TWENTY 20

SPUR CORP.

PASSIONATE PEOPLE BUILDING GREAT BRANDS

NOTICE AND PROXY OF ANNUAL GENERAL MEETING AND SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (EXTRACTED FROM AUDITED INFORMATION) FOR THE YEAR ENDED 30 JUNE 2020

SPUR CORPORATION LTD

CONTENTS

LETTER TO SHAREHOLDERS

Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING AND PROXY

The document accompanying this letter is our detailed notice of annual general meeting for the Spur Corporation Limited annual general meeting to be held entirely via a remote interactive electronic platform on Wednesday, 23 December 2020 at 10:00 ("the AGM"). We have also included summarised consolidated financial statements (extracted from audited information) with explanatory notes and commentary, the electronic participation form and a proxy form. These documents comply with the requirements of the Companies Act (Act No. 71 of 2008, as amended) ("the Act") and the JSE Limited ("JSE") Listings Requirements ("Listings Requirements").

Printed copies of the group's integrated annual report for the year ended 30 June 2020 ("integrated report") will only be mailed to shareholders on request. The audited consolidated and separate financial statements of Spur Corporation Limited for the year ended 30 June 2020 ("audited financial statements") are only available online. The integrated report and audited financial statements are available for download on our website at www.spurcorporation.com/investors/results-centre/.

Yours sincerely,

Kilgetty Statutory Services (South Africa) (Pty) Ltd
Company Secretary
Per C Wilson (FCIS)
(Authorised on behalf of the company secretary)

20 November 2020

NOTICE OF ANNUAL GENERAL MEETING

Spur Corporation Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/000828/06)
Share code: SUR ISIN: ZAE 000022653
("the company")

NOTICE IS HEREBY GIVEN that the next annual general meeting of the shareholders of the company will be held entirely via a remote interactive electronic platform on Wednesday, 23 December 2020 at 10:00 ("AGM").

IMPACT OF COVID-19 OUTBREAK ON THE AGM

As a result of the impact of the COVID-19 pandemic and guidance from authorities regarding the need for social distancing, the AGM will be conducted entirely by electronic participation as contemplated in section 63(2)(a) of the Act.

Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM via electronic communication ("Participant(s)") must either:

1. register online using the online registration portal at www.smartagm.co.za; or
2. apply to Computershare, by delivering the duly completed electronic participation form to: First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196; posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the Participant); or sending it by email to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Tuesday, 22 December 2020.

The electronic participation form can be found as an insert in this notice of AGM. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

Computershare will inform Participants who notified them of their intended participation in accordance with paragraph 1 under the *Participation in the AGM via electronic communication* section of the form of proxy insert, by no later than 17:00 on Tuesday, 22 December 2020, by email of the relevant details through which Participants can participate electronically.

PURPOSE OF THE AGM

The purpose of the AGM is to conduct the undermentioned business and for the undermentioned ordinary and special resolutions to be proposed:

PRESENTATION OF AUDITED FINANCIAL STATEMENTS

The audited consolidated financial statements of the company, including the reports of the audit committee, directors, and the independent auditor, for the year ended 30 June 2020 (available online at www.spurcorporation.com/investors/results-centre/), will be presented to shareholders as required in terms of section 30(3)(d) of the Act. The reports of the audit committee, directors and independent auditor reports are set out on pages 2, 6 and 13 respectively of the audited financial statements.

PRESENTATION OF OTHER REPORTS

The remuneration report and the report of the social, ethics and environmental sustainability committee will be presented to shareholders. The remuneration report is set out on pages 42 to 54 of the integrated report and the social, ethics and environmental sustainability committee's report is included online at www.spurcorporation.com/investors/results-centre/.

RETIREMENT OF DIRECTORS

In accordance with the company's memorandum of incorporation ("MOI"), at least two-thirds of the non-executive directors retire by rotation at the annual general meeting each year. Consequently, at the AGM, Mr Mike Bosman, Prof Shirley Zinn and Ms Cora Fernandez retire by rotation.

ORDINARY BUSINESS

To consider, and, if deemed fit, pass, the following ordinary resolutions (numbered 1 to 6), with or without modification (in order to be adopted, Ordinary Resolutions Numbered 1 to 4 require the support of more than 50%, and Ordinary Resolutions Numbered 5 and 6 require the support of more than 75% of the total number of votes exercisable by shareholders present at the virtual meeting or represented by proxy at the meeting):

1. Ordinary Resolution Number 1: The re-election of directors

"To re-elect the following independent non-executive directors who, in terms of the company's MOI retire at the AGM but, being eligible, offer themselves for re-election to the board of directors of the company ("board"):

1.1. Mike Bosman;

1.2. Cora Fernandez; and

1.3. Prof Shirley Zinn."

Brief biographies of Mr Bosman, Ms Fernandez and Prof Zinn are included in Annexure 2 to this document.

2. Ordinary Resolution Number 2: The election of directors appointed during the year

"To elect the following directors, in terms of the company's MOI, who were appointed to the board during the year:

2.1 André Parker as independent non-executive director;

2.2 Jesmane Boggenpoel as independent non-executive director;

2.3 Lerato Molebatsi as independent non-executive director;

2.4 Sandile Phillip as independent non-executive director;

2.5 Graeme Kiewitz as executive director;

2.6 Kevin Robertson as executive director; and

2.7 Sacha du Plessis as executive director."

The reason for Ordinary Resolutions Numbered 2.1 to 2.7 is that the Listings Requirements require that any new appointments to the board be confirmed by the shareholders at the next annual general meeting of the company.

Ms Molebatsi, Ms Boggenpoel, and Messrs Parker, Phillip, Kiewitz, Du Plessis and Robertson were appointed to the board on 15 October 2020.

Brief biographies of the aforementioned directors are included in Annexure 2 to this document.

The appointments numbered 2.1 to 2.7 constitute separate ordinary resolutions and will be considered by separate votes.

3. Ordinary Resolution Number 3: The re-appointment of the independent auditor and the designated auditor

"To re-appoint, as recommended by the company's audit committee, the firm KPMG Inc. as independent auditor, and Ivan Engels as the individual designated auditor, of the company for the ensuing period terminating on the conclusion of the next annual general meeting of the company and to authorise the directors to determine the remuneration of the auditors for the past year."

NOTICE OF ANNUAL GENERAL MEETING continued

4. Ordinary Resolution Number 4: The appointment of the audit committee for the ensuing year

"To elect the following independent non-executive directors, who are eligible and offer themselves for election, to the audit committee for the ensuing year, as recommended by the board in accordance with section 94(2) of the Act:

4.1 Cora Fernandez (chair), subject to the passing of Ordinary Resolution Number 1.2;

4.2 André Parker, subject to the passing of Ordinary Resolution Number 2.1;

4.3 Jesmane Boggenpoel, subject to the passing of Ordinary Resolution Number 2.2; and

4.4 Sandile Phillip, subject to the passing of Ordinary Resolution Number 2.4."

Brief biographies of the aforementioned directors are included in Annexure 3 to this document.

The appointments numbered 4.1 to 4.4 constitute separate ordinary resolutions and will be considered by separate votes.

5. Ordinary Resolution Number 5: The endorsement of the remuneration report

"To endorse, by way of non-binding advisory votes:

5.1 the company's remuneration policy detailed on pages 45 to 50 of the company's integrated report; and

5.2 the company's remuneration implementation report detailed on pages 50 to 54 of the company's integrated report."

The ordinary resolutions numbered 5.1 and 5.2 constitute separate ordinary resolutions and will be considered by separate votes.

In accordance with Principle 14 of the King Report on Corporate Governance for South Africa, 2016 ("King IV™"), the company's remuneration policy and remuneration implementation report are tabled for consideration by shareholders. These votes enable shareholders to express their views on the remuneration policies adopted by the company and on the implementation thereof.

Ordinary Resolutions Numbered 5.1 and 5.2 are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing remuneration arrangements; however, the board will take the outcome of the votes on these resolutions into consideration when considering amendments to the company's remuneration policy. Should either of the resolutions, or both, be opposed by 25% or more of the total number of votes exercisable by shareholders present at the virtual meeting or represented by proxy at the meeting, the board will issue an invitation, included in the announcement to shareholders advising of the results of the AGM to be published on SENS on 23 December 2020, to those shareholders who voted against the applicable resolution to engage with the company at a meeting scheduled for this purpose.

Approval of new long-term incentive plans

6. Ordinary Resolutions Numbered 6.1 and 6.2

Introduction and background

The company has two existing managerial long-term incentive ("LTI") share plans in place, namely the Share Appreciation Right Scheme ("SAR 2015") and the Forfeitable Share Plan ("FSP 2015") (collectively "Existing LTIs"). The company's aim is for its remuneration practices to shift the focus from guaranteed pay towards variable pay by adjusting the current pay mix to enhance the variable pay portion of the total reward package. As a result, and after taking shareholder comments into consideration, the company is planning to implement two new LTIs during the 2021 financial year, namely the 2020 equity-settled Share Appreciation Right Scheme ("2020 SAR") and the 2020 Restricted Share Plan ("2020 RSP") (collectively "New LTIs"). Existing awards will continue to be governed under the rules of the Existing LTIs, but future awards will be made and governed by the rules of the New LTIs. In designing the New LTIs, the nominations and remuneration committee of the company ("committee") took the opportunity to introduce principles of leading best practice into the New LTIs, most notably:

- Settled shares can be made subject to a two-year holding period during which time the shares cannot be disposed of. The holding period will encourage shareholding amongst executives and creates further shareholder alignment.
- All awards are subject to malus and clawback, meaning unvested awards can be reduced or cancelled, and vested and settled awards can be recouped, if a trigger event occurs during the holding period.
- An aggregate dilution limit of 5% of the issued share capital has been set for the Existing and the New LTIs (this represents a 1.5% reduction from the Existing LTIs).
- The termination of employment provisions are aligned with the principles of King IV™.

Brief overview of the New LTIs

The New LTIs comprise two plans, namely the 2020 SAR and 2020 RSP. Three instruments can be awarded under the New LTIs, namely share appreciation rights ("SARs"), conditional shares and forfeitable shares. It is not the intention to use all three instruments for all levels of participants. An overview of the instruments and how awards can be structured is provided below, followed by a detailed overview of how the New LTIs will be used at executive level.

2020 SAR:

- **Appreciation awards** – these awards will take the form of SARs awarded under the 2020 SAR. SARs will vest after a predetermined vesting period subject to continued employment and may be subject to forward-looking corporate performance conditions. Vested SARs can be exercised during an exercise period.

2020 RSP:

- **Performance awards** – performance awards will be granted as conditional rights to shares and will vest after the satisfaction of employment and forward-looking corporate performance conditions. Participants will not receive dividends on unvested awards.

- **Retention awards** – these awards will be granted as forfeitable shares. Participants will therefore be shareholders from the award date and will share in voting and dividend rights. Vesting will be subject to continued employment. Executives will not receive retention awards.

- **Bonus awards** – bonus awards will also be awarded as forfeitable shares, and the quantum of the bonus award will be determined as a form of bonus deferral or bonus matching. As prior performance is used as an award condition, vesting will be subject to continued employment only. This creates a clearer line-of-sight for participants, and ensures a strong performance link (through the link to the bonus), but ensures that there is also a link to shareholder value creation through the exposure to the share price over a three-year period, and through settlement in shares.

Implementation at executive level

Instruments and mix thereof

There is a preference to simplify the implementation of the New LTIs whilst being mindful of the company's specific business needs in retaining its key talent. It is proposed that executives will receive a combination of the following awards:

- SARs with forward-looking corporate performance conditions; and
- Performance awards, which will be awarded as conditional rights to shares subject to forward-looking performance conditions.

All awards will be subject to malus and clawback. Settled shares will be subject to a two-year holding period during which time the shares cannot be disposed of. This will encourage share ownership, as executives will be shareholders with all associated shareholder rights during the holding period.

NOTICE OF ANNUAL GENERAL MEETING continued

Performance conditions

Awards will be subject to a three-year performance period.

Due to the extremely challenging market conditions, which makes the setting and calibration of forward-looking performance measures even more challenging, the performance conditions and targets of the New LTIs have not been finalised, but it is the board's intention to discuss these matters with shareholders prior to making the LTI awards. The shareholder engagement process will be initiated by the committee chairperson during which shareholder views will be canvassed.

Eligibility

The New LTIs are flexible to include any employee to whom an award has been made. Non-executive directors are not eligible to participate in the New LTIs.

Basis of award

In line with the requirements of King IV™ and the company's current practice, annual awards will be made in line with the remuneration policy to ensure long-term shareholder value creation. The committee will have the discretion to determine the number of awards, by taking into consideration the seniority and performance of an employee as well as his/her grade and guaranteed pay. The company believes that this principle will further enhance a pay-for-performance culture.

Notwithstanding the above, overall affordability to the company will be considered each time an award is made.

Manner of settlement

The board is very mindful that the New LTIs should not result in additional dilution to shareholders. As a first step, the dilution limit used under the Existing LTIs has been reduced and an aggregate limit of 5% has been set for the Existing and New LTIs. Secondly, the board will consider all relevant factors at the time of settlement of the New LTIs before deciding on an appropriate settlement method. The preference will be to either purchase the shares in the market, or to use the surplus shares that are in the current share trust that was established for the purpose of employee incentivisation. In light of this, there is only a remote possibility that a need will ever arise to issue new shares in settlement, and this method will be used as a last resort only.

Limits and adjustments to the new LTIs

New LTIs overall limits

Up to now, the company could settle approximately 6.5% of its issued shares under its Existing LTIs. However, in line with new shareholder expectations, a 5% limit will now be used, set on an aggregate basis. The aggregate number of shares which may be settled under the Existing LTIs and the New LTIs collectively, following the AGM, shall not exceed 4 549 847 shares, which represents 5% of the current issued shares of the company.

Shares held in treasury or the issue of new shares used to settle the New LTIs will be included in the limit. Awards which are forfeited will be excluded in calculating the limit. Similarly, any shares purchased in the market in settlement of the New LTIs will be excluded. The committee must, where required, adjust the limit (without the prior approval of shareholders in a general meeting), to take account of a sub-division or consolidation of the shares of the company.

New LTIs individual limits

The maximum number of shares which may be settled to any individual participant in aggregate under the New LTIs, may not exceed 454 985 shares, which represents approximately 0.5% of the current number of issued shares of the company. The committee may, where required, adjust the individual limit to take account of a capitalisation issue, a special distribution, a rights issue or reduction in shares of the company.

The auditors, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the rules of the New LTIs and must be reported on in the company's financial statements in the year during which the adjustment is made. The issue of shares as consideration for an acquisition, and the issue of shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the company limit and the individual limit.

Termination of employment

Fault terminations

Unvested awards and unexercised SARs:

Participants terminating employment due to resignation or lawful dismissal from the employ in compliance with the provisions of the Labour Relations Act will be classified as "fault terminations" and will forfeit all unexercised SARs (albeit vested or unvested) and unvested RSP awards.

Terminations during the holding period:

The holding period will remain in place for Participants terminating as "fault terminations".

No fault terminations

Participants terminating employment due to retirement, voluntary retirement, redundancy, disability, death, the sale of a subsidiary company or exceptional circumstances designated as such by the committee will be classified as "no fault terminations".

Unvested awards:

The vesting of the unvested awards will be advanced to a date as soon as practical after the date of termination of employment. The extent to which the performance condition(s) (if applicable) have been met will determine the number of shares to vest. Such number will further be pro-rated to reflect the number of months in employment from the award date to the date of termination of employment, relative to the total number of months in the employment period. The portion of the award that does not vest will be forfeited on the date of termination of employment. The relevant SARs can be exercised within a period of 12 months following the date of termination of employment. The SARs will lapse if not exercised during the aforementioned period. The holding period will not apply in these instances.

Unexercised SARs:

The vested but unexercised SARs will lapse if not exercised within a period of 12 months following the date of termination of employment. Awards which are exercised will not be subjected to the holding period.

Terminations during the holding period:

Shares that are subjected to the holding period will be treated as follows –

- In the event of retirement, voluntary retirement and exceptional circumstances designated as such by the committee, the settled shares will continue to be subject to the holding period until the release date, unless the committee determines otherwise; and
- in the event of redundancy, sale of an employer company, disability and death, the settled shares will no longer be subject to the holding period and will be released.

Change of control and/or variation of shares

If the company undergoes a change of control –

- a portion of the unvested awards will vest. The portion to vest will reflect the number of months in employment from the award date to the change of control date, relative to the total number of months in the employment period and the extent to which performance condition(s) (if applicable) have been met;
- the portion of the awards that does not vest will continue to be subject to the terms of the award letter relating thereto, but may be adjusted as the committee sees fit, provided the participant is not worse off; and
- after the vesting date, any settled shares will not be subject to the holding period.

Awards will not vest because of an internal restructure or similar event which is not a change of control. In this case, the committee shall make such adjustment to the number of awards or convert awards into awards in respect of shares in one or more other companies, provided the participants are no worse off.

Malus, clawback and trigger events

Malus will apply up to the end of the exercise period (SARs) and vesting period (RSP awards). Clawback will apply during the holding period. The trigger events that could result in malus and clawback being invoked are in the process of being finalised and will be communicated to shareholders in future remuneration reports.

Amendments

The committee may alter or vary the rules of the New LTIs as it sees fit. However, in the following instances, the New LTIs may not be amended without the prior approval of the JSE and a resolution by the shareholders of 75% of the voting rights:

- the category of persons who are eligible for participation in the New LTIs;
- the number of shares which may be utilised for the purpose of the New LTIs;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, settlement or vesting of an award;
- the voting, dividend, transfer and other rights attached to the awards, including those arising on a liquidation of the company;
- the adjustment of awards in the event of a variation of shares of the company or a change of control of the company; and
- the procedure to be adopted in respect of the vesting of awards in the event of termination of employment.

6.1. Ordinary Resolution Number 6.1: The adoption of the Spur Group Share Appreciation Rights Scheme 2020

"To ratify and approve the adoption by the company of the 2020 SAR in terms of Schedule 14 of the Listings Requirements, the salient terms of which are included in this notice of AGM and the complete document recording the terms of the 2020 SAR having been made available for inspection by shareholders at least 14 days prior to the date of this meeting and having been initialled by the chairman of this meeting for identification purposes, and tabled at this meeting."

The above ordinary resolution in terms of the Listings Requirements must be approved by 75% of the votes cast by shareholders present in person or represented by proxy at this AGM.

The 2020 SAR has been approved by the JSE in terms of Schedule 14.

The reason for, and the effect of, this resolution is, and will be, to adopt the 2020 SAR in order to provide eligible employees of the company or any of its subsidiaries ("group") with the opportunity to acquire equity in the company, thereby providing such employees with a further incentive to advance the company's interests and promoting an identity of interests between such employees and the shareholders of the company.

The salient features of the 2020 SAR set out above do not purport to be exhaustive of the provisions of the 2020 SAR. For a full appreciation of the provisions thereof, shareholders should refer to the full text thereof.

Copies of the 2020 SAR are available for inspection from the date of this notice of AGM until the conclusion of the AGM convened in terms thereof at the registered office of the company and at the offices of Sasfin Capital at 29 Scott Street, Waverley, Gauteng. Electronic copies of the 2020 SAR can be requested via email request to companysecretary@spur.co.za.

The directors, whose names are given in Annexure 10 of this report collectively and individually accept full responsibility for the accuracy of the information given in this resolution and the salient features above and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts had been made and that the abovementioned resolution contains all information required by law and the Listings Requirements.

Opinion and recommendation

The directors believe that the 2020 SAR will be beneficial to the company and the participants thereof and, in the long term, to its shareholders. The directors intend to vote in favour of this ordinary resolution to be proposed at the AGM in respect of the shares under their control and recommend that shareholders do likewise.

6.2. Ordinary Resolution Number 6.2: The adoption of the Spur Group Restricted Share Plan 2020

"To ratify and approve the adoption by the company of the 2020 RSP in terms of Schedule 14 of the Listings Requirements, the salient terms of which are included in this notice of AGM and the complete document recording the terms of the 2020 RSP having been made available for inspection by shareholders at least 14 days prior to the date of this meeting and having been initialled by the chairman of this meeting for identification purposes, and tabled at this meeting."

The above ordinary resolution in terms of the Listings Requirements must be approved by 75% of the votes cast by shareholders present in person or represented by proxy at this AGM.

The 2020 RSP has been approved by the JSE in terms of Schedule 14.

The reason for, and the effect of, this resolution is, and will be, to adopt the 2020 RSP in order to incentivise employees to enhance their performance and their interest in the group's long-term business goals through share ownership.

The salient features of the 2020 RSP rules set out above do not purport to be exhaustive of the provisions of the 2020 RSP. For a full appreciation of the provisions thereof, shareholders should refer to the full text thereof.

Copies of the 2020 RSP are available for inspection from the date of this notice of AGM until the conclusion of the AGM convened in terms thereof at the registered office of the company and at the offices of Sasfin Capital at 29 Scott Street, Waverley, Gauteng. Electronic copies of the 2020 RSP can be requested via email request to companysecretary@spur.co.za.

The directors, whose names are given in Annexure 10 of this report collectively and individually accept full responsibility for the accuracy of the information given in this resolution and the salient features above and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts had been made and that the abovementioned resolution contains all information required by law and the Listings Requirements.

Opinion and recommendation

The directors believe that the 2020 RSP will be beneficial to the company and the participants thereof and, in the long term, to its shareholders. The directors intend to vote in favour of this ordinary resolution to be proposed at the AGM in respect of the shares under their control and recommend that shareholders do likewise.

The ordinary resolutions numbered 6.1 and 6.2 constitute separate ordinary resolutions and will be considered by separate votes.

SPECIAL BUSINESS

To consider, and, if deemed fit, pass, the following special resolutions (numbered 1 to 3), with or without modification (in order to be adopted, these resolutions require the support of at least 75% of the total number of votes exercisable by shareholders present at the virtual meeting or represented by proxy at the meeting):

7. Special Resolution Number 1: The authority to repurchase shares

"To authorise the company (or one of its subsidiaries) to repurchase or purchase, as the case may be, ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject always to the provisions of sections 46 and 48 of the Act, the Listings Requirements and the following limitations:

(i) that the repurchase of shares be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);

(ii) that this authority shall not extend beyond 15 months from the date of this resolution or the date of the next annual general meeting, whichever is the earlier date;

(iii) that authorisation thereto is given by the company's MOI;

(iv) that an announcement be made giving such details as may be required in terms of the Listings Requirements when the company (or a subsidiary or subsidiaries collectively) has cumulatively repurchased 3% of the initial number (the number of that class of shares in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter;

(v) at any one time, the company (or any subsidiary) may only appoint one agent to effect any repurchase on behalf of the company or any subsidiary (as the case may be);

(vi) the repurchase of shares by the company or its subsidiaries will not take place during a prohibited period as defined by the Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and this programme has been submitted to the JSE in writing. The company must instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to commencement of the prohibited period to execute the repurchase programme submitted to the JSE;

(vii) the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the company's issued share capital at the time this authority is given, provided that a subsidiary of the company (or subsidiaries of the company collectively) shall not hold in excess of 10% of the number of shares issued by the company;

(viii) the repurchase of shares may not be made at a price greater than 10% above the weighted average traded price of the market value of the shares as determined over the five business days immediately preceding the date on which the transaction was effected; and

(ix) prior to entering the market to proceed with the repurchase, the board shall have passed a resolution that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity tests as set out in section 4 of the Act and confirming that, since the tests were performed, there had been no material changes to the financial position of the group."

The reason for this special resolution is, and the effect thereof will be, to grant, in terms of the provisions of the Act and the Listings Requirements, and subject to the terms and conditions embodied in the said special resolution, a general authority to the directors to approve the acquisition by the company of its own shares, or by a subsidiary (or subsidiaries) of the company of the company's shares, which authority shall be used by the directors at their discretion during the course of the period so authorised.

Disclosures required in terms of the Listings Requirements

In terms of the Listings Requirements, the following disclosures are required with reference to the repurchase of the company's shares as set out in Special Resolution Number 1 above:

Statement of directors

As at the date of this report, the company's directors undertake that, after considering the effect of the maximum repurchase permitted, they will not implement any such repurchase unless the provisions of sections 4 and 48 of the Act will be complied with and for a period of 12 months after such general repurchase:

(i) the company and the group will be able, in the ordinary course of business, to pay its debts;

(ii) the assets of the company and the group will be in excess of the liabilities of the company and the group, recognised and measured in accordance with International Financial Reporting Standards;

(iii) the share capital and reserves of the company and the group will be adequate for ordinary business purposes;

(iv) the working capital resources of the company and the group will be adequate for ordinary business purposes; and

(v) the company and the group have complied with the applicable provisions of the Act and the Listings Requirements.

Directors' responsibility statement

The current directors, whose names are given in Annexure 10 to this report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution contains all information required by law and the Listings Requirements.

Material changes

Other than the facts and developments reported on in this report, there have been no material changes in the affairs, financial or trading position of the group since the signature date of this report and the posting date thereof.

The following further disclosures required in terms of the Listings Requirements are set out in accordance with the reference pages in the report of which this notice forms part:

- Major shareholders of the company (refer Annexure 6 to this report); and
- Share capital (refer Annexure 7 to this report).

8. Special Resolution Number 2: The authority to provide financial assistance

"To authorise the directors in terms of, and subject to, the provisions of sections 44 and/or 45 of the Act to cause the company to, from time to time, provide any direct and/or indirect financial assistance (whether by way of loan, guarantee, the provision of security or otherwise) for a period of two years commencing on the date of this special resolution to any of its present or future subsidiaries and/or any other company or corporation which is, or becomes, related or interrelated to the company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued, or to be issued, by the company or a related or interrelated company or for the purchase of any securities of the company or related or interrelated company; provided that the board is satisfied that immediately after providing the financial assistance, the company will satisfy the solvency and liquidity tests contemplated in section 4 of the Act, that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and that the conditions or restrictions in respect of the granting of the financial assistance which may be set out in the company's MOI have been satisfied; and provided further that such financial assistance is not provided to any company or corporation which is, or becomes, related or interrelated to the company solely by virtue of any director or prescribed officer of the company having, or acquiring, an interest in such other company or corporation."

The reason for this special resolution is, and the effect thereof will be, to authorise the board to cause the company to provide financial assistance to any entity which is related or interrelated to the company, other than such entities which are related or interrelated to the company solely by virtue of the fact that any director or prescribed officer of the company has, or acquires, an interest in that entity.

9. Special Resolution Number 3: The authority to pay non-executive directors' remuneration

Special Resolutions Numbered 3.1 to 3.3 are proposed to obtain shareholder approval for the payment of remuneration to the non-executive directors in respect of additional meetings held during the financial year from 1 July 2019 to 30 June 2020 ("the 2020 financial year") and the fees payable to non-executive directors for the financial year from 1 July 2020 to 30 June 2021 ("the 2021 financial year") and thereafter.

Shareholders are accordingly requested to consider and approve the following:

a) Governance and financial matters arising from the impact of the COVID-19 pandemic on the company necessitated the convening of three additional board meetings and two additional audit committee meetings during the 2020 financial year, which had not been anticipated in the fees proposed (and approved) in respect of the 2020 financial year at the annual general meeting held on 6 December 2019 ("the 2019 AGM"). It is proposed that additional fees be paid to the non-executive directors of the company for attendance at these additional meetings, calculated on the basis of R3 500 per hour or part thereof (excluding VAT where applicable) for the duration of each meeting.

b) Revised board and committee membership fees (including the role of chairman) are proposed with effect from 1 July 2020, taking into account current market information available relating to fees payable to non-executive directors.

c) In light of the key strategic initiatives planned for the 2021 financial year, it is anticipated that additional meetings (outside of those scheduled and included in the determination of the fees proposed above) may be held and that specific non-executive directors may be engaged for special assignments at the request of the board or chairman. It is accordingly proposed that for special assignments and/or attendance at meetings in addition to scheduled meetings, a fee of R3 500 per hour or part thereof for the duration of such assignment or meeting is paid to non-executive directors, provided that where such a meeting exceeds three hours, the fee for such meeting is proposed to be R25 000 per meeting.

9.1 Special Resolution Number 3.1: Additional fees payable to non-executive directors for the 2020 financial year

"To authorise that the following fees be paid to the non-executive directors for services in their capacity as directors of the company, as contemplated in section 66(9) of the Act, for the additional three board meetings and additional two audit committee meetings held during the 2020 financial year:

a) R3 500 be paid to Muzi Kuzwayo for one additional board meeting;
b) R24 500 be paid to Mntungwa Morojele for three additional board meetings and two additional audit committee meetings;
c) R24 500 be paid to Dineo Molefe for three additional board meetings and two additional audit committee meetings;
d) R24 500 be paid to Cora Fernandez for three additional board meetings and two additional audit committee meetings;
e) R14 000 be paid to Shirley Zinn for three additional board meetings; and
f) R14 000 be paid to Mike Bosman for three additional board meetings

where such amounts are stated exclusive of VAT, where applicable."

9.2 Special Resolution Number 3.2: Fees payable to non-executive directors for the 2021 financial year and beyond

"To approve the board's recommendation in respect of remuneration of non-executive directors for services in their capacity as directors (including services rendered on any board committee), as contemplated in section 66(9) of the Act, with effect from 1 July 2020, until the expiry of a period of 24 months from the date of passing of this Special Resolution Number 3.2 (or until amended by special resolution of shareholders prior to the expiry of such period), which remuneration is determined as per the following table:

	Proposed fee per annum 2021
Chairman of the board (inclusive of all committee memberships and scheduled meeting attendances)	**R1 200 000**
Member of board	**R450 000**
Chair/member of audit committee	**R84 000/R42 000**
Chair/member of nominations and remuneration committee	**R84 000/R42 000**
Chair/member of social, ethics and environmental sustainability committee	**R84 000/R42 000**
Chair/member of risk committee	**R84 000/R42 000**

where such amounts are stated exclusive of VAT, where applicable, as detailed in Annexure 4 to this report."

9.3 Special Resolution Number 3.3: Fees payable to non-executive directors for additional meetings and assignments

"Subject to the passing of Special Resolution Number 3.2, and in addition to those fees payable for scheduled meetings contemplated in Special Resolution Number 3.2, to further approve the board's recommendation in respect of fees payable to non-executive directors for services in their capacity as directors, as contemplated in section 66(9) of the Act, with effect from 1 July 2020, until the expiry of a period of 24 months from the date of passing of this Special Resolution Number 3.3 (or until amended by special resolution of shareholders prior to the expiry of such period), in the amount of R3 500 per hour or part thereof for special assignments and/or attendance at meetings in addition to those scheduled meetings, provided that where the duration of such a meeting exceeds three hours, the fee for such meeting shall be R25 000, where such amounts are stated exclusive of VAT, where applicable."

The special resolutions numbered 3.1 to 3.3 constitute separate special resolutions and will be considered by separate votes.

The reason for, and the effect of, these special resolutions are to enable the company to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Act, which stipulate that remuneration to directors for their services as directors may be paid only in accordance with a special resolution approved by shareholders within the previous two years.

VOTING PROXIES AND PROCEDURES

Shareholders who wish to vote, but not attend the AGM

Certificated shareholders and own-name dematerialised shareholders

Complete the form of proxy attached to this notice of AGM and email same, together with proof of identification (i.e. South African ("SA") identity document, SA driver's license or passport) and authority to do so (where acting in a representative capacity), to the transfer secretary, Computershare Investor Services (Pty) Ltd ("transfer secretary"), at proxy@computershare.co.za so as to be received by the transfer secretary by no later than 10:00 on Tuesday, 22 December 2020, provided that any form of proxy not delivered to the transfer secretary by this time and date may be emailed to the transfer secretary (who will provide same to the chairman of the AGM) at any time prior to the AGM, provided that such form of proxy and identification must be verified and registered before the commencement of the AGM.

Dematerialised shareholders (excluding own-name dematerialised shareholders)

- Provide your central securities depository Participant ("CSDP") or broker with your voting instructions in terms of the custody agreement entered into between you and your CSDP or broker.
- You should contact your CSDP or broker regarding the cut-off time for submitting your voting instructions to them.
- If your broker or CSDP does not receive voting instructions from you, it will be obliged to vote in accordance with the instructions in the custody agreement.

Shareholders who wish to attend and vote at the AGM

Certificated shareholders and own-name dematerialised shareholders

- Register online at www.smartagm.co.za by no later than 10:00 on Tuesday, 22 December 2020. Shareholders may still register online to participate in and/or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM. Identification must be verified and registered before the commencement of the AGM.
- As part of the registration process you will be requested to upload proof of identification (i.e. SA identity document, SA driver's license or passport) and authority to do so (where acting in a representative capacity), as well as to provide details, such as your name, surname, email address and contact number.
- Following successful registration, the transfer secretary will provide you with a meeting ID number, username and password in order to connect electronically to the AGM.
- Participate in the AGM through the Lumi app or website by following the steps set out at www.smartagm.co.za. The Lumi app can be downloaded from the Apple App Store or Google Play Store.

Dematerialised shareholders (excluding own-name dematerialised shareholders)

- Request your CSDP or broker to provide you or your proxy with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between you and your CSDP or broker.
- Register online at www.smartagm.co.za by no later than 10:00 on Tuesday, 22 December 2020. Shareholders may still register online to participate in and/or vote electronically at the AGM after this date and time, provided, however, that for those shareholders to participate and/or vote electronically at the AGM, they must be verified and registered before the commencement of the AGM.
- As part of the registration process you will be requested to upload your letter of representation and proof of identification (i.e. SA identity document, SA driver's license or passport), as well as to provide details, such as your name, surname, email address and contact number.
- Following successful registration, the transfer secretary will provide you with a meeting ID number, username and password in order to connect electronically to the AGM.
- Participate in the AGM through the Lumi app or website by following the steps set out at www.smartagm.co.za. The Lumi app can be downloaded from the Apple App Store or Google Play Store.

1. Each Spur Corporation Limited shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the company) to participate, speak and vote in their stead at the AGM.
2. Voting will take place by way of a poll and accordingly each shareholder will have one vote in respect of each share held.
3. The cost (e.g. mobile data consumption or internet connectivity) of electronic participation in the AGM will be carried by the Participant.
4. The Participant acknowledges that the electronic communication services are provided by third parties and indemnifies the company and its directors/employees/company secretary/transfer secretary/service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the company or its directors/employees/company secretary/transfer secretary/service providers, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the AGM.
5. Shares held by a share trust or scheme will not have their votes at the AGM taken into account for purposes of the resolutions proposed in terms of the Listings Requirements. Shares held as treasury shares will not have their votes taken into account at the AGM.

RELEVANT DATES

Record date to determine which shareholders are entitled to receive the notice of AGM	Friday, 13 November 2020
Date of posting of this notice of AGM and announcement of AGM on SENS	Friday, 20 November 2020
Last day to trade in order to be eligible to attend and vote at the AGM	Monday, 14 December 2020
Record date to determine which shareholders are entitled to attend and vote at the AGM	Friday, 18 December 2020
Forms of proxy to be lodged at the company's transfer secretaries by 10:00 on	Tuesday, 22 December 2020
AGM of the company to be held at 10:00 on	Wednesday, 23 December 2020
Results of the AGM announced on SENS	Wednesday, 23 December 2020

By order of the board

Kilgetty Statutory Services (South Africa) (Pty) Ltd
Company Secretary
Per C Wilson (ACG)
(Authorised on behalf of the company secretary)

20 November 2020

COMMENTARY ON RESULTS

TRADING PERFORMANCE

The global COVID-19 pandemic and the resultant national lockdown and trading restrictions in South Africa and all countries of operation has had a material impact on Spur Corporation's business operations and financial performance.

Total franchised restaurant sales declined by 21.7% to R6.0 billion for the year to 30 June 2020, as the pandemic adversely impacted trading in the last four months of the financial year.

Sales from franchised restaurants in South Africa decreased by 22.3%, with sales from international restaurants decreasing by 16.7% in rand terms. As local restaurant sales comprise 88.5% of the group's total restaurant sales, the lockdown restrictions in South Africa had the most significant impact on the group's trading performance.

After restaurant sales having increased by 6.0% in South Africa and 4.0% in the international operations in the eight months to February 2020, sales declined dramatically in the weeks leading up to the lockdown in South Africa and decreased by 46.7% for March 2020.

All restaurants in South Africa were closed from the start of the national lockdown on 27 March 2020 until 1 May 2020 and the group did not earn any material income during this period.

Trading restrictions were gradually eased and restaurants were permitted to provide delivery-only service to customers from 1 May 2020. Sales for the month of May 2020 reduced by 87.2% in South Africa relative to the prior year. Takeaway services were permitted from the beginning of June 2020 and sales for the month declined by 83.6% in South Africa relative to the prior year.

Online ordering systems and the ongoing partnerships with third party delivery services Mr D Food and Uber Eats helped drive customer support during this time.

Restaurants were allowed to resume a full sit-down service from 29 June 2020, subject to strict social distancing protocols, restrictions on the number of customers and a ban on the sale of alcohol. Trading in these conditions proved particularly challenging as the national curfew limited trading hours and customers chose to avoid social contact by staying at home, while the lockdown resulted in financial hardship for many South Africans.

Management committed to supporting franchisees throughout the lockdown, including discounting franchise and marketing fees and granting extended payment terms on certain debts. After waiving fees from mid-March ahead of the start of the lockdown until end April 2020, the Spur Steak Ranches franchise fee was discounted from 5% to 3% of restaurant turnover and the marketing fee from 4% to 1% from May 2020. The group allowed franchisees to reopen restaurants at their discretion under the various levels of trading restrictions, empowering franchisees to make decisions that were in their personal financial interests. By the end of June 2020, 68% of the restaurants in South Africa had resumed trading, offering either a sit-down, takeaway or delivery service. In the international operations, 95% of restaurants had reopened.

Franchised restaurant sales for the year ended 30 June 2020	**12 months to June 2020 (% change)**	**8 months to February 2020 (% change)**
Spur Steak Ranches	(22.5)	6.1
Pizza and Pasta (Panarottis & Casa Bella)	(24.7)	3.1
John Dory's Fish Grill Sushi	(24.5)	5.9
The Hussar Grill	(19.6)	11.9
RocoMamas	(17.6)	6.8
Nikos Coalgrill Greek*	(19.1)	11.0
Total South African operations	(22.3)	6.0
Total international operations	(16.7)	4.0
Total group	(21.7)	5.8

* Nikos Coalgrill Greek was acquired on 1 August 2018.

EXPANDING RESTAURANT FOOTPRINT

During the year, 21 restaurants were opened in South Africa, mostly prior to the start of lockdown, and 17 were closed.

Eighteen international outlets were opened and 11 closed as the group continued to focus its international expansion strategy mainly on territories where the business has an established presence, in order to ultimately reach critical mass. Restaurant openings included Zambia (five), Mauritius (six), Nigeria (two), Kenya (two) and Saudi Arabia (two).

At year-end, the group's restaurant base comprised 631 (June 2019: 620) outlets, including 84 (June 2019: 77) outside of South Africa.

Restaurant footprint at 30 June 2020	South Africa	International	Total
Franchise brand			
Spur Steak Ranches	**298**	**34**	**332**
Pizza Pasta	**91**	**31**	**122**
John Dory's Fish Grill Sushi	**52**	**3**	**55**
The Hussar Grill	**22**	**2**	**24**
RocoMamas	**75**	**14**	**89**
Nikos Coalgrill Greek	**9**	**–**	**9**
Total	**547**	**84**	**631**

FINANCIAL PERFORMANCE

The main financial priorities during lockdown were cash preservation and tight cost management. The group entered lockdown with adequate cash resources and an ungeared balance sheet and did not need to access external funding during lockdown while the business generated limited revenue. As previously advised, the interim dividend for 2020 was deferred to preserve cash. Management introduced a reduced workweek and commensurate 20% salary reduction for all employees from 1 June. Fees for non-executive directors were also reduced by 20%.

Group revenue declined by 19.4% to R761.6 million. Revenue from the South African operations, which accounted for 95.7% of total group revenue, decreased by 19.3% while international revenue declined by 20.9% mainly due to the weak performance from the Australasian operations.

Franchise revenue in Spur declined by 25.9%, Pizza and Pasta by 27.8%, John Dory's by 28.3%, The Hussar Grill by 21.3% and RocoMamas by 22.5%.

Local retail revenue, representing the group's interests in four The Hussar Grill restaurants and one RocoMamas outlet, was 23.0% lower. In addition to the impact of the lockdown restrictions, The Hussar Grill in Camps Bay was closed for six weeks for refurbishment. The Hussar Grill was the brand most impacted by the restriction on the sale of alcohol and the ban on foreign travel into South Africa.

Revenue in the manufacturing and distribution division declined by 8.2%.

Profit before income tax in the South African operations declined by 50.8%, and by 41.0% excluding the impact of the marketing funds. Profit in the manufacturing and distribution segment declined by 20.2%, the Spur brand by 30.1% and RocoMamas by 27.6%.

In the international division, revenue in the operations in Africa, Mauritius and the Middle East declined by 11.3%. Revenue in Australasia declined by 58.2% as the extremely challenging trading conditions continued, compounded by stringent lockdown conditions in Australia and the permanent closure of an additional restaurant in March 2020.

COMMENTARY ON RESULTS continued

Profit before income tax declined by 50.3%. This includes restaurant asset impairments of R7.1 million owing to the weaker outlook due to COVID-19, an impairment recovery of R10.8 million (2019: impairment loss of R6.7 million) related to the Grand Parade Investments Ltd black economic empowerment transaction, impairment allowances for expected credit losses (which increased as a result of COVID-19) of R13.2 million (2019: R10.0 million), an IFRS 16 related charge of R2.9 million for interest and depreciation of right-of-use assets and R1.8 million for the refurbishment of the sauce manufacturing facility. The prior year includes R2.4 million relating to the settlement of a legal dispute with a former franchisee in Zambia and R1.4 million in severance payments following a restructure in the group's décor manufacturing business.

Comparable profit before income tax, excluding exceptional and one-off items and the impact of marketing funds, declined by 40.9%.

Headline earnings decreased by 56.1% to R72.5 million, with diluted headline earnings per share 52.1% lower at 82.96 cents.

No final dividend has been declared. Shareholders are referred to the announcement on SENS on 3 September 2020 regarding the deferment of the payment of the dividend for the six months to December 2019 until the publication of the group's interim results for the period ending 31 December 2020, which are expected to be released in March 2021.

TRADING UPDATE FOR THE PERIOD JULY TO OCTOBER 2020

Trading for the first four months of the 2021 financial year, covering the period since lockdown restrictions were eased to allow sit-down restaurant service, is showing a steadily improving monthly growth trend ahead of management's expectations.

The South African restaurants traded at 92.8% of the prior year's turnover for the month of October, improving from 36.5% for July, 56.7% for August and 73.8% for September. The strongest performing brands were Spur and RocoMamas.

Spur Steak Ranches achieved restaurant turnover of 93.9% of the prior year for October.

International restaurants traded at 97.5% of the prior year in October, with the restaurants in Mauritius, Zambia and the Middle East showing a strong recovery following the lifting of restrictions.

Restaurant turnover as a percentage of prior year	**July**	**Aug**	**Sept**	**Oct**
Brand				
Spur Steak Ranches	34.6	56.2	72.1	93.9
Pizza and Pasta	31.7	49.6	63.2	89.3
John Dory's	24.8	45.1	66.5	78.9
The Hussar Grill	22.6	45.6	93.7	80.4
RocoMamas	66.5	78.6	86.5	103.7
Nikos Coalgrill Greek	41.7	61.3	85.3	82.2
Total South Africa	36.5	56.7	73.8	92.8
International	76.0	69.0	83.9	97.5
Total group	40.9	58.2	74.8	93.3

The number of restaurants trading has grown consistently since June and by the end of October 2020, 612 of the group's 631 restaurants had reopened.

Number of restaurants trading post lockdown (month end)	June	July	Aug	Sept	Oct	Total restaurants*
Brand						
Spur Steak Ranches	**210**	**263**	**277**	**288**	**291**	**298**
Pizza and Pasta	**56**	**74**	**79**	**80**	**83**	**91**
John Dory's	**36**	**44**	**46**	**47**	**47**	**52**
The Hussar Grill	**5**	**17**	**19**	**20**	**21**	**22**
RocoMamas	**61**	**69**	**74**	**75**	**75**	**75**
Nikos Coalgrill Greek	**6**	**7**	**7**	**7**	**7**	**9**
Total South Africa	**374**	**474**	**502**	**517**	**524**	**547**
International	**80**	**81**	**81**	**83**	**88**	**84**
Total restaurants trading	**454**	**555**	**583**	**600**	**612**	**631**

* Active franchise agreements at 30 June 2020.

OUTLOOK

The restaurant industry faces a protracted period of recovery following the devastating financial and social impact of the COVID-19 lockdown on consumers and restaurant owners. The current weak trading environment is expected to continue in the medium term and could be further impacted by expected widespread job losses as well as a second wave of infections similar to what is being experienced in several other countries.

In this tight consumer environment, the group will continue to capitalise on the strength and appeal of its brands and customer loyalty, and remains committed to offering value and a safe and entertaining family restaurant experience.

The group's priority is to ensure the financial sustainability of franchisees. Strategies have been implemented to restore franchisee profitability by driving turnover through promotions and value campaigns.

As franchisees are starting to report stronger turnover levels post the hard lockdown, franchise and marketing fees are being increased but remain at discounted levels. Gradual increases in the fee rates are anticipated as restaurant turnovers continue to recover.

Management continues to focus on the tight cost management disciplines applied from the start of the COVID-19 lockdown and is also reviewing the cost structure of the international operations.

The group is also engaged in securing more competitively priced third party delivery services and developing technology to support online ordering, payment and customer loyalty.

Shortly before year-end, the group introduced its first virtual brands to capitalise on the growing global trend to home consumption, which has been accelerated by COVID-19. These brands increase appeal to a wider target market audience, attract different generations and lifestyles and enable the business to enter new product categories. The virtual, online, delivery-only brands operate from existing brick and mortar host restaurants and require limited additional investment by franchisees while offering the opportunity to generate incremental turnover.

The first four virtual brands, The Goodie Box, Pizza Pug, Reel Sushi and Bento, were trialled in June. Additional virtual brands which have been trial launched since the year-end include RibShack Rocofellas, Brooklyn Pizza Kitchen, Char Grill Chicken and Mexi Go-Go, while further brands are being explored.

The group will also be introducing home meal kits and investigating further plant-based protein products in response to these growing trends.

In the year ahead 21 restaurants are planned to be opened in South Africa, mainly under the Spur, Panarottis and RocoMamas brands. Eight new international restaurants are planned across Zambia (three), Eswatini (two), Ghana, Zimbabwe and Saudi Arabia.

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

	Note	**2020 R'000**	2019 R'000
Revenue	5	**761 620**	944 779
Cost of sales		**(198 132)**	(207 878)
Gross profit		**563 488**	736 901
Other income		**7 449**[1]	1 918
Administration expenses		**(143 463)**	(157 430)
Impairment losses – financial instruments and lease receivable	6	**(2 805)**	(20 375)
Marketing expenses		**(173 962)**	(195 030)
Operations expenses		**(98 994)**	(105 861)
Other non-trading losses	6	**(7 076)**	(1 555)
Retail operating expenses		**(30 434)**	(32 555)
Operating profit before finance income	6	**114 203**	226 013
Net finance income		**14 034**	32 409
Interest income*		**19 336**	32 445
Interest expense		**(5 302)**[2]	(36)
Share of loss of equity-accounted investee (net of income tax)		**(463)**	(1 345)
Profit before income tax		**127 774**	257 077
Income tax expense		**(57 117)**[3]	(84 659)
Profit		**70 657**	172 418
Other comprehensive income#		**(1 357)**	687
Foreign currency translation differences for foreign operations		**(1 575)**	771
Foreign exchange loss on net investments in foreign operations		**(30)**	(84)
Reclassification of foreign currency loss from other comprehensive income to profit or loss, on abandonment of foreign operations		**248**	–
Total comprehensive income		**69 300**	173 105
Profit attributable to:			
Owners of the company		**66 924**	165 118
Non-controlling interests		**3 733**	7 300
Profit		**70 657**	172 418
Total comprehensive income attributable to:			
Owners of the company		**65 567**	165 805
Non-controlling interests		**3 733**	7 300
Total comprehensive income		**69 300**	173 105
Earnings per share (cents)			
Basic earnings	7	**76.87**	173.69
Diluted earnings	7	**76.62**	173.22

* Interest income comprises interest revenue calculated using the effective interest method.
# All items included in other comprehensive income are items that are, or may be, reclassified to profit or loss.
1 Includes fair value gain on contingent consideration receivable/liability of R4.283 million (refer note 10).
2 Includes interest on lease liabilities of R5.245 million (refer note 3).
3 Includes an impairment of foreign withholding tax credits (refer note 9).

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Note	2020 R'000	2019 R'000
ASSETS			
Non-current assets		**518 466**	481 344
Property, plant and equipment		**102 182**	100 390
Right-of-use assets		**41 921**[1]	–
Intangible assets and goodwill		**365 253**	369 092
Loans receivable	8	**2 929**	5 391
Deferred tax		**6 181**	3 085
Leasing rights		**–**[1]	3 386
Current assets		**276 437**	557 494
Inventories		**16 148**	10 299
Tax receivable	9	**28 073**	36 939
Trade and other receivables		**55 619**[2]	106 011
Loans receivable	8	**4 022**	105 961
Contingent consideration receivable	10	**4 555**	–
Restricted cash*		**731**	14 305
Cash and cash equivalents		**167 289**	283 979
TOTAL ASSETS		**794 903**	1 038 838
EQUITY			
Total equity		**535 615**	876 295
Ordinary share capital		**1**	1
Share premium		**34 309**	294 663
Shares repurchased by subsidiaries	8.3	**(15 118)**	(126 811)
Foreign currency translation reserve		**29 012**	30 369
Share-based payments reserve		**3 473**	4 400
Retained earnings		**475 501**	663 093
Total equity attributable to owners of the company		**527 178**	865 715
Non-controlling interests		**8 437**	10 580
LIABILITIES			
Non-current liabilities		**127 883**	89 596
Contingent consideration liability	10	**1 589**	1 011
Contract liabilities		**29 342**	29 045
Operating lease liability		**–**[1]	3 110
Lease liabilities		**39 740**[1]	–
Deferred tax		**57 212**	56 430
Current liabilities		**131 405**	72 947
Tax payable		**2 229**	1 396
Trade and other payables		**43 707**[3]	66 611
Loans payable		**196**	–
Contract liabilities		**5 808**	4 226
Lease liabilities		**13 208**[1]	–
Shareholders for dividend		**66 257**[4]	714
TOTAL EQUITY AND LIABILITIES		**794 903**	1 038 838

* 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.

1 The recognition of right-of-use assets and lease liabilities in the current year, and the derecognition of leasing rights and operating lease liability arise from the implementation of IFRS 16 (refer note 3).

2 Trade and other receivables declined significantly as a result of lower revenue in the last quarter of the financial year (refer note 2).

3 Trade and other payables have reduced as a result of lower trade payables and VAT payable due to lower activity as well as a reduction of R14.206 million in respect of accruals for bonus payments and leave pay.

4 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, with a decision on the payment date expected to be announced in March 2021.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE

R'000	Ordinary share capital and share premium (net of treasury shares)	Retained earnings and other reserves	Non-controlling interests	Total
Balance at 1 July 2018	187 462	655 219	9 424	852 105
IFRS 9 adjustment on initial application	–	(8 855)	(21)	(8 876)
Restated balance at 1 July 2018	187 462	646 364	9 403	843 229
Total comprehensive income	–	165 805	7 300	173 105
Profit	–	165 118	7 300	172 418
Other comprehensive income	–	687	–	687
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners	(19 609)	(114 307)	(6 840)	(140 756)
Equity-settled share-based payment	–	3 372	–	3 372
Indirect costs arising on intragroup sale of shares related to equity-settled share-based payment	–	(610)	–	(610)
Purchase of treasury shares*	(19 609)	–	–	(19 609)
Dividends	–	(117 069)	(6 840)	(123 909)
Changes in ownership interests in subsidiaries	–	–	717	717
Acquisition of controlling interest in business	–	–	717	717
Balance at 30 June 2019	167 853	697 862	10 580	876 295
IFRS 16 adjustment on initial application (refer note 3)	**–**	**(5 078)**	**326**	**(4 752)**
Restated balance at 1 July 2019	**167 853**	**692 784**	**10 906**	**871 543**
Total comprehensive income	**–**	**65 567**	**3 733**	**69 300**
Profit	**–**	**66 924**	**3 733**	**70 657**
Other comprehensive income	**–**	**(1 357)**	**–**	**(1 357)**
Transactions with owners recorded directly in equity				
Contributions by and distributions to owners	**(148 661)**	**(250 365)**	**(6 202)**	**(405 228)**
Equity-settled share-based payment	**–**	**2 575**	**–**	**2 575**
Indirect costs arising on intragroup sale of shares related to equity-settled share-based payment	**–**	**(898)**	**–**	**(898)**
Purchase and cancellation of shares (including costs) (refer note 8.3)	**(145 705)**	**(117 351)**	**–**	**(263 056)**
Purchase of treasury shares*	**(2 956)**	**–**	**–**	**(2 956)**
Dividends	**–**	**(134 691)**	**(6 202)**	**(140 893)**
Balance at 30 June 2020	**19 192**	**507 986**	**8 437**	**535 615**

* A wholly-owned subsidiary of the company, Share Buy-back (Pty) Ltd, acquired 110 000 (2019: 853 000) Spur Corporation Ltd shares at an average cost of R26.87 (2019: R22.99) per share, totalling R2.956 million (2019: R19.609 million).

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE

	2020 R'000	2019 R'000
Cash flow from operating activities		
Operating profit before working capital changes	**147 804**	260 804
Working capital changes	**29 945**	(15 885)
Cash generated from operations	**177 749**	244 919
Interest income received	**56 638**[1]	22 014
Interest expense paid	**(4 721)**[2]	(36)
Tax paid	**(53 410)**	(81 408)
Dividends paid	**(75 350)**[3]	(123 826)
Net cash flow from operating activities	**100 906**	61 663
Cash flow from investing activities		
Acquisition of business	**–**	(5 012)
Additions of intangible assets	**(2 817)**	(1 513)
Additions of property, plant and equipment	**(14 565)**[4]	(9 320)
Increase in investment in associate	**(899)**	(1 241)
Loans receivable advanced	**(3 879)**	(3 648)
Proceeds from disposal of property, plant and equipment	**592**	66
Proceeds from settlement of GPIRF receivable (refer note 8.3)	**72 328**	–
Repayment of loans receivable	**5 737**	9 490
Net cash flow from investing activities	**56 497**	(11 178)
Cash flow from financing activities		
Acquisition of treasury shares	**(2 956)**	(19 609)
Loans received from non-controlling shareholders	**196**	–
Payment of lease liabilities	**(8 335)**	–
Repurchase of shares (including transaction costs) (refer note 8.3)	**(263 056)**	–
Net cash flow from financing activities	**(274 151)**	(19 609)
Net movement in cash and cash equivalents	**(116 748)**	30 876
Effect of foreign exchange fluctuations	**58**	4
Net cash and cash equivalents at beginning of year	**283 979**	253 099
Net cash and cash equivalents at end of year	**167 289**	283 979

1 Includes interest on the GPIRF receivable of R40.832 million received in cash in the current year (refer note 8.3).
2 Includes interest on lease liabilities of R5.245 million net of interest of R0.581 million in respect of sublease not settled in cash (refer note 3).
3 Refer footnote 4 of the *summarised consolidated statement of financial position*.
4 Additions for the current year include R6.759 million (2019: R3.514 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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These summarised consolidated financial statements for the year ended 30 June 2020 ("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 (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 2020 ("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 2019, except for the adoption of *IFRS 16 – Leases*, effective for the group's financial year commencing 1 July 2019, as detailed in note 3. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective, with the exception of the amendment to IFRS 16 in respect of COVID-19-related rent concessions, which allows the group not to account for rent concessions granted as lease modifications (refer note 3). Full details of the group's accounting 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/liability which is measured at fair value (refer note 10).

The Summarised AFS were prepared under the supervision of the group chief financial officer, Phillip Matthee CA(SA), and authorised for issue by the directors on Friday, 20 November 2020. The Summarised AFS were published on Friday, 20 November 2020.

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. Following the example of governments in other countries, the South African government responded quickly and decisively to curb the spread of the virus. On 23 March 2020, President Cyril Ramaphosa announced a complete ("hard") national lockdown in South Africa commencing on 27 March 2020. Subsequent to the hard lockdown, various levels of trading restrictions were imposed.

The impact of the COVID-19 pandemic 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 to general trading restrictions and the economic impact of the lockdown on consumers, 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	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 onwards	Sit-down trade recommenced, subject to strict social distancing protocols (including capacity limitations)
18 August 2020 onwards	Resumption of alcohol sales in restaurants permitted
20 September 2020 onwards	Lockdown level reduced to level 1; restaurants still subject to social distancing protocols

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 franchise 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 fund contribution 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 sudden and significant loss of sales therefore resulted in most franchisees incurring significant cash flow losses during the initial hard lockdown, with continuing cash flow losses (although to a lesser extent) being incurred until the resumption of sit-down trade.

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

The group temporarily discounted its franchise and marketing fund contribution fee structures during the pandemic in an effort to assist franchisees' cash flow. In addition, extended payment terms have been granted to franchisees: upon application, payment of franchise and marketing fund contribution fees for March 2020 have been deferred until October 2020; upon application, payment holidays of six months have been extended on certain franchisees' historic debts and loans (to recommence in 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 to June 2020 (and beyond), although with declining severity as trading restrictions are relaxed.

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 therefore 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. A number of voluntary retrenchments were approved subsequent to the reporting date.

Marketing expenses are typically funded by marketing fund contributions received from franchisees. The reduction in marketing fund contribution revenue necessitated an immediate and substantial reduction in marketing expenditure which was implemented in 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. To the extent that 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 were reduced to the extent possible.

On 26 February 2020, the board declared an interim dividend in respect of the 2020 financial year of R70.978 million, payable 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, with a decision on the payment date expected to be announced in March 2021. The board's decision to further defer the dividend was in response to reports of second waves of infections in a number of European, Asian, South American and Australian territories and the possibility of a similar second wave of infections in South Africa. The nature and extent of the South African government's response to a second wave of infections is a significant uncertainty. In complying with the requirements of the South African Companies Act, as well as the directors' fiduciary responsibilities, the directors determined it appropriate to defer the payment of the dividend until future cash flows can be predicted with a greater confidence level.

* 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.

The tables below provide details on trading performance and fees during the lockdown period (note that April 2020 is excluded as the group's local restaurants did not trade for the month):

No. of restaurants trading per month	Active agreements at 30 June 2020	March 2020	May 2020	June 2020	July 2020	Aug 2020	Sept 2020	Oct 2020
Spur Steak Ranches	298	302	142	210	263	277	288	**291**
Pizza and Pasta	91	94	42	56	74	79	80	**83**
John Dory's	52	52	23	36	44	46	47	**47**
The Hussar Grill	22	22	1	5	17	19	20	**21**
RocoMamas	75	77	57	61	69	74	75	**75**
Nikos Coalgrill Greek	9	9	3	6	7	7	7	**7**
Total South Africa	547	556	268	374	474	502	517	**524**
International	84	84	64	80	81	81	83	**88**
Total group	**631**	**640**	**332**	**454**	**555**	**583**	**600**	**612**

Turnover as percentage of prior year per month	Year to date Feb 2020	March 2020	May 2020	June 2020	July 2020	Aug 2020	Sept 2020	Oct 2020
Spur Steak Ranches	106.1	54.8	8.8	12.8	34.6	56.2	72.1	**93.9**
Pizza and Pasta	103.1	51.0	11.1	17.2	31.7	49.6	63.2	**89.3**
John Dory's	105.9	46.3	4.3	11.0	24.8	45.1	66.5	**78.9**
The Hussar Grill	111.9	62.1	0.2	2.5	22.6	45.6	93.7	**80.4**
RocoMamas	106.8	47.9	47.1	46.8	66.5	78.6	86.5	**103.7**
Nikos Coalgrill Greek	111.0	51.8	15.2	26.9	41.7	61.3	85.3	**82.2**
Total South Africa	106.0	53.3	12.8	16.4	36.5	56.7	73.8	**92.8**
International	104.0	62.5	26.8	60.6	76.0	69.0	83.9	**97.5**
Total group	**105.8**	**54.2**	**14.3**	**21.0**	**40.9**	**58.2**	**74.8**	**93.3**

2. IMPACT OF COVID-19 AND GOING CONCERN continued

2.2 The impact on the group continued

Base franchise/ marketing fees (percentage of restaurant turnover) charged per month	Feb 2020 (standard)	March 2020*	May 2020	June 2020	July 2020	Aug 2020	Sept 2020	Oct 2020
Spur Steak Ranches	5/4	4/3	3/1	3/1	3/1	3/1	4/2	**4/3**
Pizza and Pasta	5/4	4/3	3/1	3/1	3/1	3/1	3.5/1.5	**4/2**
John Dory's	5/4	4/3	3/1	3/1	3/1	3/1	3.5/1.5	**3.5/2**
The Hussar Grill	5/2	4/2	3/1	3/1	3/1	3/1	3.5/1.5	**4.5/1.5**
RocoMamas	5/2	4/2	3/1	3/1	3/1	3.5/1.5	4.5/1.5	**4.5/1.5**
Nikos Coalgrill Greek	5/2	4/2	3/1	3/1	3/1	3/1	3.5/2	**3.5/2**

* Effective until 15 March 2020, thereafter 0%/0%

The recovery trajectory has been positive and appears to continue to be improving towards pre-COVID-19 levels. The benefit of improved turnover levels and increasing franchise and marketing fund contribution fee rates has an exponential impact on profitability and cash flows. The group anticipates being able to return to full franchise and marketing fees once turnovers are at least 90% of what they were before COVID-19.

2.3 Impact on specific elements of the consolidated financial statements

Item	Impact	Reference
Property, plant and equipment	Lower future prospects in relation to company-owned retail restaurants have resulted in certain impairments of property, plant and equipment – specifically, The Hussar Grill in Morningside.	6.5
Goodwill, trademarks and intellectual property	The immediate short-term impact on profitability and the extent of a protracted recovery in the longer term have resulted in impairments of goodwill, and trademarks and related intellectual property – specifically, in relation to Nikos Coalgrill Greek.	6.6
Expected credit losses – loan and trade receivables and lease receivable	The Australian business, which was already under strain prior to COVID-19, has been particularly hard hit by the hard lockdowns imposed in Australia. This has had a severe impact on those franchisees in particular. Generally, this has resulted in a considerable increase in the probability of default on loans granted to Australian franchisees as well as the Australian lease receivable. Given that the primary collateral for the Australian franchisee loans is the shares in the franchised restaurant businesses, the value of which has also been negatively impacted by poor trade, the extent of anticipated losses in the event of default have also increased. Accordingly, significantly higher allowances for expected credit losses have been raised against the Australian receivables. The impact of COVID-19 on individual franchisees can vary significantly; as a consequence, for the current year, each debtor (local and international) was assessed separately in terms of probability of default. The disruption to business has therefore generally resulted in a greater probability of default, resulting in allowances for expected credit losses generally being higher than in previous years.	6.1 to 6.4, 8
Tax receivable	Various levels of trading restrictions have been imposed on restaurants trading in the foreign jurisdictions in which the group trades. The immediate short-term impact on the international business's profitability, together with the increased uncertainty regarding a future recovery, has resulted in the group reassessing the probability of the group being able to benefit from withholding tax credits deducted from franchise fee collections in foreign jurisdictions which would ordinarily be deductible from future tax payable. As a consequence, the tax receivable relating to these withholding tax credits had to be impaired.	9

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

The impact of COVID-19 has had a significant impact on the group's ability to generate cash. The group's franchise and related business units have historically been highly cash generative. The combined impact of reduced revenues, and franchise-related overheads not being directly variable in the short term, has resulted in reduced available cash reserves.

The board has considered its most likely base case cash flow projections at the time of drafting this report in order to assess the ability of the group to be able to settle all financial obligations in the ordinary course of business for a period of at least 12 months from the date of this report. Given the significant uncertainty regarding future consequences of the pandemic, in order to stress test the sensitivity of this base case, the board has considered a number of possible alternative scenarios as detailed below. The board has also considered the relative probabilities of these alternative scenarios materialising in reaching its conclusion on the going concern assertion.

Scenario	Assumptions	Result
Base case: Gradual recovery from September 2020	– Those restaurants trading in September 2020 continue to trade; all existing franchised restaurants trading by January 2021, with the exception of 18 restaurants which are not expected to re-open. – The percentage of restaurant sales on a like-for-like basis relative to the prior year is expected to gradually increase each month such that pre-COVID-19 turnovers are anticipated to be achieved during the 2022 financial year for most brands. – Franchise and marketing fund contribution fee rates charged for October 2020 are expected to continue to increase gradually in line with restaurant turnovers; full standard fees are expected to be charged by March 2021. – Cost base consistent with July to August 2020 continues to apply for the forecast period, adjusted only for inflation, except that full salaries are paid from October 2020. – No dividend payment.	Cash balances continue to increase.
Alternative scenario 1: No growth on September 2020	– Same number of restaurants trading as in September 2020 continue to trade for the forecast period. – Same like-for-like restaurant sales as a percentage of pre-COVID-19 levels as achieved in September 2020 applied for the forecast period. – Same franchise and marketing fund contribution fee rates as charged in October 2020 continue to apply for the forecast period. – Cost base as for base case. – No dividend payment.	Cash balances are expected to bottom out at no less than R110 million by December 2020, but grow thereafter.

Scenario	Assumptions	Result
Alternative Scenario 2: Variable reduction in revenue (goal seek nil cash after 12 months)	– Same number of restaurants trading as in September 2020 continue to trade for the forecast period. – Cost base as for base case. – No dividend payment. – Set a fixed percentage reduction in revenue forecasts (franchise and marketing fund contribution fees, sauce sales and distribution commissions) for the period December 2020 to November 2021 using alternative scenario 1 as a base.	In the event that revenue declines by around 45% relative to that forecast in accordance with alternative scenario 1 (which already estimates a like-for-like decline of 25% on pre-COVID-19 turnovers), cash will be exhausted in November 2021.
Alternative Scenario 3: Lockdown of April to September 2020 (“Initial Lockdown”) repeated within the next 12 months	– Same levels of restaurant turnovers achieved as for Initial Lockdown (33.2% of prior year) applied to December 2020 to May 2021 (“Reinstated Lockdown”). – Similar recovery trajectory anticipated after Reinstated Lockdown as for base case. – Cost base as for Initial Lockdown applied to Reinstated Lockdown. – No dividend payment.	Extent of cash consumed in Initial Lockdown of R72 million expected to be repeated in Reinstated Lockdown. Sufficient cash available to cover Reinstated Lockdown and cash balances then expected to grow as for base case. During hard lockdown (complete shut down of trading), cash burn is approximately R25 million per month.

Note: The above analysis was based on the group’s September 2020 trading and financial performance as a starting point. At the time of drafting this report, full financial information was not available for October 2020, but restaurant sales achieved for October 2020 had exceeded those projected in the base case. The board is therefore satisfied that the base case presented above continues to be a reasonable projection of expected future cash flows.

Commentary

The board notes that at current levels of trading, the group’s existing cash reserves will sustain the business for the foreseeable future. It is the board’s expectation that restaurant turnovers should continue to gradually recover to pre-COVID-19 levels by the 2022 financial year and that full franchise and marketing fund contribution fee rates should be charged by March 2021.

However, the likelihood of a second wave of infections cannot be underestimated. While government’s exact response cannot be accurately anticipated, it is considered unlikely that a hard lockdown will be re-implemented for a period of longer than a month or two, as the impact of such a lockdown on the economy and population is devastating. As noted above, based on the estimated cash burn rate during hard lockdown of R25 million per month, the group could sustain up to five months of hard lockdown at current cost levels. The board considers the possibility of a further hard lockdown for longer than a month to be extremely low, but would be able to implement the alternative plans detailed below in the event that such a hard lockdown was extended beyond a month.

A more likely response to a second wave is the re-introduction of a prohibition on sit-down trade for a few months. As noted above, the group would be able to sustain a 45% reduction in revenue currently projected (based on turnovers achieved in September 2020 relative to pre-COVID-19 levels). The board is of the view that this provides for a relatively comfortable margin of error.

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 continued

Alternative plans

The board will continue to defer payment of the interim 2020 dividend until such time as it is clear that the group is generating sustainable cash flows sufficient to settle all current and future financial obligations within the foreseeable future taking into account all reasonably possible scenarios.

The decision to reduce salaries was a difficult decision for the board and management, given the significant impact that this has on employees. Should it be necessary to ensure the sustainability of the group, a reduced workweek could be re-introduced with a commensurate reduction in salaries. The group's local salary bill is approximately R14 million a month.

While cutting marketing expenditure may have a long-term negative impact on the business, it remains a variable that can be used to manage cash flows. The group is obligated to spend any marketing contributions received from franchisees on marketing; where the funds are in a net overspent (or deficit) position, the group is under no obligation to provide funding to the marketing funds. While the group is currently funding the shortfall in an effort to maintain and grow market share in the current environment, this financial support could be reduced, or withdrawn entirely.

The group's balance sheet is ungeared, with no formal borrowings. During the past few months, management has engaged with various financial institutions, and it would appear that there is appetite for banks to provide funding of up to R50 million.

The group has several buildings which are unencumbered. A reasonable market value of the buildings was estimated at R90 million prior to COVID-19 (at 30 June 2019). While the group is unlikely to realise full value on the disposal of these buildings in the current circumstances, the board is of the view that a sale could be facilitated for at least 50% of this value, as a last resort.

While the board has not yet engaged with shareholders on a potential equity raise, the board is of the view that shareholders would support the company should it be necessary to raise additional capital.

Conclusion

In the event that current sales trends continue into the future, the board is satisfied that the group will generate sustainable cash flows indefinitely. In the event that sales reduce for whatever reason, the board is confident that there are sufficient options available to the group – either in terms of reducing expenditure, or in terms of raising additional funding – to ensure the sustainability of the group under most circumstances. Based on the above analysis, 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.

Further details are included in note 2 of the Consolidated AFS.

3. NEW ACCOUNTING STANDARD ADOPTED BY THE GROUP: IFRS 16 – LEASES

IFRS 16 – Leases replaces the previous leases standard, *IAS 17 – Leases*, for annual periods beginning on or after 1 January 2019. IFRS 16 was accordingly applied in the preparation of the financial statements from 1 July 2019. IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities on the statement of financial position for all leases, except short-term and low-value-asset leases.

The group leases commercial property for certain of its corporate offices, retail property for its retail restaurants, vehicles for use by its operations teams and machinery for use in its sauce manufacturing business.

The group recognises a right-of-use asset and a lease liability at the lease commencement date of the lease term. The group determines the lease term as the non-cancellable lease period together with any renewal period, where such an option exists in the contract, based on an assessment of the likelihood of whether or not the group is likely to exercise such option. The group has accordingly applied judgement in determining the lease term for some lease contracts with renewal options.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the corresponding lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. Each right-of-use asset is subsequently depreciated on a straight-line basis over the lesser of the lease term and the useful life of the underlying asset. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Upon the adoption of IFRS 16, the leasing rights asset and operating lease liability previously recognised in accordance with IAS 17 were adjusted against the cost of the corresponding right-of-use asset at date of implementation.

The lease liability is initially measured at the present value of future lease payments discounted at the rate implicit in the lease or, where that rate cannot be readily determined, the group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost. The lease liability is reduced over the lease term by the rental payments, net of implied interest charges. Both the lease liability and right-of-use asset are re-measured for changes to future lease payments which are linked to an index.

The group subleases one property to a franchisee in Australia and has classified this lease as a finance lease. A lease receivable equal to the lease liability has been recognised. The lease receivable is reduced over the lease term by rental payments made by the sublessee net of implied interest charges. The group applies the derecognition and impairment requirements of *IFRS 9 – Financial Instruments* to the lease receivable.

The group has applied IFRS 16 using the modified retrospective approach, by recognising the cumulative effect of the adoption of the new standard as at 30 June 2019 as an adjustment to retained earnings at 1 July 2019. Comparative information has therefore not been restated. The group has elected to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

At the date of initial application, the group elected to apply the practical expedient provided in IFRS 16 which allows the group to apply the standard to only those leases previously identified as a lease under IAS 17. In addition, the group elected to apply the following recognition exemptions (resulting in IFRS 16 not being applied to):

- leases for which the underlying asset is of low value at commencement date; and
- leases with a lease term of less than 12 months and no purchase option as at the transition date.

When measuring lease liabilities on transition to IFRS 16, the group discounted its lease payments using its weighted average incremental borrowing rate at 1 July 2019 of 9.6%.

3. NEW ACCOUNTING STANDARD ADOPTED BY THE GROUP: IFRS 16 – LEASES continued

The effect of the IFRS 16 transitional adjustment at 1 July 2019 is as follows:

Statement of financial position	30 June 2019 R'000	IFRS 16 transitional adjustment R'000	1 July 2019 R'000
ASSETS			
Non-current assets			
Right-of-use assets	–	38 286	38 286
Lease receivable (net of IFRS 9 ECL)	–	3 480*	3 480
Deferred tax	3 085	(208)	2 877
Leasing rights	3 386	(3 386)	–
		38 172	
Current assets			
Lease receivable (net of IFRS 9 ECL)	–	664*	664
EQUITY			
Retained earnings	663 093	(5 078)	658 015
Non-controlling interests	10 580	326	10 906
		(4 752)	
LIABILITIES			
Non-current liabilities			
Deferred tax	56 430	710	57 140
Operating lease liability	3 110	(3 110)	–
Lease liability	–	37 469	37 469
		35 069	
Current liabilities			
Lease liability	–	8 519	8 519

* The lease receivable recognised comprises a gross receivable of R8.288 million as at the transition date, net of an allowance for expected credit losses of R4.144 million.

Refer note 4.1 of the Consolidated AFS for a reconciliation of lease commitments disclosed at 30 June 2019 as previously reported to the lease liabilities accounted for in accordance with IFRS 16 as at the transition date.

Impact on profit or loss for the year	2020 R'000
Depreciation on right-of-use assets	**(12 293)**
Interest expense on lease liabilities	**(5 245)**
Impairment of lease receivable	**(2 997)**
Interest income on lease receivable	**581**
Rent concession income	**757**
Impact of IFRS 16 on profit before income tax	**(19 197)**
Operating lease expense if IAS 17 had applied	**(13 252)**
Net impact of the adoption of IFRS 16 on profit before income tax	**(5 945)**

The net impact of the adoption of IFRS 16 on profit before income tax per segment is as follows:

	2020 R'000
South Africa	
Manufacturing and distribution	(28)
Franchise – Spur	(101)
Franchise – Pizza and Pasta	(47)
Franchise – John Dory's	(42)
Retail	(2 050)
Other segments	(43)
Unallocated	(623)
Total South Africa	**(2 934)**
International	
Australasia	(2 997)*
Unallocated	(14)
Total International	**(3 011)**
Total	**(5 945)**

* Includes impairment of lease receivable.

Amendments to IFRS 16: COVID-19 related rent concessions

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic in certain circumstances.

The group has elected to apply the practical expedient for all rent concessions that meet the requisite criteria, specifically in respect of the property leases of the group's retail restaurants. By applying the practical expedient, the effect of the change in lease payments is recognised in profit or loss in the period in which the rent concession was granted.

4. OPERATING SEGMENTS

	2020 R'000	2019 R'000	% change
External revenue			
South Africa			
Manufacturing and distribution (refer note a)	**185 468**	201 934	(8.2%)
Franchise – Spur	**170 893**	230 522	(25.9%)
Franchise – Pizza and Pasta	**27 126**	37 588	(27.8%)
Franchise – John Dory's	**15 265**	21 287	(28.3%)
Franchise – The Hussar Grill	**5 417**	6 879	(21.3%)
Franchise – RocoMamas	**26 113**	33 685	(22.5%)
Franchise – Nikos	**2 377**	2 660	(10.6%)
Retail (refer note c)	**53 694**	69 753	(23.0%)
Marketing	**184 288**	245 112	(24.8%)
Other South Africa#	**57 203**	51 807	10.4%
Total South African segments	**727 844**	901 227	(19.2%)
Unallocated – South Africa	**1 175**	2 319	(49.3%)
Total South Africa	**729 019**	903 546	(19.3%)
International			
Australasia	**1 817**	4 349	(58.2%)
Marketing	**4 514**	7 266	(37.9%)
Other international*	**26 270**	29 618	(11.3%)
Total International	**32 601**	41 233	(20.9%)
TOTAL EXTERNAL REVENUE	**761 620**	944 779	(19.4%)

* Includes the group's operations in Africa (outside of South Africa), Mauritius and the Middle East.
# Includes the group's training division, export business, décor manufacturing business, call centre and radio station.

Refer to page 38 for notes.

	2020 R'000	2019 R'000	% change
Profit/(loss) before income tax			
South Africa			
Manufacturing and distribution (refer note a)	**58 564**	73 360	(20.2%)
Franchise – Spur	**134 461**	192 361	(30.1%)
Franchise – Pizza and Pasta	**13 202**	23 453	(43.7%)
Franchise – John Dory's	**5 053**	9 880	(48.9%)
Franchise – The Hussar Grill	**4 025**	5 664	(28.9%)
Franchise – RocoMamas	**17 645**	24 380	(27.6%)
Franchise – Nikos (refer note b)	**(5 465)**	779	(801.5%)
Retail (refer note c)	**(3 761)**	8 576	(143.9%)
Marketing	**(19 115)**	12 555	(252.3%)
Other South Africa# (refer note d)	**(2 122)**	(6 208)	65.8%
Total South African segments	**202 487**	344 800	(41.3%)
Unallocated – South Africa (refer note e)	**(69 199)**	(74 143)	6.7%
Total South Africa	**133 288**	270 657	(50.8%)
International			
Australasia (refer note f)	**(9 822)**	(16 992)	42.2%
Marketing	**(1 094)**	917	(219.3%)
Other international*	**12 509**	12 663	(1.2%)
Total International segments	**1 593**	(3 412)	146.7%
Unallocated – international (refer note g)	**(6 644)**	(8 823)	24.7%
Total International	**(5 051)**	(12 235)	58.7%
PROFIT BEFORE INCOME TAX AND SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEE	**128 237**	258 422	(50.4%)
Share of loss of equity-accounted investee (net of income tax)	**(463)**	(1 345)	65.6%
PROFIT BEFORE INCOME TAX	**127 774**	257 077	(50.3%)

* Includes the group's operations in Africa (outside of South Africa), Mauritius and the Middle East.
\# Includes the group's training division, export business, décor manufacturing business, call centre and radio station.

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

Refer to page 38 for notes.

4. OPERATING SEGMENTS continued

Notes

Refer note 3 for an analysis of the impact of the implementation of IFRS 16 on each segment.

a) South Africa manufacturing and distribution

Revenue and profit for the year benefitted from an increase in distribution commission from 3% to 4% of sales to franchisees through the group's outsourced distributor which was effective from 1 January 2019. The group's sauce manufacturing facility undertook a revamp during the year at a cost of R8.529 million (2019: R3.514 million), of which R1.770 million could not be capitalised and is included in the profit for the year.

b) South Africa franchise – Nikos

Profit for the year includes impairments of goodwill (R3.722 million) and trademarks and related intellectual property (R2.032 million) (refer note 6.6).

c) South Africa retail

The group undertook a major refurbishment of The Hussar Grill in Camps Bay during the 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 year. In addition, the restaurant was unable to trade for six weeks during the refurbishment.

The profit for the current year includes an impairment of property, plant and equipment relating to The Hussar Grill Morningside of R1.322 million (refer note 6.5).

d) South Africa Other

Profit for the prior year includes retrenchment costs of R1.410 million attributable to the group's décor manufacturing business.

e) South Africa Unallocated

	2020 R'000	2019 R'000
The segment loss includes:		
Marketing fund administration cost recoveries (intersegment)	**16 245**	22 503
Net finance income (excluding IFRS 16)	**17 977**	32 789
Impairment reversal/(loss) – GPIRF receivable (refer note 8.3)	**10 812**	(6 688)
Impairment loss – net expected credit losses on other financial instruments	**(5 367)**	(1 443)
Equity-settled share-based payment charge	**(2 228)**	(3 272)
Contingent consideration fair value adjustment (net of allowance for expected credit losses) (refer note 10)	**3 977**	(1 555)
(Loss)/profit (before net finance income) of The Spur Foundation Trust, all of which is attributable to non-controlling interests	**(135)**	408

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.

Net finance income declined as a result of the conclusion of the GPIRF Share repurchase during the year as detailed in note 8.3.

f) Australasia

	2020 R'000	2019 R'000
The segment loss includes:		
Impairment loss – expected credit losses on financial instruments	**(3 639)**	(8 686)
Impairment loss – expected credit losses on lease receivable (refer note 6.4)	**(2 997)**	–
Impairment of investment in equity-accounted investee (refer note 6.3)	**(436)**	(3 357)
Retrenchment costs	**(308)**	–
Foreign exchange profit/(loss)	**19**	(10)

g) International unallocated

	2020 R'000	2019 R'000
The segment loss includes:		
Impairment (loss)/reversal – expected credit losses on financial instruments	**(734)**	53
Foreign exchange loss	**(126)**	(592)
Litigation and settlement costs relating to a resolved legal dispute in Zambia	**–**	(2 350)

5. REVENUE

	2020 R'000	2019 R'000
Sales-based royalties	**436 528**	588 999
Ongoing franchise fee income	**266 081**	354 494
Marketing fund contributions	**170 447**	234 505
Recognised at a point in time	**300 573**	326 037
Sales of purchased and manufactured sauces	**137 863**	150 853
Retail restaurants' sales	**53 694**	69 753
Distribution income	**43 653**	46 517
Sales of franchisee supplies	**50 975**	45 188
Sales of marketing materials	**9 809**	9 162
Rebate income	**4 579**	4 564
Recognised over time	**24 519**	29 743
Initial franchise fee income	**6 432**	10 392
Services rendered	**8 349**	10 640
Marketing supplier contributions	**9 738**	8 711
Total revenue	**761 620**	944 779

The disaggregation of revenue is included in note 7 of the Consolidated AFS.

6. OPERATING PROFIT BEFORE FINANCE INCOME

The following items have been taken into account in determining operating profit before finance income:

	2020 R'000	2019 R'000
Amortisation – intangible assets	**902**	884
Depreciation	**11 118**	9 969
Depreciation – Right-of-use assets	**12 293**	–
Impairment losses – financial instruments and lease receivable	**2 805**	20 375
Trade receivables (refer note 6.1)	**6 348**	400
Bad debts – trade receivables	**444**	254
Impairment allowance – trade receivables	**5 904**	146
Loan receivables (refer notes 8 and 6.2)	**(7 282)**	16 618
Impairment of loans receivable	**5 058**	16 670
Reversal of impairment allowance	**(12 340)**	(52)
Impairment allowance reversed against actual write-off of loans receivable	**(5 286)**	(2 916)
Write-off of loans receivable	**5 286**	2 916
Impairment of loan advanced to equity-accounted investee (refer note 6.3)	**436**	3 357
Impairment of lease receivable (refer note 6.4)	**2 997**	–
Impairment of contingent consideration receivable (refer note 10)	**306**	–
Other non-trading losses	**7 076**	1 555
Fair value loss on contingent consideration liability (refer note 10)	**–**	1 555
Impairment of trademarks and intellectual property (refer note 6.6)	**2 032**	–
Impairment of goodwill (refer note 6.6)	**3 722**	–
Impairment of plant, property and equipment (refer note 6.5)	**1 322**	–

6. OPERATING PROFIT BEFORE FINANCE INCOME continued

6.1 Credit losses – trade receivables

The significant increase in the allowance for expected credit losses ("ECLs") in the current year, notwithstanding that the gross receivables have declined relative to the prior year, arises as a result of the fact that, in the prior year all trade receivables had been allocated as stage 1 (no increase in credit risk compared to at initial recognition), while as at the current year reporting date, a number of franchisees had:

- not re-commenced trading following the initial complete lockdown, and were immediately allocated to at least stage 2 (significantly increased credit risk);
- been granted extended payment terms to manage their liquidity, and were immediately allocated to at least stage 2; and
- not complied with agreed payment terms, and were allocated to stage 3 (credit impaired).

The gross carrying amounts of trade and other receivables are allocated to each stage as follows:

	2020		2019	
	Gross carrying amount R'000	**Impairment allowance R'000**	Gross carrying amount R'000	Impairment allowance R'000
Stage 1 – no increase in credit risk	**25 672**	**1 734**	102 625	3 821
Stage 2 – significantly increased credit risk	**14 525**	**1 942**	–	–
Stage 3 – credit impaired	**11 855**	**5 938**	–	–
Total trade receivables	**52 052**	**9 614**	102 625	3 821

6.2 Credit losses – loans receivable

The additional impairment allowances during the year are largely as a result of the deteriorating trading conditions in Australia as well as the general increase in credit risk brought on by COVID-19. The significant reversal of impairment allowance is primarily as a result of the group recovering the full extent of the receivable from GPIRF (refer note 8.3) during the year.

The following table presents an analysis of the credit quality of loan receivables and related impairment allowances:

	2020		2019	
	Gross carrying amount R'000	**Impairment allowance R'000**	Gross carrying amount R'000	Impairment allowance R'000
Stage 1 – no increase in credit risk	**3 181**	**200**	1 164	35
Stage 2 – significantly increased credit risk	**2 807**	**376**	118 182	11 927
Stage 3 – credit impaired	**18 078**	**16 539**	22 511	18 543
Total loans receivable	**24 066**	**17 115**	141 857	30 505

6.3 Credit losses – loan to equity-accounted investee

The group had previously acquired 45% of the issued share capital in RocoMamas Restaurants Australia Pty Ltd ("RRA"), a newly incorporated company incorporated and domiciled in Australia, for a nominal consideration. The group had previously advanced R6.515 million to RRA on loan account for the purposes of capitalising the entity and funding working capital. Settlement of the loan was neither planned nor expected to be likely in the medium term. The purpose of the investment was to establish a partnership with entrepreneurs having industry expertise in Australia to launch the RocoMamas brand in that country. The group granted RRA a master franchise agreement, in terms of which RRA was granted rights to exploit the RocoMamas trademarks and related intellectual property in Australasia. RRA built the first RocoMamas restaurant in Australia, trading in Melbourne, which commenced trading in June 2018.

Persistent losses incurred by RRA resulted in the loan being impaired in full at 30 June 2019. The group advanced additional funds during the year in the amount of R0.899 million to fund continuing trading losses, before selling its equity interest in RRA to the remaining shareholders for an amount of AU$1, with effect from 1 October 2019. Subsequent to recognising the group's share of losses for the year of R0.463 million, the remaining balance of the loan of R0.436 million was impaired immediately prior to the disposal of the shares. The loan was subsequently forgiven upon disposal of the shares.

6.4 Credit losses – lease receivable

The group has leased the premises of a restaurant in Australia (Apache Spur – refer note 8.2) which it in turn subleases to the franchisee of the restaurant in question. The lease between the group and the franchisee is classified as a finance lease. The group has recognised a lease liability in respect of the lease with the landlord and a corresponding lease receivable from the franchisee.

The tenant franchisee has breached the terms of the sublease on several occasions during the year. In addition, the group has been made aware of significant financial difficulties being experienced by the franchisee in question. The group has accordingly assessed the probability of default at 100% and the loss in the event of default as 100% of the receivable. An allowance for expected credit losses has therefore been recognised for the full gross carrying amount of the lease receivable as at the reporting date. Consequently, in addition to the impairment allowance of R4.144 million charged to retained earnings at 1 July 2019 (refer note 3), an impairment allowance of R2.997 million has been recognised in profit before income tax in the current year. Subsequent to the reporting date, the subtenant commenced liquidation proceedings.

6.5 Impairment of property, plant and equipment

The Hussar Grill Morningside

In addition to the impact of COVID-19, the lease in respect of this restaurant terminates in January 2021 and management has yet to confirm whether the lease will be renewed. Consequently, the business is not anticipated to generate any significant cash during the period until the end of the lease. The recoverable amount of the cash-generating unit based on its value-in-use is accordingly estimated to be negligible. On this basis, the full carrying amount of property, plant and equipment as at the reporting date, amounting to R1.322 million has been impaired.

	2020 R'000
Carrying amount of cash-generating unit	**1 552**
Property, plant and equipment	1 322
Other net assets	230
Recoverable amount based on value-in-use	230
Impairment	**1 322**
Impairment applied to: Property, plant and equipment	1 322

6. OPERATING PROFIT BEFORE FINANCE INCOME continued

6.6 Impairments of trademarks and intellectual property, and goodwill

In accordance with the group's accounting policies, impairment tests on intangible assets with indefinite useful lives and goodwill have been performed. In this regard, the directors determined the recoverable amounts of the cash-generating units to which the trademarks and intellectual property, and goodwill are allocated, based on their values-in-use. Given the nature of the franchise and retail restaurant business, the directors consider that the fair values less costs to sell of the cash-generating units are unlikely to differ significantly from their values-in-use.

In determining the values-in-use of the cash-generating units, the directors applied the following key assumptions which are based largely on historic performance adjusted for the impact of trading restrictions imposed in response to COVID-19:

Franchise operations

- Cash inflows, comprising mainly franchise-related fee income determined as a percentage of franchised restaurant sales, are estimated to gradually recover to pre-COVID-19 levels over the periods below, and thereafter to increase by 5% per annum which is slightly higher than the mid-point of the targeted South African inflation rate range of between 3% and 6%. In response to COVID-19, and in an effort to ensure the sustainability of franchised restaurants, the group discounted its franchise fee rates from March 2020. Revenue is expected to increase in line with the recovery in restaurant sales and benefit from reduced franchise fee discounts; franchise fee discounts are expected to reduce gradually to nil by March 2021 as restaurant turnovers recover.
  - Spur franchise operations' revenue is expected to recover to pre-COVID-19 levels by the 2022 financial year, given the maturity of the brand and its historic resilience to depressed economic cycles.
  - Panarottis, John Dory's and Nikos franchise operations' revenue is expected to recover to pre-COVID-19 levels by the 2023 financial year: the expected recovery for the smaller trading brands is anticipated to take longer as restaurant trading margins are typically more sensitive to turnovers and it is anticipated that a higher number of outlets may fail (or take longer to recover) than the more established brands.
  - The Hussar Grill franchise operations' revenue is expected to recover to pre-COVID-19 levels by the 2022 financial year: The Hussar Grill's higher-income consumer target market is anticipated to be more resilient to the slow down in the local economy and the expected recovery period is therefore likely to be shorter.
  - The RocoMamas franchise operations' revenue is expected to recover to pre-COVID-19 levels by the 2022 financial year: the RocoMamas brand has been the least impacted of the group's brands given that its product is conducive to delivery and takeaway business which has been relatively robust during the lockdown; the expected recovery is therefore anticipated to happen fairly quickly.
- Cash outflows for the 2021 financial year are estimated based on actual costs incurred for the 2019 and 2020 financial years, adjusted for known changes, increased by inflation. Operating costs comprise predominantly employment-related costs, which have been estimated to increase at 6% per annum, being the top end of the South African Reserve Bank's targeted inflation range of 3% to 6%. Other overheads have similarly been estimated to increase by 6% per annum.
- Growth in perpetuity of cash flows beyond the five year forecast horizon are estimated at 3%, being the lowest point in the targeted inflation range.

- After-tax cash flows are discounted at an after-tax discount rate of 15.0%, being the weighted average cost of capital of the company adjusted for risk factors specific to the cash-generating units. In particular, an additional risk premium of 2% is added to the discount rate in discounting cash flows for the 2021 and 2022 financial years due to the significant uncertainty, and related increase in forecasting risk, caused by the COVID-19 pandemic. In the case of Nikos franchise operations, a further premium of 3% is added to the discount rate given the small size of the business and the high variability in cash flows from relatively small changes in assumptions. The equivalent pre-tax discount rates equate to:
  - Spur franchise operations 19.4%
  - Panarottis franchise operations 19.3%
  - John Dory's franchise operations 19.2%
  - The Hussar Grill franchise operations 19.4%
  - RocoMamas franchise operations 19.5%
  - Nikos franchise operations 20.4%

Retail operations

- Cash inflows, comprising restaurant sales, are estimated to gradually recover to pre-COVID-19 levels by June 2022, and thereafter to increase by 5% per annum which is slightly higher than the mid-point of the targeted South African inflation rate range of between 3% and 6%.
- Cash outflows for the 2021 financial year are estimated as detailed below.
- Variable costs are projected based on the percentages of revenue that have historically been achieved in the respective businesses.
- Semi-variable costs are adjusted in part for anticipated inflation and in part by the change in anticipated turnover.
- Fixed costs are estimated to increase at 5% per annum, being slightly higher than the mid-point of the targeted South African inflation rate range of between 3% and 6%.
- Rental costs are forecast in accordance with the lease agreement.
- Growth in perpetuity of cash flows beyond the five year forecast horizon are estimated at 3%, being the lowest point in the targeted inflation range.
- After-tax cash flows are discounted at an after-tax discount rate of 15.0%, being the weighted average cost of capital of the company adjusted for risk factors specific to the cash-generating units. In particular, an additional risk premium of 2% is added to the discount rate in discounting cash flows for the 2021 and 2022 financial years due to the significant uncertainty, and related increase in forecasting risk, caused by the COVID-19 pandemic. The equivalent pre-tax discount rates equate to:
  - The Hussar Grill ("THG") Camps Bay 18.8%
  - THG Mouille Point 19.5%
  - THG Rondebosch 19.4%

The results of the impairment tests are tabulated below:

	Franchise operations		
R'000	**Spur**	**Panarottis**	**John Dory's**
Carrying amount of cash-generating unit	**262 170**	**38 127**	**11 632**
Trademarks and intellectual property and goodwill	**230 475**	**32 925**	**8 643**
Corporate assets	**31 695**	**5 202**	**2 989**
Recoverable amount based on value-in-use	**907 425**	**77 533**	**28 529**
Impairment	**–**	**–**	**–**

6. OPERATING PROFIT BEFORE FINANCE INCOME continued

6.6 Impairments of trademarks and intellectual property, and goodwill continued

R'000	The Hussar Grill	RocoMamas	Nikos
Carrying amount of cash-generating unit	**25 076**	**57 508**	**5 971**
Trademarks and intellectual property and goodwill	**23 774**	**50 216**	**5 754**
Corporate assets	**1 302**	**4 996**	**413**
Other net assets/(liabilities)	**–**	**2 296**	**(196)**
Recoverable amount based on value-in-use	**27 435**	**120 908**	**217**
Impairment	**–**	**–**	**5 754**
Impairment applied to trademarks and intellectual property	**–**	**–**	**2 032**
Impairment applied to goodwill	**–**	**–**	**3 722**

	Retail operations		
R'000	**THG Camps Bay**	**THG Mouille Point**	**THG Rondebosch**
Carrying amount of cash-generating unit	**8 580**	**9 101**	**4 743**
Trademarks and intellectual property and goodwill	**4 992**	**4 990**	**3 991**
Property, plant and equipment	**4 921**	**1 620**	**1 063**
Other net assets/(liabilities)	**(1 333)**	**2 491**	**(311)**
Recoverable amount based on value-in-use	**31 561**	**26 207**	**9 198**
Impairment	**–**	**–**	**–**

7. EARNINGS PER SHARE

	2020	2019	% change
Total shares in issue (000's) (refer note 8.3)	**90 997**	108 481	(16.1%)
Net shares in issue (000's)*	**83 968**	94 789	(11.4%)
Weighted average number of shares in issue (000's)	**87 061**	95 065	(8.4%)
Diluted weighted average number of shares in issue (000's)	**87 343**	95 322	(8.4%)
Headline earnings per share (cents)	**83.23**	173.68	(52.1%)
Diluted headline earnings per share (cents)	**82.96**	173.21	(52.1%)
Net asset value per share (cents)	**637.88**	924.47	(31.0%)
Dividend per share (cents)#	**78.00**	136.00	(42.6%)

* 90 996 932 (2019: 108 480 926) total shares in issue less 595 587 (2019: 7 026 701) shares repurchased by wholly-owned subsidiary companies, 5 933 111 (2019: 6 164 698) shares held by The Spur Management Share Trust (consolidated structured entity) and 500 000 (2019: 500 000) shares held by The Spur Foundation Trust (consolidated structured entity).

\# Refers to interim and final dividend declared for the respective financial year, as applicable.

7.1 Reconciliation of weighted average number of shares in issue

	2020 '000	2019 '000
Gross shares in issue at beginning of year	**108 481**	108 481
Shares repurchased at beginning of year	**(13 692)**	(12 972)
Shares repurchased during year weighted for period held by the group	**(63)**	(477)
Specific share repurchase and cancellation weighted for period held by the group (refer note 8.3)	**(7 698)**	–
Shares issued during the year weighted for period in issue[%]	**33**	33
Weighted average number of shares in issue for the year	**87 061**	95 065
Dilutive potential ordinary shares weighted for period outstanding[&]	**282**	257
Diluted weighted average number of shares in issue for the year	**87 343**	95 322

[%] Issued to participants of the group's long-term equity-settled Forfeitable Share Plan ("FSP").
[&] Relates to shares awarded to participants of the group's FSP that have not yet vested.

7.2 Reconciliation of headline earnings

	2020 R'000	2019 R'000	% change
Profit attributable to owners of the company	**66 924**	165 118	(59.5%)
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	**(259)**	(11)	
Reclassification of foreign currency loss from other comprehensive income to profit, on abandonment of foreign operations	**248**	–	
Income tax impact of above adjustments	**(808)**	3	
Amount of above adjustments attributable to non-controlling interests	**(718)**	–	
Headline earnings	**72 463**	165 110	(56.1%)

8. LOANS RECEIVABLE

	2020 R'000	2019 R'000
Total gross carrying amount of loans at end of year	**24 066**	138 500
Impairment allowance	**(17 115)**	(27 148)
Opening impairment allowance	**(27 148)**	(6 753)
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**–**	(6 806)
Current year impairment allowance	**(5 058)**	(16 670)
Reversal of impairment allowance	**12 340**	52
Effect of foreign exchange fluctuations	**(2 535)**	113
Impairment allowance reversed against actual write-off	**5 286**	2 916
Current portion included in current assets	**(4 022)**	(105 961)
Total non-current loans receivable	**2 929**	5 391

8. LOANS RECEIVABLE continued

The following significant loans are included in the above:

	2020 R'000	2019 R'000
8.1 Avecor Investments Pty Ltd trading as Panarottis Tuggerah		
Gross carrying amount	**4 165**	3 847
Impairment allowance	**(4 165)**	(646)
Opening impairment allowance	**(646)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**–**	(430)
Current year impairment allowance	**(2 972)**	(216)
Effect of foreign exchange fluctuations	**(547)**	–
Current portion included in current assets	**–**	(890)
Non-current portion	**–**	2 311

The loan is denominated in Australian dollars with a gross carrying amount of AU$348 242 (2019: AU$387 563) at the reporting date. The loan is subject to interest at a fixed rate of 4.5% and is repayable in 60 equal monthly instalments which commenced in March 2018. The loan is secured by a pledge of the shares in the borrower and personal suretyship of the borrower's shareholder.

The entity has 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 are considered by the directors to have negligible value. The prospects of recovering any significant amount of the loan are accordingly considered low and the remaining carrying amount of the loan has been impaired in full in the current year.

8.2 Franchisees (other Australia)

	2020 R'000	2019 R'000
Gross carrying amount	**4 154**	3 696
Impairment allowance	**(4 154)**	(2 532)
Opening impairment allowance	**(2 532)**	(2 916)
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**–**	(313)
Current year impairment allowance	**(966)**	(2 219)
Reversal of impairment allowance	**–**	–
Impairment allowance reversed against actual write-off	**–**	2 916
Effect of foreign exchange fluctuations	**(656)**	–
Current portion included in current assets	**–**	(1 164)
Non-current portion	**–**	–

The balance comprises loans to the franchisees of the Panarottis in Wanneroo and Apache Spur in Willetton and are denominated in Australian dollars.

The loan to the franchisee of Panarottis Wanneroo amounts to AU$115 760 (2019: AU$140 892) at the reporting date, and is subject to interest at a fixed rate of 6% per annum. The loan is due to be repaid in monthly instalments until June 2022. The franchisee has been significantly impacted by COVID-19 and is unable to honour its current commitments. The directors believe that there is a high likelihood that the loan will not be recoverable and have accordingly impaired the receivable in full during the year.

The loan to the franchisee of Apache Spur amounts to AU$231 484 (2019: AU$ 231 484) at the reporting date. The loan was fully impaired in the prior year and no repayments have been made during the year. The franchisee continued to trade up to the reporting date, but given the poor trading environment and financial difficulties experienced, the directors consider the prospects of recovery of any significant amount of the loan to be negligible. Subsequent to the reporting date, the franchisee commenced with voluntary liquidation proceedings. Refer also note 6.4 regarding a lease receivable with the entity.

8.3 GPI Investments 1 (RF) (Pty) Ltd

	2020 R'000	2019 R'000
Gross carrying amount	**–**	110 225
Impairment allowance	**–**	(10 812)
Opening impairment allowance	**(10 812)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**–**	(4 124)
Current year impairment allowance	**–**	(6 688)
Reversal of impairment allowance	**10 812**	–
Current portion included in current assets	**–**	(99 413)
Non-current portion	**–**	–

The receivable from GPI Investments 1 (RF) (Pty) Ltd ("GPIRF"), a wholly-owned subsidiary of Grand Parade Investments Ltd, was previously advanced in October 2014 to partially fund the acquisition by that entity of 10 848 093 shares in Spur Corporation Ltd ("the GPIRF Shares") as part of a broad-based black economic empowerment transaction. The receivable was secured by a reversionary interest in the GPIRF Shares, but ranked behind the debt owing by GPIRF to an external finance company. Based on the Spur Corporation Ltd share price at 30 June 2019, the value of the GPIRF Shares would have been insufficient to settle the group's receivable, in the event of default, after GPIRF had settled its external debt. Accordingly, the receivable was partially impaired during the prior year.

With effect from 15 October 2019, the group re-acquired the GPIRF Shares from GPIRF at a cost of R260.354 million. The 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 as at 30 June 2019 of R10.812 million was reversed to profit in the current period.

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 has been charged directly against equity (retained earnings) as it relates to the transaction for the company to reacquire its own shares, and R0.104 million has been charged to profit or loss.

8. LOANS RECEIVABLE continued

8.4 Hunga Busters Pty Ltd*

	2020 R'000	2019 R'000
Gross carrying amount	**5 167**	5 032
Impairment allowance	**(5 167)**	(5 032)
Opening impairment allowance	**(5 032)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**–**	(528)
Current year impairment allowance	**–**	(4 504)
Reversal of impairment allowance	**464**	–
Impairment allowance reversed against actual write-off	**324**	–
Effect of foreign exchange fluctuations	**(923)**	–
Current portion included in current assets	**–**	–
Non-current portion	**–**	–

* Related party (refer note 13).

This loan arose on the disposal of two former company-owned restaurants in Australia by the group franchise and marketing fees owing by the borrowing entity have been added to the loan. The loan is denominated in Australian dollars with a gross carrying amount of AU$431 983 (2019: AU$507 029), 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. 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 entity has been late in meeting its commitments on the loan on several occasions during the current and prior years. In addition, the entity has significant outstanding liabilities and is not generating sufficient cash to settle its other obligations. As a result, the security is considered to have a negligible value and the directors consider the prospects of recovery of any significant amount of the loan to be low. The loan was fully impaired in the prior year. A portion of the loan was repaid during the year, resulting in a partial reversal of the prior year impairment allowance. An amount of R0.324 million in respect of marketing fees receivable was written off during the year upon the dissolution of the Australian marketing funds.

8.5 Pierre van Tonder*

	2020 R'000	2019 R'000
Gross carrying amount	**2 200**	–
Impairment allowance	**(139)**	–
Current year impairment allowance	**(139)**	–
Current portion included in current assets	**(1 008)**	–
Non-current portion	**1 053**	–

* Related party (refer note 13).

The loan was advanced in tranches from January 2020 to June 2020. The loan bears interest at the prime overdraft rate of interest and is secured over Mr Van Tonder's provident fund and group life cover. The loan was repayable in equal monthly instalments of R100 000 from July 2020, until the debt is extinguished.

Subsequent to the reporting date and following the request by Mr Van Tonder to retire at 31 December 2020, the group concluded a mutual separation agreement with the group CEO (refer note 11.1). In terms of this agreement, a lump sum of 18 months' salary is payable to Mr Van Tonder in 18 equal monthly instalments from July 2021. The mutual separation agreement has also, subsequent to the reporting date, modified the terms of the loan agreement, such that the full amount of the loan of R2.2 million will be deducted from the aforementioned lump sum due to Mr Van Tonder. In the intervening period, interest on the loan will continue to be serviced monthly by way of salary deduction.

8.6 White Cloud Restaurant Pty Ltd*

	2020 R'000	2019 R'000
Gross carrying amount	**1 087**	2 112
Impairment allowance	**(456)**	(1 056)
Opening impairment allowance	**(1 056)**	–
Transition to IFRS 9 recognised in retained earnings at 1 July 2018	**–**	(278)
Current year impairment allowance	**–**	(778)
Reversal of impairment allowance	**716**	–
Effect of foreign exchange fluctuations	**(116)**	–
Current portion included in current assets	**(631)**	(1 056)
Non-current portion	**–**	–

* Related party (refer note 13).

The loan to White Cloud Restaurant Pty Ltd is denominated in Australian dollars with a gross carrying amount of AU$90 885 (2019: AU$212 787) 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. 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 year, which resulted in a partial reversal of the impairment allowance previously recognised. The board continues to engage the borrower to agree a resolution to the current breach of the loan agreement by the borrower. Subsequent to the reporting date, further payments of AU$35 797 have been received.

9. TAX RECEIVABLE

	2020 R'000	2019 R'000
Withholding tax credits	**5 783**	14 422
Prepayment of income tax relating to 2004-2009 Share incentive scheme query (refer note 12.1)	**22 034**	22 034
Provisional tax payments in respect of current year exceeding actual estimated tax payable for the year	**256**	483
Total tax receivable at end of year	**28 073**	36 939

The withholding tax credits accrue to wholly-owned subsidiary, Steak Ranches International BV ("SRIBV"), the group's franchisor for restaurants outside of South Africa, and relate largely to taxes withheld in African jurisdictions. The withholding tax credits may be utilised by SRIBV to reduce future corporate tax payable in The Netherlands on franchise-related taxable income in future years.

During the current year, as a result of the negative impact of COVID-19 on the financial performance of the group's African operations, the group reassessed the period over which SRIBV is likely to realise the benefits of the withholding tax credits to reduce future tax payable. The risk of a protracted recovery has resulted in the group restricting the recognition of the asset relating to withholding tax credits to those which are reasonably likely to be realised within five years from the reporting date, notwithstanding that there is currently no time restriction on the period during which these credits can be utilised. Of the asset previously recognised, an amount of R11.746 million has therefore been charged to the income tax expense in the current year.

Total withholding tax credits available to SRIBV at the reporting date amounted to R31.550 million, in respect of which an asset of R5.783 million has been recognised and no asset has been recognised for the remaining balance of R25.737 million.

10. CONTINGENT CONSIDERATION RECEIVABLE/(LIABILITY)

	2020 R'000	2019 R'000
The movement in the receivable/(liability) during the year was as follows:		
Balance at beginning of year	**(1 011)**	–
Arising from acquisition	**–**	544
Fair value adjustment recognised in profit before income tax	**4 283**	(1 555)
Impairment allowance	**(306)**	–
Balance at end of year	**2 966**	(1 011)
Current portion included in current assets	**4 555**	–
Gross receivable	**4 861**	–
Impairment allowance	**(306)**	–
Non-current portion included in non-current liabilities	**(1 589)**	(1 011)

10.1 Nikos Coalgrill Greek

The purchase consideration for 51% of the business of Nikos Coalgrill Greek ("Nikos"), acquired on 1 August 2018, is determined as five times Nikos' profit before interest, tax, depreciation and amortisation ("EBITDA") of the third year following the date of acquisition. Following an initial payment of R5.012 million on the effective date, annual payments (or refunds as the case may be) are due on the first, second and third anniversaries of the acquisition date, calculated as five times the EBITDA of the year immediately preceding the anniversary date, less any aggregate payments already made. The total purchase consideration over the three-year period was estimated at R6.112 million as at the acquisition date, the present value of which was R4.468 million as at the acquisition date. A contingent consideration receivable was accordingly recognised at fair value at the acquisition date of R0.544 million.

Subsequent to the acquisition date, the parties agreed to deem the partial refund of the purchase consideration due to the group on the first anniversary of the effective date (31 July 2019) to be Rnil.

As at the reporting date, the total expected purchase consideration had decreased to R2.020 million, largely as a result of the negative impact of COVID-19 on the performance of the business in the current year and anticipated remaining period to 31 July 2021. In addition, the increase in the number of restaurants anticipated as at the date of acquisition has not materialised and is not expected to materialise in the short term as a result of prevailing trading conditions. As referred to above, the group is entitled to a refund of R4.933 million on the second anniversary of the transaction, being 31 July 2020. A receivable for the present value of this refund has accordingly been recognised, net of an impairment allowance for ECLs. A financial liability, estimated at a gross amount of R1.952 million, for the expected payment on 31 July 2021, measured at the present value of the payment, has been recognised at the reporting date. The current year fair value adjustment arises as a result of the reduced gross contingent consideration and an adjustment for the time value of money.

Subsequent to the reporting date, the group concluded an addendum to the sale agreement in terms of which the receivable due on 31 July 2020 is deemed to be Rnil. Given this amendment, no amount will be received from the sellers as at 31 July 2020, but it is anticipated that a gross amount of R2.981 million will be refunded at 31 July 2021.

Details of fair value measurement at the reporting date as well as a sensitivity analysis of the impact on changes in key variables on the fair value are included in notes 24 and 42.2 of the Consolidated AFS respectively.

11. SUBSEQUENT EVENTS

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

11.1 Termination benefits payable to departing directors

The group concluded a mutual separation agreement with group CEO, Pierre van Tonder, in terms of which Mr Van Tonder retires as the group CEO and executive director of the company with effect from 31 December 2020, after 38 years of service of which 24 have been as group CEO. Mr Van Tonder's employment agreement provides for a six-month notice period and 24-month restraint of trade. The group will accordingly pay Mr Van Tonder his current 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. A further lump sum of R9.3 million (the equivalent of 18 months' guaranteed remuneration) will be paid to Mr Van Tonder from 30 July 2021 in 18 equal monthly instalments and is linked to Mr Van Tonder's compliance with his restraint provisions and other material provisions of the mutual separation agreement. Mr Van Tonder currently has a loan payable to the group (refer note 8.5), the outstanding balance of which will be deducted from the aforementioned lump sum due to Mr Van Tonder by the company payable in instalments from July 2021. The aggregate of the payments due in terms of the mutual separation agreement will be accounted for as an expense included in profit before income tax for the 2021 financial year. Mr Van Tonder will be entitled to retain the FSP shares and SARs allocated to him as at the date the mutual separation agreement was concluded. The restraint of trade period terminates on 31 December 2022.

Group COO, Mark Farrelly, resigned with effect from 31 August 2020. In terms of his employment agreement, Mr Farrelly has a three-month notice period and a 24-month restraint of trade. Mr Farrelly will accordingly be paid his monthly salary of R332 208 (total guaranteed remuneration) for each month from September 2020 to November 2020, amounting to R1.0 million in aggregate, which will be accounted for as an expense included in profit before income tax for the 2021 financial year. Mr Farrelly forfeits any FSP shares and SARs allocated to him with effect from 31 August 2020.

11.2 Amendment to Nikos Coalgrill Greek purchase price settlement arrangement

On 5 October 2020, the group concluded an addendum to the agreement relating to the acquisition by the group of the Nikos Coalgrill Greek business, which resulted in a change to the settlement of the contingent consideration payable. Further details are included in note 10.

12. CONTINGENT LIABILITIES

12.1 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. A date for the appeal to be heard by the Supreme Court of Appeals has yet to be set. 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 (refer note 9).

12.2 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 focussed 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. Nevertheless, 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 will 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.

13. 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 group CEO, Pierre van Tonder (refer note 8.5)
- Loan to White Cloud Restaurant Pty Ltd (95% owned by group COO, Mark Farrelly) (refer note 8.6)
- Loan to Hunga Busters Pty Ltd (50% owned by franchise executive: Australia, José Vilar) (refer note 8.4)

14. 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 Annexure 10 of this report.

15. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

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

R'000	Guaranteed remu-neration[1]	Equity compen-sation benefits[2]	Perfor mance bonus[3]	Leave pay[4]	Total remu-neration included in profit or loss
2020					
Executive directors and prescribed officer					
For services, as employees, to subsidiary companies					
Current directors					
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
Non-executive directors					
For services, as directors, to the company[7]					
Directors serving during the year					
Cora Fernandez	487	–	–	–	487
Dineo Molefe[13]	526	–	–	–	526
Mike Bosman	959	–	–	–	959
Mntungwa Morojele[14]	561	–	–	–	561
Muzi Kuzwayo[5]	213	–	–	–	213
Shirley Zinn	492	–	–	–	492
Total non-executive directors	3 238	–	–	–	3 238
Total remuneration	19 280	(38)	1 302	60	20 604

Refer to page 59 for footnotes.

R'000	Guaranteed remu-neration[1]	Equity compen-sation benefits[2]	Perfor-mance bonus[3]	Leave pay[4]	Total remu-neration included in profit or loss
2019					
Executive directors and prescribed officer					
For services, as employees, to subsidiary companies					
Directors serving during the year					
Allen Ambor[6]	2 904	–	–	–	2 904
Pierre van Tonder	6 057	517	446	–	7 020
Mark Farrelly	3 871	258	287	–	4 416
Phillip Matthee	3 150	226	233	–	3 609
Total executive directors	15 982	1 001	966	–	17 949
Prescribed officer					
Kevin Robertson	2 796	211	190	–	3 197
Non-executive directors					
For services, as directors, to the company[7]					
Directors serving during the year					
Cora Fernandez[8]	17	–	–	–	17
Dineo Molefe	425	–	–	–	425
Mike Bosman[9]	331	–	–	–	331
Mntungwa Morojele	425	–	–	–	425
Muzi Kuzwayo	425	–	–	–	425
Shirley Zinn[8]	17	–	–	–	17
Dean Hyde[10]	213	–	–	–	213
Keith Getz[10]	213	–	–	–	213
Keith Madders[10]	213	–	–	–	213
	2 279	–	–	–	2 279
For services, as directors, to subsidiary companies					
Current directors					
Keith Getz[10, 11]	195	–	–	–	195
Keith Madders[10, 12]	122	–	–	–	122
	317	–	–	–	317
Total non-executive directors	2 596	–	–	–	2 596
Total remuneration	21 374	1 212	1 156	–	23 742

Refer to page 59 for footnotes.

15. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS continued

The board considers there to be no prescribed officers (as defined in section 1 of the Companies Act) with the exception of Kevin Robertson.

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

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

Tranches 1 and 2	2020 '000	2019 '000
Pierre van Tonder	15	15
Mark Farrelly	10	10
Phillip Matthee	5	5
Kevin Robertson (prescribed officer)	10	10
	40	40

The following share-linked awards have been allocated to directors and the prescribed officer 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	
	2020 '000	2019 '000	2020 '000	2019 '000
Pierre van Tonder – tranche 2	–	15	–	534
Pierre van Tonder – tranche 3	–	–	964	964
Pierre van Tonder – tranche 4	–	–	920	–
Mark Farrelly – tranche 2	–	10	–	461
Mark Farrelly – tranche 3	–	–	496	496
Mark Farrelly – tranche 4	–	–	473	–
Phillip Matthee – tranche 2	–	5	–	97
Phillip Matthee – tranche 3	–	–	403	403
Phillip Matthee – tranche 4	–	–	385	–
Kevin Robertson (prescribed officer) – tranche 2	–	10	–	315
Kevin Robertson (prescribed officer) – tranche 3	–	–	329	329
Kevin Robertson (prescribed officer) – tranche 4	5	–	178	–
Total awards allocated	5	40	4 148	3 599

Refer note 11.1 regarding termination benefits payable to Messrs Van Tonder and Farrelly.

Footnotes

[1] Guaranteed remuneration includes any company/employee contributions to the provident fund and medical aid, as well as any travel allowance where applicable. 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. Fees payable to non-executive directors were similarly reduced by 20% with effect from 1 June 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 and prescribed officer.

[3] 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).

[4] The group's HR policies do not typically permit employees to encash leave. However, following the 20% reduction in salaries with effect from 1 June 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] Retired with effect from 6 December 2019.

[6] Retired with effect from 28 February 2019.

[7] 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.

[8] Appointed with effect from 17 June 2019.

[9] Appointed as director with effect from 15 November 2018 and as chairman with effect from 1 March 2019.

[10] Retired with effect from 6 December 2018.

[11] In addition to the standard non-executive director's fee of R215 500 in 2019 approved by shareholders, Keith Getz's fees for the prior year included payments to a related party of R0.195 million for Mr Getz's attendance at three meetings each of the board of directors of Steak Ranches International BV and Spur International Ltd BVI, all of which he chaired.

[12] In addition to the standard non-executive director's fee of R215 500 in 2019 approved by shareholders, Keith Madders' fees for the prior year included payments for attendance at three meetings of the Steak Ranches International BV board.

[13] Resigned with effect from 3 September 2020.

[14] Resigned with effect from 1 September 2020.

ANNEXURE 2

CURRICULUM VITAE OF DIRECTORS UP FOR RE-ELECTION OR ELECTION, AS THE CASE MAY BE

CHAIRMAN

Mike Bosman (60) (two years' service)

Appointed 2018

BCom (Hons); LLM – University of Cape Town; AMP – Harvard; CA(SA)

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 corporate and project finance, served as CEO of communications groups FCB and TBWA as well as CEO and later chairman of One Digital Media. Mike serves as a member of the nominations and remuneration committee.

NON-EXECUTIVE DIRECTORS

Cora Fernandez (47) (one year's service)

Appointed 2019

BCompt (Hons); CA(SA)

Cora is a chartered accountant with extensive board experience. She is a non-executive director of Tiger Brands, Capitec Bank, Mercantile 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. Cora chairs the audit committee and serves as a member of both the risk committee and nominations and remuneration committee.

Prof Shirley Zinn (59) (one year's service)

Appointed 2019

BA; BEd (Hons); Higher Diploma in Education – University of Western Cape; MEd – University of Western Cape; EdM – Harvard; EdD – Harvard

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. She is an adjunct professor at the University of Cape Town's Faculty of Economics and Management Studies. Shirley serves on the boards of Sanlam, MTN South Africa, Afrocentric and AdvTech. Shirley chairs the nominations and remuneration committee and serves as a member of the social, ethics and environmental sustainability committee.

André Parker (69) (appointed during the year)

Appointed 15 October 2020

MCom – Stellenbosch

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 10 years. He is currently a non-executive director of Standard Bank, 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 on the boards of SAB plc, SAB Limited and AECI. André chairs the risk committee and also serves as a member of the audit committee.

Jesmane Boggenpoel (47) (appointed during the year)

Appointed 15 October 2020

BCom, BAcc – Wits; MPub Admin – Harvard, CA(SA)

Jesmane is a chartered accountant with private equity, high technology and entrepreneurial experience. She was formerly head of business engagement for Africa for the World Economic Forum, based in Switzerland, and currently serves on the boards of EOH Holdings and Murray & Roberts. She is chairperson of Dubai-based ETG Inputs Holdco and fintech company Sybrin, and is a director and investor of AWCA Investment Holdings. Jesmane was nominated as a Young Global Leader of the World Economic Forum in 2013. Jesmane serves as a member of both the audit committee and the social, ethics and environmental sustainability committee.

Lerato Molebatsi (51) (appointed during the year)

Appointed 15 October 2020

BA (Psych) – University of Johannesburg; PG Diploma in Rural Development and Management – Wits; Senior Management Development Program – Stellenbosch; Senior Program for Africa – Harvard

Lerato is a non-executive director of the SA Reserve Bank and deputy chair of a telecommunications company, the Adrian Group, in Kenya. 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, and worked in the Departments of Labour and Transport, Old Mutual and Sanlam. Lerato chairs the social, ethics and environmental sustainability committee and serves as a member of the risk committee.

Sandile Phillip (38) (appointed during the year)

Appointed 15 October 2020

BCom – Nelson Mandela University; BCompt (Hons) – Unisa; CA(SA)

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. Sandile serves as a member of both the audit committee and risk committee.

EXECUTIVE DIRECTORS

Graeme Kiewitz (50) (appointed during the year)

Appointed 15 October 2020

BTech Human Resources

Graeme has been with the group for two years. He has over 20 years' experience in human resources management, having held senior roles at Simba, Oceana, SANS Fibres and KAP International where he was head of group human resources and a member of the transformation and remuneration committee. Prior to joining the group in 2018 he was head of human resources at Paarl Media Cape. Graeme is a member of the risk committee and social, ethics and environmental sustainability committee.

Kevin Robertson (54) (appointed during the year)

Appointed 15 October 2020

Kevin has been with the group for 29 years. He was appointed as managing director of Panarottis Pizza Pasta in 1999 and managed the group's operations in the UK from 2008 until 2011 when he was appointed as the national franchise executive. Kevin was appointed chief operating officer of Spur Steak Ranches in 2018. He was appointed as group chief operations officer with effect from 15 October 2020. Kevin is a member of the risk committee.

Sacha du Plessis (43) (appointed during the year)

Appointed 15 October 2020

BA (Hons) (Business Management) – Stellenbosch; GIBS Leadership Development Program – University of Pretoria

Sacha has 13 years' service at the group. He has 20 years' experience in marketing management and joined the group in 2007 after seven years at Distell. He has served in senior marketing roles within the group, including head of marketing for Spur Steak Ranches and Panarottis Pizza Pasta, group marketing executive and as chief marketing officer since 2019. Sacha is a member of the social, ethics and environmental sustainability committee.

ANNEXURE 3

DIRECTORS NOMINATED FOR ELECTION AS MEMBERS OF THE AUDIT COMMITTEE

Cora Fernandez as chair (existing member)

Refer Annexure 2.

André Parker (new member)

Refer Annexure 2.

Jesmane Boggenpoel (new member)

Refer Annexure 2.

Sandile Phillip (new member)

Refer Annexure 2.

ANNEXURE 4

NON-EXECUTIVE DIRECTORS' REMUNERATION

	Proposed fee per annum* 2021	Actual fee per annum*,% 2020
Chairman of the board	**R1 200 000#**	R975 000#
Member of board	**R450 000**	R425 000
Chair/member of audit committee	**R84 000/R42 000**	R80 000/R40 000
Chair/member of nominations and remuneration committee	**R84 000/R42 000**	R80 000/R40 000
Chair/member of social, ethics and environmental sustainability committee	**R84 000/R42 000**	R42 000/R30 000
Chair/member of risk committee	**R84 000/R42 000**	R30 000

The above fees comprise an annual retainer of 25% of the fees listed, with the remaining 75% being attendance fees at three scheduled board meetings and two scheduled committee meetings per annum.

In addition to the above proposed fees for scheduled ordinary meetings, it is proposed that directors be paid a fee of R3 500* per hour or part thereof for any special assignments or any meetings outside of the scheduled ordinary meetings (unless such a meeting exceeds three hours in duration, in which case a fee of R25 000* per meeting is proposed).

In proposing the fees for the financial year ending 30 June 2021, the board has considered market information relating to JSE small and medium cap companies in the consumer discretionary sector, as detailed in the *Non-executive directors: Practices and fees trends report* issued by PwC in February 2020. Fees proposed are approximately midway between the median for medium cap businesses and the upper quartile for small caps.

The board is of the opinion that the proposed fees take into account the qualifications, experience and opportunity cost of the targeted profile of non-executive directors for the company, and are appropriate to retain existing, and attract potential new, non-executive directors.

* Amounts stated exclusive of VAT, where applicable.
% Amounts exclude fees in respect of additional meetings referred to in Special Resolution Number 3.1.
# The chairman's fee is inclusive of all committee memberships and scheduled meeting attendances.

ANNEXURE 5

DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

Shares

Details of directors' interests in the ordinary shares as at the reporting date are as follows:

	2020			2019		
	Direct beneficial	**Indirect beneficial**	**Held by associates**	Direct beneficial	Indirect beneficial	Held by associates
Pierre van Tonder	**30 000**	**–**	**–**	15 000	–	–
Mark Farrelly#	**20 000**	**–**	**–**	10 000	–	–
Phillip Matthee	**10 000**	**–**	**–**	5 000	–	–
Total	**60 000**	**–**	**–**	30 000	–	–
% interest*	**0.1**	**–**	**–**	0.0	–	–

* These percentages are based on shares in issue less shares repurchased by subsidiary companies, Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd.

Resigned with effect from 31 August 2020.

The above shares have been issued to the individuals in terms of the group's long-term Forfeitable Share Plan. While the shares have vested and are beneficially owned by the participants, they are still subject to a holding period of two years following the vesting date, during which the participants may not freely trade in the shares.

There have been no changes in directors' interests in share capital from 30 June 2020 to the date of issue of this report.

ANNEXURE 6

SHAREHOLDER ANALYSIS

MAJOR SHAREHOLDERS

The following are shareholders (excluding directors and consolidated structured entities) holding 3% or more of the company's issued share capital at 30 June 2020:

	Number of shares	%*
Coronation Fund Managers	13 216 618	14.6
Allan Gray	8 684 309	9.6
Grand Parade Investments Ltd	8 447 731	9.3
Foord Asset Management	6 885 891	7.6
Aylett & Co	3 539 270	3.9
Government Employees Pension Fund	2 749 017	3.0

* These percentages are based on shares in issue less shares repurchased by subsidiary companies, Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd.

PUBLIC/NON-PUBLIC SHAREHOLDERS

An analysis of public and non-public shareholders is presented below:

	Number of shareholders	Number of shares	%
Non-public shareholders			
Directors and associates	3	60 000	0.1
Subsidiaries holding treasury shares	2	595 587	0.7
The Spur Management Share Trust	1	5 933 111	6.5
The Spur Foundation Trust	1	500 000	0.5
Major shareholder	1	13 216 618	14.5
Public shareholders	3 777	70 691 616	77.7
Total	**3 785**	**90 996 932**	**100.0**

ANALYSIS OF SHAREHOLDING

An analysis of the spread of shareholding is presented below:

Shareholder spread	**Number of shareholders**	**%**	**Number of shares**	**%**
1 – 10 000 shares	3 388	89.5	2 920 076	3.2
10 001 – 25 000 shares	151	4.0	2 450 021	2.7
25 001 – 50 000 shares	81	2.1	2 922 531	3.2
50 001 – 100 000 shares	52	1.4	3 673 326	4.0
100 001 – 500 000 shares	76	2.0	16 904 876	18.6
500 001 – 1 000 000 shares	19	0.5	12 851 198	14.1
1 000 001 shares and over	18	0.5	49 274 904	54.2
Total	**3 785**	**100.0**	**90 996 932**	**100.0**

Distribution of shareholders	**Number of shareholders**	**%**	**Number of shares**	**%**
Banks/brokers	31	0.8	2 805 568	3.1
Endowment Funds	22	0.6	451 769	0.5
Individuals	3 181	84.0	4 612 683	5.1
Insurance companies	26	0.7	2 813 103	3.1
Medical funds	7	0.2	212 409	0.2
Mutual funds	117	3.1	48 884 699	53.7
Pension and retirement funds	146	3.9	12 260 300	13.5
Own holdings	2	0.1	595 587	0.7
Spur Management Share Trust	1	0.0	500 000	0.5
The Spur Foundation Trust	1	0.0	5 933 111	6.5
Other corporate bodies	251	6.6	11 927 703	13.1
Total	**3 785**	**100.0**	**90 996 932**	**100.0**

ANNEXURE 7

SHARE CAPITAL

	Number of shares			
	2020 ’000	2019 ’000	**2020 R’000**	2019 R’000
Authorised				
Ordinary shares of 0.001 cents each	**201 000**	201 000	**2**	2
Issued and fully paid				
In issue at beginning of year	**108 481**	108 481	**1**	1
Repurchase and cancellation of shares by the company	**(10 848)**	–	**–**	–
Cumulative shares repurchased by subsidiaries	**(7 232)***	(7 027)	**–**	–
Cumulative shares held by The Spur Management Share Trust (consolidated structured entity)	**(5 933)**	(6 165)	**–**	–
Cumulative shares held by The Spur Foundation Trust (consolidated structured entity)	**(500)**	(500)	**–**	–
In issue at end of year	**83 968**	94 789	**1**	1

* Includes 6 635 901 shares previously repurchased by a subsidiary and cancelled during the year.

The ordinary shares have equal rights to dividends declared by the company.

In terms of the company’s Memorandum of Incorporation, the unissued shares of the company may be issued by the directors of the company only with the approval of the shareholders by way of an ordinary resolution passed at a general meeting. No such authority has been granted.

The company does not have any unlisted shares.

At a meeting of shareholders on 25 September 2019, shareholders approved the repurchase and cancellation of 10 848 093 shares in the company previously issued to a subsidiary of Grand Parade Investments Ltd in October 2014 as part of a broad-based black economic empowerment transaction, as well as the repurchase and cancellation of 6 635 901 treasury shares previously acquired by the group. The transactions were implemented with effect from 15 October 2019.

A wholly-owned subsidiary of the company, Share Buy-back (Pty) Ltd, acquired 110 000 (2019: 853 000) Spur Corporation Ltd shares, following the sale of the 6 635 901 shares to the company referred to above, and their subsequent cancellation.

In addition, a wholly-owned subsidiary of the company, Spur Group (Pty) Ltd, acquired 231 787 (2019: 209 800) shares to be held in escrow on behalf of participants of the Spur Group Forfeitable Share Plan, from The Spur Management Share Trust, while, in terms of the same plan, 137 000 (2019:133 000) shares were vested with participants.

At the reporting date, following the cancellation of the 6 635 901 shares previously held as treasury shares referred to above, the group owned 595 587 (2019: 7 026 701) Spur Corporation Ltd treasury shares, held by Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd.

ANNEXURE 8

MATERIAL CHANGE STATEMENT

The directors report that there have been no material changes to the affairs, financial or trading position of the company and group since 30 June 2020 to the date of posting of this report, other than disclosed in this report.

ANNEXURE 9

GOING CONCERN

The board has performed a review of the group and company's ability to continue trading as a going concern in the foreseeable future and, based on this review, consider that the presentation of the financial statements on this basis is appropriate.

Refer note 2 of the Summarised AFS for further information regarding the going concern assertion.

CORPORATE INFORMATION

DIRECTORS AT THE DATE OF THIS REPORT

Mr Mike Bosman – independent non-executive chair

Executive directors

Mr Pierre van Tonder – group chief executive officer[1]
Mr Phillip Matthee – group chief financial officer[2]
Mr Kevin Robertson – group chief operations officer[3]
Mr Sacha du Plessis (chief marketing officer)[3]
Mr Graeme Kiewitz (group human resources executive)[3]

Independent non-executive directors

Ms Cora Fernandez
Prof Shirley Zinn
Ms Jesmane Boggenpoel[3]
Ms Lerato Molebatsi[3]
Mr André Parker[3]
Mr Sandile Phillip[3]

PAST DIRECTORS

Ms Dineo Molefe (independent non-executive director)[4]
Mr Mntungwa Morojele (independent non-executive director)[5]
Mr Mark Farrelly (executive director)[6]
Mr Muzi Kuzwayo (independent non-executive director)[7]

1 Mr Van Tonder retires on 31 December 2020, and is succeeded by Ms Val Nichas with effect from 1 January 2021.
2 Mr Matthee resigns on 31 January 2021, and is succeeded by Ms Cristina Teixeira with effect from 1 February 2021.
3 Appointed 15 October 2020.
4 Resigned 3 September 2020.
5 Resigned 1 September 2020.
6 Resigned 31 August 2020.
7 Retired 6 December 2019.

ADMINISTRATION

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Email: spur@spur.co.za

Internet: http://www.spurcorporation.com

Transfer secretaries

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Rosebank Towers, 15 Biermann Avenue Rosebank, 2196

PO Box 61051, Marshalltown 2107

Telephone: +27 11 370 5000

External auditors

KPMG Inc.

Internal auditors

Moore Risk Services

Attorneys

Bernadt Vukic Potash & Getz

Sponsor

Sasfin Capital (a member of the Sasfin Group)

Company secretary

Kilgetty Statutory Services (South Africa)
c/o 14 Edison Way, Century Gate Business Park, Century City, 7441

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