PASSIONATE PEOPLE BUILDING GREAT BRANDS

INTEGRATED ANNUAL REPORT 2021

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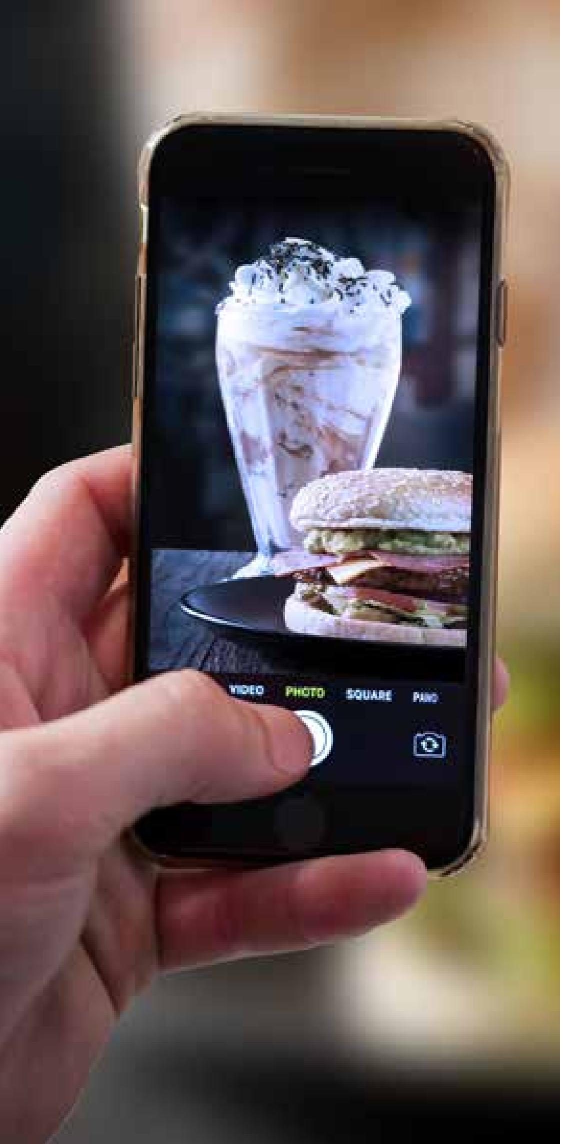


Spur Corporation is a leading casual dining restaurant franchise group of 624 outlets across South Africa, the rest of Africa, Mauritius and the Middle East.

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

Restaurant turnover: R6.0 bn (2020: R5.9 bn)
Franchisee employees: 19 615
Spur Corporation employees: 409

The first virtual brands, which are only available for online ordering and delivery, were launched last year, and the first Spur drive-through was opened this year.

ABOUT THIS REPORT

This integrated annual report covers the activities of Spur Corporation for the financial year ended 30 June 2021.

The board acknowledges its responsibility to ensure the integrity and completeness of the report. The directors confirm that they have collectively assessed the contents and believe that the report accurately reflects the group's performance, strategy and material issues and risks.

The audit committee recommended the report for approval by the directors. The board approved the 2021 integrated annual report on 28 October 2021.

Mike Bosman (Chairman)

Cora Fernandez (Lead independent)

Shirley Zinn

Lerato Molebatsi

André Parker

Val Nichas (CEO)

Cristina Teixeira (CFO)

Kevin Robertson (COO)

Sandile Phillip

Jesmane Boggenpoel

SCOPE AND BOUNDARY

The integrated annual report covers the group's financial and non-financial performance for the financial year from 1 July 2020 to 30 June 2021. The financial reporting boundary is consistent with the 2020 financial year.

Spur Corporation's activities include franchise, retail and ancillary operations in South Africa, which generate 95.8% of group revenue. The group also operates in 15 additional countries through its international division.

The summarised consolidated financial statements are included in the integrated annual report, with the audited annual financial statements at **https://www.spurcorporation.com/investors/results-centre/.**

This integrated annual report was compiled with due consideration of the recommendations contained in the King Report on Corporate Governance for South Africa (King IV) and the standards set by the International Integrated Reporting Council. A comprehensive governance review, including the King IV Code application register, is available in the supplementary report at **https://www.spurcorporation.com/investors/results-centre/.**

The integrated annual report complies with the requirements of the South African Companies Act (Act No. 71 of 2008), as amended, and the JSE Listings Requirements, while all financial reporting complies with International Financial Reporting Standards.

ASSURANCE

Although the group applies a combined assurance model to ensure the integrity of the information in this report, the content has not been independently assured.

The group's external auditor, KPMG Inc., has provided assurance on the consolidated annual financial statements and expressed an unmodified audit opinion.

FORWARD-LOOKING STATEMENTS

The integrated annual report includes forward-looking statements that relate to the possible future financial position and results of the group's operations. These are not statements of fact, but rather statements by the leadership based on current estimates and expectations of future performance. No assurance can be provided that these forward-looking statements will prove to be correct, and shareholders are advised to exercise caution in this regard.

The group will only update or revise any of these forward-looking statements publicly during its formal engagements through SENS, if required. The forward-looking statements have not been reviewed or reported on by the group's external auditor.

REPORTING SUITE

As a new leadership team, we focused on creating a report that portrays our key strategic messages and positioning, as well as material issues. The document was therefore crafted to provide a quick read and is not meant to contain all the information relevant to stakeholders. For example, the remuneration report and policy have been presented to shareholders separately for ease of reference. We have also introduced additional sustainability information in the main section of the integrated annual report, as we believe as a management team it is integral to the way we operate.

To ensure a comprehensive suite of information, the main section of this integrated annual report is supported by additional documents:

- Notice of AGM
- Form of proxy
- Annual financial statements
- Remuneration policy
- Remuneration report
- Supplementary report, including the social, ethics and environmental report

These are available at **https://www.spurcorporation.com/investors/results-centre/**.

HOW WE PERFORMED

GROUP RESTAURANT TURNOVER UP 1.0%

R6.0 bn
(2020: R5.9 bn)

GROUP REVENUE DOWN

10.5%

R681 m (2020: R762 m)

GROUP PROFIT BEFORE TAX UP

16.0%

R148 m (2020: R128 m)

EARNINGS PER SHARE UP 44.2%

110.85 cents
(2020: 76.87 cents)

COMPARABLE* GROUP PROFIT BEFORE TAX DOWN

18.6%

R127 m (2020: R157 m)

COMPARABLE* HEADLINE EARNINGS PER SHARE DOWN

17.1%

96.17 cents (2020: 116.05 cents)

CASH UP

R95.6 m

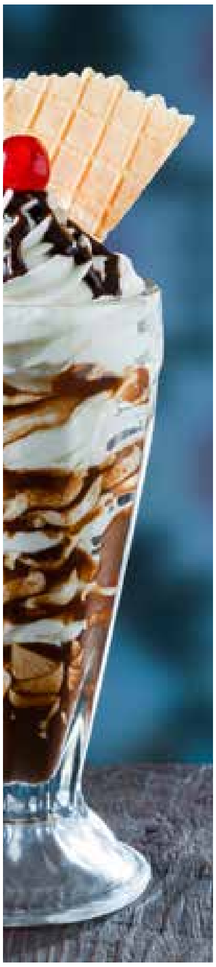
R261 m (2020: R165 m)

DIVIDEND

R71.0 m

Deferred interim
2020 dividend paid
in October 2021

* Excluding exceptional and once-off items and the impact of marketing funds



BLACK BOARD DIRECTORS

50%

FEMALE BOARD DIRECTORS

60%

FRANCHISE PARTNERS

265

(22% black partners)

FRANCHISEE EMPLOYEES

19 615

SPUR CORPORATION EMPLOYEES

409

PAPER BAGS*

213 tonnes

(2020: 170 tonnes)

* Phasing out plastic bags

PACKAGING FROM RENEWABLE MATERIAL

88%

(2020: 69%)

ELECTRICITY*

908 MWh

(2020: 1 027 MWh)

* At regional offices

WATER CONSUMPTION*

3 514 kl

(2020: 4787 kl)

* At regional offices

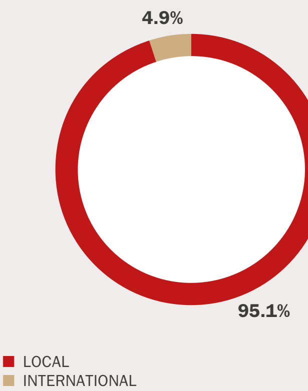
SPUR FOUNDATION DONATIONS R643 100

OUR REACH

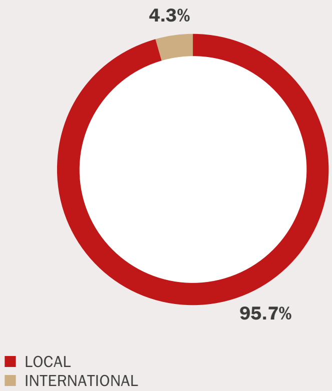
We have diverse market exposure through our range of brands and multiple countries of operation.

The international restaurants and menu offering are similar to South Africa, with some amendments to ensure local appeal.

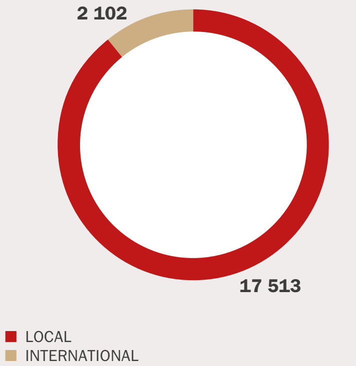
CONTRIBUTION TO GROUP REVENUE*



CONTRIBUTION TO GROUP PROFIT*



NUMBER OF PEOPLE EMPLOYED ACROSS NETWORK OF FRANCHISED RESTAURANTS



* Excluding marketing funds.

During the year,

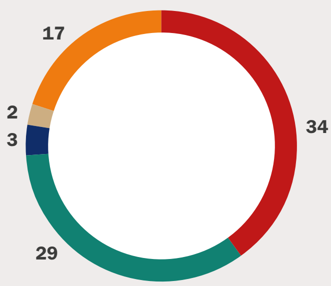
8 restaurants were opened internationally,
with three in Zambia, two in Eswatini and one each in Zimbabwe, Ghana and Oman.

20 restaurants were opened in South Africa.

We have **539** (2020: 547) restaurants trading in South Africa and **85** (2020: 84) in **15** countries outside South Africa.

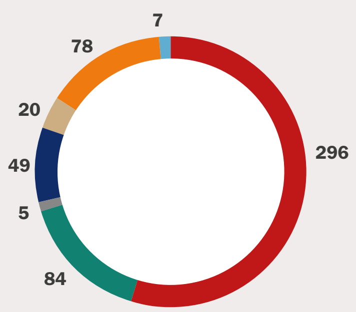
International restaurant sales accounted for **11.1%** of total group restaurant sales in the year.

INTERNATIONAL FRANCHISED RESTAURANTS PER BRAND



- SPUR
- PANAROTTIS
- JOHN DORY'S
- THE HUSSAR GRILL
- ROCOMAMAS

LOCAL FRANCHISED RESTAURANTS PER BRAND



- SPUR
- PANAROTTIS
- CASA BELLA
- JOHN DORY'S
- THE HUSSAR GRILL
- ROCOMAMAS
- NIKOS

OUR BUSINESS MODEL

Spur Corporation operates a franchise-based business model, with individual restaurants owned and managed by independent, entrepreneurial franchisees.

Activities	**Franchised restaurants**		
	Franchise activities		**Marketing**
Countries	South Africa	International	All regions
Main brands			
Virtual Kitchen brands			
Nature of revenue generated by the group	Franchise fee income Licence fee income	Franchise fee income Licence fee income	Marketing contributions for the use and benefit of franchisees
Basis of revenue generated by the group	**5%** of monthly restaurant turnover paid by franchisees on main brands	**5%** of monthly restaurant turnover paid by franchisees	**4%** of restaurant turnover for Spur, Panarottis and John Dory's **2%** of restaurant turnover for RocoMamas, Casa Bella, The Hussar Grill and Nikos
Services provided	**The group supports franchisees through:** – Managing the new franchisee process, including break-even and feasibility studies and site selection and project management – Providing required product and standards on décor – Induction and training – Financial model guidance in line with best brand standards – Advice on business management and compliance – Lease negotiation and renewal – Regular audits to ensure the maintenance of standards – Training franchisee employees to ensure consistent food quality and health and safety standards International restaurants are provided with additional support, such as the management of logistics and freight forwarding.		In South Africa, tailored marketing plans are implemented for each restaurant. Where local marketing spend is required internationally, the group provides guidance and direction on spend.

The group builds meaningful partnerships with its franchise restaurants that involve the sharing of intellectual property, experience, skills, support services and infrastructure.

Franchisees fund the development costs of new restaurants, as well as relocations and refurbishments, a requirement of their franchise agreements at pre-determined timeframes.

Company-owned restaurants	Central procurement	Manufacturing	Group services
South Africa	South Africa	South Africa	South Africa Netherlands
			Support services to all brands in all regions
Restaurant sales	**Distribution income**	**Revenue from the sale of manufactured sauces and décor to franchised restaurants** **Revenue from the sale of sauces sold to the retail market**	
	Procurement fee based on the volume of products sold through the group's outsourced distribution network	Sales from brand-specific sauces sold to franchisees and to retail restaurants Sales from décor provided to franchise restaurants	
Speciality and fast casual dining in mainly the Western Cape, with one restaurant in Gauteng.	In South Africa, procurement is centralised, which enables the group to negotiate more competitive prices. Centralised procurement also supports food safety, consistent quality, competitive pricing and stable supply. The group manages the relationship between the outsourced distributor, suppliers and franchisees.	The group's sauce manufacturing facility supplies franchises with certain sauces. The offering also includes specialised brand-specific sauces for in-home use. The décor manufacturing facility designs and produces fixtures and fittings for the group's restaurants.	Centralised corporate services, such as finance, information technology, business intelligence, research and development, legal and governance, human resources and the customer contact centre. The Netherlands provides operational and support services to the group's international outlets.

HOW WE MANAGE SUSTAINABILITY

The sustainability of our business model is largely dependent on the profitability of our franchises, supported by ethical business practices, good corporate governance and environmental responsibility.

We evaluated our business against environmental, social and corporate governance (ESG) aspects and provide feedback in the next few pages, as well as in our more detailed supplementary section of the integrated annual report at https://www.spurcorporation.com/investors/results-centre/.

HOW WE MANAGE OUR OPERATIONS

The current reality

The pandemic forced the S of ESG higher up the corporate agenda, as companies had to reassure stakeholders that they take the safety of workers and communities seriously.

Investors are keen to see how companies treated their employees, suppliers and customers through the COVID-19 crisis.

-CEO Today-

Boards have to demonstrate how they consider stakeholders, especially employees, in their decision-making and how they are evaluating remuneration in these tough conditions. Executive remuneration has come under increased scrutiny, as the pandemic impacted company results.

The group had to manage a number of changes this year, with several board and senior management amendments and an evaluation of its remuneration approach.

In South Africa, stakeholders also require increased feedback around company strategies on diversity and addressing social disparity.

Our response

The group subscribes to the philosophy of responsible leadership, incorporating the ethical values of responsibility, accountability, fairness and transparency. It has formal corporate governance structures and procedures in place to maintain ethical and balanced decision-making practices that consider the interests of all stakeholders. Following a number of board and leadership changes, we focused on building a cohesive team to successfully navigate the challenging market conditions.

To manage the impact of several lockdowns that forced the closure or partial closure of restaurants, the group reduced working hours for all employees to four days, with a commensurate reduction of 20% in salaries from 1 June 2020 to 30 September 2020. Fees for non-executive directors were also reduced by 20%.

In the prior year, the group appointed independent remuneration experts to review and restructure the group's remuneration policy in line with best practice, design new incentive schemes and conduct benchmarking exercises for the positions of CEO, CFO and group chief operations officer.

As committed in our last integrated annual report, we continued to actively engage with shareholders in the year to ensure our remuneration results in shareholder alignment, market competitiveness and a performance-driven culture. Our discussions addressed the mix of incentive instruments to be used, the key performance metrics for the incentives and the principles for the target-setting process.

No significant changes were made to the remuneration policy that was approved by shareholders in December 2020, and continued shareholder input allowed us to finalise the implementation plan and remuneration structure for the new short- and long-term incentive schemes. The first allocations in terms of the new scheme were awarded on 7 October 2021.

HOW WE MANAGE SUSTAINABILITY continued

The group's HR strategy has focused on supporting the business and its people in dealing with the constant disruption in the workplace due to COVID-19 and how we create a culture of high performance through engaged employees. Through our business planning process and the subsequent roll-out of performance measures, we are focusing on increasing the connection between delivering business objectives and performance and remuneration.

95% of employees received salary increases, with more than half receiving a 4% increase and 19% a 6% increase

The impact of COVID-19 on small businesses in South Africa has been pronounced. The group therefore identified 14 small black-owned enterprises this year to partner as suppliers.

Nomageba Meats in Gauteng

Nomageba Meats is a black female-owned business that was established in 2005. In June 2021 the Spur team identified this business as a potential supplier for an enterprise development agreement. Since then, the team has worked closely with founder Noma Zulu to ensure her offering meets Spur food quality and safety standards, as well as meat cut specification. The company has now started to supply two restaurants in Gauteng.

Strato Clothing in Western Cape

Strato – slang for "street" – was established in 2006 by Cape Town designer Maloti Mothobi after she identified a gap in the market for a locally manufactured clothing brand that combines sports- and streetwear.

RocoMamas is finalising an enterprise development supplier agreement with Strato to trial the supply of uniforms in the Western Cape restaurants, with a view to expand to other regions if successful.

HOW WE MANAGE OUR ENVIRONMENT

Although the direct environmental impact of operations at a corporate level is limited, the group monitors its use of energy, water and waste to reduce these responsibly. The environmental impact of restaurants and the supply chain is far greater, and the group uses its close partnerships to promote positive environmental practices with franchisees and suppliers.

The current reality

Managing resources carefully has become paramount, with particular constraints in South Africa in terms of water and electricity.

The effects of global warming are a major concern in the industry, as extreme climatic conditions, droughts, depletion of fishing resources and wildfires impact food production, the availability of locally sourced products and the increasing costs of manufacturing.

Continued use of non-renewable products has also become a critical aspect for businesses to manage in the face of increased consumer demands for more sustainable products.

Our brands are dependent on a continuous supply of inputs, such as meat, fish, clean water and energy. Red meat is a significant contributor to global environmental concerns, including climate change, pressure on water resources and deforestation for feed. Fish resources are under extreme pressure and sourcing sustainable seafood products has to be carefully managed.

Our response

The group has conducted an annual environmental evaluation of franchises for the last four years. This includes a restaurant visit to capture resource consumption data and an interview with the franchise representative.

The 2020 reporting period was postponed due to lockdown restrictions during COVID-19 until May 2021.

86%

of restaurants participated (2019: 92%)

The current top five environmental issues for the group are:

1.	2.	3.	4.	5.
CO_2e carbon emissions reduction	Effective waste management	Resource measurement & management	Sustainable consumption & production	Reduction of single-use packaging

1. CO_2e carbon emissions reduction

The group conducts a carbon footprint evaluation every second year to monitor the group's impact. As the last report was done in 2019, the new report was planned for 2021. However, due to the significant impact of COVID-19 on the group, this was postponed to 2022.

2. Effective waste management

The group's focus remains on minimising waste and diverting waste from landfills through recycling and composting, actively promoting recycling and minimising the reliance on raw materials, as well as curbing pollution and leakage into the environment.

75% of waste at regional offices diverted from landfill

12 tonnes of materials being recycled

Used cooking oil is one of the key high-risk waste items produced through the group's operations. The main objective is to ensure that spent oil is removed from the food chain to prevent unsafe re-use.

3. Resource measurement and management

The group continues to focus on the effective management of resources, especially in South Africa where electricity and water constraints exist. Both electricity and water use decreased this year due to the impact of COVID-19 on operations. As we return to higher levels of activity, our usage is expected to increase.

Total energy use at regional offices and facilities:

908 MWh

(2020: 1 027 MWh)

The group's manufacturing plant is responsible for 75% of the group's water consumption. Regional offices have been fitted with water saving fixtures and fittings, with rainwater harvesting and water-wise plants where possible.

Water consumption – regional offices

869 Kilolitres

(2020: 1 508 kilolitres)

Water consumption – facilities

2 645 Kilolitres

(2020: 3 279 kilolitres)

4. Sustainable consumption and production

Supplier assessments are conducted to ensure ethical and environmentally responsible sourcing. Our outsourced logistics partner has an ISO 14001-aligned environmental management programme and all three distribution hubs are ISO 14001 accredited.

The April 2020 roll-out to replace palm oil with soft oil was unfortunately not possible due to the severe impact of COVID-19, as well as the almost 20% increase in soft oil prices during the year. The group remains committed to removing palm oil as a deep-frying fat and will review the situation in early 2022.

2021

3 359 kilolitres of oil were sold to franchisees

54% was palm oil

2020

3 360 kilolitres of oil were sold to franchisees

60% was palm oil

The group, in particular John Dory's, remains committed to procuring sustainable seafood products that are Marine Stewardship Council and Aquaculture Stewardship Council certified. The group's restaurants and franchises are fully compliant with the SASSI "Seafood Promise" and do not procure or sell any species that are on the SASSI red list, or from fisheries that are not in a fish improvement project (FIP).

In addition, the procurement and sustainability team started its engagement with the Humane Society International – Africa in 2019 and is fully aware of the international mandate to shift from battery-caged eggs to more humane conditions for egg-laying birds. The group's approach to deliberate transformation supports this initiative and we have set a target of compliance by 2025.

For restaurant use (shelled eggs for breakfast and baking), the majority of eggs procured by Spur franchisees is from smaller local suppliers, of which approximately 32% is cage free.

The group is also in the process of listing a centralised solution to accelerate the use of cage-free eggs.

HOW WE MANAGE SUSTAINABILITY continued

5. Reduction of single-use packaging

The group has been working towards eradicating problematic plastics over the last few years and is a member of the SA Plastics Pact. As a member, we will continue to work with the organisation on the achievement of the set targets, which will include phasing out avoidable packaging, redesigning problematic and unnecessary plastic and working with suppliers to procure packaging from renewable sources.

The group will also continue to evaluate the optimal approach in terms of reusing, recycling or composting.

Balloon usage reduced

60 tonnes in 2017

3 tonnes in 2020

and being phased out

88% of packaging procured is made from renewable resources (2020: 69%)

Paper bags instead of plastic bags

213 tonnes in 2021

170 tonnes in 2020

Goal is to fully eliminate plastic bags by 2022

Plastic straws reduced from

58 tonnes in **2017** to

14 tonnes in **2019**

Eliminated in 2019

HOW WE MANAGE OUR ROLE IN SOCIETY

The current reality

COVID-19 has significantly affected the quality of people's lives. It impacted people's businesses and livelihoods, especially in South Africa where more than 30% of people do not have jobs. South Africa is also ranked by the World Bank as the most unequal country in the world.

Even before the impact of COVID-19, 2.5 million children experienced hunger and almost a third of children who died were severely malnourished. StatsSA and the Human Sciences Research Council confirm increases in hunger since the lockdown restrictions, as many workers lost their income and children did not receive free school meals for extended periods.

Millions of children's education was also interrupted following months of no proper schooling.

Our response

The group managed to limit retrenchments to around 4% through a reduction in salaries for a few months, as outlined on page 12. In addition, we put a hold on new hires to continue supporting our current employees.

We also have a foundation, The Spur Foundation, in place to uplift and improve the lives of South African families, especially children.

The foundation has been focusing on early childhood development (ECD) and nutrition for children from disadvantaged communities up to the age of six. The organisations we support focus on training ECD practitioners, equipping ECD centres with educational material, as well as ensuring that these children receive proper nutrition while at school.

Spur donates R1 from every Spur Kids Burger to the Full Tummy Fund.

In the coming year, the foundation will shift its focus to the group's socio-economic development spend, while Spur Steak Ranches will continue with the successful Full Tummy Fund. John Dory's and Panarottis are launching their own initiatives, with RocoMamas and The Hussar Grill finalising their approach.

Employees who are actively involved in a charity or community project are able to apply for funding support from the Staff Initiatives fund. Several employees initiated feeding schemes within their communities to support families in need during the COVID-19 lockdown period and the foundation supported these initiatives with donations of food and essential items.

Total community investment

R1.2 million

(2020: R2.4 million)

Foundation donations (included in total)

R322 535

Training of teachers at day care centres (2020: R219 952)

R95 484

Nutritional programmes at day care centres (2020: R470 200)

R225 081

Other beneficiaries (2020: R681 216 which included R150 000 towards Mandela Day meal packing)

Income and donations impacted due to COVID-19 regulations in 2021 that resulted in restaurant closures and reduced income generated.

HOW WE OPERATE

During the year, the new leadership team defined a common purpose – “FOR THE GREATER GOOD”.

The focus will be on the brand experience. For each brand, we are defining the experience, outlining the process and developing a strategy and plan to stimulate growth. We will protect brands’ core values and change only what is required to be more relevant to our target audience.

To execute our purpose, we interrogated how we should operate and defined new leadership behaviours.

- We work together to create a collaborative work environment in which we can accomplish shared goals for a win-win outcome.
- In line with our culture of continuous learning and development, we grow our people through coaching and mentoring.
- We champion innovation by remaining open to new ways of thinking and encouraging curiosity and creativity in our people.
- As courageous leaders, we lead by example by taking action and making brave decisions with care.
- We are resilient, because we seek solutions and confront challenges by consistently working towards success.
- We value diversity and inclusion, and strive to connect with and empower our people, encouraging trust, optimism and a sense of fun!
- We communicate with clarity and sensitivity by asking questions, offering honest feedback and listening with positive intentions.
- As leaders, we strive for excellence by demonstrating self awareness, building strong relationships and achieving results with integrity.

These behaviours now form part of the leadership team’s key performance indicators. Our leaders are expected to set an example for teams to entrench a company ethos that creates a high level of performance, equality and fairness, as well as a workplace that embraces optimism and fun. The leadership behaviours will be further supported by organisational values. These are currently being defined for roll-out in the new financial year.

“FOR THE GREATER GOOD” IN PRACTICE

The approach is aimed at building and growing brands that “Lead the experience”, with the main drivers to expand the current brand experiences being transformation and innovation. Through transformation, we aim to make a meaningful impact through employee development, environmental responsibility and responsible engagement with society. Refer to pages 48 and 68 for how we are doing this.

The thrust around innovation is aimed at catapulting the brands to a new level. Innovations will be developed around the customer requirements to ensure we are on trend with global and local lifestyle changes. Refer to pages 29 to 39 for how we are doing this.

Expanding the team to deliver our strategy

We experienced a few senior resignations post year-end due to emigration and the pursuit of new opportunities. This led to a careful review of our senior and middle management teams to structure the group to deliver on our strategy and empower skilled people from within.

A few senior promotions were made to further strengthen our existing teams.

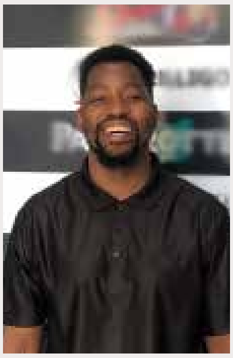
Amanda van Wyk – New chief operating officer (COO) for Spur South Africa

Amanda has been with the group for 22 years. While Amanda studied Hotel and Tourism, she started as a waitress at Spur and at the age of 20 already knew that she wanted to be part of the group. After graduating, she became a waitress again and through her determination to progress in the group, in 2000, she was offered a management position. A year later, after proving her management ability, she was promoted to restaurant manager.

A few years later, she pursued her dream of working at head office and approached the then chief operating officer for a position. She was appointed as operations manager in 2004. In 2011, she was promoted to regional manager of Spur Inland. Amanda’s leadership and value-added interaction with franchisees, the restaurant network and the operations team resulted in her becoming the first female COO in 2020 when she was appointed as COO of Spur Inland. Her recent appointment resulted in her becoming the overall COO of Spur South Africa.

“My journey at Spur from the start of my waitressing days has been amazing. I always say I was very lucky with the leadership I worked for and still do! I was always guided and supported and assisted to become the leader I am today. I have this little ritual in the morning when I arrive at the office, looking up at the Spur sign and being grateful for the brand, as everything I own is a result of Spur’s existence. I have such a proud feeling before I walk into the office.”

Nkululeko Zulu – New COO of RocoMamas



Nkululeko was hired by Spur 19 years ago to prepare chips and onion rings. Due to his dedication and passion, after only two years he was promoted to the position of a restaurant manager. His goal was always to work at head office, and in 2011 he became a Spur operations manager. In 2014 he was promoted to regional manager and, in 2015 the group supported him to complete a management development programme. He achieved third place in the class.

His consistent hard work and understanding of operational excellence allowed him to develop a good understanding of franchise relationships and the importance of brand standards and restaurant customer experience. This resulted in him being promoted to the position of divisional manager of Spur Gauteng in 2020 and becoming the first black COO in the group as the new COO of RocoMamas in 2021.

My sheer focus in life is to present this world with the best version of myself and assist those under my influence to do the same. I consider myself very lucky to have had amazing mentorship. My life has inspired me to focus on developing myself constantly, to focus on being the hardest working individual, being disciplined and believing in myself to achieve my personal and business goals.

Justin Fortune – New COO of Speciality Brands

Justin worked as a waiter at Spur during school and while studying at Hotel School. After completing his studies and traveling the world, his path continued to lead back to Spur, with a few management positions at different Spurs since 1998. He has opened a number of international Spur restaurants in Reunion Island, Ireland, Scotland and the United Kingdom during his time with the group.

In 2000, he became an area manager and in 2001 was promoted to regional manager. In 2014, he was promoted again and appointed as the COO of The Hussar Grill. Under his leadership, during six years the brand grew from six restaurants to 22 local and two international restaurants. His contribution to the speciality dining experience and understanding of all the touchpoints needed to keep customers returning to dine with the group will now be leveraged across the portfolio of speciality brands.

I have been incredibly fortunate to have worked with pioneers of the restaurant industry. The Spur culture has always been like family, with everyone working together as a team. Even our late CEO Pierre van Tonder washed dishes in the Ireland restaurant for days on end after we opened it.

To support the new COO of our largest brand, Spur, the team was restructured, with two new promotions:

Julian Odendaal – New head of operations for Spur South Africa

Julian started as a service ambassador at Spur 23 years ago and was promoted within a year to junior manager. He quickly progressed through the ranks and joined head office in 2006 as an operations manager. He was promoted to regional manager in 2009 and as COO of the group's previous chain Captain Doregos in 2013. The experience gained while running a smaller brand with limited resources and his ability to identify cost savings were instrumental in securing another promotion in 2016 when he became a divisional manager of Spur Inland. His consistent delivery and dedication resulted in his latest promotion as the head of operations for Spur South Africa.

“*Spur always challenges you while giving you the freedom to test and trial ideas to make our brands great. This support has allowed me to achieve positive results.*”

Archie Mpofu – New head of operations for Spur Gauteng

Archie joined Spur 13 years ago at only 18 years old after refusing to give up when he was told a few times that there were no vacancies. Through his hard work, which included six double shifts a week, after only three months at Spur, he had the second highest sales at the restaurant where he worked.

This work ethic resulted in him being offered a managerial position at the restaurant after only three years. After five years, in 2017 he was promoted to operations manager at head office. His unwavering dedication, results-driven approach and people skills led to his appointment as the new head of operations of Spur in Gauteng in 2021.

“*When I was a junior waiter, one Friday the owner was manning the door and I could hear a family asking if I was on shift and the owner mentioned that I was very busy and that someone else would serve them. The customers politely declined and chose to wait 45 minutes outside just to be served by me. That was a turning point in my life and it made me want to do well.*”

HOW COVID-19 CHANGED OUR ENVIRONMENT

The macro-economic impact of COVID-19, and the resultant erratic trading restrictions imposed in South Africa and globally, continued to create uncertainty in the restaurant industry.

Despite the continuation of these difficult trading conditions, the group's casual dining restaurants were better positioned to manage deliveries and takeaways, loyal customers were more responsive to convenience channels such as click and collect, and, overall, the second half of the F2021 trading year produced improved results that indicate a slow, but positive, recovery.

After declining by 31% in the first half, the group grew franchised restaurant sales in South Africa by 1.5% for the financial year. This represents a 74.5% increase in the second half of the year, over the same period in F2020, which was severely impacted by the total prohibition on sit-down trade in the fourth quarter. The growth was mainly driven by the Spur Steak Ranches (Spur) brand, which increased restaurant sales by 81.0% in the second half. This resulted in 2.7% growth for F2021 over the comparative period, when the most stringent lockdown restrictions were in place.

RocoMamas, with their fast casual hospitality and distinctive Smashburger range, increased sales by 13.1%. This was mainly due to its high proportion of takeaway and delivery sales. The core offering of the group's restaurants is casual dining and fast casual restaurants, with takeaways during the year representing 18% of the group's South African turnover.

The top three contributing brands in terms of percentage of takeaways to total sales this year were RocoMamas (48%), Panarottis (37%) and Spur (11%).

International franchised restaurant sales declined by 3.0%. Based on a constant exchange rate, international restaurant sales were 1.1% higher. Sales in Australasia declined by 9.4%, while sales from the rest of the international restaurants declined by 1.7%. This was largely based on the extended lockdowns, especially in the key market of Mauritius where the group has 17 restaurants.

Widespread concessions in franchise and marketing fees were in place for the first eight months of the financial year. From March 2021, concessions were granted to franchise partners based on individual requirements only, with an emphasis on sites that are still severely impacted by the COVID-19 restrictions, such as high tourist traffic sites, casinos, resorts and airports. Further support included assisting franchisees with restaurant cost restructures and deferrals, including rental negotiations.

COVID-19 IMPACT: RESTAURANT TURNOVER PERFORMANCE

2020

LEVEL 5

Midnight 26 March to 30 April

All businesses closed

LEVEL 4

1 to 31 May

Deliveries only

Curfew 19h00

LEVEL 3

1 June to 17 August

Takeaway and collection

LEVEL 2

18 August to 20 September

Alcohol sales allowed for sit down, only 50% seating capacity

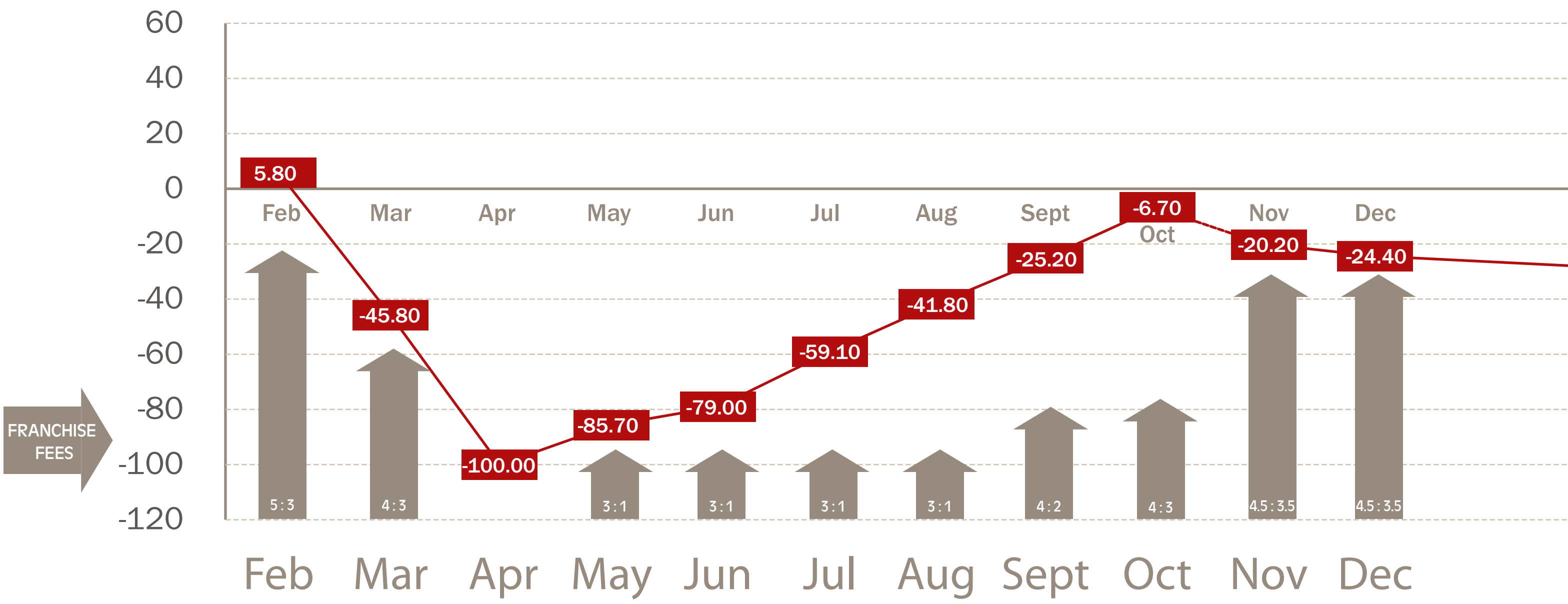
LEVEL 1

21 September to 28 December

Level 2 (Children play areas opened)

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Total restaurant trading	631	640	–	332	454	555	583	600	612	621	627
Group growth %/PY	105.8	54.2	–	14.3	21.0	40.9	58.2	74.8	93.3	79.8	75.6

Group growth %/PY



Lockdown
Level 2
13 September

2021

Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept

LEVEL 3
adjusted

29 December to 1 February

Beaches closed, capacity restrictions, no alcohol sales, and curfew 21h00

LEVEL 3
adjusted

2 February to 28 February

Capacity restrictions, alcohol sales allowed, trade until 22h00, curfew 23h00

LEVEL 1

1 March to 14 June

Lockdown level reduced to level 1. Trading time extended to 23h00

Capacity restricted to 100 people, subject to social distancing protocols

LEVEL 3
adjusted

15 June to 27 June

Trading time limited to 21h00; capacity to 50% or 50 people

LEVEL 4

28 June to 25 July

Sit-down trade prohibited; trading time limited to 20h00

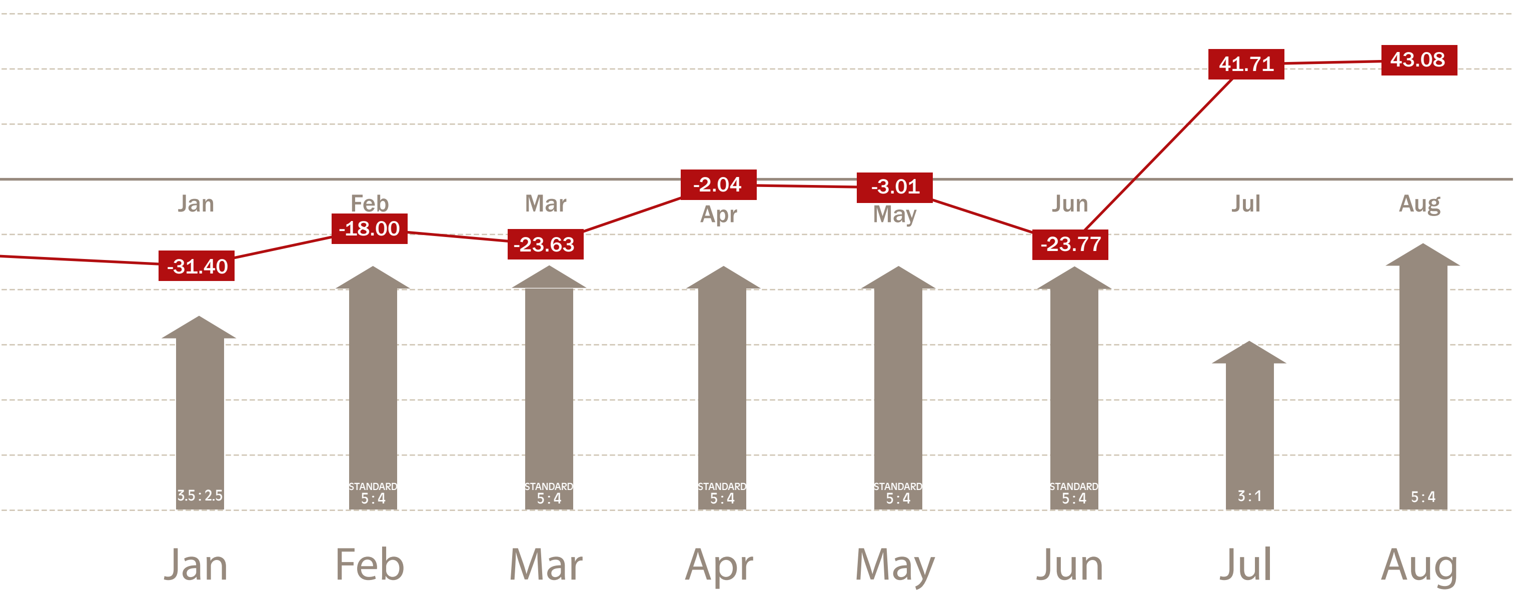
LEVEL 3
adjusted

26 July to 12 September

Sit-down trade permitted

Capacity restrictions (50% or 50 people): trading time extended to 21h00

624	624	620	618	618	617	608	610
68.6	82.0	76.4	98.0	97.0	76.2	141.7	143.1



HOW COVID-19 CHANGED OUR ENVIRONMENT continued

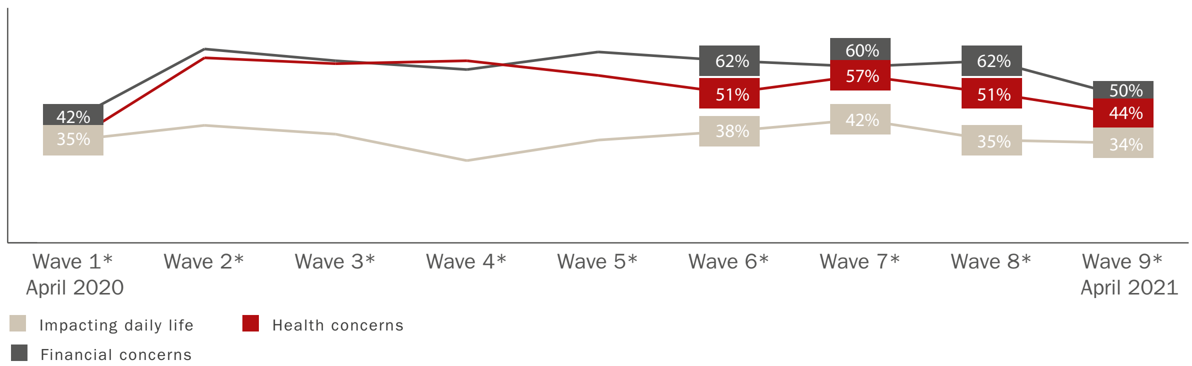
CHANGING DYNAMICS

The pandemic, its restrictions and safety protocols have had a dramatic impact on consumer lifestyle habits, shopping behaviour and food consumption patterns.

Consumer anxiety has increased, with a focus on safety and the well-being of families and a concern about retaining employment and reduced or loss of income in households.

Deloitte's Anxiety Measures in April 2021 confirmed that India ranked first as the most anxious country in the world, with South Africa second due to the impact COVID-19 has had on citizens' safety and livelihoods.

COVID-19 CONCERNS



Lifestyles have changed to accommodate a new reality, with more time spent at home cooking meals, as well as relying on convenient food solutions and searching for value.

The use of technology dramatically increased. Online shopping and home deliveries have grown exponentially as consumers limit social contact to reduce exposure to COVID-19.

According to Euromonitor, delivery and drive-through segments remain the smallest food channels in South Africa, but have jumped from 4% to 14% between 2015 to 2020. This was mainly due to consumer requirements for no-touch food ordering during strict lockdown measures.

However, the desire from many consumers is to return to the normality of dining and celebrating with friends and families in restaurants with out-of-home options. When they dine out, consumers are opting to dine closer to home at local neighbourhood restaurants, which has resulted in a decline in foot traffic in larger shopping malls. Customers are gravitating to their trusted brands to ensure a quality, reliable experience for their spend, which is now under pressure.

* Waves refer to assessment periods, not COVID-19 waves

Supporting local **34%**	Eating healthier **25%** increase
Mobile data **65%** increase	Working from home **16%** increase
Social media **27%** increase	Online shopping **22%** increase
Takeout/fast food **22%** increase	Focus on sustainability **21%** It is more important than ever

Kantar COVID-19 Barometer

SOME KEY TRENDS

Trends	Our response
Return to comfort and nostalgia Seeking gatherings while feeling safe, which includes spaces that provide proper ventilation. Restaurants need to provide guests with feel-good food, genuine hospitality and authentic family moments.	The group has a track record of creating welcoming, family-friendly restaurants. During the year, we further increased our focus on creating safe, unforgettable experiences.
Requirement for safety Fear of infection and increased health awareness are driving consumers towards contactless environments. Touchless, cashless and clean solutions have become a priority.	Our restaurants have implemented stringent processes to ensure the safety of employees and customers.
Cautious spending Consumers have become cautious with their discretionary spend, seeking value-added products and a focus on known value.	We have trusted brands that are synonymous with consistent quality and value. We carefully managed rising costs to limit menu price increases and introduced additional special value offerings. We successfully kept increases below food price inflation through efficiencies, such as unlocking value from our supply chain and improving processes.
Responsible purpose-driven brands Customers, potential employees and investors are more likely to support brands that are active in their communities and have clear positions on sustainability and fair and just employment practices.	Refer to pages 11 to 18 and the supplementary report at https://www.spurcorporation.com/investors/results-centre/.
Conscious consumerism and a move to healthier options Consumers are increasingly focusing on health and wellness. The plant-based protein trend is set to continue as the number of vegetarian and vegan consumers increases, demanding a larger variety of plant-based menu options.	Our brands currently offer a selection of vegan items and we are evaluating expanding this offering. Refer to page 36 for an example of a new innovation.
Increased focus on technology Online options to have meals delivered to customers in a contactless manner is becoming the norm. Related new trends and technologies include contactless delivery, payments, digital/online ordering and QR codes, virtual kitchens and contactless dining experiences.	We launched virtual brands, expanded our online and social media presence and online ordering options through delivery services, such as Uber Eats. Click and collect was the most used form of takeaway orders, with Mr D second due to its larger national footprint, followed by Uber Eats.

HOW WE WILL REMAIN RELEVANT

Businesses have had to be nimble and flexible in the rapidly changing landscape created by COVID-19. As a group, we acted decisively to ensure we remain competitive.

A REFRESHED STRATEGY

During the year, the team conducted a critical evaluation of each brand and defined clear strategies for each.

Accelerate leadership position

Spur Steak Ranches – A taste for life

RocoMamas – we're not normal

Revitalise and reposition

Panarottis – Pizza & Pasta – Est. 1990

John Dory's – Fish • Grill • Sushi

Expansion of footprint

The Hussar Grill – Est 1964

Casa Bella – WoodFired Pizza • Pasta • Grills

NIKΩΣ – Coalgrill Greek

Increase awareness and volume of top five VK brands

Pizza Pug

Reel Sushi

Bento

Rib Shack Rocofellas

Char Grill Chicken

The focus of each brand will be on catapulting it to a new level. Innovations will be developed around customer requirements to ensure we are on trend with global and local lifestyle changes.

The group is rolling out a new network development strategy, the R8 model, that focuses on restaurant revamps, relocation and revival of restaurants to evolve the brand networks into leading experiences for customers. In line with this, the group plans to open 32 new restaurants in South Africa and seven internationally in the 2022 financial year.






Family sit-down

Spur

The key strategic focus for this brand is to accelerate its leadership position.

Active agreements – franchised restaurants	30 June 2021			30 June 2020		
	South Africa	International	Total	South Africa	International	Total
Spur	296	34	330	298	34	332

KEY CHANGES MADE TO REMAIN RELEVANT

OBJECTIVES	KEY ACTIONS
Ensuring brand visibility	Increased marketing and value-added offerings.
Improving the experience for all customers	We increased our focus on loyalty members, with active members growing to more than a million members.
Offering a range of price points	Refining menus to incorporate meal options at good, better, best price points.
Creating a balance between our heritage and a fresh brand experience	As with any iconic brand, companies are required to continuously evaluate how to strike a balance between honouring their heritage and maintaining brand freshness. We have modernised several of our restaurant fronts and will continue to evaluate how ongoing brand relevance and effective positioning is created for all customers. This will be a responsible and considered brand evolution over time.
Responding to key trends	We increased our takeaway offering to meet the trend of online ordering and have introduced new healthy and vegan options to our menu. We also launched the first Spur Drive Thru in Pretoria.
Improving franchise profitability in tough conditions	One of the key levers for improved profitability is supply chain optimisation. We have implemented a targeted programme to unlock value across the supply chain to ensure that we provide a product that delights our customers and improves franchisee profitability.

Panarottis

The key strategic focus for this brand is to revitalise and reposition.

Active agreements – franchised restaurants	30 June 2021 South Africa	30 June 2021 International	30 June 2021 Total	30 June 2020 South Africa	30 June 2020 International	30 June 2020 Total
Panarottis and Casa Bella	84	29	113	84	31	115

KEY CHANGES MADE TO REMAIN RELEVANT

OBJECTIVES	KEY ACTIONS
Matching the profile of the brand to the food quality	The chain uses fresh, premium ingredients, such as its specially sourced Italian pizza flour and 100% durum wheat for pasta. The communication of these attributes will be amplified to ensure the brand remains contemporary.
Building on strengths	Ongoing improvements are being made, with a focus on our key strength of exceptional pizzas. As Panarottis was the second highest contributor to group sales through takeaways, further expanding this offering will remain a key focus.
Increasing profitability and ensuring sustainability	We are improving supply chain processes. Struggling restaurant spaces were also converted from other brands into Panarottis as a low-cost way to grow volumes and reach.
Responding to key trends	The chain already offers wheat- and gluten-free, vegan and vegetarian options. These will continue to be expanded in the coming year.

HOW WE WILL REMAIN RELEVANT continued

John Dory's

The key strategic focus for this brand is to revitalise and reposition.

Active agreements – franchised restaurants	30 June 2021			30 June 2020		
	South Africa	**International**	**Total**	South Africa	International	Total
John Dory's	**49**	**3**	**52**	52	3	55

KEY CHANGES MADE TO REMAIN RELEVANT

OBJECTIVES	KEY ACTIONS
Geographic expansion	We are evaluating areas for expansion in major metropolitan areas where the brand can be accessible to a broader market.
Improving profitability	Pleasing progress was made by identifying central procurement opportunities, as well as exploring viable storage and distribution models that do not compromise the quality of the products, while minimising food waste.
Position sustainability brand promise	John Dory's has a track record of supporting sustainable fishing practices. The chain will continue to support its brand positioning of "seafood feast made easy" through targeted campaigns and environmental awareness activities, such as the recent beach clean-up.

CASE STUDY

Positioning our sustainability brand promise

John Dory's mission is to foster and cultivate a future where sustainability is the cornerstone of its business. Their Eco Voyage programme focuses on preserving oceans and natural seafood resources and minimising single-use plastic, waste and ocean pollution.

The group is fully compliant with the South African Sustainable Seafood Initiative (SASSI) Seafood Promise and does not procure or sell any species that are on the SASSI red list or from fisheries that are not in a fish improvement project (FIP).

John Dory's partnered with Cape Town Beach Cleanup (Clean C) on 18 September for International Coastal Clean-up Day. This was the first beach clean-up hosted since the start of COVID-19.

Around 40 volunteers consisting of head office employees, John Dory's restaurants and members of the public met at Bloubergstrand to clean up the beach.

Together with Clean C, more than 2199 kg of waste was collected, totalling 11 bags weighing 73 kg. The waste was collected and 682 kg of material was recycled.

2 199kg

WASTE COLLECTED

682kg

OF THIS RECYCLED

For more information, refer to https://www.johndorys.com/za/sustainability/

JOHN DORY'S ALSO DONATED 10 000 RECYCLABLE BAGS TO CLEAN C FOR THEIR "INLAND BEACH CLEANUP" PROJECT THEY RUN WITH 30 SCHOOLS IN THE CAPE FLATS AREA.

Fast casual

RocoMamas

The key strategic focus for this brand is to maintain the lead through continued growth.

Active agreements – franchised restaurants	30 June 2021			30 June 2020		
	South Africa	**International**	**Total**	South Africa	International	Total
RocoMamas	**78**	**17**	**95**	75	14	89

KEY CHANGES MADE TO REMAIN RELEVANT

OBJECTIVES	KEY ACTIONS
Increase footprint	As a relatively young brand, expansion continues in all major provinces in South Africa, with ten more restaurants planned in the year ahead. The brand has resonated well with consumers in international markets, including Africa, Middle East and Australia. Further expansion plans are underway in these markets.
Retain the leadership position	In line with its alternative brand and offering, the chain will continue to roll out new and unique formats and innovations in the burger category.
Ensuring convenience	RocoMamas represented the largest percentage of takeaway contribution to group sales at 48%. The brand will therefore continue to drive convenience.

CASE STUDY

Leading the way with consumer-focused innovation

The human population has doubled in the last 50 years, with meat consumption quadrupling over the same period.

26% of the planet's ice-free land is used for livestock grazing and 33% of crop lands for livestock feed. Livestock also contribute to 7% of the total greenhouse gas emissions.

In this context, meat will continue to become more expensive, which will impact the restaurant industry's costs and ability to remain relevant to the middle-income population. The environmental impact of animal agriculture is being scrutinised by governments and consumers alike, with both greenhouse gas emissions and water usage being key factors.

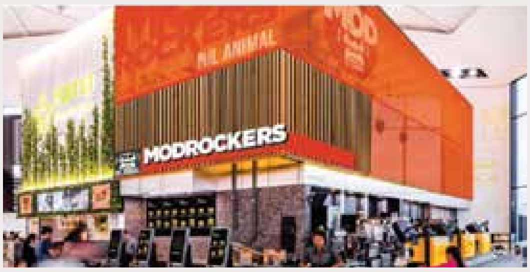
To address these harsh realities and contribute to environmental preservation and the sustainability of our planet, the Spur Corporation and the founder of RocoMamas will be launching a unique plant-based quick service restaurant called MODROCKERS. The target market will not only be people who already eat a plant-based diet, but will focus on enticing all consumers with a conscious fast food offering that is tasty and nutritious.

As plant-based takeaways are often more expensive, the team will offer a cost-effective quality product.

The business will be almost entirely contact-free to meet customer requirements for online and safe convenience by utilising state-of-the-art technologies.

0% ANIMAL

100% PLANT BASED



MODROCKERS
NIL ANIMAL

HOW WE WILL REMAIN RELEVANT continued

Speciality dining

THE HUSSAR GRILL EST 1964

Active agreements – franchised restaurants	30 June 2021 South Africa	30 June 2021 International	30 June 2021 Total	30 June 2020 South Africa	30 June 2020 International	30 June 2020 Total
The Hussar Grill	20	2	22	22	2	24

Casa Bella WoodFired Pizza • Pasta • Grills

Active agreements – franchised restaurants	30 June 2021 South Africa	30 June 2021 International	30 June 2021 Total	30 June 2020 South Africa	30 June 2020 International	30 June 2020 Total
Casa Bella	5	–	5	7	–	7

NIKΩΣ COALGRILL GREEK

Active agreements – franchised restaurants	30 June 2021 South Africa	30 June 2021 International	30 June 2021 Total	30 June 2020 South Africa	30 June 2020 International	30 June 2020 Total
Nikos	7	–	7	9	–	9

KEY CHANGES MADE TO REMAIN RELEVANT

The key strategic focus for these speciality brands is growth in restaurant footprint.

The management of these brands was changed from November 2021 to a combined overhead structure, with one chief operating officer focusing on speciality dining.

We therefore provide combined objectives and actions below.

OBJECTIVES	KEY ACTIONS
Grow leadership position in the quality sit-down category	Continue to innovate and communicate the brands' offering and expand the speciality range of restaurant brands. Create a loyal following for the bespoke speciality categories we offer.
Expand footprint	Grow presence and open new sites in neighbourhoods where the consumer frequents specialised and unique dining experiences.
Improved margins	The consolidation under one structure and management team will improve the focus and create more opportunities for margin improvement.

CASE STUDY

Expanding footprint

The group is continuing to expand its speciality brands footprint by identifying strategic sites where the brands will be exposed to larger catchment areas.

One such site is at Montecasino in Gauteng where a new, high-specification, high-quality Nikos opened in September 2021. The restaurant evolves the offering of the speciality brands, as it is a refreshed, upmarket progression of the Nikos brand. It creates a true Greek-style experience, with a focus on hospitality, comfort and world-class food. The food is uniquely Greek and prepared fresh every day with authentic ingredients and recipes.

As the Montecasino concept was built to create a feeling of being in Europe when visitors walk through the building, this restaurant was designed to emulate the feeling of being on a Greek island. To expand on this, a section offering "street food" was introduced as a complementary dining experience to only sit-down.

This allows people who are exploring Montecasino to enjoy an original Greek takeaway meal in the same way tourists do while strolling the streets of a Greek island.

HOW WE WILL REMAIN RELEVANT continued

Virtual brands (online and delivery only)

The key strategic focus area for these brands is increased awareness and trade of the five successful brands following the pilot of ten brands.

The virtual kitchen (VK) brands, launched during the first lockdown in 2020, have continued to gain traction, generating turnover for the year equivalent to the group's smaller brands.

At the end of June 2021, 302 of the group's restaurants were participating in the VK brand offering.

TOP 3 VIRTUAL KITCHEN BRANDS

BENTO BURGER **19%**

PIZZA PUG **27%**

REEL SUSHI **13%**

KEY CHANGES MADE TO REMAIN RELEVANT

OBJECTIVES	KEY ACTIONS
Increased efficiencies	A new RocoMamas restaurant in Dainfern in Gauteng was created to offer a single collection point for its VK brands, BENTO and RibShack Rocofellas, as well as for third-party aggregators Mr D and Uber Eats.
Continue to entrench the business model	Following the successful pilot, the team is focusing on the successful brands, with the continued training of franchisees and the development of the concept.

THE RIGHT TEAM TO DELIVER

We are continuing to build on the foundation of excellent leadership in the group. Our approach is to create a team able to remain relevant in South Africa against a fast-changing new consumer culture.

During the year, the executive team was further strengthened, with the appointment of three new executives. This has ensured a powerful combination of broader industry experience and intimate company-specific knowledge. Refer to page 55 for information on our team.

FOCUSING ON OUR KEY STRENGTHS

The group has proven strengths that have allowed us to remain robust in the most challenging conditions our industry has ever faced.

Extensive and expanding restaurant base

The group has an extensive and continuously expanding restaurant base of more than 630 outlets across seven well-established and diverse brands. The significant footprint in South Africa is a major barrier to entry for potential competitors.

Innovation

We remain responsive to global food and restaurant trends. Examples include the launch of virtual brands to meet the increased demand for online ordering platforms, as well as the launch of vegan-friendly and plant-based products.

Market-leading brand portfolio

Our portfolio of market-leading brands targets South Africa's growing middle-income market through family sit-down and fast-casual restaurants, as well as higher-income customers through the speciality dining restaurants.

Organic and acquisitive growth

Organic growth of the internally developed brands has been complemented by selective acquisitions over the years to extend the customer offering. The group has a proven track record of integrating acquisitions and expanding the restaurant footprints of these brands.

Exposure to multiple international markets

The group operates in 16 countries. Our international growth strategy was repositioned this year to focus on areas in Africa where the brands resonate with local consumers, including Zambia, Namibia, Kenya and Mauritius. During the year, eight restaurants were opened internationally, with three in Zambia, two in Eswatini and one each in Zimbabwe, Ghana and Oman. Seven international restaurants were closed in Cyprus, Lesotho, Zambia, Mauritius and Australia.

Competitive margins and return metrics

Constantly improving efficiencies, driving franchisee profitability, enhancing centralised distribution and striving for operational excellence contribute to the high operating margins generated by the brands.

Ungeared balance sheet and effective capital management

The group's ungeared balance sheet and strong cash generation enabled the business to withstand the trading restrictions without a requirement to access external funding.

Brand and customer loyalty

High levels of brand and customer loyalty support sales, with the Spur Family Club, Panarottis Rewards, John's Club and RocoMamas Royalty loyalty programme membership totalling 1.2 million active customers.

Strong and enduring stakeholder relationships

The group has long-term relationships in place, with an extensive network of property owners and intermediaries, value-adding relationships with key suppliers across product categories, a loyal customer base established over several years and a resilient franchise network. The partnerships with franchisees are our most valued asset. Our close collaboration with them creates a winning combination of entrepreneurship, supported by our systems and intellectual capital.

HOW WE MEASURE OUR PROGRESS

The group has clear measures in place to monitor our progress.

	2021	2020
FINANCIAL MEASURES		
Total group restaurant turnover (R'm)	**6 038**	5 979
Operating profit margin* (%)	**23.8**	24.7
Return on equity** (%)	**12.1**	17.8
Total local restaurants	**539**	547
Total international restaurants	**85**	84
International revenue to total group revenue (excluding marketing funds) (%)	**4.9**	4.9
International profits to total group profit before income tax (excluding marketing funds) (%)	**4.3**	(2.7)
NON-FINANCIAL MEASURES		
Investment in employee training (R'000)	**343**	1 571
Group employee turnover# (%)	**21.8**	16.3
Black employees (%)	**71.9**	71.4
Female employees (%)	**50.4**	51.1
Black directors (%)	**50.0**	50.0
Female directors (%)	**60.0**	33.3
Black senior management (%)	**20.0**	14.3
Black middle management (%)	**48.1**	49.4
Community investment (R'000)	**1 184**	2 350
Active loyalty club members ('000)	**1 171**	1 312
Spur loyalty club spend (R'm)	**1.1**	1.7
Customer compliments (%)	**4%**	3%
Customer complaints (%)	**9%**	5%
Electricity consumption (MWh)	**908**	1 000
Water consumption (kl)	**3 514**	4 787
Waste recycled& (%)	**nm**	66

* Includes share of profit/loss of equity-accounted investee (net of income tax), adjusted for headline earnings adjustments and foreign exchange gain/loss, divided by revenue (excludes marketing funds)

** Profit for the year adjusted for headline earnings adjustments and foreign exchange gain/loss, divided by equity (excluding marketing funds)

\# Corporate employees only (excluding retail restaurant employees)

& Includes head office and regional offices only

nm not measured in F2021

HOW OUR TEAM IS MEASURED AND REWARDED AGAINST OUR PROGRESS

Our leadership team's remuneration is closely aligned to delivery on the overall business strategy, objectives and values of the group. Remuneration is also balanced between guaranteed remuneration and short- and long-term incentive schemes.

During the year, the new leadership team developed the group strategy and business plan, with key performance indicators (KPIs) put in place to start measuring progress from F2022.

HOW DO WE ENSURE REMUNERATION FOR THE CEO, CFO AND COO IS LINKED TO TANGIBLE OUTCOMES?

1	**54%** of the CEO's compensation is linked to performance-based rewards and **46%** is guaranteed.
2	**40%** of the compensation of the CFO and COO is linked to performance-based rewards, with **60%** guaranteed.
3	Stringent key performance indicators are in place and are measured through performance appraisals.
4	The leadership team has to achieve pre-agreed performance ratings for a few consecutive years before any long-term incentive award becomes eligible for vesting. Even if they meet the financial criteria assigned to the long-term incentive programme, but do not meet the KPI performance rating hurdle requirement, they will not qualify.
5	Short-term incentive targets are based on metrics that are aligned with shareholders' expectations. For example, targets include adjusted headline earnings which ensure that items such as impairments form part of the metrics, while profit from acquisitions is excluded until it is included in the base year of measurement.
6	The leadership team's performance is evaluated quarterly through business reviews.
7	A malus and clawback policy on remuneration awards is in place, as requested by shareholders.

Refer to the Remuneration report at https://www.spurcorporation.com/wp-content/uploads/2021/Remuneration-Report-FINAL.pdf for additional information.

Over the medium-term, the group intends to include additional measures that are closely linked to environmental, social and governance measures.

HOW OUR TEAM IS MEASURED AND REWARDED AGAINST OUR PROGRESS continued

Refer to the remuneration report at https://www.spurcorporation.com/wp-content/uploads/2021/Remuneration-Report-FINAL.pdf for a detailed breakdown of the team's remuneration structures and benefits.

CEO – VAL NICHAS

Val joined the group on 1 January 2021.

Corporate strategy and financial performance	**40%**
Network development and franchisee relationships	**20%**
Transformation	**10%**
Employee experience	**10%**
Supply chain	**15%**
Leadership behaviours	**5%**

How Val was measured and rewarded this year

As this is Val's first year, the formal measurement against KPIs will start in F2022.

The remuneration committee approved a 1% increase for Val to ensure that she aligns with the annual increase cycle of all employees. This increase was below the average range of increases of between 2% to 6% for employees.

CFO – CRISTINA TEIXEIRA

Cristina joined the group on 1 February 2021.

Corporate strategy and financial performance	**15%**
Financial governance and reporting	**20%**
Organisational governance	**15%**
Risk management	**15%**
Stakeholder relationships	**10%**
Information technology and legal	**5%**
Transformation	**5%**
Leadership behaviours	**15%**

How Cristina was measured and rewarded this year

As this is Cristina's first year, the formal measurement against KPIs will start in F2022.

The remuneration committee approved a 1% increase for Cristina to ensure that she aligns with the annual increase cycle of all employees. This increase was below the average range of increases of between 2% to 6% for employees.

COO – KEVIN ROBERTSON

Kevin has been with the group for 30 years, but was promoted to his current position as group COO in October 2020.

Turnover and profit	**15%**
R8 network development (refer to page 68 for information)	**15%**
Ensuring best-in-class dining experiences	**15%**
Product development and innovation	**10%**
Growth in new formats and channels	**10%**
Franchisee profitability and operational excellence	**10%**
Transformation	**10%**
Leadership behaviours	**15%**

How Kevin was measured and rewarded this year

As this is Kevin's first year a group COO, the formal measurement against KPIs will start in F2022.

The remuneration committee approved a 2% increase for Kevin. This increase was at the bottom of the range of increases of between 2% to 6% for employees.

WHERE ARE WE GOING

We have a well-defined strategy as a new leadership team to ensure we navigate what is set to remain difficult market conditions for the foreseeable future.

We have refined our key strategies and core audiences for a structured approach to value creation.

As the COVID-19 pandemic starts showing signs of improvement and the lockdown regulations are eased, the frequency of restaurant visits is increasing. Following the challenges during the pandemic, the group is now far more resilient and well positioned to respond to any further changing market conditions.

The close collaboration and partnerships with our franchise network allow strategic initiatives to be effectively mobilised, with transformation and innovation underway in line with the group's stated intention towards a common purpose of Leading for the Greater Good.

HOW WE WILL GET THERE

KEY STRATEGIC FOCUS AREAS

OBJECTIVES	KEY ACTIONS
Best-in-class casual dining experiences	Focus on a robust growth strategy and a new customer experience (CX), which will include an assessment of how our brands and restaurants have to continue to evolve to remain competitive. Refer to pages 29 to 39 for additional information.
Consumer-focused marketing and innovation	Develop a marketing and CX strategy focused on differentiated positioning. Interrogate our brand identities and focus our marketing spend on clear outcomes. Commission research to inform consumer-focused decisions and the tracking of our brand positioning. Create a centralised innovation and new product development function in the group.

Visible and measurable transformation	Embark on an employee experience (EX) strategy. Develop and execute a deliberate and societal transformation strategy with our franchisees and partners. Improve Spur Corporation's broad-based black economic empowerment (B-BBEE) rating. Focus on meaningful B-BBEE supplier, enterprise and franchisee development. Amplify Spur Foundation's impact in local communities.
Operational excellence and supply chain strategic competency	Refine the approach for organisational optimisation and processes. Consolidate supply chain and manufacturing services to improve capacity and buying power. Create strategic alliances with key suppliers for sourcing, supply and distribution to increase share of basket and revenue contribution. Identify key strategic product lines for improved group and franchisee profitability. Ensure B-BBEE compliance in our supply chain through a focus on supplier and enterprise development opportunities.
Profitable international expansion	Our international growth strategy has been repositioned to focus on areas where the brands resonate with local consumers, where we have strong operating partners and where we can achieve an acceptable return on investment.
Financial and information technology excellence to drive profit extraction	Improve organisational processes to ensure faster turnaround times and value-adding information to facilitate decision-making and reduce the cost of support. Scrutinise cost centres and assets for optimal profit extraction. Improve our competency to meet technological requirements for online ordering.
Best-practice corporate governance	Enhance governance structures and processes, while supporting the entrepreneurial characteristics that remain fundamental to the success of the group.

WHERE ARE WE GOING continued

KEY RISKS AND MATERIAL ISSUES

Key risks and issues	Mitigating actions
Brands not remaining relevant or appealing to customers.	Refer to pages 29 to 39
Loss of market share.	Refer to pages 29 to 40 and 48 to 49
Slow pace of transformation resulting in brands and an organisation that do not reflect the markets we serve.	Refer to pages 49, 59 and 68 to 69
Loss of appeal to franchisees, shareholders and employees.	Refer to pages 48 to 49
Ongoing pandemic or similar significant impact events.	Refer to pages 29 to 40, 70 and 76

STAKEHOLDER FOCUS

The new leadership team has categorised its main stakeholder groups, with a strategy for each audience. The key four stakeholder groupings are outlined in this section.

Employees

Key focus areas	What we want to achieve
Define and implement an employee climate survey, roll out company values and create a performance-focused culture.	Ensure a cohesive and engaged team that focuses on delivery.
Implement formal career development processes, which will include a focus on fast-tracking quality candidates and the creation of a future leaders' academy.	Effective succession planning through the development of employees.
Improve employment equity through talent acquisition and internal development.	A relevant employee base that represents our country and the markets we serve.
Introduce new short-term and long-term incentive structures.	Ensure outcomes-focused employees who feel rewarded for their commitment.

Customers

Key focus areas	What we want to achieve
An unwavering focus on product, marketing and innovation.	Market share, brand relevance and customer satisfaction and loyalty.
Expand the brand presence.	Market share and continued relevance.
Upgrade restaurants where required and open new restaurants.	Customer loyalty, growth and appeal.
Reposition and turn around low-margin brands, such as John Dory's and Panarottis, and grow other brands through a defined product focus.	Regain or grow market share, improve franchise profitability and create loyal customers.

WHERE ARE WE GOING continued

Franchisees

Key focus areas	What we want to achieve
Reduce set-up costs and ensure optimal return on marketing spend.	Assist in improving franchise profitability, increase the appeal for new franchisees and improve return on marketing investment.
Increase black-owned restaurants.	Transformation through the growth of black entrepreneurs and improving the appeal for new franchisees.
Improve profitability of key products, food cost percentage and the franchise business model.	Increase franchise profitability and appeal for new franchisees.
Improve reporting processes, such as sales reports and key benchmarks.	Increase franchise profitability, franchisor support and standards.

Investors

Key focus areas	What we want to achieve
Develop a focused growth strategy to remain relevant in tough conditions.	Accelerated leadership position for the Spur and RocoMamas brands, revitalisation and repositioning of Panarottis and John Dory's and expansion and increased visibility of the group's speciality brands of The Hussar Grill, Casa Bella and Nikos. Expanded African footprint. Enhanced virtual kitchen brands. New market share through delivering on market trends.
Identify efficiency improvement opportunities.	Enhanced processes and structures to maximise margins and returns.
Correct capital allocation.	Optimal return on investment.

OUR BOARD

Mike Bosman (60)
Chairman: independent non-executive

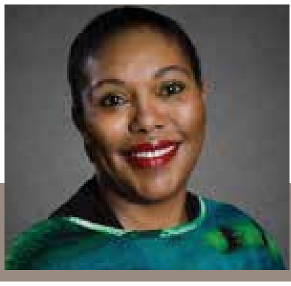
BCom (Hons), LLM, AMP (Harvard), CA(SA)

Appointed 2018

Nominations and remuneration committee: member

Mike was appointed chairman of the board on 1 March 2019. He is an independent non-executive director of AVI, MTN South Africa and EOH Holdings, and serves on the audit and risk committees of these companies.

He is non-executive chairman of Vinimark, the largest independent wine distribution company in South Africa. Mike has a background in advertising and in corporate and project finance. He served as CEO of communications groups FCB and TBWA, as well as CEO and later chairman of One Digital Media.



Cora Fernandez (48)
Lead independent director

BCompt (Hons), Chartered Accountant

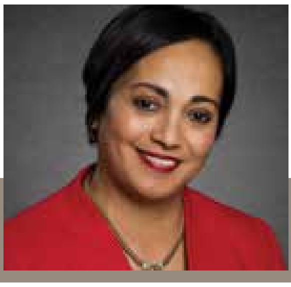
Appointed 2019

Audit committee: chairman

Risk committee: member

Nominations and remuneration committee: member

Cora is a chartered accountant with extensive board experience. She is a non-executive director of Tiger Brands, Capitec Bank and Sphere Holdings, and serves as an independent trustee on retirement funds in the Allan Gray stable. She serves on the investment committees of 27Four Black Business Growth Fund and the National Empowerment Fund. Cora previously served as managing director of Sanlam Investment Management and CEO of Sanlam Private Equity.



Dr Shirley Zinn (60)
Independent non-executive

BA, HDipEd, BEd (Hons), MEd, EdM and EdD (Harvard)

Appointed 2019

Nominations and remuneration committee: chairman

Social, ethics and environmental sustainability committee: member

Shirley is an acclaimed human resources practitioner who has held senior positions in the corporate and public sectors. She holds a doctorate from Harvard University and was formerly the head of human resources at Woolworths Holdings, Standard Bank South Africa, Nedbank Group and the South African Revenue Service. She currently provides consulting and advisory services in human resources, transformation, leadership and education. Shirley serves on the boards of Sanlam, MTN South Africa, Afrocentric, AdvTech, WWF and V&A Waterfront, where she is the chairman.

Lerato Molebatsi (52)
Independent non-executive

BA (Psych), PG Diploma in Rural Development and Management, Senior Management Development Programme (USB), Senior Prog. for Africa (Harvard Business School)

Appointed October 2020

Social, ethics and environmental sustainability committee: chairman

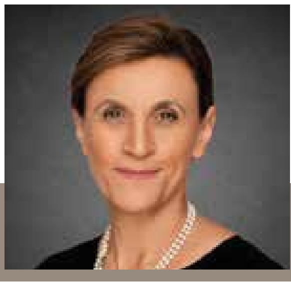
Risk committee: member

Lerato is a non-executive director of the SA Reserve Bank and deputy chair of telecommunications company, the Adrian Group, in Kenya. Lerato has accumulated a vast amount of experience within the financial services, mining, government, non-profit and professional services industries over the last 25 years. She was formerly CEO of General Electric South Africa, executive vice president of Lonmin plc and held senior positions in corporate communications, public affairs and corporate social investment.

André Parker (70)
Independent non-executive

MCom
Appointed October 2020
Risk committee: chairman
Audit committee: member

André spent most of his career with the SAB/SAB Miller group and was managing director of SAB Miller's Africa and Asia portfolio for ten years. He is currently a non-executive director of Distell (lead independent director) and Carozzi SARL, a leading food company in Chile. He previously served as chairman of Tiger Brands and Remgro's TSB, and was on the boards of SAB plc, SAB Ltd, AECI and Standard Bank.



Val Nichas (59)
Chief executive officer

Oxford Strategic Leadership Programme – Said Business School – University of Oxford
Diploma in Public Relations and Franchise Management
Appointed January 2021

Val is a highly experienced strategist and leader with extensive experience in the restaurant sector. She served as marketing director of Edgars, senior vice president of multinational food company, Rich Products Corporation, and managing director of Tequila Advertising.

Val joined Famous Brands in 1999 as marketing director of Debonairs Pizza and later served as managing executive of Wimpy (then 506 restaurants) and Steers (then 492 restaurants) before her appointment as head of QSR brands. Val ran her own consultancy for the last eight years, specialising in business strategy and planning.

Cristina Teixeira (48)
Chief financial officer

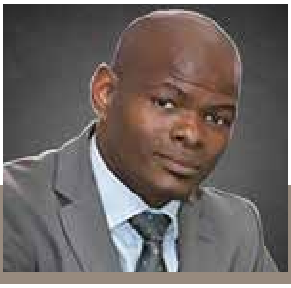
BCom, BCompt (Hons), CA(SA), AMP (Insead)
Appointed February 2021

Cristina has 13 years' experience as a CFO in listed companies and was voted Businesswoman of the Year (corporate category) by the Businesswomen's Association of South Africa in 2013. After qualifying as a chartered accountant, she joined Group Five and was appointed as CFO in 2008. Cristina has led finance teams that have been consistently recognised in the Investment Analysts Society annual awards for reporting and disclosure, and in the Institute of Chartered Secretaries/JSE reporting awards.

Kevin Robertson (55)
Chief operations officer

Appointed as a director in October 2020
Risk committee: member
Social, ethics and environmental sustainability committee: member

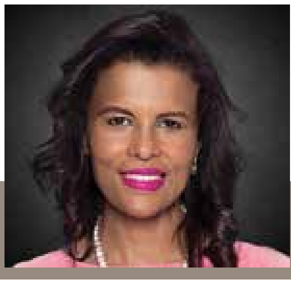
Kevin has been with the group for 30 years. He started as an operational manager at Spur, and was soon promoted to regional manager of KwaZulu-Natal. Kevin assisted the group with the building of the international business in Mauritius, Australia and the United Kingdom. Kevin was appointed managing director of Panarottis in 1999. In 2011 he was appointed as the national franchise executive and became chief operating officer (COO) of Spur Steak Ranches in 2018 before becoming group COO on 15 October 2020.



Sandile Phillip (39)
Independent non-executive

BCom, BCompt (Hons), CA(SA)
Appointed October 2020
Audit committee: member
Risk committee: member

Sandile is a non-executive director of the SA Post Office and previously served as a board member of the SA Institute of Chartered Accountants. His business experience is mainly in the areas of structured funding and leveraged finance in business banking at First National Bank, private banking at Investec and financial management at British American Tobacco and Peninsula Beverages.



Jesmane Boggenpoel (48)
Independent non-executive

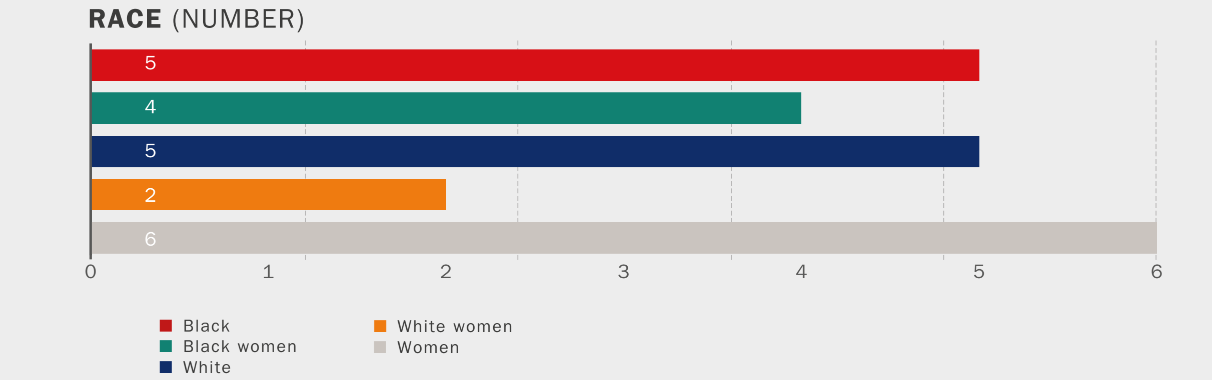
BCom, BAcc, MPub Admin (Harvard), CA(SA)
Appointed October 2020
Audit committee: member
Social, ethics and environmental sustainability committee: member

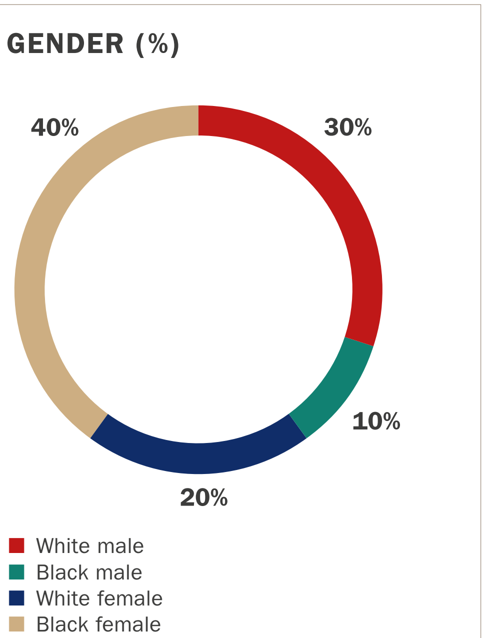
Jesmane is a chartered accountant with private equity, high technology and entrepreneurial experience. She is a founder and principal of private equity firm AIH Capital and was head of business engagement for Africa for the World Economic Forum (WEF) in Switzerland. She currently serves on the boards of EOH Holdings and Murray & Roberts and is chairman of Dubai-based ETG Inputs Holdco. Jesmane was nominated as a Young Global Leader of the WEF in 2013. Jesmane is the author of a book on diversity and inclusion, *My Blood Divides and Unites*.

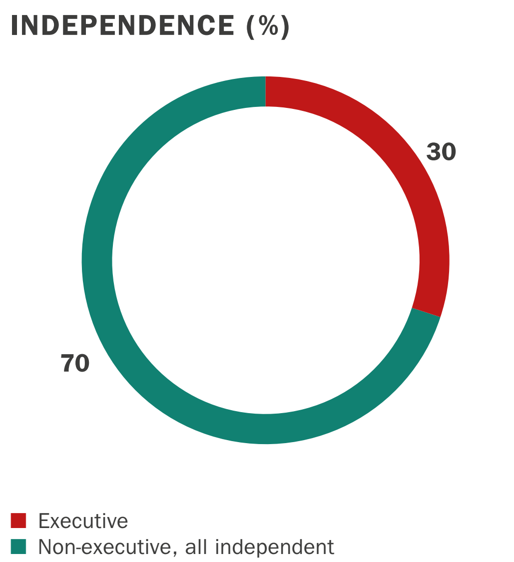
BOARD COMPETENCE

During the year, the board was significantly strengthened with the appointment of a number of new non-executive directors, a new chief executive officer and chief financial officer and the appointment of the chief operations officer and chief marketing officer to the board. The board has wide-ranging business and board experience, which enabled the improvement and restructuring of the board committees.

DIVERSITY







During the last year, promoting diversity at board and executive level was a key focus, with the board complement changing significantly. The board exceeds its internal targets of 25% black board members and 20% female members.

TENURE

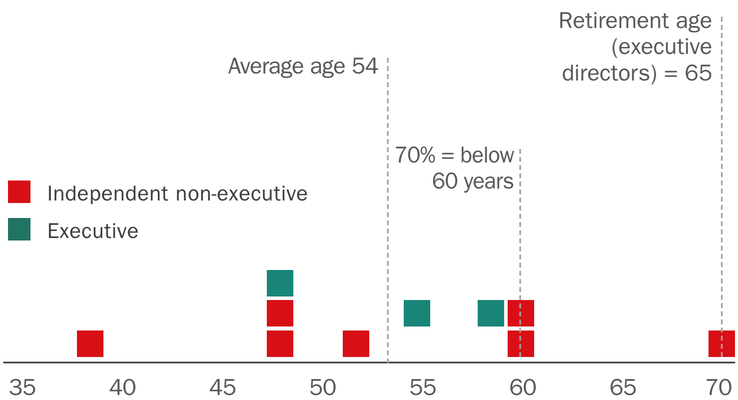
All the members of the board have been appointed in the last three years.

1-3 YEARS
10

SKILLS AND EXPERIENCE (%)

* Socio-economic development

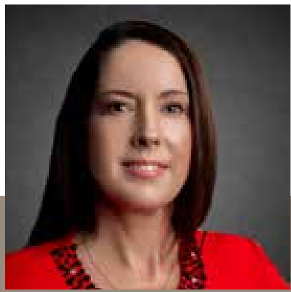
AGES



OUR EXECUTIVE COMMITTEE

Val Nichas (59)
*Chief executive officer**
Spur employment – ten months

* For the CV of the CEO, please refer to the board spread on page 52.



Cristina Teixeira (48)
*Chief financial officer**
Spur employment – nine months

* For the CV of the CFO, please refer to the board spread on page 52.

Kevin Robertson (55)
*Chief operations officer**
Spur employment – 30 years

* For the CV of the COO, please refer to the board spread on page 52.

Moshe Apleni (41)
Transformation and corporate communications manager

Chairman of Spur Foundation Trust

Spur employment – four years

Moshe has a background in communications and marketing, with a strong focus on building effective stakeholder relationships. He is closely involved in the ongoing development of an inclusive culture across the organisation. This track record resulted in him becoming one of only 20 African leaders chosen to attend an ethics leadership conference in Germany in 2018. His passion for effective change has resulted in his role being expanded to include transformation, as well as the chairmanship of the Spur Foundation Trust.

Colleen Carr (54)
Group human resources executive
Spur employment – Five months

Colleen has a strong track record in successful change management. Her transformational leadership abilities have allowed her to significantly shift the culture of organisations and create agile companies that remain relevant in a fast-changing world. These skills are crucial to the group in its strategic journey of making a meaningful impact on its employees and the broader market.

Robin Charles (47)
Group procurement executive
Spur employment – 13 years

As a food technologist, Robin understands food and successful product development. He has more than 20 years' experience in quality assurance roles, food safety systems and legislative requirements. He has particular skills in creating production efficiencies and product re-engineering initiatives. These are particularly important skills in a franchise model offering, especially in the current volatile market conditions.

Blaine Freer (56)
Group development executive
Spur employment – 23 years

Blaine has more than 20 years' experience in restaurant development. He started his career at restaurant level in Spur, which has resulted in an extremely valuable combination of practical and strategic skills. He has strong commercial ability and established relationships with relevant developers in the industry, which assists with the successful national roll-out of restaurants.

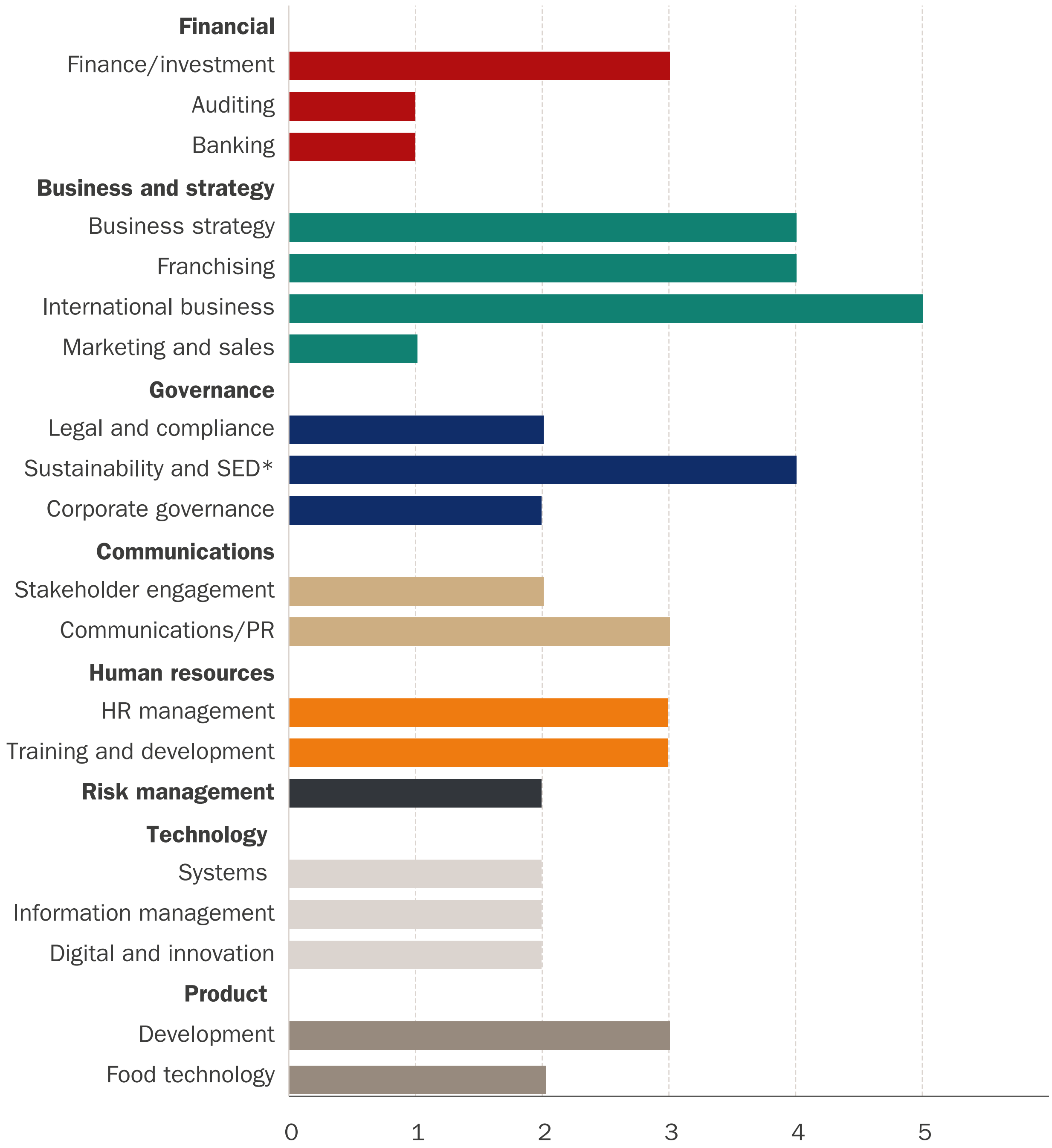
Derick Koekemoer (51)
Franchise executive – international
Spur employment – 25 years

Derick is a seasoned senior operator in the restaurant sector. His more than 20 years of knowledge of the group's operations through various roles adds particular value. He has more than ten years' track record in the international division, with a clear understanding of the dynamics of different global markets. His guidance has resulted in a footprint of 85 international restaurants.

EXECUTIVE COMMITTEE COMPETENCE

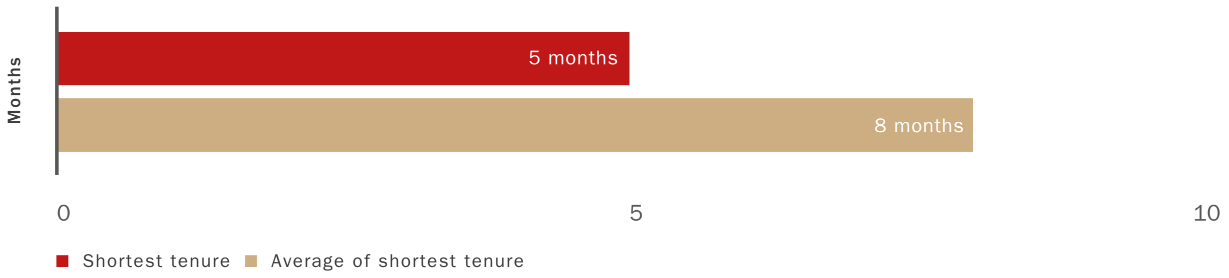
The executive committee was strengthened this year, with the appointment of three new executives. This has resulted in a powerful combination of broader industry experience and intimate company-specific knowledge.

SKILLS AND EXPERIENCE (NUMBER)

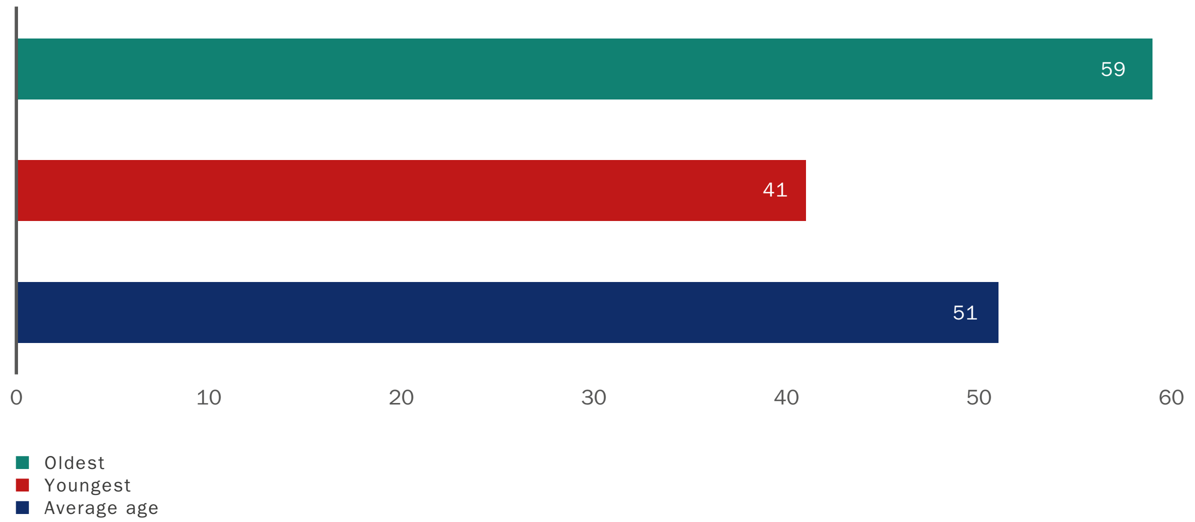


* Socio-economic development

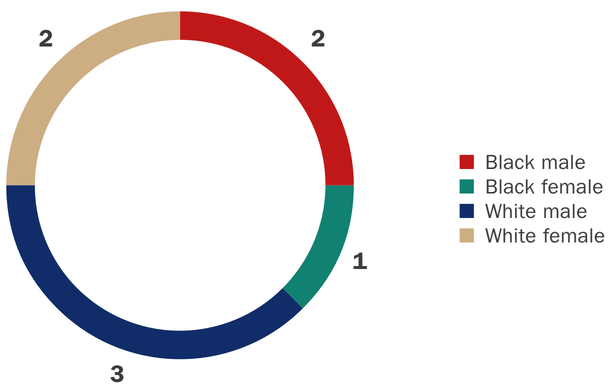
TENURE



AGE



DIVERSITY (NUMBER)



MATERIAL ISSUES AND RISKS

This spread outlines the key material issues and risks the board and the leadership team had to manage during the year. These aspects are discussed throughout the integrated annual report and supplementary report.

TOP FIVE ISSUES AND RISKS

1. Continued impact of COVID-19 and the current socio-economic climate

The biggest risk facing the company and industry continues to be the pandemic. The restrictions placed on restaurants resulted in reduced operating hours, lower alcohol sales and different consumer buying patterns. We expect that consumers will continue to utilise the online and remote food service solutions of delivery, takeaway and home offerings.

As our main market of South Africa was already under significant economic pressure before the COVID-19 pandemic, the last two years have exacerbated the local conditions. The hospitality sector was particularly exposed.

The unrest in certain parts of South Africa during July 2021 also had a fundamental impact on South African businesses and confidence, with several restaurants in our franchised operations impacted. Nine of the group's franchised restaurants were looted and vandalised, with damages incurred by the franchisees totalling R29.5 million. Franchised restaurant turnover loss in July alone was R14.6 million due to the closure of certain restaurants. Proceeds received from insurance claims have assisted with the rebuilding of restaurants.

2. Transformation

The global business environment is changing rapidly, which requires firms to continue transforming. The new leadership team has redefined its focus, implemented targeted strategies and is identifying areas for improvement. The team has recently defined its required leadership behaviours and has been rolling out values workshops to ensure an energised team able to perform in these fast-changing market conditions. An important additional element of business transformation in South Africa is ensuring that teams reflect the diverse South African population. This is receiving the focus it deserves.

3. Loss of key skills and team changes

We experienced a number of key board and leadership changes during the year. Two non-executive directors and the previous CEO and COO resigned, with the CEO sadly passing away after leaving the group. The previous CFO requested to change his role to that of a senior member in the finance department and the previous HR director unfortunately died from a COVID-19 related illness.

The group therefore appointed a new CEO, CFO, COO and human resources executive. This has required a dedicated focus on leadership cohesion and building a connected team during an ongoing culture of virtual working and substantial change. The team's effective collaboration has enabled the group to address its challenges.

In line with trends in the broader South Africa, we experienced two resignations in our senior operational team after the year-end due to planned emigration. Our chief marketing officer also resigned to explore long-awaited entrepreneurial opportunities.

The group evaluated its management team and announced a number of promotions from within to fill the majority of these positions.

4. Employee welfare

The continued uncertainty in the world in terms of health, job security and economic and credit pressure deeply affected employees. To assist our teams, we are in the process of defining our optimal approach to working life. This may result in a hybrid model of working at home and at the office.

To assist with financial pressure, we implemented lower increases for the executive team than for the broader employee base. In addition, to limit any further retrenchments in the short term, a hold was placed on new hires to empower our current team and create career development opportunities.

The new leadership team is also implementing a refreshed employee strategy to ensure the group is positioned as an attractive employer.

5. Creating growth, with a focus on appropriate deployment of capital

It is crucial to return to pre-pandemic levels of trade to create an effective return on investment for shareholders. The depressed economic climate and high levels of unemployment create a very challenging operating context. The group's international franchised restaurants are still subject to a number of stringent lockdown restrictions.

These conditions enhanced the requirement to identify effective growth levers. However, opportunities have to be carefully evaluated against the appropriate capital allocation.

CHAIRMAN'S REVIEW

Mike Bosman

The year under review has been an enormously challenging one for Spur Corporation, along with the rest of the food and beverages sector in South Africa and globally.

These conditions necessitated restrategising to position the group for a new reality.

Despite difficult trading conditions that continued in 2021, the group made good progress in terms of its strategy and operations, and consolidating its new leadership team.

BLACK BOARD DIRECTORS

50%

FEMALE BOARD DIRECTORS

60%

DIVIDEND

R71.0 m

Deferred interim 2020 dividend paid in October 2021

LEADERSHIP CHANGES

There have been several key board and leadership changes in the group during the year under review. We said farewell to Pierre van Tonder who retired after 38 years' service to the group and were deeply saddened about him passing away in May 2021.

He was succeeded by Val Nichas, who joined us as an executive director and group CEO from January 2021. Cristina Teixeira came onboard as group CFO and as an executive director from 1 February 2021.

We had already made several new board appointments in October 2020 and welcomed Lerato Molebatsi, Jesmane Boggenpoel, Sandile Phillip and André Parker as non-executive directors to the board, as well as Kevin Robertson, Sacha du Plessis and Graeme Kiewitz as executive directors. Graeme sadly passed away in January 2021 of a COVID-19-related illness. Sacha resigned to follow an entrepreneurial career and left the group at the end of October 2021.

> The year under review therefore required careful adjustment, with a new leadership team who had to operate in a challenging period not only for the group, but for the wider sector and for the country as a whole.

Given the ongoing COVID-19 lockdowns, most of our board meetings were held virtually, with the newly established board only able to hold its first physical board meeting in September 2021. Even with these limitations, I am pleased by the cohesion and progress achieved during the very short time we have worked together.

We also prioritised diversity within our leadership structures, and I am gratified with our achievements in this regard with respect to gender, race, age and background experience.

We have built a competent, experienced and forward-thinking team that brings a good mix of relevant skill sets to the group, positioning us well for a changing landscape. As well as wide-ranging industry expertise, our leadership team has a deep understanding of and commitment to transformation, continuous improvement and the environment. I look forward to seeing more of what this team, supported by our stakeholders, can achieve for Spur Corporation. Refer to pages 53 to 54 and 57 to 58 for information on the diversity of our board and leadership.

KEY BOARD FOCUS AREAS

We needed to add a few additional board meetings in the first half of the financial year to address market conditions, consider potential sources of funding as a precautionary measure in the event that the lockdown and trading restrictions were extended beyond the financial year-end and to endorse the leadership's refreshed strategy in June 2021. I wish to acknowledge the leadership and operations teams for ensuring that even after a tumultuous year we remain ungeared with solid cash flow. This strong position allowed the board to authorise the payment of the deferred interim 2020 cash dividend for October 2021.

Addressing a number of pressing issues did not prevent us from continuing to implement governance improvements. These included restructuring the composition of the board committees and the appointment of new chairmen to the risk and social, ethics, environmental and sustainability committees*.

We have also started to address instances where employees have financial interests in restaurants in our portfolio. To prevent any conflict of interest, we have implemented a revised policy to prevent any future investments and are addressing the current instances of ownership.

* A comprehensive governance review, including the King IV Code application register, is available in the supplementary report at https://www.spurcorporation.com/investors/results-centre/.

IMPROVING ENGAGEMENT

We have purposefully been working on improving our engagement, both internally and externally, which is critical in the demanding economic climate. Our aim is to increase shareholder alignment, market competitiveness and ensure a performance-driven culture.

Some of the conversations have been robust – for example, navigating changes to our remuneration structure. However, our new remuneration policy, which was approved at our December 2020 AGM, will drive value creation for our shareholders, provide good remuneration packages for our executives and strive for best-practice corporate governance standards.

We have actively engaged with shareholders during the past year regarding the planned implementation of the new incentive schemes, specifically addressing the mix of incentive instruments to be used, the key performance metrics for the incentives, as well as the process of setting targets to ensure transparency and buy-in.

OUTLOOK

As a board, we will continue to concentrate on ongoing integration of our leadership team and board and to work with the team to entrench cultural transformation across the group. As our CEO outlines in her review, the team implemented clear leadership behaviours this year, which will result in respectful and constructive engagement.

I believe that companies have a duty to collaborate with and act in the best interests of all of their stakeholders to ensure lasting change, especially in South Africa. We have the right leadership team in place with a vision that will ensure we continue to contribute to the process of effective change in our country.

> I am excited to work with the leadership team on their stated strategic intention towards the common purpose of Leading for the Greater Good.

The board is confident that the leadership team's strategy of deepening our brands' impact will ensure that our diverse basket of offerings continues to expand. As restrictions ease, we believe that our growth trajectory will improve further and that the group's brands will be the first choice for consumers wanting to return to memorable dining experiences.

APPRECIATION

I would like to thank our shareholders and our employees for their ongoing support and their commitment to Spur Corporation, as well as our customers, suppliers and, most of all, our franchise partners.

Special thanks must go to the board and leadership team for their dedication and input, which have been invaluable over this period. To each and every person who is part of Spur Corporation, thank you for your personal contribution. This has allowed us to steer the group through this period and to build towards a sustainable and successful future.

Mike Bosman

28 October 2021

CHIEF EXECUTIVE OFFICER'S REVIEW

Val Nichas

The group managed to successfully navigate a complete trading lockdown in April 2020 followed by various operating constraints and restrictions. Our franchisees' resilience made it possible for us to continue trading despite the erratic market conditions.

GROUP RESTAURANT TURNOVER UP

1.0%

R6.0 bn (2020: R5.9 bn)

EARNINGS PER SHARE UP

44.2%

110.85 cents (2020: 76.87 cents)

COMPARABLE* HEADLINE EARNINGS PER SHARE DOWN

17.1%

96.17 cents (2020: 116.05 cents)

* Excluding exceptional and once-off items and the impact of marketing funds

A VUCA YEAR FOR THE RESTAURANT INDUSTRY

The first ten months of my leadership of the group have certainly been volatile. As our chairman outlines in his review, besides the well-known market challenges, the group also had to ensure a seamless transition of several leadership changes in a mostly virtual environment.

At the start of the year, the business acronym of VUCA – Vulnerable, Unpredictable, Complex and Ambiguous – was at the forefront of our discussions. As a global community and within South Africa and our company, we have had to navigate adversities no-one would have ever imagined 18 months ago.

It is therefore with gratitude that we were able to report in September that our business and franchised restaurants survived the tumultuous time of the COVID-19 pandemic. As an industry and group, we were at the coalface of lockdown conditions, with various trading constraints and lockdown regulations ranging from an alcohol ban and limited trading hours to restricted seating capacity at our restaurants. Despite these trading conditions, the group delivered an improved second half, with 1% restaurant turnover for the year and a 44.2% increase in diluted earnings per share. Comparable headline earnings per share, which excludes exceptional and once-off items and the impact of marketing funds, decreased by 17.1%.

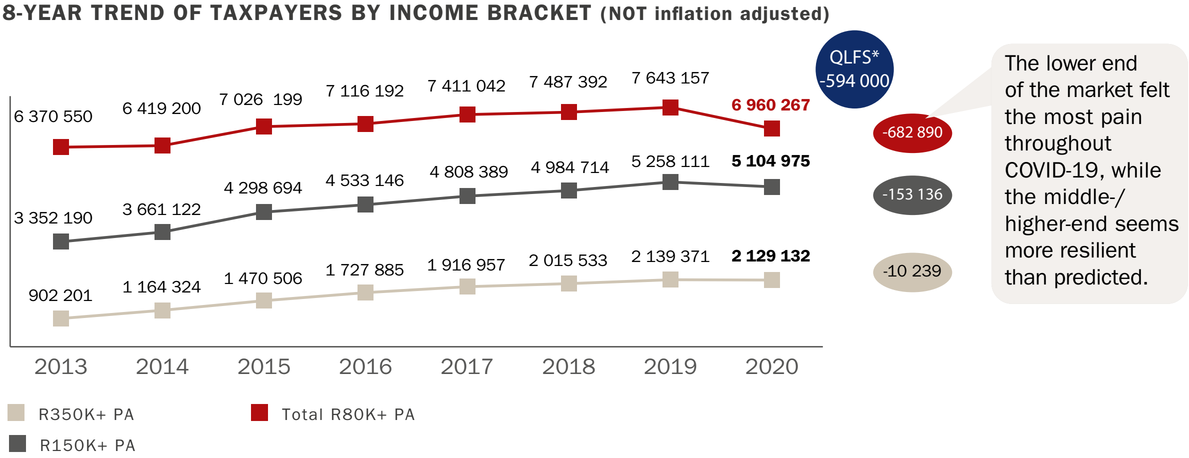
We firstly acknowledge our customers who demonstrated their continued loyalty by selecting our brands and dining with us at every opportunity by using several channels. Just over one million active loyal family club members engaged with our brands through click and collect, online ordering through third-party aggregators and visiting our restaurants when they were able to for regular and best-loved family dining hospitality.

A RESILIENT CUSTOMER BASE

The impact of COVID-19 has been devastating on the people of South Africa. Although the effects were felt across all income groups, our target market of the middle- to high-end customers was relatively more resilient.

2020 impact on South African income

8-YEAR TREND OF TAXPAYERS BY INCOME BRACKET (NOT inflation adjusted)



	2013	2014	2015	2016	2017	2018	2019	2020
Total R80K+ PA	6 370 550	6 419 200	7 026 199	7 116 192	7 411 042	7 487 392	7 643 157	6 960 267
R150K+ PA	3 352 190	3 661 122	4 298 694	4 533 146	4 808 389	4 984 714	5 258 111	5 104 975
R350K+ PA	902 201	1 164 324	1 470 506	1 727 885	1 916 957	2 015 533	2 139 371	2 129 132

Source: BrandMapp 2021

* Quarterly labour force survey

Our performance was made possible by our franchisees' resilience, which allowed us to continue trading despite the erratic market conditions. We wish to applaud our 265 franchise partners locally and globally for their ongoing investment and commitment to our brands. To our local franchise partners that were further impacted by the KwaZulu-Natal unrest in July 2021, we are committed to continue supporting you to repair and rebuild the last of the looted restaurants.

In addition to our R38 million support in franchise concessions granted to our South African franchisees alone over the past year, our landlords and suppliers enabled us to continue supply of products and services by facilitating financial contributions to counteract the increasing operating costs and rising food inflation. I particularly acknowledge our franchisees' commitment to preserving restaurant employees' jobs. This has not been an easy task when several trading locations are still negatively impacted due to lower tourist numbers, declining overall foot traffic and depressed consumer spend.

COVID-19 unfortunately did not only impact our operations, but also affected our people. 21% of the Spur Corporation team contracted the virus and sadly three people died across our group and franchise network. Our condolences go to their families and to those who experienced deaths in their personal communities as a result of the virus.

As an organisation we are guided by legislation and will therefore continue to follow government protocols in terms of the management of the pandemic. We remain committed to educating our teams about the options available for their safety and protection, which will include constant reinforcement of COVID-19 protocols in our restaurants and offices and providing information about vaccines.

LEADING THE WAY FOR THE GREATER GOOD

In February this year, the new executive leadership team very nimbly and robustly embarked on developing the Spur Corporation business strategy, which also crystalised key strategic market shifts, as we outline on page 28. However, merely understanding trends will not ensure we remain relevant in these fast-changing times. We therefore interrogated our group strategy, which evolved into brand and divisional business plans for the year ahead. To ensure delivery on these plans, we linked our objectives to the leadership team's key performance measures. Refer to page 42 for information on this.

Our approach will be on consumer-led innovations and consumer-driven initiatives as we continue to build franchise brands that Lead the Experience. Our passion and strategic competency for family hospitality will underpin all we do for our customers to provide them with a safe, attractive and unique dining experience that resonates in this new world.

Recent independent consumer research* commissioned by the group confirmed that the Spur brand remains meaningful, relevant and well entrenched with customers, with a particular affinity that sets it apart. This results in the chain indexing well above its relevant category average on key measures. The study also confirmed the strength of the RocoMamas brand, with its unique experiential promise and strong differentiator resulting in a position above its category index.

* Kantar TNS

Our franchise partners are crucial to our strategy of delivering exceptional experiences to customers. We have therefore evaluated the most effective way to collaborate, which resulted in the creation of new forums and franchise advisory councils, elected by the franchisee network. Together with our partners, we will execute our new and refreshed R8 Network Development model. This focuses on restaurant revamps, relocation and revival strategies to evolve the brand networks into best-in-class brands. This has already delivered good process, with 32 new local restaurants and seven global restaurants planned for the coming year.

As at October 2021, 14 restaurants have opened subsequent to year-end, five of which are restaurants restored post looting. The seven new restaurants in South Africa include a Spur, a Panarottis, three RocoMamas restaurants, one The Hussar Grill and a new iconic Nikos restaurant in Montecasino in Gauteng.

We also recently opened two additional international new restaurants. Our international growth strategy will leverage strategic franchise partnerships to improve profitability. Our aim will be to increase our footprint in markets where our brands have resonated with local consumers. Our strategic focus will be on leading positions in Africa, with key countries including Zambia, Kenya, Zimbabwe, Namibia and Mauritius. Our brand expansion will focus on Spur and RocoMamas, with selective growth in Panarottis and The Hussar Grill.

A STRATEGY BUILT AROUND PEOPLE

As we embark on a journey of transformation to build Spur Corporation into a leading organisation and an employer of choice across all levels of the franchise network, our focus will be on our people. The ethos and principles we have adopted closely align with inclusion, diversity and equality. Our transformation journey will include key aspects of deliberate transformation, including societal awareness and contribution, technological advancement, environmental sustainability and employment equity.

With the recent appointment of our new group human resources executive, Colleen Carr, we have embarked on an employee experience strategy that focuses on employee talent acquisition, career progression and retention through short- and long-term incentive schemes to create lasting opportunity.

As outlined on page 27, South Africa has sadly ranked second in a 2021 Deloitte survey measuring global anxiety due to the impact of COVID-19. In our own group, more employees are making use of our employee assistance programme, with high levels of stress and burnout, anxiety about personal, financial and work challenges and an increase in mental health issues. To assist our teams, we have increased our investment in our employee wellness programme and are piloting a new Worklife 3:2 approach that will intensify our focus on safety and wellness. Worklife 3:2 will also introduce a new work life policy, which will allow for a hybrid model of office and remote working. This will ensure that we structure employees' working lives to result in increased productivity. A core focus will be on enabling young parents and professionals to excel in their careers whilst ensuring healthy and balanced family lives.

As outlined on page 20, we believe in empowering from within. I have been very impressed with the quality of people in our organisation, and our commitment to learning and development will be amplified in the coming year through an investment of more than R2 million. Initiatives include programmes such as "Values leading the Way" and the launch of a Rising Leaders Academy.

CHIEF EXECUTIVE OFFICER'S REVIEW continued

A special award will be introduced in memory of our previous CEO, Pierre van Tonder, for his 34 years of dedication to the group.

Pierre started in a restaurant as a waiter and progressed through the ranks to become CEO. This is a truly remarkable achievement and one that is testament to the culture of empowering from within that exists in the group.

The award will be called The PiVoT Award for Enterprise Development and will be awarded to a person who is most instrumental in initiating a project for Spur Corporation that supports enterprise development. As outlined in this report, transformation and playing a role in creating the next generation of leaders and businesses is key to our future strategy.

LOOKING FORWARD

Although the macro-economic impact of COVID-19 continues to create uncertainty in the restaurant industry, easing of lockdown restrictions in the second half of the 2021 financial year has seen improved results over that of the first, indicating a slow, but positive, recovery.

As the pandemic eases, we are cautiously optimistic that growth will pick up. Euromonitor research confirmed that the South African limited-service market is predicted to grow at a compounded annual growth rate of 4.5%, to reach approximately R39.4 billion by 2025.

Trading in July, the first month of the new financial year, proved difficult due to the continuing restrictions and curfew hours.

In addition, July was adversely impacted by the widespread civil unrest in KwaZulu-Natal in the second week of July 2021. The franchise network was supported with concessions on franchise and marketing fees during this month.

However, pleasingly, August 2021 was a buoyant trading month, stimulated by intensified marketing activity and value-added campaigns across most brands. From 13 September, the lockdown level was shifted to level 2, with extended trading hours and increased capacity for seated dining restaurants. This positive trend continued into September and October, when the lockdown level shifted to level 1.

To support franchisee profitability and continue our transformation journey, we are implementing a value-extracting supply chain strategy. Our suppliers and distributors are closely aligned as we explore new opportunities and introduce solutions without compromising our product quality and taste profiles. In addition, as outlined on page 13, enterprise development opportunities will be leveraged to offer opportunities to previously disadvantaged entrepreneurs as suppliers. We have started this process and are excited to nurture new partnerships through sharing our skills, knowledge, resources and support.

Our nimble response to consumers' changing requirements is evident in our recent innovations, which have included exciting progress in our VK brands, new drive-thru trading formats and our innovative plant-based quick-service restaurant ModRockers (Nil Animal), which opens in Rosebank in Gauteng in November 2021. Refer to page 36 for more information on this.

Our board, executive leadership team and strategic alliance partners will continue to seek opportunities to improve our portfolio of franchise brands to embrace technology and innovation.

After the group's improvements during the last two years, our restaurants are better positioned and we are well poised to respond to volatile conditions. I have faith that we will continue to navigate the market fluidity through our proven quality offering and dining experiences.

APPRECIATION

I thank my fellow board members for their valued contribution in the journey so far, and I acknowledge our talented and committed executive members, senior management and our teams for the continued dedication to Spur Corporation. May the future unfold for the greater good.

Val Nichas

28 October 2021

CHIEF FINANCIAL OFFICER'S REVIEW

Cristina Teixeira

While we consumed cash during the initial hard lockdown and up to September 2020, we were able to recover this lost cash and generate further cash despite the impact of the second and third waves of the pandemic. This demonstrates the relative resilience of the group even against the strong correlation between trading performance and the various levels of trading restrictions.

CASH UP

R95.6 m

R261 m (2020: R165 m)

FINANCIAL PERFORMANCE

After declining by 31% in the first half, we grew franchised restaurant sales in South Africa by 1.5% for the financial year. This represents a 74.5% increase in the second half of the year over the same period in F2020, which was severely impacted by the total prohibition on sit-down trade in the fourth quarter. The core offering of our restaurant network is casual dining and fast casual restaurants, with takeaways during the year representing 18% of the group's South African turnover.

International franchised restaurant sales declined by 3.0%. Based on a constant exchange rate, international restaurant sales were 1.1% higher. This was largely based on the extended periods of lockdown, especially in the key market of Mauritius where the group has 17 restaurants.

Group revenue declined by 10.5% to R681.4 million (2020: R761.6 million). Although restaurant sales in the second half of the financial year improved over the first half, group revenue was impacted by concessions to franchise and marketing fees charged to franchisees during the year to support their financial sustainability, as well as lower sales in company-owned restaurants.

Revenue from the South African operations accounted for 95.8% of total group revenue. South African franchise revenue increased only in RocoMamas, as the product mix is more conducive to takeaway and delivery trade, which has been a critical market during lockdown conditions.

Performance per segment

	External Revenue			Profit/(loss) before income tax[1]		
	2021 R'000	2020 R'000	% change	**2021 R'000**	2020 R'000	% change
South Africa						
Franchise	**230 539**	247 191	(6.7)	**156 816**	168 921	(7.2)
Spur	**158 978**	170 893	(7.0)	**120 049**	134 461	(10.7)
Panarottis and Casa Bella	**22 987**	27 126	(15.3)	**10 060**	13 202	(23.8)
John Dory's	**12 322**	15 265	(19.3)	**1 808**	5 053	(64.2)
The Hussar Grill	**5 106**	5 417	(5.7)	**2 905**	4 025	(27.8)
RocoMamas	**29 475**	26 113	12.9	**21 278**	17 645	20.6
Nikos	**1 671**	2 377	(29.7)	**716**	(5 465)	113.1
Manufacturing and distribution	**194 251**	185 468	4.7	**62 210**	58 564	6.2
Retail company stores	**41 376**	53 694	(22.9)	**11 725**	(3 761)	411.8
Marketing	**165 487**	184 288	(10.2)	**24 300**	(19 115)	227.1
Other segments	**20 037**	57 203	(65.0)	**(7 074)**	(2 122)	(233.4)
Shared services	**907**	1 175	(22.8)	**(104 750)**	(69 199)	(51.4)
Total South Africa	**652 597**	729 019	(10.5)	**143 227**	133 288	7.5
Total South Africa excluding marketing	**487 110**	544 731	(10.6)	**118 927**	152 403	(22.0)
International						
Australasia	**1 709**	1 817	(5.9)	**(1 543)**	(9 822)	(84.3)
Rest of Africa and Middle East	**23 387**	26 270	(11.0)	**12 376**	12 509	(1.1)
Marketing	**3 743**	4 514	(17.1)	**(366)**	(1 094)	66.5
Shared services	**–**	–		**(5 455)**	(6 644)	17.9
Total International	**28 839**	32 601	(11.5)	**5 012**	(5 051)	199.2
Total International excluding marketing	**25 096**	28 087	(10.6)	**5 378**	(3 957)	235.9
Total	**681 436**	761 620	(10.5)	**148 239**	128 237	15.6
Total excluding marketing	**512 206**	572 818	(10.6)	**124 305**	148 446	(16.3)

1 excluding share of loss of equity-accounted investee

Revenue in the manufacturing and distribution division increased by 4.7% due to a strong recovery in the second half. The higher restaurant sales, along with a price increase in November 2020, allowed for an improved contribution from the group's manufacturing operations. Sales of retail sauces grew by 6.7%. The group has already seen good traction on its new supply chain strategy, which is aimed at increasing volume in strategic categories to improve franchisee profitability, while offering consumers a quality product at the best price.

International revenue, representing 4.2% of total group revenue, declined by 11.5%.

Group profit before income tax increased by 16.0%.

Profit before income tax in the South African operations increased by 7.5% despite profit earned from franchise segments declining by 7.2%. This is due to the increased contribution to profit from the group's manufacturing operations and company-owned stores, as well as the impact of the consolidation of net marketing contributions.

Profit in the manufacturing and distribution segment increased by 6.2% in line with higher restaurant sales. In addition, the prior year's profit was impacted by costs relating to the refurbishment of the group's sauce manufacturing facility.

In the international operations, profit from franchise operations increased to R10.8 million (2020: R2.7 million).

Profit in the company-owned stores benefited from R14.8 million in COVID-19 business interruption insurance claims in the second half of the financial year, which is reported as other income. The claims amounts have been received in cash subsequent to year-end.

The local marketing funds experienced a year-on-year positive movement of R43.4 million. In 2020, a deficit of R19.1 million arose as marketing fees were reduced during the hard lockdown, while the funds generated a surplus of R24.3 million in the current year to recover the prior year's deficit.

Net finance income was R10.5 million lower, as a result of lower cash generated by the group through the pandemic and the decline in cash reserves following the repurchase and cancellation of the Grand Parade Investments (GPI) shares in the prior year.

Comparable profit before income tax, excluding once-off and unusual items, as well as the impact of marketing funds, decreased by 18.6%. This is typical of a high-margin franchise business where the majority of expenditure is employment-related and not variable in the short term.

The prior year's income tax charge includes an impairment of foreign withholding tax credits of R11.7 million, contributing to a reduction in the effective tax rate from 44.7% in the prior year to 32.7% in the current year.

Headline earnings increased by 28.3% to R93.0 million, with diluted headline earnings per share 33.0% higher at 110.37 cents. Earnings increased by 39.1% to R93.1 million, with diluted earnings per share 44.2% higher at 110.48 cents.

Group comparable profit analysis

		2021 R'000	2020 R'000	% change
	Profit before income tax	**148 239**	127 774	16.0
A	Exclude: Marketing funds surplus/deficit	**(23 934)**	20 209	
	Profit before income tax excluding marketing funds	**124 305**	147 983	(16.0)
B	IFRS9 Expected credit reversals/losses	**(2 990)**	2 361	
C	Refurbishment costs	**–**	1 939	
D	Employee benefit obligations – net present value	**8 804**	–	
E	Additional NED fees	**2 757**	–	
	Australia lease	**665**	–	
F	Development costs	**4 088**	–	
G	Business interruption insurance	**(14 190)**	–	
H	Asset impairments	**–**	7 076	
I	Retrenchment costs	**3 914**	308	
J	Nikos contingent consideration FV adjustment	**(1 081)**	(3 977)	
	Income from associate	**–**	463	
	Spur Foundation	**343**	31	
	Foreign exchange loss	**728**	340	
	Comparable profit before income tax	**127 343**	156 524	(18.6)

A	The marketing surplus or deficit in any period recognised in profit or loss is not attributable to the group's owners. Any surplus will not, in the ordinary course of business, be distributable to shareholders.
B	Allowances for expected credit losses relate to trade and loan receivables, as well as a finance lease receivable. In the prior year, following the impairment of a receivable from GPI in 2019, the receivable was settled in full in the 2020 year and the impairment allowance for credit losses consequently reversed.
C	Certain of the costs incurred on the refurbishments of the group's sauce manufacturing facility and The Hussar Grill Camps Bay could not be capitalised in the prior year.
D	Net present value, equivalent to 18 months' guaranteed remuneration, was to be paid to the previous CEO in terms of a mutual separation agreement.
E	Additional fees for director services during board and executive transition period.
F	Product and channel innovation costs, which could not be capitalised in the year.
G	COVID-19 business interruption insurance claims in the second half of the financial year, which are reported as other income. The claims amounts have been received in cash subsequent to year-end.
H	Asset impairments include impairments of The Hussar Grill Morningside property, plant and equipment, Nikos trademarks and intellectual property, and Nikos goodwill of R1.3 million, R2.0 million and R3.7 million respectively in the prior year.
I	The prior year includes retrenchment costs relating to Australia, while the current year relates to the voluntary retrenchment programme undertaken as part of the group's COVID-19 austerity measures.
J	The fair value adjustment relates to the variable contingent consideration for the purchase of Nikos.

FINANCIAL POSITION

The most significant assets on the group's balance sheet, as would be expected due to the nature of the business, is the group's intangible assets and goodwill of R365.2 million. The Spur trademark and intellectual property represents 63.1% and the RocoMamas trademark, intellectual property and goodwill represents 13.7%. Refer to note 15 of the audited annual financial statements for details of impairment testing performed.

The equity value inherent in these assets is directly impacted by the appeal, relevance and sustainability of our brands in the future.

The improved trading in the second half of the financial year has resulted in a substantial increase in trade and other receivables from R55.6 million to R94.0 million.

As the group's revenue is predominantly derived from franchise fees (which have no directly associated input costs), the increase in trade payables should be substantially less than the increase in trade receivables.

The higher trade and other payables relative to the prior year is partly due to a R6.5 million increase in the leave pay and short-term bonus accruals.

No accruals were raised in the prior financial year in respect of any short-term incentive or 13th cheque bonuses as part of the group's COVID-19 austerity measures. An accrual was raised in the current financial year for half a 13th cheque bonus for those employees who would ordinarily qualify for such a bonus.

General trade creditors, as well as VAT and other indirect taxes payable, are higher than the prior year due to the increase in activity in June 2021 relative to June 2020.

CHIEF FINANCIAL OFFICER'S REVIEW continued

The group's liquidity ratio therefore increased from 2.1 in the prior year to 3.5.

The group ends the financial year with adequate cash resources and an ungeared financial position.

CASH FLOW

As described earlier, the group discounted its franchise and marketing fund contribution fee structures in response to the COVID-19 various lockdown levels in an effort to assist franchisees' cash flow. After February 2021, the standard fees were reinstated, although individual restaurants have been granted discounts on a month-to-month basis depending on their financial circumstances at the time.

Most of the group's revenue is either directly or indirectly linked to restaurant sales. The group has therefore seen a commensurate change in revenue earned on the sales of sauces and peripheral supplies through its manufacturing division, as well as commission revenue earned on the sale of restaurant supplies through the group's outsourced distributor.

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.

Marketing expenses are typically funded by marketing fund contributions from franchisees. The reduction in marketing fund contribution revenue during the fourth quarter of the 2020 financial year necessitated an immediate and substantial reduction in marketing expenditure. This was implemented from April 2020.

The marketing funds incurred substantial losses to the end of the 2020 financial year of R20.2 million in aggregate. These losses were largely recouped during the current year, with the marketing funds realising a surplus of R23.9 million in aggregate.

We experienced a reasonable recovery in trading performance during the year compared to the last quarter of the previous financial year.

The group generated R171.5 million in cash from operating activities. An outflow in working capital of R29.8 million was experienced as a result of normalised debtors balances in the current year compared to the unusually low debtor balances in June 2020 when the restaurant sector was subject to limited trading. Lower interest income earned, as noted earlier, as well as payment of R41 million in taxation, resulted in cash from operations of R102.3 million, of which R7.1 million was utilised in the repayment of lease liabilities.

Cash and cash equivalents at year-end was R260.8 million (30 June 2020: R165.3 million), representing an increase in cash of R95.6 million.

DIVIDENDS

The payment of the interim dividend for the six months ended 31 December 2019, which was declared on 26 February 2020, was deferred at the start of the lockdown to preserve cash resources. The board continued to defer the dividend until the group could generate sustainable cash flows. The board resolved to authorise the payment of the interim 2020 cash dividend of R70.978 million with payment made on 25 October 2021.

The directors resolved not to declare a final dividend for the year to June 2021.

SUBSEQUENT EVENT

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

As previously disclosed, the wholly owned subsidiary of Spur Corporation, Spur Group and the South African Revenue Service have been involved in a legal dispute since the group's 2015 financial year regarding the tax deductibility of a R48 million payment related to the Spur Group Management Incentive Share Scheme of 2004.

During 2018 the Income Tax Court found in Spur Group's favour in the original hearing on this matter, and in 2019 the full bench of the Western Cape High Court (majority judgment) also found in Spur Group's favour, dismissing the subsequent appeal by SARS.

Following a further appeal by SARS, the matter was heard in the Supreme Court of Appeal of South Africa (SCA) in August 2021, with judgment handed down on 15 October 2021. The SCA upheld SARS' appeal, effectively ruling against Spur Group, with a judgment issued against the group.

The group is considering its rights in consultation with legal counsel and will determine the appropriate course of action, which it believes, at best, could only include making application to challenge the SCA ruling at the Constitutional Court.

As a result of the SCA ruling, the R22.1 million tax receivable, recognised as an asset on Spur Corporation's consolidated statement of financial position as at 30 June 2021, will be charged to profit or loss as an additional income tax and interest expense.

In terms of the judgment, Spur Group will be required to settle SARS' legal costs, which are not yet determined. The disputed income tax assessments were settled in cash in earlier financial years. The SCA judgment therefore has no cash flow impact on Spur Group, other than SARS' legal costs.

Risk management

Following the occurrence of the COVID-19 pandemic, the executives, guided by the board, have focused on assessing the risk of other potentially material negative/black swan events, with a focus on implementing mitigating strategies.

OUTLOOK

As a group, we will focus on assessing the efficiency of any new investments, as well as of our current asset base. We will address the performance of these investments to achieve improved equity returns.

This will include activities to:

- Improve the assessment of corporate services and realigning these services to ensure optimal efficiency in the deployment of assets, including allocation of human capital
- Assess the group's information technology offering
- Assist franchise profitability with value extraction in our supply chain
- Improve the franchisees' marketing return on investment
- Assess investment decisions for growth opportunities in new channels and formats

The generation of free cash flow is paramount, and the allocation of capital will be carefully considered.

APPRECIATION

I wish to acknowledge the board and the new executive committee for their enormous support in my first nine months as the group's CFO.

I also want to thank the finance team who worked long hours to deliver on deadlines.

Lastly, thank you to our shareholders who continue to support us in these challenging times.

Cristina Teixeira

28 October 2021

OPERATIONAL SEGMENTAL OVERVIEW

This section provides a snapshot of our operational segmental performance. For additional information, refer to the chief financial officer's review and pages 23 to 24.

FRANCHISED OPERATIONS SOUTH AFRICA: SPUR

Restaurant performance

Restaurant sales	Growth in sales	Menu price increases
R3.6bn	2.7%*	3.3% June 2021 4.6% November 2020

Franchise network

Restaurants at year-end^

296

F2021 restaurant changes

6	8	15	3
new	closed	revamps	relocations

Employees in franchise network

11 996

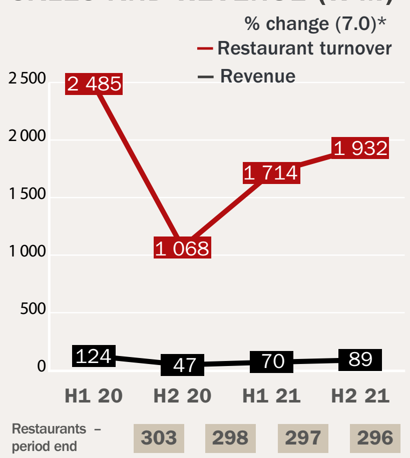
The first Spur Drive-Thru was opened in Pretoria in June this year and has been well received by customers. We will continue to expand this convenient and lucrative channel to meet customer requirements for their favourite meals through accessible channels.

The brand has been realigned to focus on core products, supported by improved training and preparation standards.

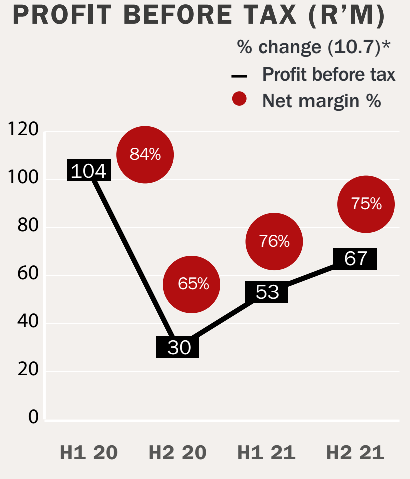
- Loyal family members continue to celebrate at Spur
- Prominent marketing activity
- Nine looted restaurants in July
- Five rebuilds completed

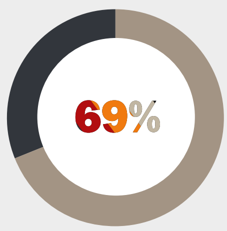
Brand performance

SALES AND REVENUE (R'M)



PROFIT BEFORE TAX (R'M)





% of franchise revenue F2021

1

New restaurant already opened in F2022

5

rebuilt post looting

* F2021 vs F2020
^ Includes five Grill & Go

FRANCHISED OPERATIONS SOUTH AFRICA: PANAROTTIS AND CASA BELLA

Restaurant performance

Restaurant sales
R567.9m

Growth in sales
-5.7%*

Menu price increases
Panarottis **5.3%** December 2020
Casa Bella **3.7%** December 2020

Franchise network

Restaurants at year-end^
89

F2021 restaurant changes

6	8	2	3
new	closed	revamps	relocations

Employees in franchise network
1 851

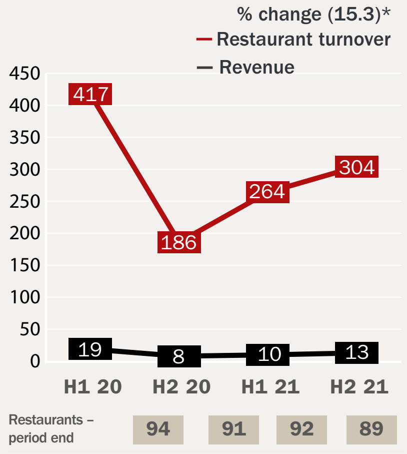
Trading conditions improved in the second half of the financial year.

A key focus for F2022 will be to reposition this brand for growth. A revitalised strategy is underway, with support from the group leadership team.

The portfolio was restructured subsequent to year-end, with Casa Bella joining the speciality brands portfolio together with The Hussar Grill and Nikos.

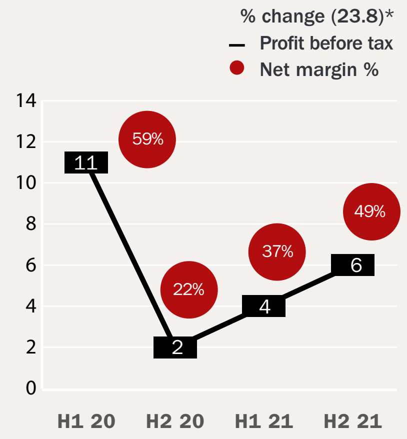
Brand performance

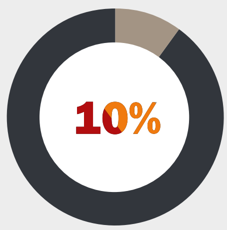
SALES AND REVENUE (R'M)



- Impacted by lockdown regulations and KwaZulu-Natal unrest
- Panarottis takeaways now 37% of sales
- Pizza Pug leading the way, with 27% of total virtual kitchen group turnover

PROFIT BEFORE TAX (R'M)





% of franchise revenue F2021

1
New restaurant already opened in F2022

6
New restaurants expected in F2022

* F2021 vs F2020
^ Includes five Casa Bella

OPERATIONAL SEGMENTAL OVERVIEW continued

FRANCHISED OPERATIONS SOUTH AFRICA: JOHN DORY'S

Restaurant performance

Restaurant sales	Growth in sales	Menu price increase
R325.4m	**-9.1%***	**3.7%** December 2020

Franchise network

Restaurants at year-end
49

F2021 restaurant changes

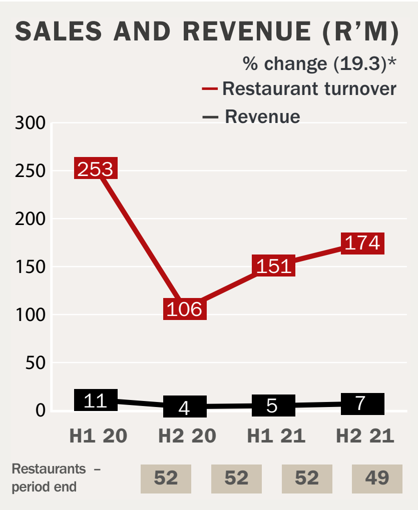
2	5	3	0
new	closed	revamps	relocations

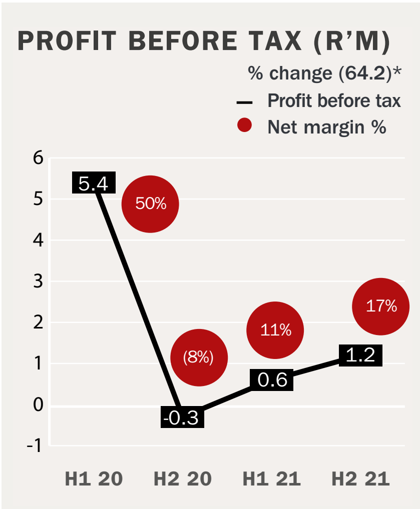
Employees in franchise network
1 354

Although trading conditions improved in the second half of the financial year, the brand still trades with a low margin of 17.3%.

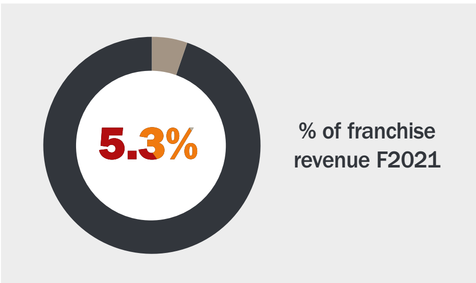
A key focus for F2022 will be on repositioning this brand for growth. A revitalised strategy is underway, which will be supported by the leadership team.

Brand performance





- Impacted by lockdown restrictions
- 40% of turnover generated in KwaZulu-Natal impacted by civil unrest
- Sushi remains a key focus
- Revitalised marketing activity gaining traction



2
New restaurants expected in F2022

* F2021 vs F2020

FRANCHISED OPERATIONS SOUTH AFRICA: THE HUSSAR GRILL

Restaurant performance

Restaurant sales	Growth in sales	Menu price increase
R154.1m	-8.3%*	3.3% December 2020

Franchise network

Restaurants at year-end

20

F2021 restaurant changes

new	closed	revamps	relocations
0	2	0	0

Employees in franchise network

545

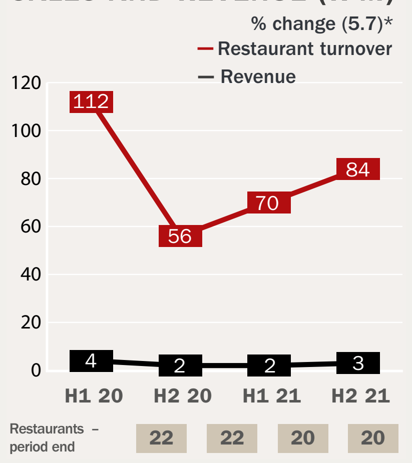
The Hussar Grill was impacted by COVID-19 lockdown regulations during the ban on seated dining and alcohol restrictions.

The portfolio was restructured subsequent to year-end. The Hussar Grill will now be managed within the portfolio of speciality brands together with Casa Bella and Nikos.

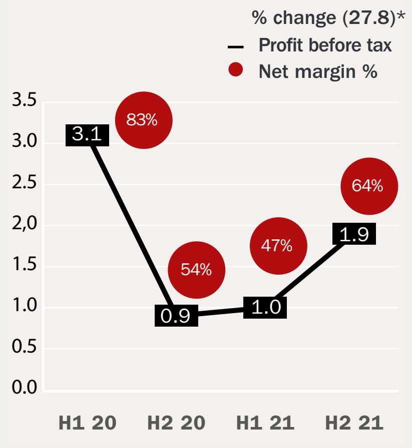
We expect growth in the speciality brands portfolio.

Brand performance

SALES AND REVENUE (R'M)

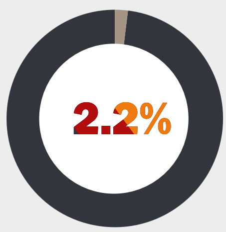


PROFIT BEFORE TAX (R'M)



* F2021 vs F2020

- Impacted by lockdown regulations
- Waterfall private dining room is appealing for business and special celebrations
- Stellenbosch Tapas bar opened in April 2021
- New restaurant opened in Blueberry Square, Honeydew, post year-end



% of franchise revenue F2021

4

New restaurants expected in F2022

1

New restaurant already opened in F2022

OPERATIONAL SEGMENTAL OVERVIEW continued

FRANCHISED OPERATIONS SOUTH AFRICA: ROCOMAMAS

Restaurant performance

Restaurant sales
R629.5m

Growth in sales
13.1%*

Menu price increase
3.3% December 2020

Franchise network

Restaurants at year-end^
78

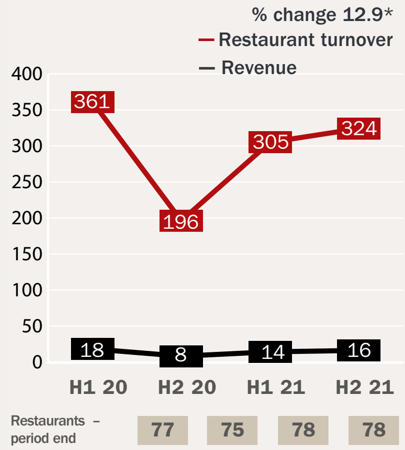
F2021 restaurant changes

6 new	3 closed	3 revamps	0 relocations

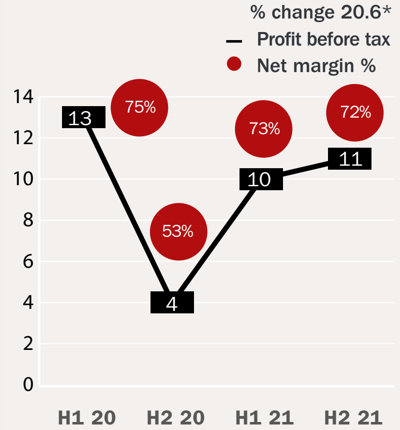
Employees in franchise network
1 629

Brand performance

SALES AND REVENUE (R'M)



PROFIT BEFORE TAX (R'M)

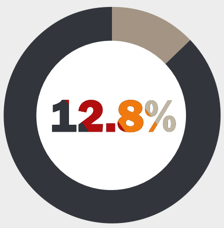


RocoMamas, with their fast-casual hospitality and distinctive Smashburger range, increased sales by 13.1%. This was mainly due to its high proportion of takeaway and delivery sales.

RocoMamas is now the second largest contributor to profit from franchisees, as their product mix is more conducive to takeaway and delivery trade. This became a critical market during lockdown conditions.

RocoMamas continues on its growth curve, with exciting innovations planned.

- Sterling performance despite lockdown regulations
- Click and collect and drive-thru innovations in the pipeline
- Impact on turnover in KwaZulu-Natal and high traffic sites during the unrest



% of franchise revenue F2021

10
New restaurants expected in F2022

3
New restaurants already opened in F2022

* F2021 vs F2020
^ Includes five RocoGo

FRANCHISED OPERATIONS SOUTH AFRICA: NIKOS

NIKOΣ COALGRILL GREEK

Restaurant performance

Restaurant sales	Growth in sales	Menu price increase
R46.4m	-12.8%*	6.9% November 2020

Franchise network

Restaurants at year-end

7

Employees in franchise network

168

F2021 restaurant changes

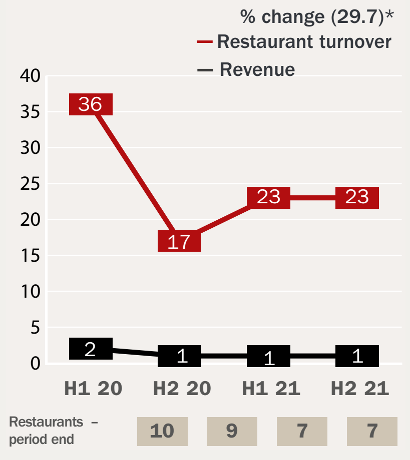
0	2	0	0
new	closed	revamps	relocations

Turnover declined during the year due to the restrictions on seated dining and alcohol sales.

The portfolio was restructured subsequent to year-end. Nikos will now be managed within the portfolio of speciality brands, together with Casa Bella and The Hussar Grill.

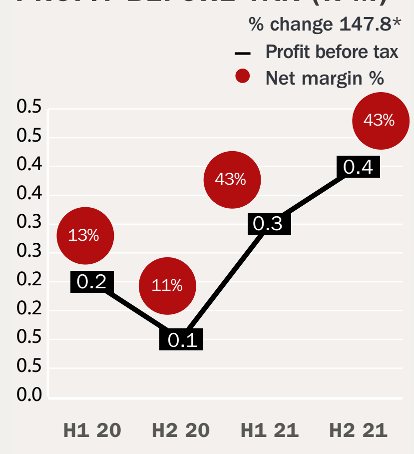
Brand performance

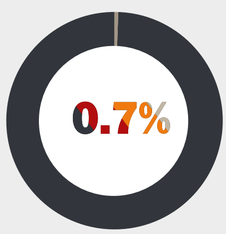
SALES AND REVENUE (R'M)



- Casual dining at its best for sharing occasions
- Char Grill Chicken VK brand quality product gaining interest
- New iconic store opened in Montecasino

PROFIT BEFORE TAX (R'M)





% of franchise revenue F2021

2

New restaurants expected in F2022

1

New restaurant already opened in F2022

* F2021 vs F2020

OPERATIONAL SEGMENTAL OVERVIEW continued

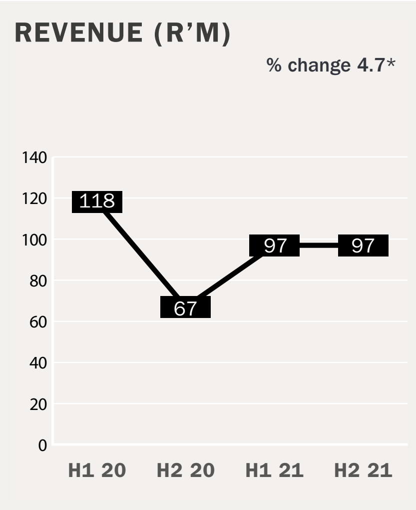
MANUFACTURING AND DISTRIBUTION

Segment performance

Revenue
R194.2m

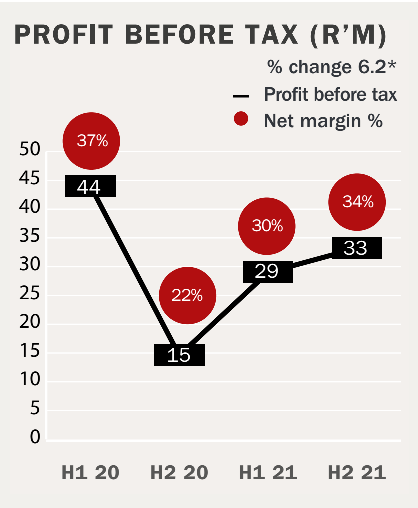
Growth in revenue
4.7%

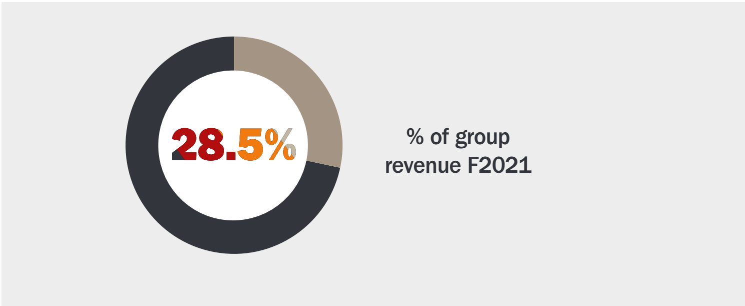
Price increase
10.2% November 2020
4% December 2018



The group has already seen good traction on its new supply chain strategy. This is focusing on increasing volume in strategic categories to improve franchisee profitability, while offering consumers a quality product at the best price.

Manufacturing and distribution performance tracks restaurant turnover
Retail sauce sales improved with more at-home dining. Contract re-negotiated, improved profitability
Manufacturing: R1.8 million refurbishment expensed in F2020; savings due to closure of factory during certain periods





* F2021 vs F2020

COMPANY-OWNED STORES

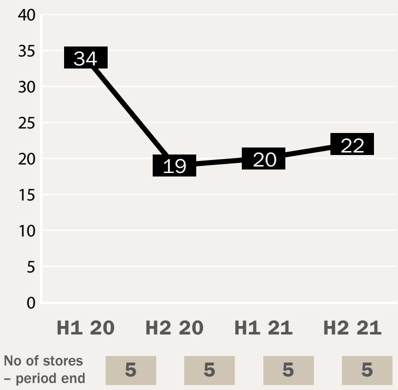
Store performance

Restaurant sales	Growth in sales
R41.4m	**-22.9%**

Restaurants at year-end^	Employees
5	**137**

REVENUE (R'M)

% change (22.9)*



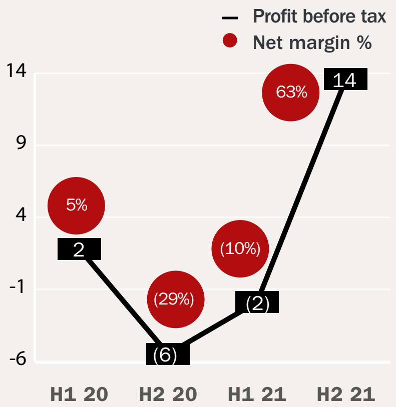
Profit in the company-owned stores benefited from R14.8 million in COVID-19 business interruption insurance claims in the second half of the financial year. This was reported as other income.

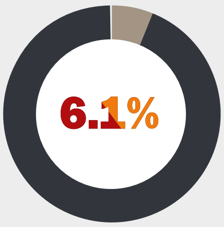
The claims amounts were received in cash subsequent to year-end.

Impacted by lockdown regulations on international tourism and alcohol

PROFIT BEFORE TAX (R'M)

% change 411.8*





% of group revenue F2021

* F2021 vs F2020
^ Four The Hussar Grill and one RocoMamas

OPERATIONAL SEGMENTAL OVERVIEW continued

FRANCHISED OPERATIONS: INTERNATIONAL

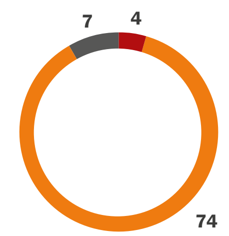
Restaurant performance

Restaurant sales
R667.8m

Growth in sales
-3.0%*

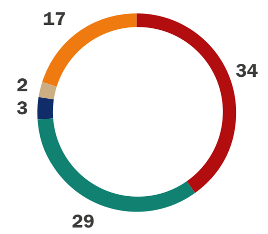
Franchise network

RESTAURANTS PER REGION



AUSTRALASIA
AFRICA, MAURITIUS
MIDDLE EAST, INDIA

RESTAURANTS PER BRAND

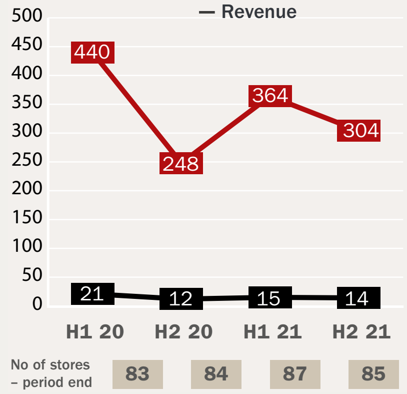


SPUR
PANAROTTIS
JOHN DORY'S
THE HUSSAR GRILL
ROCOMAMAS

Brand performance

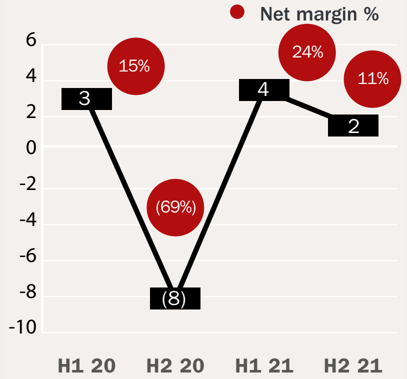
SALES AND REVENUE (R'M)

% change (11.5)*
Restaurant turnover
Revenue



PROFIT BEFORE TAX (R'M)

% change 199.2*
Profit before tax
Net margin %



* F2021 vs F2020

Restaurants at year-end
85

Employees in franchise network
2 102

F2021 restaurant changes

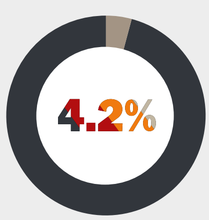
8	7	0	1
new	closed	revamps	relocation

A key focus during the year was to reduce and control costs. Losses in the Australasia region reduced, with one Spur and one RocoMamas remaining. Trading in Africa improved. Difficult trading conditions continue in the Middle East.

The group has a strong presence in Mauritius, with 17 restaurants. Key regions include Zambia, with 19 restaurants, and Namibia, with 11.

Two additional restaurants were opened subsequent to year-end.

- Stringent lockdown measures in all international markets
- Smaller formats gaining traction: RocoGo and Panarottis Express
- Leadership position in Africa is paving the way for expansion



% of group revenue F2021

7
New restaurants expected in F2022

2
New restaurants already opened in F2022


Spur
Steak
Ranches
RATE US!
STARTERS

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

THIS SECTION INCLUDES THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS EXTRACTED FROM AUDITED INFORMATION. FOR THE AUDITED ANNUAL FINANCIAL STATEMENTS, REFER TO HTTPS://WWW.SPURCORPORATION.COM/INVESTORS/RESULTS-CENTRE/

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

	Note	**2021 R'000**	2020 R'000	Change
Revenue	4	**681 436**	761 620	(10.5%)
Cost of sales		**(165 428)**	(198 132)	(16.5%)
Gross profit		**516 008**	563 488	(8.4%)
Other income	5	**27 071**	7 449	
Administration expenses		**(155 540)**	(143 463)	
Impairment reversal/(losses) – financial instruments and lease receivable	6	**2 523**	(2 805)	
Marketing expenses		**(120 130)**	(173 962)	
Operations expenses		**(93 189)**	(98 994)	
Other non-trading losses	6	**(7 677)**	(7 076)	
Retail company store expenses		**(24 335)**	(30 434)	
Operating profit before finance income	6	**144 731**	114 203	26.7%
Net finance income		**3 508**	14 034	(75.0%)
Interest income[1]		**8 273**	19 336	
Interest expense[2]		**(4 765)**	(5 302)	
Share of loss of equity-accounted investee (net of income tax)		**–**	(463)	
Profit before income tax		**148 239**	127 774	16.0%
Income tax expense[3]	7	**(48 480)**	(57 117)	(15.1%)
Profit		**99 759**	70 657	41.2%
Other comprehensive income[4]		**14**	(1 357)	
Foreign currency translation differences for foreign operations		**(80)**	(1 575)	
Foreign exchange gain/(loss) on net investments in foreign operations		**115**	(30)	
Current tax on foreign exchange gain on net investments in foreign subsidiaries		**(21)**	–	
Reclassification of foreign currency loss from other comprehensive income to profit or loss, on abandonment of foreign operations		**–**	248	
Total comprehensive income		**99 773**	69 300	44.0%
Profit attributable to:				
Equity owners of the company		**93 082**	66 924	39.1%
Non-controlling interests		**6 677**	3 733	
Profit		**99 759**	70 657	41.2%
Total comprehensive income attributable to:				
Equity owners of the company		**93 096**	65 567	42.0%
Non-controlling interests		**6 677**	3 733	
Total comprehensive income		**99 773**	69 300	44.0%
Earnings per share (cents)				
Basic earnings	8	**110.85**	76.87	44.2%
Diluted earnings	8	**110.48**	76.62	44.2%

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

2 *Interest expense includes interest on lease liabilities of R4.441 million (2020: R5.245 million) and interest on employee benefits of R0.302 million (2020: Rnil).*

3 *Income tax expense for the current year includes an accrual of R4.110 million relating to withholding tax credits not deducted by franchisees on payments of franchise fees in foreign jurisdictions in prior years. The prior year expense includes an impairment of the receivable for foreign withholding tax credits of R11.746 million, which were not considered recoverable in a reasonable period of time as a result of the expected impact of COVID-19 on global economic activity in the short to medium term.*

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

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE

	Note	**2021 R'000**	Restated 2020* R'000	Restated 2019* R'000
ASSETS				
Non-current assets		**500 311**	518 466	519 516
Property, plant and equipment		**93 957**	102 182	100 390
Right-of-use assets		**36 002**	41 921	38 286
Intangible assets and goodwill		**365 402**	365 253	369 092
Lease receivable		**–**	–	3 480
Loans receivable	9	**962**	2 929	5 391
Deferred tax		**3 988**	6 181	2 877
Current assets		**409 038**	282 440	559 741
Inventories		**11 618**	16 148	10 299
Tax receivable[1]		**25 168**	28 073	36 939
Trade and other receivables[2]		**93 978**	55 619	106 011
Lease receivable		**–**	–	664
Loans receivable	9	**1 359**	4 022	105 961
Contingent consideration receivable[3]		**4 047**	4 555	–
Restricted cash[4]		**11 998**	8 671	18 009
Cash and cash equivalents		**260 870**	165 352	281 858
TOTAL ASSETS		**909 349**	800 906	1 079 257
EQUITY				
Total equity		**635 173**	535 615	871 543
Ordinary share capital		**1**	1	1
Share premium		**34 309**	34 309	294 663
Shares repurchased by subsidiaries		**(15 118)**	(15 118)	(126 811)
Foreign currency translation reserve		**29 026**	29 012	30 369
Share-based payments reserve[5]		**4 751**	3 473	4 400
Retained earnings		**568 890**	475 501	658 015
Total equity attributable to owners of the company		**621 859**	527 178	860 637
Non-controlling interests		**13 314**	8 437	10 906
LIABILITIES				
Non-current liabilities		**116 291**	127 883	124 665
Contingent consideration liability[3]		**–**	1 589	1 011
Employee benefits	10	**2 304**	–	–
Contract liabilities[6]		**24 771**	29 342	29 045
Lease liabilities[7]		**33 690**	39 740	37 469
Deferred tax		**55 526**	57 212	57 140
Current liabilities		**157 885**	137 408	83 049
Tax payable[8]		**6 772**	2 229	1 396
Trade and other payables[9]		**60 922**	49 710	68 194
Loans payable		**196**	196	–
Provision for lease obligation	11	**7 175**	–	–
Employee benefits	10	**4 300**	–	–
Contract liabilities[6]		**4 749**	5 808	4 226
Lease liabilities[7]		**7 514**	13 208	8 519
Shareholders for dividend[10]		**66 257**	66 257	714
TOTAL EQUITY AND LIABILITIES		**909 349**	800 906	1 079 257

* *Restated. Refer note 19.*

[1] Tax receivable includes payments of tax and interest related to the 2004 share incentive scheme dispute with SARS (refer note 14.1) of R22.034 million (2020: R22.034 million), as well as a receivable in respect of foreign withholding tax credits of R3.893 million (2020: R5.783 million), which are expected to be utilised within a reasonable period as a credit against foreign taxes payable.

[2] Trade and other receivables comprise largely accruals for franchise fee and related income receivable in respect of the last month of the financial year. The increase relative to June 2020 is due to restaurant sales in June 2021 being significantly higher than in June 2020, with the group's franchised restaurants operating under stricter lockdown trading restrictions in the last quarter of the 2020 financial year than the corresponding period in the 2021 financial year. In addition, the current year includes accrual of R14.773 million for business interruption insurance claims (refer note 5).

[3] The contingent consideration receivable/liability relates to the purchase consideration of 51% of the Nikos Coalgrill Greek business acquired in August 2018. The total purchase consideration is calculated as five times earnings before interest tax and depreciation 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 reflects the estimated amount repayable by the sellers to the group following the finalisation of the financial performance of the business to July 2021.

[4] 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, as well as cash held in reserve to honour unredeemed gift vouchers (refer note 19).

[5] The share-based payments reserve arises from the group's equity-settled long-term share-linked incentive schemes. No new awards were granted and no existing awards vested during the current year.

[6] Contract liabilities relate to the initial franchise fees paid by franchisees to the group on conclusion of franchise agreements. The revenue is recognised over the period of the franchise agreement.

[7] The reduction in lease liabilities relates primarily to the derecognition of a lease for a franchised restaurant in Australia, Apache Spur, in the amount of R7.012 million (refer note 11).

[8] The increase in tax payable relates to the accrual of foreign withholding tax credits (refer footnote 3 to the statement of profit or loss and other comprehensive income).

[9] The increase in trade and other payables relative to the prior year is partly due to a R6.5 million increase in the leave pay and short-term bonus accruals. During lockdown in the prior year, employees who were unable to work from home were required to take half the time off as paid leave, which resulted in a reduction in the leave pay accrual. In the current year, the group received compensation from government's Temporary Employer/Employee Relief Scheme (TERS), which resulted in the employees being partially credited with the leave previously taken, resulting in a significant increase in the leave pay accrual. No accruals were raised in the prior financial year in respect of any short-term incentive or thirteenth cheque bonuses as part of the group's COVID-19 austerity measures. An accrual has been raised in the current financial year for half a thirteenth cheque bonus for those employees who would ordinarily qualify for such a bonus. General trade creditors, as well as VAT and other indirect taxes payable, are higher than the prior year due to the increase in activity in June 2021 relative to June 2020.

[10] 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 advised shareholders on 30 March 2020 that payment of the dividend would be deferred until 5 October 2020. On 3 September 2020, the board advised shareholders that payment of the dividend would be further deferred. Shareholders were advised at the time of releasing interim results for the six months ended 31 December 2020 on 2 March 2021 that the board had determined it appropriate, 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 payment of the interim 2020 dividend on Monday, 25 October 2021.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE

	Note	Attributable to owners of the company Ordinary share capital R'000	Share premium R'000	Shares repurchased by subsidiaries R'000
Balance at 1 July 2019		1	294 663	(126 811)
Total comprehensive income				
Profit		–	–	–
Other comprehensive income (OCI)		–	–	–
Foreign currency translation differences for foreign operations		–	–	–
Foreign exchange loss on net investments in foreign subsidiaries		–	–	–
Reclassification of foreign currency loss from OCI to profit or loss, on abandonment of foreign operations		–	–	–
Total comprehensive income		–	–	–
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners		–	(260 354)	111 693
Equity-settled share-based payment		–	–	–
Indirect costs arising on intragroup sale of shares related to equity-settled share-based payment		–	–	–
Issue of shares on vesting of FSP awards		–	–	–
Repurchase and cancellation of shares	8.4	–	(260 354)	114 649
Costs relating to repurchase and cancellation of shares	8.4	–	–	–
Purchase of treasury shares[1]		–	–	(2 956)
Dividends		–	–	–
Total transactions with owners		–	(260 354)	111 693
Balance at 30 June 2020		1	34 309	(15 118)

[1] *During the prior year, a wholly owned subsidiary of the company, Share Buy-back (Pty) Ltd, acquired 110 000 Spur Corporation Ltd shares at an average cost of R26.87 per share, or R2.956 million in aggregate.*

	Attributable to owners of the company					
	Foreign currency translation reserve R'000	Share-based payments reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
	30 369	4 400	658 015	860 637	10 906	871 543
	–	–	66 924	66 924	3 733	70 657
	(1 357)	–	–	(1 357)	–	(1 357)
	(1 575)	–	–	(1 575)	–	(1 575)
	(30)	–	–	(30)	–	(30)
	248	–	–	248	–	248
	(1 357)	–	66 924	65 567	3 733	69 300
	–	(927)	(249 438)	(399 026)	(6 202)	(405 228)
	–	2 228	347	2 575	–	2 575
	–	–	(898)	(898)	–	(898)
	–	(3 155)	3 155	–	–	–
			(114 649)	(260 354)	–	(260 354)
	–	–	(2 702)	(2 702)	–	(2 702)
	–	–	–	(2 956)	–	(2 956)
	–	–	(134 691)	(134 691)	(6 202)	(140 893)
	–	(927)	(249 438)	(399 026)	(6 202)	(405 228)
	29 012	3 473	475 501	527 178	8 437	535 615

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued

FOR THE YEAR ENDED 30 JUNE

	Note	Attributable to owners of the company		
		Ordinary share capital R'000	Share premium R'000	Shares repurchased by subsidiaries R'000
Balance at 1 July 2020		**1**	**34 309**	**(15 118)**
Total comprehensive income				
Profit				
OCI		–	–	–
Foreign currency translation differences for foreign operations		–	–	–
Foreign exchange gain on net investments in foreign subsidiaries		–	–	–
Current tax on foreign exchange gain on net investments in foreign subsidiaries		–	–	–
Total comprehensive income		–	–	–
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners		–	–	–
Equity-settled share-based payment		–	–	–
Dividends		–	–	–
Total transactions with owners		–	–	–
Balance at 30 June 2021		**1**	**34 309**	**(15 118)**

Foreign currency translation reserve R'000	Share-based payments reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
Attributable to owners of the company					
29 012	3 473	475 501	527 178	8 437	535 615
		93 082	93 082	6 677	99 759
14	–	–	14	–	14
(80)	–	–	(80)	–	(80)
115	–	–	115	–	115
(21)	–	–	(21)	–	(21)
14	–	93 082	93 096	6 677	99 773
–	1 278	307	1 585	(1 800)	(215)
–	1 278	307	1 585	–	1 585
–	–	–	–	(1 800)	(1 800)
–	1 278	307	1 585	(1 800)	(215)
29 026	4 751	568 890	621 859	13 314	635 173

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS continued

FOR THE YEAR ENDED 30 JUNE

	2021 R'000	Restated 2020* R'000
Cash flow from operating activities		
Operating profit before working capital changes	**171 486**	147 804
Working capital changes	**(29 782)**	30 129
Cash generated from operations	**141 704**	177 933
Interest income received[1]	**7 561**	56 638
Interest expense paid[2]	**(4 117)**	(4 721)
Tax paid	**(41 071)**	(53 410)
Dividends paid[3]	**(1 800)**	(75 350)
Net cash flow from operating activities	**102 277**	101 090
Cash flow from investing activities		
Additions of intangible assets	**(1 119)**	(2 817)
Additions of property, plant and equipment[4]	**(1 935)**	(14 565)
Increase in investment in associate	**–**	(899)
Loans receivable advanced	**–**	(3 879)
Proceeds from disposal of property, plant and equipment	**131**	592
Proceeds from settlement of GPI receivable (note 9.2)	**–**	72 328
Repayment of loans receivable	**3 307**	5 737
Net cash flow from investing activities	**384**	56 497
Cash flow from financing activities		
Acquisition of treasury shares	**–**	(2 956)
Loan received from non-controlling shareholders	**–**	196
Payment of lease liabilities	**(7 088)**	(8 335)
Repurchase of shares (including transaction costs) (note 8.4)	**–**	(263 056)
Net cash flow from financing activities	**(7 088)**	(274 151)
Net movement in cash and cash equivalents	**95 573**	(116 564)
Effect of foreign exchange fluctuations	**(55)**	58
Net cash and cash equivalents at beginning of year	**165 352**	281 858
Net cash and cash equivalents at end of year	**260 870**	165 352

* *Restated. Refer note 19.*

[1] *The prior year includes interest on the GPIRF receivable of R40.832 million received in cash (refer note 9.2).*

[2] *Includes interest on lease liabilities of R4.441 million net of interest of R0.346 million in respect of sublease not settled in cash (2020: R5.245 million net of interest of R0.581 million in respect of sublease not settled in cash).*

[3] *Refer footnote 10 of statement of financial position. The dividend paid in the current year relates to dividends paid by a subsidiary company to non-controlling interests.*

[4] *Additions for the prior year include R6.759 million relating to a refurbishment of the group's sauce manufacturing facility and R4.3 million relating to the refurbishment of The Hussar Grill in Camps Bay.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These summarised consolidated financial statements for the year ended 30 June 2021 (Summarised AFS) are prepared in accordance with the requirements of the JSE Ltd Listings Requirements (Listings Requirements) for abridged reports and the requirements of the Companies Act of South Africa (Act No. 71 of 2008), amended. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the *SAICA Financial Reporting Guides* 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 Summarised AFS do not include all the information for a complete set of financial statements in compliance with IFRS.

The Summarised AFS have not been reviewed or audited but are an extract from the audited consolidated financial statements for the year ended 30 June 2021 (the Consolidated AFS) which are available online at www.spurcorporation.com/investors/results-centre, at the company's registered office or on request at companysecretary@spur.co.za.

The Summarised 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 42 (and certain other notes, where applicable) of the Consolidated AFS.

The accounting policies applied in the preparation of the Summarised AFS are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements for the year ended 30 June 2020. 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 accounts policies are included in note 47 of the Consolidated AFS.

The Summarised 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 Summarised 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 Summarised AFS were prepared under the supervision of the group chief financial officer, Cristina Teixeira CA(SA), and authorised for issue by the directors on Wednesday, 22 September 2021. The Summarised AFS were published on Thursday, 23 September 2021.

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 a complete (hard) national lockdown in South Africa commencing on 27 March 2020. Subsequent to the hard lockdown, while lockdown trading restrictions have eased, various levels of more severe trading restrictions have been re-imposed for certain periods in response to the second and third waves of the pandemic in South Africa.

The immediate impact of the hard lockdown was a sudden and severe reduction in economic activity in the second quarter of the 2020 calendar year. Economic activity subsequently recovered to some extent following the easing of lockdown trading restrictions. A general correlation exists between economic activity and the severity of the lockdown restrictions in place at any point in time, and the commensurate level of trading within the group's franchise network. Notwithstanding the modest improvements in economic activity following the hard lockdown, the continuing impact of the pandemic has resulted in lower formal employment, lower discretionary income and a drop in consumer confidence, which have impacted on the ability of the group's target market to frequent restaurants.

The general macro-economic impact of COVID-19 and the resulting trading restrictions imposed in South Africa and globally have had a material impact on the group's independently owned franchises and, as a consequence, the group's business and financial performance. In addition, the hospitality industry (including restaurants) has been particularly hard hit by the impact of travel restrictions and customer concerns regarding safety.

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 to 28 December 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 to 14 June 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 to 27 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

2. IMPACT OF COVID-19 AND GOING CONCERN continued

Various levels of trading restrictions have similarly been imposed in most of the international markets in which the group trades.

The sustainability of the group is highly dependent on the sustainability of its independently owned and operated franchised business units.

2.1 The impact on our franchisees

The restaurant business operates on a relatively low cash flow margin, which is very much dependent on sales to customers. While cost of sales and franchise and marketing fees are direct variable costs, much of the remaining cost base is either fixed (including costs of occupancy) or semi-variable (including employment costs, utilities and various administration costs).

The group's brands are predominantly targeted at sit-down customers: the impact of not being able to serve the sit-down market is therefore pronounced. The exception is the RocoMamas brand, where the brand's product is more conducive to delivery and takeaway, which has been the least impacted by trading restrictions.

The hard lockdown therefore resulted in franchisees incurring significant cash flow losses for that period. These losses have been limited with the resumption of sit-down trade. While restaurants are able to mitigate losses to some extent by serving takeaway and delivery customers, sit-down business is essential to ensure financial sustainability. Current capacity restrictions limit the extent to which franchisees are able to trade profitably, and to recoup their losses incurred during the hard lockdown. The group moved decisively with the introduction of virtual kitchen (VK) prototype brands and a focus on sales via third-party aggregators in an attempt to compensate for lost sales.

Most franchisees have been able to take advantage of the South African Government's Temporary Employee/Employer Relief Scheme (TERS), which partially funded reduced employee wages during the various lockdown periods.

In most cases, the single biggest overhead cost for franchisees is property rentals. Most franchisees approached their landlords for temporary relief. Various formal and informal arrangements have been concluded between certain franchisees and landlords, but this is not the case in all instances. The negotiation of repayment plans and restructuring of rentals between franchisees and landlords is ongoing.

The group discounted its franchise and marketing fund contribution fee structures in response to the various lockdown levels in an effort to assist franchisees' cash flow. In addition, extended payment terms were granted to franchisees in response to the initial hard lockdown: upon application, payment of franchise and marketing fund contribution fees for March 2020 were deferred until October 2020; upon application, payment holidays of up to six months were extended on certain franchisees' historic debts and loans (which recommenced no later than October 2020).

2. IMPACT OF COVID-19 AND GOING CONCERN continued

2.2 The impact on the group

The combined impact of lower restaurant sales and discounted franchise and marketing fund contribution fees has resulted in a material reduction in revenue (franchise and marketing fund contribution fee revenue) from April 2020, with severity directly related to the level of trading restrictions in force in any particular trading month. Reduced trading hours, along with a ban on alcohol sales at various times during the pandemic, have negatively impacted restaurant sales volumes significantly.

Most of the group's revenue is either directly or indirectly linked to restaurant sales. The group has therefore seen commensurate reductions in revenue earned on the sales of sauces and peripheral supplies through its manufacturing division, as well as commission revenue earned on the sales of restaurant supplies through the group's outsourced distributor.

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;
- implemented a voluntary retrenchment programme locally: 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 was R3.9 million; and
- suspended its short-term profit share and thirteenth cheque bonus schemes in June 2020. This resulted in a reversal of all related accruals in the prior year. 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 current financial year. No short-term profit share incentives are payable for the 2021 financial year, although provision has been made for a half month's thirteenth cheque which may be payable to eligible employees in December 2021, subject to certain performance criteria.

Marketing expenses are typically funded by marketing fund contributions from franchisees. The reduction in marketing fund contribution revenue during the fourth quarter of the 2020 financial year necessitated an immediate and substantial reduction in marketing expenditure which was implemented from April 2020. A number of suppliers of marketing-related services are subject to contractual terms for defined periods. The group engaged with all suppliers subject to more than a one-month contract period or notice period to negotiate more favourable terms with mixed success. Despite these interventions, the marketing funds incurred substantial losses to the end of the 2020 financial year of R20.209 million in aggregate. These losses were largely recouped during the current year, with the marketing funds realising a surplus of R23.934 million in aggregate. To the extent that the respective marketing funds are in a cumulative deficit position, this deficit has been funded by the group and will be recovered from future marketing fund contribution revenue by planned underspending in the respective marketing funds in future years.

All other discretionary costs have been reduced to the extent possible, without having a negative impact on the group's operations.

The group deferred payment of the interim 2020 dividend declared on 26 February 2020.

* *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 impact on the group continued

The tables below provide details on trading performance and fees during the period from the commencement of the initial hard lockdown.

Following the initial hard lockdown during which trade was prohibited, the vast majority of the group's restaurants have recommenced trading.

Number of restaurants trading per month (excluding temporarily closed restaurants)

	May 2020*	June 2020	**July 2020**	**Sept 2020**	**Dec 2020**	**March 2021**	**June 2021**	**No. of active franchise agreements June 2021**
Spur	142	210	**263**	**288**	**296**	**294**	**294**	**296**
Panarottis and Casa Bella	42	56	**74**	**80**	**90**	**89**	**87**	**89**
John Dory's	23	36	**44**	**47**	**49**	**48**	**48**	**49**
The Hussar Grill	1	5	**17**	**20**	**20**	**20**	**20**	**20**
RocoMamas	57	61	**69**	**75**	**78**	**78**	**78**	**78**
Nikos	3	6	**7**	**7**	**7**	**7**	**7**	**7**
Total South Africa	268	374	**474**	**517**	**540**	**536**	**534**	**539**
International	64	80	**81**	**83**	**87**	**84**	**83**	**85**
Total group	332	454	**555**	**600**	**627**	**620**	**617**	**624**

* *April 2020 is not presented as trading was prohibited for the month.*

Franchised restaurant sales as a percentage of corresponding month in pre-COVID-19 year

%	March 2020*	May 2020*	June 2020*	**July 2020***	**Aug 2020***	**Sept 2020***	**Oct 2020***	**Nov 2020***	**Dec 2020***
Spur	54.8	8.8	12.8	**34.6**	**56.2**	**72.1**	**93.9**	**79.8**	**74.4**
Panarottis and Casa Bella	51.0	11.1	17.2	**31.7**	**49.6**	**63.2**	**89.3**	**75.4**	**70.2**
John Dory's	46.3	4.3	11.0	**24.8**	**45.1**	**66.5**	**78.9**	**72.9**	**68.3**
The Hussar Grill	62.1	0.2	2.5	**22.6**	**45.6**	**93.7**	**80.4**	**69.3**	**63.1**
RocoMamas	47.9	47.1	46.8	**66.5**	**78.6**	**86.5**	**103.7**	**86.4**	**87.0**
Nikos	51.8	15.2	26.9	**41.7**	**61.3**	**85.3**	**82.2**	**67.2**	**65.5**
Total South Africa	53.3	12.8	16.4	**36.5**	**56.7**	**73.8**	**92.8**	**79.0**	**74.2**
International	62.5	26.8	60.6	**76.0**	**69.0**	**83.9**	**97.5**	**86.5**	**88.9**
Total group	54.2	14.3	21.0	**40.9**	**58.2**	**74.8**	**93.3**	**79.8**	**75.6**

* *Relative to corresponding month in previous calendar year.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE

2. IMPACT OF COVID-19 AND GOING CONCERN continued

2.2 The impact on the group continued

	Jan 2021*	Feb 2021*	March 2021#	April 2021#	May 2021#	June 2021#
Spur	66.7	82.4	78.9	104.3	101.2	77.5
Panarottis and Casa Bella	64.5	76.8	68.1	90.3	90.8	69.4
John Dory's	55.9	75.3	69.3	92.1	85.1	67.3
The Hussar Grill	32.6	61.2	81.2	93.2	106.0	84.3
RocoMamas	87.9	97.2	89.4	111.9	93.2	87.2
Nikos	47.0	71.6	64.0	82.9	73.4	60.8
Total South Africa	66.3	81.8	77.9	101.9	97.9	76.9
International	87.0	72.4	62.9	67.5	89.3	70.7
Total group	68.5	80.8	76.4	98.0	97.0	76.2

* *Relative to corresponding month in previous calendar year.*
\# *Relative to corresponding month in 2019 calendar year.*

Base franchise fee (FF) and marketing fund contribution fee (MF) (percentage of restaurant turnover charged per month)

% FF:MF	March 2020*	May to July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021
Spur# (standard 5:4)	4.0:3.0	3.0:1.0	3.0:1.0	4.0:2.0	4.0:3.0	4.5:3.5	4.5:3.5	3.5:2.5	4.0:3.0
Panarottis and Casa Bella# (standard 5:4)	4.0:3.0	3.0:1.0	3.0:1.0	3.5:1.5	4.0:2.0	4.0:2.5	4.0:2.5	3.5:2.5	3.5:2.5
John Dory's (standard 5:4)	4.0:3.0	3.0:1.0	3.0:1.0	3.5:1.5	3.5:2.0	4.0:2.5	4.0:3.0	3.5:2.5	3.5:2.5
The Hussar Grill (standard: 5:2)	4.0:2.0	3.0:1.0	3.0:1.0	3.5:1.5	4.5:1.5	4.5:1.5	4.5:1.5	4.5:1.5	4.5:1.5
RocoMamas# (standard: 5:2)	4.0:2.0	3.0:1.0	3.5:1.5	4.5:1.5	4.5:1.5	5.0:2.0	5.0:2.0	4.5:1.5	5.0:2.0
Nikos (standard 5:2)	4.0:2.0	3.0:1.0	3.0:1.0	3.5:2.0	3.5:2.0	4.0:2.0	4.0:2.0	3.0:1.5	3.0:1.5

* *Effective until 15 March 2020, thereafter 0%/0%.*
\# *Refers only to the main brand variant of each segment; the smaller brand variants are not material.*

Subsequent to February 2021, the standard fees were reinstated, but individual restaurants have been granted discounts month-to-month depending on their financial circumstances at the time, determined on a case-by-case basis.

The recovery trajectory has been positive, although the analysis above depicts the strong correlation between trading performance and the various levels of trading restrictions.

2. IMPACT OF COVID-19 AND GOING CONCERN continued

2.3 Impact on specific elements of the consolidated financial statements

In addition to the impact on revenue and trading profits highlighted above, the following items have been impacted by COVID-19:

Item	Impact – prior year	Update – current year	Reference
Property, plant and equipment	Subdued future prospects in relation to company-owned retail restaurants resulted in an impairment of The Hussar Grill in Morningside's property, plant and equipment.	No further impairments necessary.	3(d)
Goodwill, trademarks and intellectual property	The impact of a protracted economic recovery resulted in impairments of goodwill, and trademarks and related intellectual property attributable to Nikos Coalgrill Greek.	No further impairments necessary.	3(b)
Expected credit losses – loan, lease and trade receivables	The economic impact of COVID-19 has generally resulted in a significant increase in the probability of default on financial instruments, and in particular in the group's Australian operations. This resulted in additional impairments in the prior year on Australian loan, lease and trade receivables, as well as higher allowances for expected credit losses on local receivables.	Relative to the prior year, the probabilities of default have generally been assessed as lower, given the lower uncertainty based on the experience of the past year, although still higher than pre-COVID-19 levels. This has resulted in lower allowances for expected credit losses on local receivables.	6.1
Tax receivable	The short-term impact on the group's international business's profitability and the significant uncertainty regarding the likelihood of being able to realise the benefit of the foreign withholding tax credits (by reducing tax payable on future taxable income) resulted in an impairment of the withholding tax receivable.	No further impairments necessary.	–

2. IMPACT OF COVID-19 AND GOING CONCERN continued

2.3 Impact on specific elements of the consolidated financial statements continued

Item	Impact – prior year	Update – current year	Reference
Leave pay and incentives	The accruals for short-term incentives and bonuses were reduced to nil in the prior year. No share price-linked long-term incentive awards in issue were anticipated to vest. Those employees who were unable to work during the lockdown period in the prior financial year were required to take half of the time off as leave, which resulted in a substantial reduction in the accrual for leave pay as at June 2020 (where employees had gone into negative leave, a receivable for leave pay was recognised).	The group was able to claim a TERS benefit for the forced leave taken in the prior year; employees were consequently credited in the current year with some of the leave previously taken, which has resulted in an increase in the leave pay provision in the current year (and a reduction in the leave pay receivable). While no short-term incentives are payable in respect of the current year, an accrual has been raised for half a thirteenth cheque bonus for eligible employees payable in December 2021, subject to certain performance criteria.	–
Insurance claims	–	Subsequent to the reporting date, the group received business interruption insurance proceeds 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.	5

2. IMPACT OF COVID-19 AND GOING CONCERN continued

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

As highlighted above, there has been a reasonable recovery in trading performance during the year compared to the last quarter of the previous financial year. 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 and third waves of the pandemic. This has demonstrated the relative resilience of the group.

The directors have considered the group's projected cash flows for a period of 12 months following the date of issue of this report. The projected cash flows are based on the operating budgets approved by the board, which in turn are based on detailed operating plans prepared by the executives and approved by the board.

The following broad principles have been applied in setting the budgets:

- Restaurant turnovers (and resulting group revenue) are budgeted based on actual turnovers achieved over the past 12 months, taking cognisance of the group's experience during the first and second waves of infection. While the impact of subsequent waves of infection has not been specifically budgeted for, a conservative outlook has been adopted such that turnovers are budgeted to be lower than pre-COVID-19 levels in nominal terms until June 2022. It is anticipated that the roll-out of vaccines locally should culminate in a reasonable degree of community immunity by the end of the 2022 financial year. Turnovers are accordingly expected to recover to 2019 financial year turnovers in nominal terms only during the 2023 financial year.
- Expense budgets are in line with actual costs incurred for the second half of the 2021 financial year, adjusted by inflation, known changes in operating capacity and the impact of key strategic projects. Most of the group's costs are relatively fixed in the short term and can therefore be forecast with a relatively high confidence level.

Based on the base case budgeted cash flows, the group will be able to meet its financial obligations for a period of at least 12 months from the date of this report.

In order to mitigate the significant uncertainty regarding the continuing financial impact of COVID-19 on the group and its impact on the going concern assessment, the board has considered alternative likely scenarios, all of which indicate that the group will be able to meet its obligations for a period of 12 months from the date of this report.

The break-even scenario indicates that, in the event that budgeted costs continue to be incurred, revenue would need to fall to 24% of that budgeted for the 12 months to September 2022 for the group’s cash flow reserves to be exhausted by September 2022. The directors consider the probability of this scenario materialising to be negligible, given the group’s experience of the first, second and third waves. 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.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE

3. OPERATING SEGMENTS

External revenue	Note	2021 R'000	2020 R'000	% change
South Africa				
Franchise		**230 539**	247 191	(6.7%)
Spur		**158 978**	170 893	(7.0%)
Panarottis and Casa Bella		**22 987**	27 126	(15.3%)
John Dory's		**12 322**	15 265	(19.3%)
The Hussar Grill		**5 106**	5 417	(5.7%)
RocoMamas		**29 475**	26 113	12.9%
Nikos		**1 671**	2 377	(29.7%)
Manufacturing and distribution		**194 251**	185 468	4.7%
Retail company stores		**41 376**	53 694	(22.9%)
Marketing		**165 487**	184 288	(10.2%)
Other segments	e	**20 037**	57 203	(65.0%)
Total South African segments		**651 690**	727 844	(10.5%)
Shared services		**907**	1 175	(22.8%)
Total South Africa		**652 597**	729 019	(10.5%)
International				
Australasia		**1 709**	1 817	(5.9%)
Rest of Africa and Middle East		**23 387**	26 270	(11.0%)
Marketing		**3 743**	4 514	(17.1%)
Total International		**28 839**	32 601	(11.5%)
Total external revenue		**681 436**	761 620	(10.5%)

3. OPERATING SEGMENTS continued

Profit/(loss) before income tax and share of loss of equity-accounted investee	Note	2021 R'000	2020 R'000	% change
South Africa				
Franchise		**156 816**	168 921	(7.2%)
Spur	a	**120 049**	134 461	(10.7%)
Panarottis and Casa Bella		**10 060**	13 202	(23.8%)
John Dory's		**1 808**	5 053	(64.2%)
The Hussar Grill		**2 905**	4 025	(27.8%)
RocoMamas		**21 278**	17 645	20.6%
Nikos	b	**716**	(5 465)	113.1%
Manufacturing and distribution	c	**62 210**	58 564	6.2%
Retail company stores	d	**11 725**	(3 761)	411.8%
Marketing		**24 300**	(19 115)	227.1%
Other segments	e	**(7 074)**	(2 122)	(233.4%)
Total South African segments		**247 977**	202 487	22.5%
Shared services	f	**(104 750)**	(69 199)	(51.4%)
Total South Africa		**143 227**	133 288	7.5%
International				
Australasia	g	**(1 543)**	(9 822)	84.3%
Rest of Africa and Middle East		**12 376**	12 509	(1.1%)
Marketing		**(366)**	(1 094)	66.5%
Total international segments		**10 467**	1 593	557.1%
Shared services	h	**(5 455)**	(6 644)	17.9%
Total International		**5 012**	(5 051)	199.2%
Total profit before income tax and share of loss of equity-accounted investee		**148 239**	128 237	15.6%
Share of loss of equity-accounted investee (net of income tax)		**–**	(463)	100.0%
Profit before income tax		**148 239**	127 774	16.0%

Details of intersegment revenues are included in note 6 of the Consolidated AFS.

3. OPERATING SEGMENTS continued

Notes
The financial and operating performance for each material segment is explained elsewhere in 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 year includes development costs of R4.088 million.

b) South Africa Franchise – Nikos
Profit for the prior year includes impairments of goodwill (R3.722 million) and trademarks and related intellectual property (R2.032 million).

c) South Africa Manufacturing and distribution
The group's sauce manufacturing facility undertook a revamp during the prior year at a cost of R8.529 million, of which R1.770 million could not be capitalised and is included in the profit for the prior year. The current year includes retrenchment costs of R0.025 million as part of the group's COVID-19 austerity measures.

d) South Africa Retail company stores
Profit for the current financial 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 has been raised in respect of rental rebates which are refundable to landlords as a result of the insurance claims.

The group undertook a major refurbishment of The Hussar Grill in Camps Bay during the prior year. The total cost of the refurbishment was R4.5 million, of which R0.169 million could not be capitalised and was included in profit for the prior year. In addition, the restaurant was unable to trade for six weeks during the refurbishment during the prior year.

The profit for the prior year includes an impairment of property, plant and equipment relating to The Hussar Grill Morningside of R1.322 million.

e) South Africa Other
The decline in revenue and profit is attributable to a significant reduction in sales volumes in the group's export and décor manufacturing businesses as a result of fewer restaurant openings and refurbishments locally and abroad. Profit for the current year includes retrenchments costs of R0.515 million as part of the group's austerity measures implemented in response to COVID-19.

3. OPERATING SEGMENTS continued

f) South Africa Shared services

The segment loss includes:	2021 R'000	2020 R'000
Marketing fund administration cost recoveries (intersegment)[1]	**13 943**	16 245
Net finance income[2]	**7 453**	16 886
Impairment reversal – GPI receivable (refer note 9.2)	**–**	10 812
Impairment reversal/(loss) – net expected credit losses on other financial instruments (refer note 6.1)	**2 103**	(5 367)
Equity-settled share-based payment charge	**(1 278)**	(2 228)
Contingent consideration fair value adjustment (net of allowance for expected credit losses)	**1 081**	3 977
Retrenchment costs[3]	**(2 824)**	–
Retirement benefit (excluding interest) (refer note 10)	**(8 502)**	–
Loss (before net finance income) of The Spur Foundation Trust, all of which is attributable to non-controlling interests	**(416)**	(135)
Non-executive directors' fees (including VAT where applicable)[4]	**(7 917)**	(3 606)

[1] *The group recovers certain of the costs of administering the marketing funds on behalf of franchisees from the marketing funds. The administration cost recovery is determined as a percentage of the marketing fund contribution revenue earned by the marketing funds. The reduction in the cost recovery is as a result of lower marketing fund contribution revenue following the implementation of COVID-19 lockdown restrictions in March 2020 that continued through to the 2021 financial year.*

[2] *Net finance income declined as a result of the conclusion of the GPI share repurchase during the prior year (refer note 8.4), lower interest rates and lower cash generated from trading activities as a result of COVID-19.*

[3] *Retrenchment costs relate 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 current year include R2.757 million (including VAT where applicable) for additional assignments, as approved by shareholders at the annual general meeting on 23 December 2020.*

g) Australasia

The segment loss includes:	2021 R'000	2020 R'000
Impairment reversal/(loss) – expected and actual credit losses on financial instruments (refer note 6.1)	**190**	(3 639)
Impairment reversal/(loss) – expected and actual credit losses on lease receivable and Apache lease deposit (refer note 11)	**314**	(2 997)
Provision for lease obligation net of gain on derecognition of lease liability on early termination of lease relating to Apache Spur (refer note 11)	**(665)**	–
Impairment of investment in associate	**–**	(436)
Retrenchment costs	**(550)**	(308)
Foreign exchange gain	**4**	19
h) International Shared services		
The segment loss includes:		
Impairment reversal/(loss) – expected credit losses on financial instruments (refer note 6.1)	**370**	(734)
Foreign exchange loss	**(732)**	(126)

3. OPERATING SEGMENTS continued

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 performance assessments and resource allocations.

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 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 and Casa Bella
- John Dory's (John Dory's Fish Grill Sushi)
- The Hussar Grill
- RocoMamas
- Nikos (Nikos Coalgrill Greek)

South Africa: Manufacturing and distribution
- Sauce manufacturing, warehousing and product distribution business including commissions from sales by the group's outsourced logistics service provider to franchisees, 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, as well as a RocoMamas outlet in Green Point in the Western Cape

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. Accordingly, any cumulative surplus recognised in profit is not for the benefit of the owners of the company and will not, in the ordinary course of business, be distributable to shareholders

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.

4. REVENUE

	2021 R'000	2020 R'000
Sales-based royalties	**395 649**	436 528
Ongoing franchise fee income	**247 495**	266 081
Marketing fund contributions	**148 154**	170 447
Recognised at a point in time	**259 029**	300 573
Sales of purchased and manufactured sauces	**148 921**	137 863
Retail company stores' sales	**41 376**	53 694
Distribution income	**41 572**	43 653
Sales of franchisee supplies	**15 569**	50 975
Sales of marketing materials	**7 391**	9 809
Rebate income	**4 200**	4 579
Recognised over time	**26 758**	24 519
Initial franchise fee income	**7 356**	6 432
Services rendered	**5 586**	8 349
Marketing supplier contributions	**13 816**	9 738
Total revenue	**681 436**	761 620

The disaggregation of revenue is included in note 6 of the Consolidated AFS.

5. OTHER INCOME

	2021 R'000	2020 R'000
Bad debts recovered	**–**	61
Expired gift vouchers[1]	**2 249**	–
Fair value gain on contingent consideration receivable	**901**	4 283
Gain on derecognition of lease	**7 069**	–
Derecognition of lease liabilities on early termination of leases[2]	**9 845**	–
Derecognition of right-of-use assets on early termination of leases[3]	**(2 776)**	–
Insured loss recoveries[4]	**14 773**	–
Profit on disposal of property, plant and equipment	**131**	259
Rental concession income	**646**	757
Spur Foundation donation income[5]	**725**	1 865
Other	**577**	224
Total other income	**27 071**	7 449

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 *Includes the early termination of leases for corporate offices, as well as the early termination of the Apache Spur lease (refer note 11).*

3 *Comprises predominantly the property utilised for corporate offices where the lease was terminated early.*

4 *Insured loss recoveries are business interruption insurance proceeds received (subsequent to the reporting date) 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.*

5 *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.*

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6. 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 5)):

	2021 R'000	2020 R'000
Amortisation – intangible assets	**970**	902
Depreciation – property, plant and equipment	**10 160**	11 118
Depreciation – right-of-use assets	**10 409**	12 293
Employment costs	**199 108**	186 716
Salaries and wages (excluding executive directors and prescribed officer)	**168 267**	166 776
Executive directors' and prescribed officer's emoluments (refer note 12)[1]	**17 147**	17 404
Retirement benefit (refer note 10)	**8 502**	–
Retrenchment costs[2]	**3 914**	308
Share-based payments expense – equity-settled – long-term employee share incentive schemes	**1 278**	2 228
Foreign exchange loss	**724**	340
Impairment (reversal)/losses – financial instruments and lease receivable	**(2 523)**	2 805
Trade receivables (refer note 6.1)	**(1 193)**	6 348
Bad debts – trade receivables	**838**	444
Write-off of lease deposit (refer note 11)	**937**	–
Movement in Impairment allowance	**(2 968)**	5 904
Loan receivables (refer notes 6.1 and 9)	**101**	(7 282)
Impairment allowance	**881**	5 058
Reversal of impairment allowance	**(855)**	(12 340)
Impairment allowance reversed against actual write-off of loans receivable	**(4 000)**	(5 286)
Write-off of loans receivable	**4 075**	5 286
Impairment of loan advanced to equity-accounted investee	**–**	436
(Reversal of)/impairment of contingent consideration receivable	**(180)**	306
Lease receivables (refer note 11)	**(1 251)**	2 997
Impairment allowance	**–**	2 997
Impairment allowance reversed against actual write-off of lease receivable	**(8 263)**	–
Write-off of lease receivable	**7 012**	–
Other non-trading losses	**7 677**	7 076
Impairment of goodwill (refer note 3(b))	**–**	3 722
Impairment of trademarks and intellectual property (refer note 3(b))	**–**	2 032
Impairment of plant, property and equipment (refer note 3(d))	**–**	1 322
Provision for lease obligation (refer note 11)	**7 677**	–

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

[2] *The retrenchments costs relate to 16 posts that were made redundant during the year; as part of the group's COVID-19 austerity measures, the group implemented a voluntary retrenchment programme.*

6. OPERATING PROFIT BEFORE FINANCE INCOME continued

6.1 Credit losses

The probabilities of default (PDs) applied in the prior year were increased relative to the group's standard benchmark for normal trading conditions, taking cognisance of the detrimental impact of the COVID-19 pandemic on the group's debtors leading up to 30 June 2020. This generally resulted in a significant increase in the impairment allowances for expected credit losses (ECLs) in the prior year. The PDs applied in the current year are lower than the prior year, based on the past year's experience, which has shown a reasonable recovery and less than expected actual credit losses, but still higher than the standard benchmark due to the uncertain medium- to long-term systemic macro-economic impact of the pandemic on the local and global economies. The impairment allowances for ECLs in the current year are therefore generally lower than the prior year, all other things being equal.

Trade receivables
The decrease in the allowance for ECLs in the current year, notwithstanding that gross receivables have increased relative to prior year, arises due to the fact that:

– the PD rates applied have decreased relative to prior year as explained above; and
– relative to the prior year, the majority of franchisees re-commenced trading early in the current financial year and have complied with normal credit terms granted, resulting in a greater number of debtors being restaged from stage 2 or 3 to stage 1.

R'000	**2021** Gross carrying amount	**2021** Impairment allowance	2020 Gross carrying amount	2020 Impairment allowance
The gross carrying amounts of trade receivables are allocated to each stage as follows:				
Stage 1	**69 122**	**3 231**	25 672	1 734
Stage 2	**3 821**	**417**	14 525	1 942
Stage 3	**6 099**	**3 248**	11 855	5 938
Total trade receivables	**79 042**	**6 896**	52 052	9 614

Loans receivable
The reduction in the impairment allowance during the year relates primarily to the reversal of the allowance on the loan to Avecor Investments Pty Ltd, which was written off in full during the year (refer note 9.1).

R'000	**2021** Gross carrying amount	**2021** Impairment allowance	2020 Gross carrying amount	2020 Impairment allowance
The following table presents an analysis of the credit quality of loan receivables and related impairment allowances:				
Stage 1	**1 230**	**52**	3 181	200
Stage 2	**1 341**	**264**	2 807	376
Stage 3	**11 739**	**11 673**	18 078	16 539
Total loans receivable	**14 310**	**11 989**	24 066	17 115

7. INCOME TAX

7.1 Reconciliation of tax rate

	2021 %	2020 %
South African corporate income tax rate	**28.0**	28.0
Non-deductible bad debts	**0.8**	–
Non-deductible intangible asset impairments	**–**	0.8
Non-deductible listings related costs	**2.1**	1.5
Non-deductible loan impairments	**–**	0.9
Non-deductible marketing expenditure	**23.4**	41.6
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)	**1.6**	1.6
Non-taxable interest income	**–**	(0.6)
Non-taxable fair value gain on contingent consideration receivable	**(0.2)**	(0.9)
Non-taxable gain on derecognition of lease liability	**(1.3)**	–
Non-taxable marketing income	**(28.1)**	(36.7)
Non-taxable other income	**–**	(0.2)
Non-taxable reversal of impairment allowance for expected credit losses	**(0.8)**	(2.2)
Prior year under/(over) provision	**2.6**	(1.2)
Share of loss of equity-accounted investee	**–**	0.1
Tax losses on which deferred tax asset not recognised	**0.9**	1.1
Tax losses utilised on which deferred tax not previously recognised	**(0.1)**	(1.3)
Tax on foreign attributed income not included in profit	**–**	0.1
Tax at rates other than corporate income tax rate	**(0.2)**	(0.1)
Withholding taxes	**2.0**	3.0
Withholding tax impairment	**–**	9.2
Effective tax rate	**32.7**	44.7

The statutory rates of tax applicable to group entities in the Netherlands, Australia and Namibia are 25%, 26% (2020: 27.5%) and 32% respectively. The tax rate in the Netherlands operates on a sliding scale.

8. EARNINGS PER SHARE

8.1 Statistics

	2021 '000	2020 '000	% change
Total shares in issue	**90 997**	90 997	
Less: shares repurchased by wholly-owned subsidiary companies	**596**	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	**83 968**	83 968	0.0%
Weighted average number of shares in issue	**83 968**	87 061	(3.6%)
Diluted weighted average number of shares in issue	**84 253**	87 343	(3.5%)
Earnings per share (cents)			
Basic earnings	**110.85**	76.87	44.2%
Diluted earnings	**110.48**	76.62	44.2%
Headline earnings per share (cents)			
Basic headline earnings	**110.74**	83.23	33.1%
Diluted headline earnings	**110.37**	82.96	33.0%
Net asset value per share (rands)	**7.56**	6.38	18.6%
Dividend per share (cents)[1]	**–**	78.00	(100.0%)

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

8.2 Reconciliation of weighted average number of shares in issue

	2021 '000	2020 '000
Gross shares in issue at beginning of year	**90 997**	108 481
Shares repurchased at beginning of year	**(7 029)**	(13 692)
Less: Shares repurchased during year weighted for period held by the group	**–**	(63)
Less: Specific share repurchase and cancellation weighted for period held by the group (refer note 8.4)	**–**	(7 698)
Less: Shares issued during the year weighted for period in issue (vested long-term share-linked incentive awards)	**–**	33
Weighted average number of shares in issue for the year	**83 968**	87 061
Dilutive potential ordinary shares weighted for period outstanding (non-vested long-term share-linked incentive awards)	**285**	282
Diluted weighted average number of shares in issue for the year	**84 253**	87 343

8. EARNINGS PER SHARE continued

8.3 Reconciliation of headline earnings

	2021 R'000	2020 R'000	% change
Profit attributable to equity owners of the company	**93 082**	66 924	39.1%
Headline earnings adjustments:			
Impairment of intangible assets	**–**	5 754	
Impairment of property, plant and equipment	**–**	1 322	
Profit on disposal of property, plant and equipment	**(131)**	(259)	
Reclassification of foreign currency loss from other comprehensive income to profit, on abandonment of foreign operations	**–**	248	
Income tax impact of above adjustments	**37**	(808)	
Amount of above adjustments attributable to non-controlling interests	**–**	(718)	
Headline earnings	**92 988**	72 463	28.3%

8.4 Prior year repurchase of shares from Grand Parade Investments and share cancellation

The group previously concluded a broad-based black economic empowerment transaction with Grand Parade Investments Ltd (GPI) in October 2014. In terms of the transaction, the group previously advanced a loan to a wholly owned subsidiary of GPI, GPI Investments 1 (RF) (Pty) Ltd (GPIRF), for that company to acquire 10 848 093 shares in Spur Corporation Ltd (the GPIRF Shares). The loan had been partially impaired by R10.812 million as at 30 June 2019.

With effect from 15 October 2019, the group re-acquired the GPIRF Shares from GPIRF at a cost of R260.354 million. The loan receivable, with a gross value of R113.160 million (comprising capital of R72.328 million and cumulative interest of R40.832 million) at the date of the transaction, was settled by GPIRF in cash on the same date. Accordingly, the full cumulative impairment allowance was reversed to profit in the prior year.

The GPIRF Shares, as well as an additional 6 635 901 previously acquired treasury shares held by the group, were subsequently cancelled. The total legal and advisory costs, regulatory fees, and securities transfer tax relating to the transactions amounted to R2.806 million. Of this amount, R2.702 million was charged directly against equity (retained earnings) in the prior year as it related to the transaction for the company to re-acquire its own shares, and R0.104 million was charged to profit or loss in the prior year.

9. LOANS RECEIVABLE

	2021 R'000	2020 R'000
Total gross carrying amount of loans at end of year	**14 310**	24 066
Impairment allowance	**(11 989)**	(17 115)
Opening impairment allowance	**(17 115)**	(27 148)
Current year impairment allowance	**(881)**	(5 058)
Reversal of impairment allowance	**855**	12 340
Effect of foreign exchange fluctuations	**1 152**	(2 535)
Impairment allowance reversed against actual write-off	**4 000**	5 286
Total net carrying amount of loans at end of year	**2 321**	6 951
Current portion included in current assets	**1 359**	4 022
Non-current portion included in non-current assets	**962**	2 929

The following significant loans are included in the above:

9.1 Avecor Investments Pty Ltd trading as Panarottis Tuggerah

	2021 R'000	2020 R'000
Gross carrying amount	**–**	4 165
Impairment allowance	**–**	(4 165)
Opening impairment allowance	**(4 165)**	(646)
Current year impairment allowance	**–**	(2 972)
Impairment allowance reversed against actual write-off	**4 000**	–
Effect of foreign exchange fluctuations	**165**	(547)
Net carrying amount	**–**	–
Current portion included in current assets	**–**	–
Non-current portion included in non-current assets	**–**	–

This loan was previously advanced to an Australian franchisee. The loan was secured by a pledge of shares in the borrower and personal suretyship of the borrower’s shareholder. The entity had previously been unable to honour its commitments in terms of the loan as a result of deteriorating trading conditions in Australia, exacerbated by COVID-19. As a result of the entity's poor financial performance, the shares serving as security were considered to have negligible value. Accordingly an allowance for ECLs had been raised in respect of the full loan in previous years. During the current year, the loan (with a value of R4.075 million) was formally forgiven, in exchange for the franchisee agreeing to terminate its franchise agreement prematurely.

9. LOANS RECEIVABLE continued

9.2 GPI Investments 1 (RF) (Pty) Ltd

	2021 R'000	2020 R'000
Gross carrying amount	–	–
Impairment allowance	–	–
Opening impairment allowance	–	(10 812)
Reversal of impairment allowance	–	10 812
Net carrying amount	–	–
Current portion included in current assets	–	–
Non-current portion included in non-current assets	–	–

Refer note 8.4 for details regarding the loan.

The gross inflow on settlement of the loan was allocated in the statement of cash flows in the prior year as follows:

	2021 R'000	2020 R'000
Capital repayment included in cash flows from investing activities	–	72 328
Cumulative interest repayment included in cash flows from operating activities	–	40 832
Total cash inflow	–	113 160

9.3 Hunga Busters Pty Ltd*

	2021 R'000	2020 R'000
Gross carrying amount	4 637	5 167
Impairment allowance	(4 637)	(5 167)
Opening impairment allowance	(5 167)	(5 032)
Reversal of impairment allowance	–	464
Impairment allowance reversed against actual write-off	–	324
Effect of foreign exchange fluctuations	530	(923)
Net carrying amount	–	–
Current portion included in current assets	–	–
Non-current portion included in non-current assets	–	–

* *Related party. Refer note 15.*

This loan arose on the disposal of two former company-owned restaurants in Australia by the group to the borrower during the 2015 financial year. The loan bears interest at 1.5% above the Reserve Bank of Australia's cash rate of interest and is repayable in 60 equal monthly instalments, which commenced in October 2015. No loan repayments were made during the year. The loan is secured by a personal suretyship of the shareholder of the borrower and a pledge of the shares in the borrowing entity. The loan was fully impaired in previous financial years. During the current year, the entity commenced with liquidation proceedings. The prospects of recovering any amount of the loan is considered negligible.

9. LOANS RECEIVABLE continued

9.4 Panawest Pty Ltd trading as Panarottis MacArthur

	2021 R'000	2020 R'000
Gross carrying amount	**–**	–
Impairment allowance	**–**	–
Opening impairment allowance	**–**	(4 691)
Impairment allowance reversed against actual write-off	**–**	4 962
Effect of foreign exchange fluctuations	**–**	(271)
Net carrying amount	**–**	–
Current portion included in current assets	**–**	–
Non-current portion included in non-current assets	**–**	–

This loan was previously advanced to an Australian franchisee. The restaurant in question ceased trading during the 2018 financial year and commenced with liquidation proceedings in the prior year. The loan, amounting to R4.962 million, and which had been impaired in full in previous financial years, was written off during the prior year.

9.5 Loan receivable from former executive director, Pierre van Tonder*

	2021 R'000	2020 R'000
Gross carrying amount	**–**	2 200
Impairment allowance	**–**	(139)
Opening impairment allowance	**(139)**	–
Current year impairment allowance	**–**	(139)
Reversal of impairment allowance	**139**	–
Net carrying amount	**–**	2 061
Current portion included in current assets	**–**	1 008
Non-current portion included in non-current assets	**–**	1 053

* *Related party. Refer note 15.*

The loan was subject to interest at the prime overdraft rate of interest and was secured over Mr Van Tonder's provident fund and group life cover. The loan was originally repayable in equal monthly instalments of R100 000 from July 2020. During the year, the group concluded a mutual separation agreement with the former group CEO as detailed in note 10, which modified the terms of the original loan, such that the full amount of the loan of R2.2 million was deductible from the amount owing to Mr Van Tonder in terms of the mutual separation agreement.

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9. LOANS RECEIVABLE continued

9.6 White Cloud Restaurant Pty Ltd*

	2021 R'000	2020 R'000
Gross carrying amount	**382**	1 087
Impairment allowance	**(160)**	(456)
Opening impairment allowance	**(456)**	(1 056)
Reversal of impairment allowance	**267**	716
Effect of foreign exchange fluctuations	**29**	(116)
Net carrying amount	**222**	631
Current portion included in current assets	**222**	631
Non-current portion included in non-current assets	**–**	–

* *Related party. Refer note 15.*

This loan is denominated in Australian dollars with a gross carrying amount of AU$35 549 (2020: AU$90 885) at the reporting date. The entity operates a Spur restaurant in New Zealand. The loan was advanced in the 2017 financial year to assist the franchisee in funding the fit-out costs of the group's first franchised restaurant in New Zealand. The loan is subject to interest at a fixed rate of 4.5% and was repayable by 30 June 2019. During the year, the loan terms were amended such that the loan was repayable in full by 30 June 2021. While the restaurant was trading profitably prior to COVID-19, the entity is undercapitalised and has had liquidity constraints since it commenced operations. The onset of COVID-19 has negatively impacted on the liquidity of the entity further. The security provided (in the form of a personal suretyship of the shareholder of the franchisee) is restricted to the jurisdiction of New Zealand and is therefore considered to be insufficient to mitigate the risk of expected credit losses in the event of default. Payments were made against the loan during the current and prior years, which resulted in a partial reversal of the impairment allowance previously recognised. The remaining balance of the loan was settled in full subsequent to the reporting date.

10. EMPLOYEE BENEFITS

	2021 R'000	2020 R'000
Retirement benefit payable to former director		
Accrual charged to profit or loss	**8 502**	–
Interest charged to profit or loss	**302**	–
Set off of loan to former director (refer note 9.5)	**(2 200)**	–
Balance at end of year	**6 604**	–
Current 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 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 is included in profit or loss for the current year.

In terms of the mutual separation agreement, 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 mutual separation agreement. Mr Van Tonder was entitled to retain any long-term share-linked incentive allocations granted to him as at the date the mutual separation agreement was concluded. Mr Van Tonder passed away on 9 May 2021. The restraint of trade period would have terminated on 31 December 2022. An accrual equivalent to the present value of the R9.3 million has been recognised in the current year. The group had previously advanced a loan to Mr Van Tonder, the outstanding balance of which was, in terms of the mutual separation agreement, set off against the payments due to Mr Van Tonder by the company at 30 June 2021.

11. PROVISION FOR LEASE OBLIGATION

	2021 R'000	2020 R'000
Provision raised charged to profit or loss	7 677	–
Effect of foreign exchange fluctuations	(502)	–
Balance at end of year	**7 175**	–

Apache Spur Australia

The group had previously concluded a lease for a retail property for the Apache Spur in Australia, which it previously sublet to a franchisee in Australia. A lease liability and corresponding lease receivable were therefore recognised in respect of the head lease and sublease respectively. In terms of the sublease, the franchisee previously settled the lease payments directly to the landlord. Any reduction in the lease receivable arising from rental payments was previously recognised as a reduction in the corresponding lease liability. An impairment allowance for ECLs in respect of the full gross carrying amount of the lease receivable had been recognised in previous years.

During the current year, the landlord terminated the head lease on 17 February 2021 due to non-payment by the sublessee who had commenced liquidation proceedings earlier during the financial year. 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, although the landlord has not taken formal legal action to recover these amounts from the group as at the date of this report. The extent of the liability is subject to the landlord mitigating its losses (including for example by reletting the premises). The premises remain vacant. The timing and amount of the potential cash outflows are uncertain as at the reporting date. Consequently, the group has derecognised the lease obligation, derecognised the lease receivable (reversing the allowance for ECLs and charging the actual credit loss to profit or loss), and raised a provision for the full gross amounts due in terms of the lease from the date of termination to the expiration of the original lease.

	2021 R'000	2020 R'000
The impact on profit or loss of the above is summarised as follows:		
Gain on derecognition of lease liability	7 012	–
Provision raised for lease obligation	(7 677)	–
Net reversal/(impairment) allowance	314	(2 997)
Impairment allowance – lease receivable	–	(2 997)
Impairment allowance reversed against actual write-off of lease receivable	8 263	–
Write-off of lease receivable	(7 012)	–
Write-off of lease deposit	(937)	–
Net impact on profit before income tax	**(351)**	(2 997)

12. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

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

2021

R'000	Guaranteed remuneration[1]	Variable remuneration: Equity compensation benefits[2]	Variable remuneration: *Ex gratia* bonus[3]	Variable remuneration: Leave pay[4]	Variable remuneration: Termination leave[5]	Variable remuneration: Retirement benefit[6]	Total remuneration included in profit or loss
Executive directors and prescribed officer							
For services, as employees, to subsidiary companies							
Directors serving during the year							
Val Nichas[7]	2 600	–	–	–	–	–	2 600
Cristina Teixeira[8]	1 792	–	–	–	–	–	1 792
Kevin Robertson[9]	2 480	(36)	130	–	–	–	2 574
Sacha du Plessis[9]	1 895	(17)	105	–	–	–	1 983
Pierre van Tonder[10]	2 784	(202)	220	77	–	8 502	11 381
Mark Farrelly[11]	1 466	–	–	179	176	–	1 821
Phillip Matthee[12]	1 736	(99)	135	50	–	–	1 822
Graeme Kiewitz[9,13]	577	(5)	81	–	87	–	740
Total executive directors	**15 330**	**(359)**	**671**	**306**	**263**	**8 502**	**24 713**
Prescribed officer							
Kevin Robertson[14]	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[15]	Additional meeting fees – prior year[16]	Additional meeting fees – current year[17]	Non-executive director additional fees[18]	Total remuneration included in profit or loss
Non-executive directors					
For services, as directors, to the company[19]					
Directors serving during the year					
André Parker[9]	432	–	25	–	457
Cora Fernandez	582	24	116	454	1 176
Jesmane Boggenpoel[9]	401	–	24	25	450
Lerato Molebatsi[9]	432	–	4	50	486
Mike Bosman	1 140	15	84	1 050	2 289
Sandile Phillip[9]	401	–	24	–	425
Shirley Zinn	547	15	88	825	1 475
Dineo Molefe[20]	77	24	28	–	129
Mntungwa Morojele[21]	82	25	28	–	135
Total non-executive directors	**4 094**	**103**	**421**	**2 404**	**7 022**
Total remuneration					**32 300**

12. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS continued

2020

R'000	Guaranteed remuneration[1]	Variable remuneration: Equity compensation benefits[2]	Variable remuneration: Performance bonus[22]	Variable remuneration: Leave pay[4]	Total remuneration included in profit or loss
Executive directors and prescribed officer					
For services, as employees, to subsidiary companies					
Directors serving during the year					
Pierre van Tonder	6 096	(18)	502	–	6 580
Mark Farrelly	3 920	4	323	60	4 307
Phillip Matthee	3 190	(15)	263	–	3 438
Total executive directors	13 206	(29)	1 088	60	14 325
Prescribed officer					
Kevin Robertson	2 836	(9)	214	–	3 041
Total executive directors and prescribed officer	16 042	(38)	1 302	60	17 366

R'000	Base non-executive director fees[15]	Total remuneration included in profit or loss
Non-executive directors		
For services, as directors, to the company[19]		
Directors serving during the year		
Cora Fernandez	487	487
Dineo Molefe[20]	526	526
Mike Bosman	959	959
Mntungwa Morojele[21]	561	561
Muzi Kuzwayo[23]	213	213
Shirley Zinn	492	492
Total non-executive directors	3 238	3 238
Total remuneration		20 604

The board considers there to be no prescribed officers (as defined in section 1 of the Companies Act) with the exception of Kevin Robertson, who was appointed as a director during the year.

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

12. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS continued

The following share awards allocated to directors and prescribed officers in terms of the equity-settled Forfeitable Share Plan (FSP) vested during the year:

Tranche 2	**2021 '000**	2020 '000
Pierre van Tonder	**–**	15
Mark Farrelly	**–**	10
Phillip Matthee	**–**	5
Kevin Robertson (prescribed officer)	**–**	10
	–	40

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.

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

	FSP shares		**SAR rights**	
	2021 '000	2020 '000	**2021 '000**	2020 '000
Pierre van Tonder[10] – tranche 3[24]	**–**	–	**964**	964
Pierre van Tonder[10] – tranche 4[24]	**–**	–	**920**	920
Mark Farrelly[11] – tranche 3[25]	**–**	–	**–**	496
Mark Farrelly[11] – tranche 4[25]	**–**	–	**–**	473
Phillip Matthee[12] – tranche 3[26]	**–**	–	**403**	403
Phillip Matthee[12] – tranche 4[26]	**–**	–	**385**	385
Kevin Robertson – tranche 3	**–**	–	**329**	329
Kevin Robertson – tranche 4	**5**	5	**178**	178
Sacha du Plessis[9] – tranche 3	**4**	–	**161**	–
Sacha du Plessis[9] – tranche 4	**5**	–	**165**	–
Total awards allocated	**14**	5	**3 505**	4 148

12. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS continued

[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 or employees.*

[3] *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 COVID-19 lockdown.*

[4] *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.*

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

[6] *Refer note 10 regarding 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 R9.3m, which is to be settled in instalments from July 2021.*

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

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

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

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

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

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

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

[14] *Prior to being appointed an executive director (refer footnote 9).*

[15] *Comprises 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)).*

[16] *Fees paid to non-executive directors for additional meetings held during the 2020 financial year (refer special resolution 3.1 adopted by shareholders at the AGM of 23 December 2020).*

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

[18] *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).*

[19] *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 above are stated exclusive of VAT.*

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

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

[22] *Includes payments during the financial year (relating to performance criteria in respect of the prior year), but excludes accrual for payments due in the subsequent financial year (relating to performance criteria in respect of the current year).*

[23] *Retired with effect from 6 December 2019.*

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

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

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

13. SUBSEQUENT EVENTS

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

13.1 Payment of interim 2020 dividend

On 22 September 2021, the board resolved to authorise the payment, on Monday, 25 October 2021, of the interim cash dividend for the year ended 30 June 2020 of R70.978 million, which equated to 78 cents per share for each of the 90 966 932 shares in issue, and which was originally declared on 26 February 2020.

13.2 Nikos Coalgrill Greek purchase price settlement arrangement

Details of the contingent consideration arrangement relating to the acquisition of the Nikos Coalgrill Greek business on 1 August 2018 are detailed in footnote 3 to the statement of financial position. In respect of the contingent consideration receivable recognised at 30 June 2021, the amount receivable was due to be recovered after finalisation of the purchase price based on the financial performance of the acquired business to 31 July 2021. One of the founding shareholders of the business has tragically passed away. The amount due has accordingly not been recovered subsequent to the reporting date. The board is considering the group's options, including potentially extending the period over which the purchase consideration is determined. As at the date of this report, no agreement has yet been concluded in this regard with the sellers.

13.3 Resignation of executive director

Mr Sacha du Plessis has resigned as executive director and chief marketing officer with effect from 15 September 2021.

13.4 COVID-19 business interruption insurance claims

On 8 September 2021, certain subsidiaries of the group reached agreement on disputed COVID-19-related business interruption insurance claims with their insurer. The claims relate to loss of profits incurred in the group's company-owned restaurants as a result of the COVID-19 lockdown trading restrictions from March 2020. The claims were initially lodged in March 2020 and rejected by the insurer. Following various court cases (not involving the group) relating to similar claims, the insurer reinstated the claims on 6 January 2021, subject to quantification of the losses. The quantification of the losses was agreed on 8 September 2021. As the claims relate to compensation for a loss event occurring prior to the reporting date, the claim amounts have been accrued as income in the 2021 financial year (refer note 5). The claim amounts have been settled in cash subsequent to the reporting date.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

14. CONTINGENT LIABILITIES

14.1 Income Tax in respect of 2004 – 2009 share incentive scheme

As previously reported, 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 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. In December 2019, SARS applied for leave to appeal the matter to the Supreme Court of Appeals, and the leave to appeal was subsequently granted. The appeal was heard by the Supreme Court of Appeals on 17 August 2021, with judgement having been reserved. The board, in consultation with its tax advisors, remains confident that the probability of SARS' appeal being successful is low. Consequently, no liability has been raised in respect of the assessments issued to date and the payments made to date are accounted for as prepayments of income tax. In the event that the matter is ultimately resolved in Spur Group's favour, interest on the overpayment of tax would be payable to Spur Group. This interest has not been accrued for.

14.2 Legal dispute with GPS Foods

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 date.

The group denies the allegations. To date, the parties have not sought to address the merits of the case and legal correspondence has focused on remedying deficiencies in pleas. It is consequently not considered feasible at this early stage of legal proceedings to determine with any reasonable certainty the likelihood of the group successfully defending the matter or the value of a successful claim against the group. A further assessment of the merits has been conducted as the parties have, on 28 June 2021, exchanged discovery affidavits. All parties have exchanged copies of all the documents in their respective discovery schedules and the group's attorneys, together with senior counsel, have assessed the probative value thereof, and presented a review of the merits and prospects of success. 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. As a result of the uncertainty referred to above, no liability has been raised at the reporting date regarding the matter.

Refer note 46 of the Consolidated AFS for details of other contingent liabilities.

15. 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 44 of the Consolidated AFS.

- Loan to former group CEO, Pierre van Tonder (refer note 9.5)
- Loan to White Cloud Restaurant Pty Ltd (95% owned by former group COO, Mark Farrelly) (refer note 9.6)
- Loan to Hunga Busters Pty Ltd (50% owned by former franchise executive: Australia, José Vilar) (refer note 9.3)
- Retirement benefit payable to former group CEO (refer note 10)

16. 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.

17. CHANGE IN DIRECTORS

Details of changes in the composition of the board during the financial year, as well as subsequent to the reporting date and up to the date of this report are included in the supplementary report at https://www.spurcorporation.com/investors/results-centre/.

18. APPOINTMENT OF COMPANY SECRETARY

Mr Donfrey Meyer was appointed as company secretary with effect from 1 March 2021.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

19. CORRECTION OF ERROR

Changes in statements of financial position and cash flows relating to restricted cash and unredeemed gift vouchers

The group sells gift vouchers to the public which may be redeemed at franchised restaurants. The franchisees in turn are entitled to a reimbursement of the face value of the vouchers from the group, upon presentation. The group makes use of two types of vouchers (collective, the gift vouchers): corporate paper vouchers administered entirely by the group (paper vouchers); and physical and virtual gift cards which are managed by an outsourced service provider (gift cards).

The value of unredeemed paper vouchers has been correctly recorded as a current liability, while the cash received on the sale of the paper vouchers has been included in cash and cash equivalents in all previous reporting periods.

The value of unredeemed gift cards was erroneously set off against the corresponding balance of the group's dedicated bank account used by the outsourced service provider to fund the gift card redemptions, and the net balance recorded as cash and cash equivalents in all previous reporting periods.

In both cases, a liability exists in respect of the unredeemed gift vouchers and the corresponding cash balances, which, notwithstanding that the bank accounts are in the name of the group, are property of the bearers of the gift vouchers as prescribed by section 63(3) of the Consumer Protection Act (Act No. 68 of 2008), as amended. The cash balances corresponding to the liability for unredeemed gift vouchers are accordingly not available for general use by the company as contemplated by *IAS 7 – Statement of Cash Flows*.

The *statements of financial position* as at 1 July 2019 and 30 June 2020 have been restated to correctly reflect the value of unredeemed gift cards as a liability, and to reflect the cash balances equivalent to the aggregate value of all unredeemed gift vouchers as restricted cash. The *statement of cash flows* for the prior year ended 30 June 2020 has been restated to reflect the correct movement in the liability for unredeemed gift vouchers and cash that is not restricted cash.

The restatements had no impact on the consolidated statements of profit or loss and other comprehensive income previously reported.

19. CORRECTION OF ERROR continued

The impact of the restatements referred to above are listed below:

Extract from consolidated statements of financial position

R'000	As at 30 June 2020 as previously reported	Correction of gift vouchers	Restated as at 30 June 2020
ASSETS			
Current assets			
Restricted cash	731	7 940	8 671
Cash and cash equivalents	167 289	(1 937)	165 352
Total current assets	276 437	6 003	282 440
TOTAL ASSETS	794 903	6 003	800 906
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	43 707	6 003	49 710
Total current liabilities	131 405	6 003	137 408
TOTAL EQUITY AND LIABILITIES	794 903	6 003	800 906

19. CORRECTION OF ERROR continued

R'000	As at 1 July 2019 as previously reported*	Correction of gift vouchers	Restated as at 1 July 2019
ASSETS			
Current assets			
Restricted cash	14 305	3 704	18 009
Cash and cash equivalents	283 979	(2 121)	281 858
Total current assets	558 158	1 583	559 741
TOTAL ASSETS	1 077 674	1 583	1 079 257
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	66 611	1 583	68 194
Total current liabilities	81 466	1 583	83 049
TOTAL EQUITY AND LIABILITIES	1 077 674	1 583	1 079 257

* *Based on 30 June 2019, after transitional adjustment relating to IFRS 16 on 1 July 2019.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

19. CORRECTION OF ERROR continued

Extract from consolidated statement of cash flows

R'000	Year ended 30 June 2020 as previously reported	Correction of gift vouchers	Restated year ended 30 June 2020
Cash flow from operating activities			
Operating profit before working capital changes	147 804	–	147 804
Working capital changes	29 945	184	30 129
Cash generated from operations	177 749	184	177 933
Interest income received	56 638	–	56 638
Interest expense paid	(4 721)	–	(4 721)
Tax paid	(53 410)	–	(53 410)
Dividends paid	(75 350)	–	(75 350)
Net cash flow from operating activities	100 906	184	101 090
Net cash flow from investing activities	56 497	–	56 497
Net cash flow from financing activities	(274 151)	–	(274 151)
Net movement in cash and cash equivalents	(116 748)	184	(116 564)
Effect of foreign exchange fluctuations	58	–	58
Net cash and cash equivalents at beginning of year	283 979	(2 121)	281 858
Net cash and cash equivalents at end of year	167 289	(1 937)	165 352

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https://www.linkedin.com/company/spur-group