which was allocated and paid to all employees in the current financial year, based on individual performance, which has been expensed in the current financial year (net of the reversal of the accrual raised in the prior year). A new short-term incentive scheme was implemented in respect of the 2022 financial year.

All other discretionary costs were reduced to the extent possible, without having a negative impact on the group's operations. Certain suspended projects recommenced in the current year.

The group deferred payment of the interim 2020 dividend declared on 26 February 2020. This dividend was settled on 25 October 2021.

The group's retail company stores were also impacted by the trading restrictions and experienced a significant decline in profitability relative to pre-COVID-19 times. During the year, the group received business interruption insurance proceeds in the amount of R14.773 million as compensation for COVID-19-related loss of profits attributable to the group's retail company stores for the period from April 2020 to March 2021, which were accrued for in the 2021 financial year.

Following the hard lockdown in South Africa prior to July 2020, the group's recovery trajectory has trended positive over the past two years and, for the most part, restaurant turnovers have returned to pre-COVID-19 levels in nominal terms with Spur, RocoMamas and Speciality brands trading well over pre-COVID-19 turnovers in the last quarter of the 2022 financial year. Group revenue and profitability have followed suit.

* *Applicable to employees earning more than R25 000 per month for June 2020 to August 2020 and to those employees earning more than R15 000 per month for September 2020.*

2. IMPACT OF COVID-19 AND GOING CONCERN continued

2.2 The ability of the group to continue to meet current obligations for the 12 months following the date of this report

While the group consumed cash during the initial hard lockdown and the months up to September 2020, the group has been able to recover this lost cash and generate further cash, despite the impact of the second, third and fourth waves of the pandemic. This has demonstrated the relative resilience of the group.

The complete withdrawal of trading restrictions in South Africa on 22 June 2022 and the similar relaxation of restrictions internationally bode well for the group's continued recovery and future performance.

The board has assessed that the group's current cash resources will be sufficient to meet the group's financial obligations for a period of at least 12 months from the date of this report. In addition, the group remains ungeared with potential access to credit if necessary. On this basis, the board has concluded that it is satisfied that the group will continue to trade as a going concern for at least a period of 12 months from the date of this report, and the financial statements have therefore been prepared on this basis.

3. PRIOR PERIOD RESTATEMENTS

3.1 IFRS 15 – Revenue from Contracts with Customers – Sales by outsourced distributor

IFRS 15 requires that an entity should determine whether the nature of its promise to deliver goods or services is a performance obligation to provide the specified goods or services itself (i.e. acting as a principal) or to arrange for those goods or services to be provided by another party (i.e. acting as an agent). The group has a commercial arrangement with an outsourced distributor in terms of which that outsourced distributor procures certain products from suppliers appointed by the group, warehouses those products and then supplies those products to the group's franchisees. The group earns a commission on these sales.

The group previously accounted for the sales by the distributor to franchisees as agent, and accordingly previously only recognised the commission payable by the distributor to the group as distribution income revenue. The group has reassessed the requirements of IFRS 15 and their application to the transactions in question and concluded that the determination that the group acts as agent is erroneous. Taking into consideration the provisions of a number of inter-linked commercial agreements impacting on these transactions and in particular the risks that the group is exposed to in relation to the inventory procured by the distributor, the group has concluded that it acts as principal. Accordingly the gross sales should be recognised as revenue, with the related cost of inventory sold and the distributor's distribution fee being recognised in cost of sales. In addition, the group should recognise the inventory held by the distributor on the group's behalf at the reporting date as an asset, with a corresponding payable to the distributor as a liability.

This incorrect application of IFRS 15 in prior years has been corrected retrospectively: the cumulative impact of the correction has been adjusted as at the beginning of the comparative period and the comparative information has been restated as detailed in note 3.4.

3. PRIOR PERIOD RESTATEMENTS continued

3.2 IFRS 15 – Revenue from Contracts with Customers – Accounting for marketing funds

The group previously concluded that marketing fund contributions revenue and ongoing franchise fee income revenue arose from a single distinct performance obligation in accordance with IFRS 15 and therefore needed to be recognised as revenue on the same basis. It was previously determined that the most appropriate method to recognise the revenue from the single performance obligation was as a sales-based royalty.

In assessing the group's underlying obligations per the franchise agreements concluded with franchisees to provide marketing services and utilise the marketing fund contributions revenue collected from franchisees to incur marketing-related expenditure for the benefit of franchisees, it has been determined that there is sufficient justification to treat the obligation to provide marketing services to franchisees as a performance obligation distinct from the provision of franchise support services. The group therefore previously erred in accounting for the two obligations as a single performance obligation in prior years.

As a distinct performance obligation, the revenue relating to marketing services may be recognised on a basis different to ongoing franchise fee income revenue. As the group's performance obligation to provide marketing support services, and spend marketing fund contributions on marketing-related costs, is satisfied over time, the revenue should be recognised over the period that the group's obligation is satisfied. As the group has no profit motive in rendering the services, the input method has been determined as the most appropriate method to measure the progress towards satisfying the performance obligation. Revenue is consequently recognised to the extent that costs have been incurred, and deferred to the extent that the group has an obligation to incur marketing-related costs for the benefit of franchisees in the future, resulting in a nil impact on profit or loss. Where cumulative expenditure is incurred in excess of the marketing fund contributions, a loss is recognised in profit or loss; and to the extent that such a cumulative deficit is recovered from marketing fund contributions received in a subsequent period, a profit is recognised in profit or loss in that subsequent period.

This incorrect application of IFRS 15 in prior years has been corrected retrospectively: the cumulative impact of the correction has been adjusted as at the beginning of the comparative period and the comparative information has been restated as listed in note 3.4. The restatement has resulted in a reduction in revenue in the statement of profit or loss and other comprehensive income and the recognition of a contract liability in the statement of financial position relating to the unsatisfied performance obligation.

3.3 IAS 7 – Statement of Cash Flows – Treatment of restricted cash in the statement of cash flows

The group discloses cash deposits relating to marketing fund surpluses and cash deposits held to settle its obligation in respect of unredeemed gift vouchers as restricted cash in the consolidated statement of financial position. The group has however previously excluded the movements in these restricted cash balances from the cash flow movements presented in the statement of cash flows. While *IAS 7* defines the term *restricted cash* and requires separate disclosure thereof, it does not preclude the requirement to include restricted cash within total cash and cash equivalents for the purposes of the statement of cash flows. The group has accordingly erred in excluding the movement in restricted cash from its statement of cash flows in prior years. The incorrect application of IAS 7 in the prior year has been corrected retrospectively and the prior year statement of cash flows has been restated as detailed in note 3.4.

3. PRIOR PERIOD RESTATEMENTS continued

3.4 Restatements of statements of financial position, profit or loss and other comprehensive income and cash flows

Extract from consolidated statements of financial position

R'000	As at 1 July 2020 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (3.1)	Adjustments to correct errors: Accounting for marketing funds (3.2)	Adjustments to correct errors: Restricted cash (3.3)	**Restated as at 1 July 2020**
ASSETS					
Non-current assets	**518 466**	**–**	**–**	**–**	**518 466**
Current assets	**282 440**	**68 439**	**–**	**–**	**350 879**
Inventories	16 148	68 439	–	–	84 587
Other current assets	266 292	–	–	–	266 292
TOTAL ASSETS	**800 906**	**68 439**	**–**	**–**	**869 345**
EQUITY AND LIABILITIES					
Total equity	**535 615**	**(815)**	**(2 809)**	**–**	**531 991**
Other equity	51 677	–	–	–	51 677
Retained earnings	475 501	(815)	(2 809)	–	471 877
Total equity attributable to owners of the company	**527 178**	**(815)**	**(2 809)**	**–**	**523 554**
Non-controlling interests	8 437	–	–	–	8 437
LIABILITIES					
Non-current liabilities	**127 883**	**(317)**	**–**	**–**	**127 566**
Deferred tax	57 212	(317)	–	–	56 895
Other non-current liabilities	70 671	–	–	–	70 671
Current liabilities	**137 408**	**69 571**	**2 809**	**–**	**209 788**
Trade and other payables	49 710	69 571	–	–	119 281
Contract liabilities	5 808	–	2 809	–	8 617
Other current liabilities	81 890	–	–	–	81 890
TOTAL EQUITY AND LIABILITIES	**800 906**	**68 439**	**–**	**–**	**869 345**

3. PRIOR PERIOD RESTATEMENTS continued

3.4 Restatements of statements of financial position, profit or loss and other comprehensive income and cash flows continued

Extract from consolidated statements of financial position continued

R'000	As at 30 June 2021 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (3.1)	Adjustments to correct errors: Accounting for marketing funds (3.2)	Adjustments to correct errors: Restricted cash (3.3)	**Restated as at 30 June 2021**
ASSETS					
Non-current assets	**500 311**	**–**	**–**	**–**	**500 311**
Current assets	**409 038**	**64 477**	**–**	**–**	**473 515**
Inventories	11 618	64 477	–	–	76 095
Other current assets	397 420	–	–	–	397 420
TOTAL ASSETS	**909 349**	**64 477**	**–**	**–**	**973 826**
EQUITY AND LIABILITIES					
Total equity	**635 173**	**(618)**	**(3 520)**	**–**	**631 035**
Other equity	52 969	–	–	–	52 969
Retained earnings	568 890	(618)	(3 520)	–	564 752
Total equity attributable to owners of the company	**621 859**	**(618)**	**(3 520)**	**–**	**617 721**
Non-controlling interests	13 314	–	–	–	13 314
LIABILITIES					
Non-current liabilities	**116 291**	**(240)**	**–**	**–**	**116 051**
Deferred tax	55 526	(240)	–	–	55 286
Other non-current liabilities	60 765	–	–	–	60 765
Current liabilities	**157 885**	**65 335**	**3 520**	**–**	**226 740**
Trade and other payables	60 922	65 335	–	–	126 257
Contract liabilities	4 749	–	3 520	–	8 269
Other current liabilities	92 214	–	–	–	92 214
TOTAL EQUITY AND LIABILITIES	**909 349**	**64 477**	**–**	**–**	**973 826**

3. PRIOR PERIOD RESTATEMENTS continued

3.4 Restatements of statements of financial position, profit or loss and other comprehensive income and cash flows continued

Extract from consolidated statement of profit or loss and other comprehensive income

R'000	For the year ended 30 June 2021 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (3.1)	Accounting for marketing funds (3.2)	Restricted cash (3.3)	Restated for the year ended 30 June 2021
Revenue	**681 436**	**1 124 220**	**(711)**	**–**	**1 804 945**
Cost of sales	(165 428)	(1 123 946)	–	–	(1 289 374)
Gross profit	**516 008**	**274**	**(711)**	**–**	**515 571**
Operating profit before finance income	**144 731**	**274**	**(711)**	**–**	**144 294**
Profit before income tax	**148 239**	**274**	**(711)**	**–**	**147 802**
Income tax expense	(48 480)	(77)	–	–	(48 557)
Profit	**99 759**	**197**	**(711)**	**–**	**99 245**
Total comprehensive income	**99 773**	**197**	**(711)**	**–**	**99 259**
Profit attributable to:	**99 759**	**197**	**(711)**	**–**	**99 245**
Equity owners of the company	93 082	197	(711)	–	92 568
Non-controlling interests	6 677	–	–	–	6 677
Total comprehensive income attributable to:	**99 773**	**197**	**(711)**	**–**	**99 259**
Equity owners of the company	93 096	197	(711)	–	92 582
Non-controlling interests	6 677	–	–	–	6 677
Earnings per share (cents)					
Basic earnings	110.85	0.24	(0.85)	–	110.24
Diluted earnings	110.48	0.23	(0.84)	–	109.87

3. PRIOR PERIOD RESTATEMENTS continued

3.4 Restatements of statements of financial position, profit or loss and other comprehensive income and cash flows continued

Extract from consolidated statement of cash flows

R'000	For the year ended 30 June 2021 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (3.1)	Accounting for marketing funds (3.2)	Restricted cash (3.3)	Restated for the year ended 30 June 2021
Cash flow from operating activities					
Operating profit before working capital changes	171 486	274	–	3 435	175 195
Working capital changes	(29 782)	(274)	–	(108)	(30 164)
Cash generated from operations	**141 704**	**–**	**–**	**3 327**	**145 031**
Net cash flow from operating activities	**102 277**	**–**	**–**	**3 327**	**105 604**
Net cash flow from investing activities	**384**	**–**	**–**	**–**	**384**
Net cash flow from financing activities	**(7 088)**	**–**	**–**	**–**	**(7 088)**
Net movement in cash and cash equivalents	**95 573**	**–**	**–**	**3 327**	**98 900**
Effect of foreign exchange fluctuations	(55)	–	–	–	(55)
Net cash and cash equivalents at beginning of year	165 352	–	–	8 671	174 023
Net cash and cash equivalents at end of year	**260 870**	**–**	**–**	**11 998**	**272 868**

4. OPERATING SEGMENTS

External revenue	Note	2022 R'000	Restated 2021*# R'000	% change
South Africa				
Franchise		**333 395**	230 539	44.6
Spur		**232 167**	158 978	46.0
Panarottis		**31 267**	21 575	44.9
John Dory's		**17 948**	12 322	45.7
RocoMamas		**38 573**	29 475	30.9
Speciality brands		**13 440**	8 189	64.1
Manufacturing and distribution	b	**1 710 414**	1 310 807	30.5
Retail company stores		**62 907**	41 376	52.0
Marketing		**199 538**	164 410	21.4
Other segments	d	**36 759**	20 037	83.5
Total South African segments		**2 343 013**	1 767 169	32.6
Shared services		**211**	907	(76.7)
Total South Africa		**2 343 224**	1 768 076	32.5
International				
Australasia		**645**	1 709	(62.3)
Rest of Africa and Middle East	g	**42 362**	31 051	36.4
Marketing		**4 961**	4 109	20.7
Total International segments		**47 968**	36 869	30.1
Total International		**47 968**	36 869	30.1
Total		**2 391 192**	1 804 945	32.5

* *Refer note 3.*

\# *Operating segments are identified based on financial information regularly reviewed by the Spur Corporation Ltd executive directors (identified as the Chief Operating Decision Maker (CODM) of the group for IFRS 8 – Operating Segments reporting purposes) for performance assessments and resource allocations. Following a restructure of the business and responsibilities of certain brand chief operating officers during the year, the financial information reviewed by the CODM has been reconfigured during the current year and segmental information has been updated accordingly. The following changes were made:*
- *A new segment has been created, 'Franchise – Speciality brands'.*
- *Casa Bella was previously reported with Panarottis as a single segment and is now reported under Speciality brands.*
- *The Hussar Grill and Nikos were both previously reported separately and are now reported under Speciality brands.*
- *Expenses of the group's procurement department were previously reported under Shared services and are now reported under Manufacturing and distribution (where the related sales by the outsourced distributor and rebate revenue are included).*

Accordingly, the group has restated the previously reported segment information in line with the current year.

Refer page 26 for notes.

Refer note 5 for further details of revenue.

4. OPERATING SEGMENTS continued

Profit/(loss) before income tax	Note	2022 R'000	Restated 2021*# R'000	% change
South Africa				
Franchise		**258 933**	156 816	65.1
Spur	a	**194 990**	120 049	62.4
Panarottis		**19 794**	9 665	104.8
John Dory's		**6 641**	1 808	267.3
RocoMamas		**27 876**	21 278	31.0
Speciality brands		**9 632**	4 016	139.8
Manufacturing and distribution	b	**73 612**	56 884	29.4
Retail company stores	c	**(1 185)**	11 725	(110.1)
Marketing		**2 410**	23 223	(89.6)
Other segments	d	**(3 981)**	(7 074)	43.7
Total South African segments		**329 789**	241 574	36.5
Shared services	e	**(132 328)**	(99 150)	(33.5)
Total South Africa		**197 461**	142 424	38.6
International				
Australasia	f	**(119)**	(1 543)	92.3
Rest of Africa and Middle East	g	**18 938**	12 376	53.0
Total International segments		**18 819**	10 833	73.7
Shared services	h	**(6 612)**	(5 455)	(21.2)
Total International		**12 207**	5 378	127.0
Total		**209 668**	147 802	41.9

4. OPERATING SEGMENTS continued

Notes
An explanation of the financial and operating performance for each material segment is included in the commentary on page 2 of this report. The notes below provide additional quantitative information on specific items that have impacted on the financial performance of each segment.

a) South Africa Franchise – Spur
Profit for the prior year includes development costs of R4.088 million.

b) South Africa Manufacturing and distribution
Manufacturing and distribution revenue includes sales by the group's outsourced distributor of R1.633 billion (2021: R1.229 billion) (refer note 3.1). The prior year profit includes retrenchment costs of R0.025 million as part of the group's COVID-19 austerity measures.

c) South Africa Retail company stores
Profit for the prior year includes business interruption insurance proceeds of R14.773 million as compensation for COVID-19-related loss of profits for the period from April 2020 to March 2021. An accrual of R0.583 million had been raised in respect of rental rebates which were refunded to landlords as a result of the insurance claims.

The group undertook a major refurbishment of The Hussar Grill in Morningside in the current year to the amount of R2.200 million of which R2.109 million was capitalised and R0.091 million was expensed.

d) South Africa Other segments
The increase in revenue and decrease in loss is attributable to the group's export and decor businesses recovering from COVID-19 as restaurant openings and refurbishments locally and abroad were more frequent. Profit for the prior year includes retrenchments costs of R0.515 million as part of the group's austerity measures implemented in response to COVID-19.

e) South Africa Shared services

The segment loss includes:	2022 R'000	2021 R'000
Marketing fund administration cost recoveries (intersegment)[1]	**14 552**	13 943
Net finance income[2]	**2 302**	7 453
Impairment reversal – net expected credit losses on financial instruments	**562**	2 103
Equity-settled share-based payment charge (refer note 10.2)	**(6 309)**	(1 278)
Contingent consideration fair value (loss)/gain (net of allowance for expected credit losses)	**(2 453)**	1 081
Retrenchment costs[3]	**–**	(2 824)
Retirement benefit (excluding interest) (refer note 11)	**–**	(8 502)
Loss (before net finance income) of The Spur Foundation Trust, all of which is attributable to non-controlling interests	**(145)**	(416)
Non-executive directors' fees (including VAT where applicable)[4]	**(5 317)**	(7 917)

[1] *The group recovers certain of the costs of administering the marketing funds on behalf of franchisees from the marketing funds.*
[2] *Net finance income declined as a result of the interest expense on the SARS dispute to the amount of R8.038 million (refer note 8.2).*
[3] *Retrenchment costs in the prior year related to the voluntary retrenchment of employees as part of the group's austerity measures implemented in response to COVID-19.*
[4] *Non-executive directors' fees for the prior year included R2.757 million (including VAT where applicable) for special assignments, as approved by shareholders at the annual general meeting on 23 December 2020.*

4. OPERATING SEGMENTS continued

f) Australasia

The segment loss includes:	2022 R'000	2021 R'000
Impairment reversal – net expected and actual credit losses on financial instruments	**68**	190
Impairment reversal – net expected and actual credit losses on lease receivable	**–**	314
Provision for lease obligation net of gain on derecognition of lease liability on early termination of lease relating to Apache Spur	**–**	(665)
Retrenchment costs	**–**	(550)
Foreign exchange gain	**5**	4

g) Rest of Africa and Middle East
Rest of Africa and Middle East revenue includes sales by the group's outsourced distributor of R10.602 million (2021: R7.809 million) (refer note 3.1).

h) International Shared services

The segment loss includes:	2022 R'000	2021 R'000
Impairment (loss)/reversal – net expected and actual credit losses on financial instruments	**(2 035)**	370
Foreign exchange gain/(loss)	**467**	(732)

In accordance with IFRS 8, no segment assets or liabilities have been disclosed as such information is not regularly provided to the CODM. As the group operates predominantly as a franchise business, there are limited tangible assets directly attributable to individual segments. The key driver for making decisions regarding resource allocation is primarily profitability. Working capital is managed at a group level.

The group has identified the following reportable segments, with no individual customer accounting for more than 10% of revenue:

South Africa Franchise:

- Spur (Spur Steak Ranches and Spur Grill & Go)
- Panarottis Pizza Pasta
- John Dory's (John Dory's Fish Grill Sushi)
- RocoMamas
- Speciality brands (Casa Bella, The Hussar Grill and Nikos Coalgrill Greek)

South Africa: Manufacturing and distribution

- Sauce manufacturing, warehousing and product distribution business including sales by the group's outsourced distributor to franchisees (refer note 3.1), rebates and sales of retail sauces to supermarkets

South Africa: Retail company stores

- Four company-owned The Hussar Grill restaurants, operating in Camps Bay, Rondebosch and Mouille Point in the Western Cape and Morningside in Gauteng; a RocoMamas outlet in Green Point in the Western Cape and a pilot proof of concept, Modrockers, in Rosebank in Gauteng

4. OPERATING SEGMENTS continued

South Africa and International: Marketing

– These segments comprise the surplus or deficit of marketing fund contributions from franchisees relative to marketing fund expenses for the year. The group is obligated, in accordance with the franchise agreements concluded between franchisees and the group, to spend the marketing fund contributions for the benefit of franchisees. Any surplus recognised in profit is in respect of the recovery of a prior year's cumulative marketing fund deficit and is accordingly not for the benefit of the owners of the company and will not, in the ordinary course of business, be distributable to shareholders. Losses are only recognised to the extent that a marketing fund is in a cumulative deficit position

South Africa: Other

– The group's training division, export business, décor manufacturing business, call centre and radio station which are each individually not material

International: Australasia

– Franchise business in Australia and New Zealand

International: Rest of Africa and Middle East

– Franchise operations in the rest of Africa (including Mauritius), India and the Middle East. Rest of Africa comprises the majority of the segment. India and Middle East components are not individually material, operate on the same basis as the rest of Africa and are exposed to similar risks

5. REVENUE

	2022 R'000	Restated 2021* R'000
Sales-based royalties	357 607	247 495
Ongoing franchise fee income	357 607	247 495
Recognised at a point in time	1 824 133	1 383 249
Sales of franchisee supplies (outsourced)	1 643 400	1 237 452
Sales of purchased and manufactured sauces	71 761	77 261
Retail company stores' sales	62 907	41 376
Sales of franchisee supplies	29 464	15 569
Sales of marketing materials	10 302	7 391
Rebate income	6 299	4 200
Recognised over time	209 452	174 201
Initial franchise fee income	7 161	7 356
Marketing fund contributions	181 984	147 443
Services rendered	8 029	5 586
Marketing supplier contributions	12 278	13 816
Total revenue	2 391 192	1 804 945

* *Refer note 3.*

5. REVENUE continued

Revenue is disaggregated based on method of recognition by segment as follows:

R'000	Sales-based royalties	Recognised at a point in time	Recognised over time	Total
2022				
South Africa				
Franchise	328 954	273	4 168	333 395
Spur	230 488	–	1 679	232 167
Panarottis	30 363	273	631	31 267
John Dory's	17 576	–	372	17 948
RocoMamas	37 386	–	1 187	38 573
Speciality brands	13 141	–	299	13 440
Manufacturing and distribution	–	1 710 414	–	1 710 414
Retail company stores	–	62 907	–	62 907
Marketing	–	10 302	189 236	199 538
Other segments	–	28 980	7 779	36 759
Total South African segments	328 954	1 812 876	201 183	2 343 013
Shared services	–	211	–	211
Total South Africa	328 954	1 813 087	201 183	2 343 224
International				
Australasia	558	–	87	645
Rest of Africa and Middle East	28 095	11 046	3 221	42 362
Marketing	–	–	4 961	4 961
Total International	28 653	11 046	8 269	47 968
Total external revenue	357 607	1 824 133	209 452	2 391 192

5. REVENUE continued

R'000	Sales-based royalties	Recognised at a point in time	Recognised over time	Total
Restated 2021*#				
South Africa				
Franchise	224 822	141	5 576	230 539
Spur	156 624	–	2 354	158 978
Panarottis	20 532	141	902	21 575
John Dory's	11 844	–	478	12 322
RocoMamas	28 130	–	1 345	29 475
Speciality brands	7 692	–	497	8 189
Manufacturing and distribution	–	1 310 807	–	1 310 807
Retail company stores	–	41 376	–	41 376
Marketing	–	7 391	157 019	164 410
Other segments	–	14 521	5 516	20 037
Total South African segments	224 822	1 374 236	168 111	1 767 169
Shared services	–	907	–	907
Total South Africa	224 822	1 375 143	168 111	1 768 076
International				
Australasia	1 305	–	404	1 709
Rest of Africa and Middle East	21 368	8 106	1 577	31 051
Marketing	–	–	4 109	4 109
Total International	22 673	8 106	6 090	36 869
Total external revenue	247 495	1 383 249	174 201	1 804 945

* *Refer note 3.*
\# *Restated for segment reallocations as explained on page 24.*

6. OTHER INCOME

	2022 R'000	2021 R'000
Expired gift vouchers[1]	**1 598**	2 249
Fair value gain on contingent consideration receivable	**–**	901
Gain on derecognition of lease	**–**	7 069
Derecognition of lease liabilities on early termination of leases	**–**	9 845
Derecognition of right-of-use assets on early termination of leases	**–**	(2 776)
Insured loss recoveries[2]	**–**	14 773
Profit on disposal of property, plant and equipment	**125**	131
Rental concession income	**201**	646
Spur Foundation donation income[3]	**1 378**	725
Other	**656**	577
Total other income	**3 958**	27 071

1 *Expired gift vouchers relate to the value of gift vouchers sold to customers which have not been redeemed within a period of three years from date of issue. The validity period of three years is prescribed by local legislation.*
2 *Insured loss recoveries in the prior year are business interruption insurance proceeds accrued for in the prior year and received during the current year as compensation for COVID-19-related loss of profits attributable to the group's retail company stores for the period from April 2020 to March 2021.*
3 *Spur Foundation donation income relates to donations received by The Spur Foundation Trust, a consolidated structured entity, from parties external to the group. The income may be used exclusively for the benefit of the beneficiaries of the trust in accordance with the trust deed (which exclude any group entities). Related expenditure is included in Administration expenses in the statement of profit or loss and other comprehensive income.*

7. OPERATING PROFIT BEFORE FINANCE INCOME

The following items have been taken into account in determining operating profit before finance income (other than those items disclosed in other income (refer note 6):

	2022 R'000	2021 R'000
Auditor's remuneration[1]	5 533	3 477
Amortisation – intangible assets	1 150	970
Depreciation – property, plant and equipment	9 210	10 160
Depreciation – right-of-use assets	10 511	10 409
Employment costs	221 645	199 108
Salaries and wages (excluding executive directors and prescribed officer)[2]	190 150	168 267
Executive directors' and prescribed officer's emoluments (refer note 14)[3]	25 186	17 147
Retirement benefit (refer note 11)	–	8 502
Retrenchment costs[4]	–	3 914
Share-based payments expense – equity-settled – long-term employee share incentive schemes (refer note 10.2)	6 309	1 278
Foreign exchange loss	–	724
Impairment losses/(reversal) – expected and actual credit losses – financial instruments and lease receivable[5]	2 957	(2 523)
Trade receivables	2 822	(1 193)
Bad debts – trade receivables	345	838
Write off of lease deposit	–	937
Movement in Impairment allowance	2 477	(2 968)
Loan receivables	207	101
Impairment allowance	395	881
Reversal of impairment allowance	(188)	(855)
Impairment allowance reversed against actual write off of loans receivable	(1 310)	(4 000)
Write off of loans receivable	1 310	4 075
Reversal of impairment of contingent consideration receivable	(72)	(180)
Lease receivables	–	(1 251)
Impairment allowance reversed against actual write off of lease receivable	–	(8 263)
Write off of lease receivable	–	7 012
Other non-trading losses	2 525	7 677
Fair value loss on contingent consideration receivable[6]	2 525	–
Provision for lease obligation	–	7 677

1 *Remuneration of the company's auditor for services to the company and its subsidiaries. The increase relative to the prior year relates to the change in audit approach adopted by PwC relative to KPMG: PwC's audit approach includes a greater focus on audit work performed prior to the year-end while KPMG's approach allocated more focus to audit work performed subsequent to the year-end.*

2 *Includes short-term performance bonuses and short-term incentive scheme costs (refer note 12.1).*

3 *Includes short-term performance bonuses but excludes equity compensation benefits and retirement lumpsum disclosed separately within employment costs.*

4 *The retrenchment costs in the prior year related to 16 posts that were made redundant during the prior year; as part of the group's COVID-19 austerity measures, the group implemented a voluntary retrenchment programme.*

5 *The increase in the allowance for expected credit losses in the current year relates primarily to the group's local and foreign trade receivable exposure to certain franchisees in Saudi Arabia (in respect of franchise fees, marketing fund contributions and exported restaurant supplies) which have defaulted on their payment obligations to the group due to financial difficulty brought on by COVID-19. The decrease in the prior year related largely to an improved credit risk outlook in an environment of more relaxed COVID-19 trading restrictions. Probability of default rates were generally assessed as lower in the current year relative to the prior year due to the improved credit risk outlook as the global economy recovers from the COVID-19 pandemic, while loss given default rates were generally consistent with those applied in previous periods.*

6 *Refer footnote 7 to the summary consolidated statement of financial position.*

8. INCOME TAX

8.1 Income tax expense

	2022 R'000	Restated 2021* R'000
Total current corporate income tax	90 636	41 167
Total deferred corporate tax	(13 049)	370
Total withholding taxes	3 741	7 020
Income tax expense	**81 328**	48 557

* *Refer note 3.*

8.2 Income tax dispute in respect of 2004-2009 share incentive scheme – resolved during the year

As previously reported, the South African Revenue Services (SARS) had previously issued additional assessments to wholly-owned subsidiary, Spur Group (Pty) Ltd (Spur Group), in respect of the 2005 to 2012 years of assessment totalling R22.034 million (comprising R13.996 million in additional income tax and R8.038 million in interest). The additional assessments were issued following the disallowance of a deduction claimed in respect of the 2004 share incentive scheme. The total of the additional assessments was paid in previous financial years. Following failed alternative dispute resolution proceedings, the matter was heard in the Income Tax Court in February 2018. The Income Tax Court found in favour of Spur Group, but SARS appealed the ruling. The appeal was heard by a full bench of the Income Tax Court on 29 July 2019 and judgement was issued on 26 November 2019 in favour of Spur Group to dismiss SARS' appeal and award costs to Spur Group. SARS appealed the ruling. The appeal was heard by the Supreme Court of Appeals (SCA) on 17 August 2021, with judgement handed down on 15 October 2021. The SCA upheld SARS' appeal, effectively ruling against Spur Group and issued its judgement against Spur Group. Consequently, the aforementioned tax and interest previously recognised as an asset have been charged to profit or loss as additional income tax and interest expense respectively in the current year. In terms of the judgement, Spur Group may be required to settle SARS' legal costs which have not yet been determined. The group has estimated SARS' legal costs based on its own costs incurred and accrued for these in the current year. Spur Group had applied for leave to appeal the SCA judgement to the Constitutional Court, but the request for appeal was denied by the Constitutional Court.

8. INCOME TAX continued

8.3 Reconciliation of tax rate

	2022 %	Restated 2021* %
South African corporate income tax rate	28.0	28.0
Non-deductible bad debts	–	0.8
Non-deductible interest and penalties	1.1	–
Non-deductible listings related costs	1.2	2.1
Non-deductible/(non-taxable) fair value loss/(gain) on contingent consideration receivable	0.3	(0.2)
Non-deductible marketing expenditure	24.5	23.5
Non-deductible provision for lease obligation	–	1.4
Non-deductible retrenchment costs	–	0.6
Non-deductible other expenditure (capital items and items not in production of income)	0.5	1.6
Non-taxable gain on derecognition of lease liability	–	(1.3)
Non-taxable marketing income	(24.7)	(28.0)
Non-taxable reversal of impairment allowance for expected credit losses	–	(0.8)
Prior year under provision	6.3	2.6
Tax losses on which deferred tax asset not recognised	0.2	0.9
Tax losses utilised on which deferred tax not previously recognised	–	(0.1)
Tax on foreign attributed income not included in profit	0.3	–
Tax at rates other than corporate income tax rate	0.1	(0.2)
Tax rate change	(0.8)	–
Withholding taxes	1.8	2.0
Effective tax rate	**38.8**	32.9

* *Refer note 3.*

During the year, the South African Minister of Finance enacted a change in the corporate income tax rate from 28% to 27%. The change was substantively enacted prior to the reporting date, but is only effective for the group's South African entities for the financial year ending 30 June 2023 and thereafter. The group's local deferred tax balances as at 30 June 2022 have been adjusted to reflect the reduced corporate income tax rate.

The statutory rates of tax applicable to group entities in the Netherlands, Australia and Namibia are 25.8% (2021: 25%), 25% (2021: 26%) and 32% respectively. The tax rate in the Netherlands operates on a sliding scale.

9. EARNINGS PER SHARE

9.1 Statistics

	2022 '000	Restated 2021* '000	% change
Total shares in issue	90 997	90 997	
Less: shares repurchased by wholly-owned subsidiary companies	(1 888)	(596)	
Less: shares held by The Spur Management Share Trust (consolidated structured entity)	(5 933)	(5 933)	
Less: shares held by The Spur Foundation Trust (consolidated structured entity)	(500)	(500)	
Net shares in issue	**82 676**	83 968	
Weighted average number of shares in issue	83 997	83 968	
Diluted weighted average number of shares in issue	84 310	84 253	
Basic earnings per share (cents)	144.33	110.24	30.9
Diluted earnings per share (cents)	143.80	109.87	30.9
Headline earnings per share (cents)	144.22	110.13	31.0
Diluted headline earnings per share (cents)	143.68	109.76	30.9
Dividend per share (cents)[1]	127.00	–	

[1] *Refers to interim and final dividend declared for the respective financial year, as applicable.*
* *Refer note 3.*

The earnings used for diluted earnings per share are the same as the earnings used for basic earnings per share, which equates to profit attributable to the owners of the company of R121.235 million (2021: R92.568 million) for the group.

9.2 Reconciliation of shares in issue to weighted average and dilutive weighted average number of ordinary shares

	2022 '000	2021 '000
Shares in issue at beginning of year	90 997	90 997
Shares repurchased at beginning of year (refer note 10.1)	(7 029)	(7 029)
Shares repurchased during the year weighted for period held by the group (refer note 10.1)	(80)	–
Shares issued during the year weighted for period in issue (refer note 10.2)	109	–
Weighted average number of ordinary shares in issue for the year	**83 997**	83 968
Dilutive potential ordinary shares weighted for period outstanding (refer note 10.2)	313	285
Dilutive weighted average number of shares in issue for the year	**84 310**	84 253

9. EARNINGS PER SHARE continued

9.3 Reconciliation of headline earnings

	2022 R'000	Restated 2021* R'000	% change
Profit attributable to owners of the company	**121 235**	92 568	31.0
Profit on disposal of property, plant and equipment	**(125)**	(131)	
Income tax impact on above adjustments	**27**	37	
Headline earnings	**121 137**	92 474	31.0

* *Refer note 3.*

10. CAPITAL AND RESERVES

10.1 Shares repurchased

Shares repurchased by subsidiaries

During the year, a wholly-owned subsidiary of the company, Share Buy-back (Pty) Ltd, acquired 1 475 000 Spur Corporation Ltd shares at an average cost of R20.16 per share, totalling R29.734 million.

183 200 shares held by a wholly-owned subsidiary of the company, Spur Group (Pty) Ltd, in escrow on behalf of participants of the Spur Group Forfeitable Share Plan, were vested with participants (refer note 10.2) during the year.

At the reporting date, the group owned 1 887 387 (2021: 595 587) Spur Corporation Ltd treasury shares, held by Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd.

The balance per the statement of financial position comprises the cost of the Spur Corporation Ltd shares that have been repurchased by subsidiaries, Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd, those held by The Spur Management Share Trust, a consolidated structured entity, for the purposes of the group's share incentive schemes (refer note 10.2) and those held by The Spur Foundation Trust, a consolidated structured entity. At the reporting date, the entities in question held 8 320 498 (2021: 7 028 698) of the company's shares in aggregate.

10. CAPITAL AND RESERVES continued

10.2 Share-based payments reserve

	2022 R'000	2021 R'000
Balance at beginning of year	**4 751**	3 473
Share-based payments expense for the year	**6 309**	1 278
FSP – November 2018 tranche	**204**	1 004
FSP – November 2019 tranche	**616**	1 320
SAR – November 2019 tranche	**–**	(1 046)
FSP – October 2021 tranche	**1 235**	–
SAR – October 2021 tranche	**4 254**	–
Transfer to retained earnings on vesting of shares/rights	**(2 812)**	–
Balance at end of year	**8 248**	4 751
Comprising:		
FSP – November 2018 tranche	**–**	2 608
FSP – November 2019 tranche	**2 759**	2 143
FSP – October 2021 tranche	**1 235**	–
SAR – October 2021 tranche	**4 254**	–

	2022		2021	
Number of shares/rights in issue	**FSP shares**	**SAR rights**	FSP shares	SAR rights
Balance at beginning of year	**416 347**	**5 040 492**	422 347	6 050 224
Granted during the year	**373 459**	**2 409 745**	–	–
Forfeited/lapsed during the year	**(58 866)**	**(3 262 386)**	(6 000)	(1 009 732)
Vested during the year	**(183 200)**	**–**	–	–
Balance at end of year	**547 740**	**4 187 851**	416 347	5 040 492
Comprising:				
November 2018 tranche	**–**	**–**	196 200	2 655 406
November 2019 tranche	**174 281**	**2 037 101**	220 147	2 385 086
October 2021 tranche	**373 459**	**2 150 750**	–	–

The November 2018 and November 2019 tranches relate to two equity-settled share incentive schemes for managers and directors, approved by shareholders at the annual general meeting (AGM) of 4 December 2015: the Spur Group Forfeitable Share Plan (FSP) and Spur Group Share Appreciation Rights (SAR) Scheme.
At the AGM of 23 December 2020, shareholders approved new equity-settled long-term incentive schemes. The October 2021 tranche of long-term incentive awards was issued in terms of these new schemes.

10. CAPITAL AND RESERVES continued

10.2 Share-based payments reserve continued

The terms of each tranche are as follows:

FSP	**November 2018 tranche**	**November 2019 tranche**	**October 2021 tranche**
Date of grant	26 November 2018	26 November 2019	7 October 2021
Number of shares awarded	209 800	231 787	373 459[1]
Initial vesting date	25 November 2021	25 November 2022	7 October 2025[2]
Date from which shares may be traded	24 November 2023	22 November 2024	7 October 2025[2]
Service condition	3 years from grant date	3 years from grant date	4 years from grant date[2]
Performance conditions	Personal performance	Personal performance	N/A[3]
Grant-date fair value per share (R)	15.35	18.29	18.10
Proportion of shares expected to vest as assessed at reporting date (based on number of employees expected to meet service condition) (%)	N/A	75.2	100.0
Number of shares that vested	183 200	N/A	N/A

[1] *The number of FSP shares awarded in respect of the October 2021 tranche is calculated with reference to the participants' short-term incentive (STI) payments relating to the financial year ended 30 June 2022. The shares are therefore contingently issuable upon the determination of the STI. The number of shares included is an estimate based on expected STI payments for the 2022 financial year, and is subject to change pending a final determination of the STI payments due (refer note 12.1).*

[2] *The initial vesting date is three years from the date on which the final number of shares awarded is determined (i.e. only when the STI amount is finalised and paid). The date included is an estimate, and is subject to change, but in any event will not be later than 31 October 2025.*

[3] *As the October 2021 tranche of FSPs is awarded (and the actual number of shares determined) based on the group's STI (which incorporates performance conditions), no further performance conditions apply.*

The November 2018 and November 2019 forfeitable shares awarded are held in escrow by Spur Group (Pty) Ltd until such time as the participants are free to trade in the shares. During the initial vesting period, participants have none of the rights ordinarily associated with shares (including voting rights, or the right to dividends). The shares held in escrow are accordingly not recognised as shares in issue, but instead as shares held in treasury, for the duration of the initial vesting period. During the period from the initial vesting date to when the shares may be traded by the participants, the participants are entitled to exercise voting rights that attach to the shares and are entitled to receive dividends on the shares.

The October 2021 forfeitable shares are contingently issuable shares determined with reference to the participants' short-term incentive (STI) payments calculated for the financial year ended 30 June 2022 which will only be finalised subsequent to the date of issue of this report.

10. CAPITAL AND RESERVES continued

10.2 Share-based payments reserve continued

SAR	**November 2018 tranche**	**November 2019 tranche**	**October 2021 tranche**
Date of grant	26 November 2018	26 November 2019	7 October 2021
Number of rights awarded	3 189 176	2 899 115	2 409 745
Strike price per right (R)	23.13	27.01	19.14
Initial vesting date	25 November 2021	25 November 2022	7 October 2024
Date from which shares may be traded	24 November 2023	22 November 2024	Dependent on exercise date[4]
Service conditions	3 years from grant date	3 years from grant date	3 years from grant date
Performance conditions	Return on equity, growth in adjusted headline earnings per share and personal performance	Return on equity, growth in adjusted headline earnings per share and personal performance	Growth in adjusted headline earnings and adjusted headline earnings per share and personal performance[5]
Grant-date fair value per right (R)	4.91	5.96	8.48
Proportion of rights expected to vest as assessed at reporting date (based on number of employees expected to meet service condition) (%)	N/A	70.3	89.3
Proportion of rights expected to vest based on meeting of non-market performance conditions (%)	N/A	–	95.7
No. of rights that vested	–	N/A	N/A

[4] *In respect of the October 2021 tranche of SARs, participants will have a two-year period (starting from the initial vesting date) during which to exercise vested rights. Participants who are executive directors are required to hold the shares for a period of two years following the date that the SARs are exercised. Other participants are not subject to this restriction.*

[5] *Performance conditions for participants who are executive directors include only the financial performance measures stipulated, although the participant must maintain a 'meets expectations' personal performance rating during the initial vesting period for the rights to vest. For all other participants, the performance conditions are split 50/50 between the financial performance measures stipulated and personal performance rating.*

The value of each vested share appreciation right, determined as the difference between share price of the company's shares at the exercise date and the strike price, is to be settled by the issue of an equivalent number of full value shares at the exercise date. The November 2018 and November 2019 SARs are compulsorily exercisable on the initial vesting date. Once the rights have been exercised, the resulting shares will be held in escrow until the participants are free to trade in the shares. The participants are entitled to exercise the voting rights that attach to the shares and receive dividends accruing on the shares, from the exercise date.

10. CAPITAL AND RESERVES continued

10.2 Share-based payments reserve continued

Financial performance conditions applicable to SARs:	November 2019 tranche Criteria	November 2019 tranche Vesting (%)	October 2021 tranche Criteria	October 2021 tranche Vesting (%)
Return on equity (%)	14.45 to 19.55	0 to 100	N/A	N/A
Adjusted headline earnings growth at compounded annual growth rate over initial vesting period (%)	N/A	N/A	CPI+GDP to CPI+GDP+2	30 to 100
Adjusted headline earnings per share growth at compounded annual growth rate over initial vesting period (%)	CPI to CPI+6	33 to 100	CPI+GDP to CPI+GDP+2	30 to 100

Fair value measurement

The grant-date fair values of the November 2018 and November 2019 FSP shares and SAR Scheme rights were determined at the grant date by an independent external professional financial instruments specialist using the Black-Scholes European Call Option pricing model. The grant-date fair values of the October 2021 tranche of FSP shares and SARs were determined at the grant date by an independent external professional financial instruments specialist using, in the case of the SARs, a Monte-Carlo pricing model and, in the case of the FSPs, the Black-Scholes European Call Option pricing model, based on the following assumptions:

	November 2018 tranche	November 2019 tranche	October 2021 tranche
Risk-free rate (based on R186 South African Government bond) (%)	7.5	7.4	7.1
Expected dividend yield (based on historic dividend yield over historic period equivalent to vesting period) (%)	5.5	5.1	3.7
Expected volatility (based on historic volatility over historic period equivalent to vesting period) (%)	39.0	38.7	40.0

Dilution

The FSP forfeitable shares granted resulted in 312 936 (2021: 284 881) dilutive potential ordinary shares for the year (refer note 9.2). As the performance conditions of the November 2019 SARs, as assessed at the reporting date, had not been met to result in any vesting of the rights, no adjustment has been made to the dilutive weighted average number of shares in issue in respect of these contingently issuable shares. In the case of the October 2021 SARs, while the performance conditions, as assessed at the reporting date, would have resulted in vesting, the rights are not dilutive as at the reporting date.

11. EMPLOYEE BENEFITS

	2022 R'000	2021 R'000
Retirement benefit payable to former director		
Balance at beginning of year	6 604	–
Accrual charged to profit or loss	–	8 502
Interest charged to profit or loss	496	302
Set off of loan to former director	–	(2 200)
Settlement of retirement benefit	(7 100)	–
Balance at end of year	–	6 604
Short-term portion included in current liabilities	–	4 300
Long-term portion included in non-current liabilities	–	2 304

In July 2020, the group concluded a mutual separation agreement (MSA) with former group CEO, Pierre van Tonder, in terms of which Mr Van Tonder retired as the group CEO and executive director of the company with effect from 31 December 2020, after 38 years of service of which 24 was as group CEO. Mr Van Tonder's employment agreement provided for a six-month notice period and 24-month restraint of trade. The group accordingly agreed to pay Mr Van Tonder his monthly salary of R516 615 (total guaranteed remuneration) per month for the months of January 2021 to June 2021, amounting to R3.1 million in aggregate, which was included in profit or loss for the prior year.

In terms of the MSA, a further amount of R9.3 million (the equivalent of 18 months' guaranteed remuneration) was to be paid to Mr Van Tonder from July 2021 in 18 equal monthly instalments and was linked to Mr Van Tonder's compliance with his restraint and other material provisions of the MSA. An accrual equivalent to the present value of this amount was recognised in the prior financial year (on 31 December 2020). The group had previously advanced a loan to Mr Van Tonder, the outstanding balance of which, as at 30 June 2021, amounted to R2.2 million and was, in terms of the MSA, set off against the payments due to Mr Van Tonder by the company. Mr Van Tonder was entitled to retain any long-term share-linked incentive allocations granted to him as at the date the MSA was concluded. Mr Van Tonder passed away on 9 May 2021. Subsequent to Mr Van Tonder's passing, the group concluded a settlement agreement with the executors of his estate, in terms of which the group agreed to settle the net obligation on 27 May 2022 to his estate.

12. TRADE AND OTHER PAYABLES

	2022 R'000	Restated 2021* R'000
Trade payables	**130 464**	95 211
Group payables	**44 159**	29 876
Payable to outsourced distributor[1]	**86 305**	65 335
Income received in advance[2]	**1 188**	1 857
Short-term employee benefits	**38 438**	13 043
Short-term incentive scheme (refer note 12.1)	**22 009**	–
Leave pay and other short-term employee benefits[3]	**16 429**	13 043
VAT and other indirect taxes payable	**9 069**	8 817
Unredeemed gift vouchers	**5 541**	6 849
Other sundry payables	**147**	480
Total trade and other payables	**184 847**	126 257

[1] *This payable relates to inventory held by the group's outsourced distributor which is recognised as inventory of the group (refer footnote 4 of the summary consolidated statement of financial position) as the group is considered to act as principal in relation to the sales of this inventory (refer note 3.1).*

[2] *Income received in advance in the current and prior years comprises predominantly initial franchise fee receipts where the related franchise agreement has not been signed as at the reporting date.*

[3] *Other short-term employee benefits include an accrual for bonuses payable to employees who are not participants of the group's short-term incentive scheme. The bonus pool available is determined as one month's guaranteed remuneration for eligible employees and is allocated to individuals based on line manager recommendations and approval by the board. While no contractual obligation exists to pay these bonuses, there is a constructive obligation based on past experience.*

* *Refer note 3.*

12.1 Short-term incentive scheme

	2022 R'000	2021 R'000
Balance at beginning of year	**–**	–
Recognised in profit or loss	**22 009**	–
Balance at end of year	**22 009**	–

The accrual for the short-term incentive scheme (STI) is determined in accordance with the rules of the scheme approved by the group's remuneration committee. Participants include middle management to executive directors. Each participant's incentive is determined with reference to their guaranteed remuneration, divisional performance, group performance and individual performance, subject to certain limits. The accrual represents the best estimate of the incentive payments due as at the date of issue of these financial statements; the actual incentive payments will only be finally determined subsequent to the date of issue of these financial statements. In terms of the group's long-term incentive scheme, forfeitable share plan (FSP) shares, the value of which are calculated with reference to the STI payments, are awarded to STI participants at the same time that the STI payments are settled. These FSP shares awarded are subject to the applicable scheme rules (refer note 10.2).

13. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	2022 R'000	Restated 2021* R'000
Profit before income tax	**209 668**	147 802
Adjusted for:		
Amortisation – intangible assets	**1 150**	970
Depreciation	**19 721**	20 569
Fair value loss/(gain) on contingent consideration receivable	**2 525**	(901)
Foreign exchange (gain)/loss (excluding losses/gains on intercompany accounts)	**(306)**	555
Foreign currency translations not disclosed elsewhere in the statement of cash flows	**(724)**	(1 396)
Impairment losses/(reversal) – financial instruments and lease receivable (refer note 7)	**2 957**	(2 523)
Interest expense	**12 578**	4 765
Interest income	**(13 325)**	(8 273)
Gain on derecognition of lease	**–**	(7 069)
Derecognition of lease liabilities on early termination	**–**	(9 845)
Derecognition of right-of-use assets on early termination of leases	**–**	2 776
Movement in bonus, leave pay and short-term incentive accruals	**25 456**	7 313
Movement in contract liabilities	**46 576**	(3 297)
Provision for lease obligation	**–**	7 677
Profit on disposal of property, plant and equipment	**(125)**	(131)
Rental concession income	**(201)**	(646)
Retirement benefit accrued in the prior year and paid in the current year (refer note 11)	**(7 100)**	8 502
Share-based payments expense – equity-settled – long-term employee share incentive schemes (refer note 10.2)	**6 309**	1 278
Operating profit before working capital changes	**305 159**	175 195

* *Refer note 3.*

14. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS

The following emoluments were paid by the company and subsidiary companies:

R'000	Guaranteed remuneration[1]	Variable remuneration: Equity compensation benefits[2]	*Ex gratia* bonus[3]	Long service award	Petrol allowance	Termination leave[4]	Short-term incentive[5]	Total remuneration included in profit or loss
2022								
Executive directors								
For services, as employees, to subsidiary companies								
Directors serving during the year								
Val Nichas	5 200	1 182	1 500	–	4	–	4 200	12 086
Cristina Teixeira	4 300	560	750	–	1	–	2 100	7 711
Kevin Robertson	3 427	444	571	286	–	–	1 599	6 327
Sacha du Plessis[6]	853	–	213	–	8	187	–	1 261
Total executive directors	13 780	2 186	3 034	286	13	187	7 899	27 385

R'000	Base non-executive director fees[7]	Additional meeting fees – current year[8]	Total remuneration included in profit or loss
Non-executive directors			
For services, as directors, to the company[9]			
Directors serving during the year			
André Parker	576	29	605
Cora Fernandez	618	43	661
Jesmane Boggenpoel	534	29	563
Lerato Molebatsi	576	–	576
Mike Bosman	1 200	–	1 200
Sandile Phillip	534	39	573
Shirley Zinn	576	25	601
Total non-executive directors	4 614	165	4 779
Total remuneration			32 164

Refer footnotes on page 48.

14. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS continued

The following share-linked long-term incentive (LTI) awards were granted to directors during the year:

	No. of October 2021 SARs	Fair value of SARs[10] R'000	No. of October 2021 FSPs[11]	Fair value of FSPs[10] R'000	Total fair value of instruments awarded R'000
Val Nichas	521 229	4 420	30 657	555	4 975
Cristina Teixeira	229 954	1 950	25 547	462	2 412
Kevin Robertson	175 133	1 485	19 457	352	1 837
Total fair value of share-linked long-term incentive awards relating to the year		7 855		1 369	9 224

Details of the LTIs awarded are included in note 10.2. The corresponding charge to profit or loss, determined in accordance with *IFRS 2 – Share-based Payments*, of these awards is included in equity compensation benefits as part of remuneration over the vesting period (refer footnote 2).

Refer footnotes on page 48.

14. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS continued

R'000	Guaranteed remuneration[1]	Variable remuneration: Equity compensation benefits[2]	*Ex gratia* bonus[3]	Leave pay[12]	Termination leave[4]	Retirement benefit[13]	Total remuneration included in profit or loss
2021							
Executive directors and prescribed officer							
For services, as employees, to subsidiary companies							
Directors serving during the year							
Val Nichas[14]	2 600	–	–	–	–	–	2 600
Cristina Teixeira[15]	1 792	–	–	–	–	–	1 792
Kevin Robertson[16]	2 480	(36)	130	–	–	–	2 574
Sacha du Plessis[16, 6]	1 895	(17)	105	–	–	–	1 983
Pierre van Tonder[17]	2 784	(202)	220	77	–	8 502	11 381
Mark Farrelly[18]	1 466	–	–	179	176	–	1 821
Phillip Matthee[19]	1 736	(99)	135	50	–	–	1 822
Graeme Kiewitz[16, 20]	577	(5)	81	–	87	–	740
Total executive directors	15 330	(359)	671	306	263	8 502	24 713
Prescribed officer							
Kevin Robertson[21]	577	(12)	–	–	–	–	565
Total executive directors and prescribed officer	15 907	(371)	671	306	263	8 502	25 278

R'000	Base non-executive director fees[7]	Additional meeting fees – prior year[8]	Additional meeting fees – current year[8]	Non-executive director additional fees[22]	Total remuneration included in profit or loss
2021					
Non-executive directors					
For services, as directors, to the company[9]					
Directors serving during the year					
André Parker[16]	432	–	25	–	457
Cora Fernandez	582	24	116	454	1 176
Jesmane Boggenpoel[16]	401	–	24	25	450
Lerato Molebatsi[16]	432	–	4	50	486
Mike Bosman	1 140	15	84	1 050	2 289
Sandile Phillip[16]	401	–	24	–	425
Shirley Zinn	547	15	88	825	1 475
Dineo Molefe[23]	77	24	28	–	129
Mntungwa Morojele[24]	82	25	28	–	135
Total non-executive directors	4 094	103	421	2 404	7 022
Total remuneration					32 300

Refer footnotes on page 48.

14. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS continued

The board considers there to be no prescribed officers (as defined in section 1 of the Companies Act) other than as that disclosed above.

No directors or prescribed officers were paid for services to associates.

The following share-linked awards have been allocated to directors and prescribed officers in terms of the equity-settled Forfeitable Share Plan (FSP) and Share Appreciation Rights (SAR) Scheme and were outstanding as at the reporting date (refer note 10.2):

	FSP shares 2022	FSP shares 2021	SAR rights 2022	SAR rights 2021
Executive directors and prescribed officer				
Current directors				
Val Nichas – October 2021 tranche	31 752	–	521 229	–
Cristina Teixeira – October 2021 tranche	25 547	–	229 954	–
Kevin Robertson – October 2021 tranche	19 457	–	175 133	–
Kevin Robertson – November 2019 tranche	5 000	5 000	177 535	177 535
Kevin Robertson – November 2018 tranche	–	–	–	329 126
Past directors				
Pierre van Tonder[17] – November 2019 tranche[25]	–	–	919 781	919 781
Pierre van Tonder[17] – November 2018 tranche[25]	–	–	–	963 582
Phillip Matthee[19] – November 2019 tranche[26]	–	–	385 100	385 100
Phillip Matthee[19] – November 2018 tranche[26]	–	–	–	403 439
Sacha du Plessis[16, 6] – November 2019 tranche[27]	–	5 000	–	165 219
Sacha du Plessis[16, 6] – November 2018 tranche[27]	–	4 000	–	160 969
Total awards allocated	81 756	14 000	2 408 732	3 504 751

The cost of these awards (calculated in accordance with IFRS 2) has been expensed to profit or loss over the vesting period of the awards and has similarly been included in the emoluments disclosed for directors in each year of the vesting period. The actual vesting is therefore not reflected as additional remuneration in the year of vesting.

Refer footnotes on page 48.

14. DIRECTORS', PRESCRIBED OFFICER'S AND SENIOR MANAGEMENT'S EMOLUMENTS continued

Footnotes

[1] *Guaranteed remuneration includes any company/employee contributions to the provident fund and medical aid, as well as any travel allowance where applicable. Any change to provident fund and medical aid contributions will result in a corresponding opposite change to cash remuneration such that the guaranteed remuneration remains unchanged. In response to the impact of COVID-19 on the group's cash reserves, the group reduced its workweek to four days and reduced salaries of all employees (including executive directors) commensurately by 20% from 1 June 2020 until 30 September 2020.*

[2] *The equity compensation benefit is the pro rata share-based payments expense (in terms of IFRS 2 – Share-based Payments) attributable to each of the directors. Refer note 10.2.*

[3] *An ex gratia bonus payment of approximately 50% of the directors' on-target short-term incentive bonus for the 2022 financial year was paid to directors in December 2021 in light of the fact that all incentive schemes were suspended during the COVID-19 period as part of the group's austerity measures. Other employees were typically paid a bonus of approximately one month's salary. In the prior year, an ex gratia bonus payment of 50% of monthly cost to company was paid to all employees (including executive directors) in December 2020, in recognition of the efforts of all employees to trade through the COVID-19 lockdown.*

[4] *Leave balance on termination of employment settled in cash.*

[5] *This represents a best estimate of the likely short-term incentive (STI) payable in respect of the 2022 financial year (refer note 12.1). The actual amount will be determined in accordance with the scheme rules subsequent to the date of issue of this report and is expected to be settled in cash in October 2022. In addition to the cash payment, a number of FSP shares, calculated with reference to the actual STI payment, will be issued to the directors, which will be subject to the terms of the group's FSP scheme rules (refer note 10.2).*

[6] *Resigned with effect from 15 September 2021.*

[7] *Comprises a base non-executive director fee per annum plus an additional fee as chair or member per subcommittee on which served; reduced by 20% for the months of June 2020 to September 2020 as part of the group's COVID-19 austerity measures (in line with the salary reduction applied to all salaried employees (including executive directors)), as approved at the AGM each year.*

[8] *Fees paid to non-executive directors for additional meetings held during the year as approved at the AGM each year.*

[9] *Certain of the non-executive directors' fees are subject to VAT. Notwithstanding that the company is not able to claim VAT input credits on these services, as the VAT paid is not for the benefit of the directors in question, the amounts disclosed are stated exclusive of VAT.*

[10] *Grant-date fair value of the October 2021 share appreciate rights/forfeitable share plan shares granted (refer note 10.2).*

[11] *This represents a best estimate of the likely number of FSPs that will be issued. The shares are expected to be acquired in October 2022. The actual number of shares will be determined based on a percentage of the final STI payable in respect of the 2022 financial year (which will be finalised subsequent to the date of issue of this report) as well as the prevailing share price on the date the shares are acquired.*

[12] *The group's HR policies do not typically permit employees to encash leave. However, following the 20% reduction in salaries from 1 June 2020 to 30 September 2020 as part of the group's COVID-19 austerity measures, employees (including executive directors) were permitted to sell up to four days of leave per month back to the company in exchange for cash.*

[13] *Refer note 11 regarding a retirement benefit to the former CEO, Pierre van Tonder. The amount disclosed represents the present value on the date of retirement of the gross value of payments of R9.3 million, which was settled in cash to Mr Van Tonder's deceased estate during the current financial year.*

[14] *Appointed with effect from 1 January 2021.*

[15] *Appointed with effect from 1 February 2021.*

[16] *Appointed with effect from 15 October 2020 (remuneration includes full month of October 2020).*

[17] *Resigned with effect from 31 December 2020.*

[18] *Resigned with effect from 31 August 2020.*

[19] *Resigned with effect from 31 January 2021.*

[20] *Resigned with effect from 18 January 2021 (deceased).*

[21] *Prior to being appointed an executive director (refer footnote 16).*

[22] *Fees paid to non-executive directors for additional assignments (as approved by the board) during the 2021 financial year (refer special resolution 3.3 adopted by shareholders at the AGM of 23 December 2020).*

[23] *Resigned with effect from 3 September 2020.*

[24] *Resigned with effect from 1 September 2020.*

[25] *In accordance with the mutual separation agreement concluded with Mr Van Tonder, Mr Van Tonder retained the non-vested SARs awarded to him as at the date of his resignation.*

[26] *While Mr Matthee resigned as director, he remains as an employee of the group. He has therefore retained the non-vested SARs awarded to him prior to his resignation as a director.*

[27] *In accordance with the rules of the respective schemes, upon resignation, Mr Du Plessis forfeited all non-vested FSP shares and SARs awarded to him.*

15. SUBSEQUENT EVENTS

Subsequent to the reporting date, but prior to the date of issue of this report, the following significant transactions occurred:

15.1 Dividend

On 18 August 2022, the board declared a final dividend in respect of the 2022 financial year of 78 cents per share, payable on 19 September 2022.

15.2 Shares repurchased by subsidiary

Subsequent to 30 June 2022, a wholly-owned subsidiary acquired an additional 575 000 of the company's shares at an average cost of R21.22 per share, totalling R12.201 million, in terms of an approval granted by the JSE Ltd to trade in the company's shares during a closed period.

16. CONTINGENT LIABILITIES

16.1 Legal dispute with GPS Foods

As previously reported, on 24 December 2019, companies within the group were served with a summons by GPS Food Group RSA (Pty) Ltd (GPS). GPS is a subsidiary of a global business specialising in the management of the procurement, production, logistics and marketing elements of supply chain. The group has engaged with GPS over several years regarding product supply and the prospect of a rib processing joint venture.

GPS alleges that an oral agreement was concluded between GPS and the group on or about 2 February 2017 in terms of which the parties would establish a joint venture to acquire, develop and manage a rib processing facility. No written agreement was ever executed with GPS. GPS further alleges that on or about 28 January 2019, the group repudiated the alleged oral agreement and claims damages of R183.3 million comprising alleged capital expenditure, start-up losses and projected operating losses for a five-year period ending November 2022.

GPS alleges in the alternative that, in the event of it being found that the group did not become bound by the oral joint venture agreement, the group's conduct represented that it regarded itself as bound by the agreement and that this gives rise to a delictual claim in the sum of R60.0 million, comprising GPS's alleged losses to the date of the claim.

The group denies the allegations. The parties exchanged discovery affidavits in June 2021 and discovered documents have since been exchanged between the parties. A further exchange of pleadings between the parties is anticipated in due course. The group's attorneys, together with senior counsel, have assessed the probative value of the matter and presented a review of the merits and prospects of success that it is more likely than not that the group will be able to successfully defend the claim. Supported by the opinion of its legal advisers, the board considers there to be reasonable prospects of defending the claims successfully. It is likely that it may take several years for a court to finally resolve the matter. No liability has been raised at the reporting date regarding the matter.

16. CONTINGENT LIABILITIES continued

16.2 Legal dispute with former franchisee – Tzaneen, South Africa

In January 2018, wholly-owned subsidiary, Spur Group, instituted legal action against Magnacorp 544 CC (Magnacorp) for outstanding franchise and marketing fees in the amount of R0.078 million. Magnacorp had previously operated a Spur Steak Ranch franchise restaurant in Tzaneen, South Africa, but Spur Group cancelled the franchise agreement after Magnacorp breached the terms of the franchise agreement. Magnacorp has defended the action and alleges that Spur Group repudiated the franchise agreement, in that the cancellation thereof was unlawful. Magnacorp has lodged a counterclaim in the amount of R19.488 million, primarily for loss of profits arising out of the alleged repudiation. Spur Group denies the repudiation of the franchise agreement and maintains that the cancellation was valid. The board is confident that it will be able to defeat Magnacorp's counterclaim and noted an exception to Magnacorp's counterclaim in that, among other things, in terms of the franchise agreement, the franchisor is not liable to the franchisee for any consequential loss, loss of profits or any other form of indirect loss or damages howsoever arising or caused. A court date to hear the matter has yet to be determined. There have been no further developments, correspondence or exchange of pleadings during the current financial year and up to the issue date of these financial statements. The board, in consultation with its legal advisors, is confident that it will be able to successfully defend this claim and, consequently, no liability has been raised.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The group has not disclosed the fair values of loans receivable, financial assets included in trade and other receivables, cash and cash equivalents, loans payable, financial liabilities included in trade and other payables and shareholders for dividend as their carrying amounts are a reasonable approximation of their fair values. In the case of loans receivable and loans payable, the directors consider the terms of the instruments (including in particular, the interest rates applicable) to be commensurate with similar financial instruments between unrelated market participants and the carrying amounts are therefore assumed to approximate their fair values. In the case of financial assets included in trade and other receivables, cash and cash equivalents, financial liabilities included in trade and other payables and shareholders for dividend, the durations of the financial instruments are short and it is therefore assumed that the carrying amounts approximate their fair values.

18. RELATED PARTIES

Save for the items listed below, the identity of related parties as well as the nature and extent of transactions with related parties, are similar to prior years and full details are included in note 43 of the Consolidated AFS:

- The remaining balance of the loan to White Cloud Restaurant Pty Ltd (95% owned by former group COO, Mark Farrelly), amounting to R0.382 million as at 30 June 2021, was settled in full during the current year.
- Retirement benefit paid to former group CEO, Pierre van Tonder (refer note 11).
- Fees of R266 087 for the year were paid to VBN Consultants (sole proprietor – Val Nichas' son) for customer experience consulting expertise.

19. ESTIMATES AND CONTINGENCIES

The group makes estimates and assumptions concerning the future, particularly with regard to provisions, arbitrations, claims and various fair value accounting policies. Accounting estimates and judgements can, by definition, only approximate results, as the actual results may differ from such estimates. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

20. CHANGE IN DIRECTORS

Details of changes in the composition of the board during the financial year are included on page 51 of this report.

COMPANY INFORMATION

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Internal auditors: BDO Advisory Services Proprietary Limited

Attorneys: Bernadt Vukic Potash & Getz

Sponsor: Questco Corporate Advisory Proprietary Limited

Company secretary
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Telephone: +27 21 555 5100
Email address: companysecretary@spurcorp.com

DIRECTORS SERVING AT THE DATE OF THIS REPORT

Independent non-executive directors
Mr Mike Bosman – independent non-executive chair
Ms Cora Fernandez – lead independent*
Dr Shirley Zinn*
Ms Jesmane Boggenpoel
Ms Lerato Molebatsi
Mr André Parker
Mr Sandile Phillip

Executive directors
Ms Val Nichas – group chief executive officer
Ms Cristina Teixeira – group chief financial officer
Mr Kevin Robertson – group chief operations officer

PAST DIRECTORS

Mr Sacha du Plessis – chief marketing officer (resigned 15 September 2021)

* *Dr Shirley Zinn succeeded Ms Cora Fernandez as lead independent director on 18 August 2022. Ms Fernandez served as lead independent director for two years. Dr Zinn's appointment as lead independent director is for a period of one year (subject to reappointment) in terms of the company's lead independent director charter.*

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