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UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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

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

HIGHLIGHTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022*

Franchised restaurant turnovers
up 31.5% to R4.9 billion

Headline earnings per share
up 198.5%
to 137.14 cents

Revenue
up 35.0%
to R1 533.8 million

Diluted headline earnings per share
up 198.5% to 136.65 cents

Profit before income tax
up 103.0% to R168.4 million

Interim dividend per share
up 67.3% to
82 cents (2022: 49 cents)

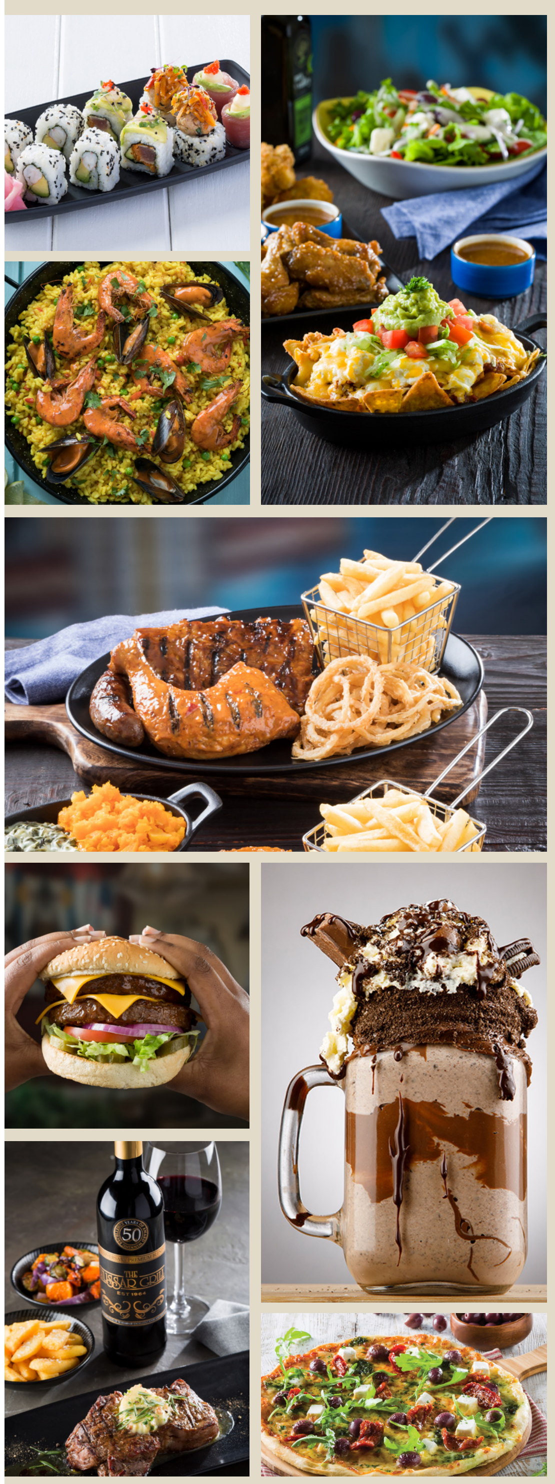
Earnings per share
up 198.0% to 137.14 cents

Unrestricted cash and cash equivalents
R293.5 million

Diluted earnings per share
up 198.0% to 136.65 cents

Net gearing
Nil

* *Prior period information has been restated. Refer note 3 to the condensed consolidated financial statements.*



UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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INTRODUCTION

Spur Corporation is a leading casual dining restaurant franchise group of 642 outlets across South Africa, the rest of Africa, Mauritius and the Middle East. The group owns seven well-established and diverse brands, including one of South Africa's most iconic family restaurant brands, Spur Steak Ranches.

The Spur brand accounts for 69% of the group's South African restaurant sales and remains independently rated as the leading casual dining chain in South Africa*, followed by the RocoMamas and Panarottis brands which each represent 10% of the group's South African restaurant sales.

As part of the repositioning of Panarottis to enhance customer appeal of the brand, a refreshed restaurant concept was launched in May 2022. The Vaal Mall (Vanderbijlpark), Clearwater Mall (Roodepoort) and CapeGate Shopping Centre (Brackenfell) outlets have been revamped in the new design and are showing pleasing year to date growth, with CapeGate increasing sales by 49%. A new design Panarottis restaurant opened in the Fleurdal Mall (Bloemfontein) in December 2022 and a further 12 Panarottis revamps are planned.

Following the group's entry into 'Drive Thru' formats with the Spur Drive Thru in Karenpark in Gauteng in 2021, RocoMamas opened two successful Drive Thrus in the province, in Little Falls (June 2022) and Queenswood (August 2022). The group will continue to expand this convenient and lucrative channel to meet customers' need for convenience.

The virtual kitchen (VK) brands are now well entrenched into the brand offerings, including Just Wingz, which specialises in a range of chicken wings. The VK offering continues to allow the group's full-service restaurants to leverage their existing infrastructure to enjoy increased market share of the online food business. Pizza Pug, Just Wingz and Bento's are currently the three top performing VK brands.

The group remains committed to transformation, with its investment in the next generation of leadership. The executive team is 50% black and 50% female. Black franchise partners now account for 28% of all franchisees, representing 157 restaurants. Of the South African restaurants opened in this period, six are wholly-owned by black franchisees, while 50% of new restaurants have black ownership structures.

TRADING CONDITIONS

South African market conditions remained challenging in the six months to December 2022, with higher inflation and a dramatic increase in the level of load shedding hours, which directly impacted the supply chain.

Despite the mounting pressure on disposable income, the group continued to attract customers into restaurants with its distinct and differentiated value proposition.

The group's 2023 financial year started with a remarkable performance in July 2022 in absolute terms and the group traded consistently, with another peak in sales in December 2022.

Increased tourism in the Western Cape resulted in sales growth of 31% in the province. Restaurants in high traffic national locations, such as OR Tambo Airport and major shopping malls, including Canal Walk, V&A Waterfront and the Mall of Africa, experienced strong growth. Several restaurants in casinos and resorts delivered higher than expected results.

The group also reaped the benefits of targeted and leading marketing campaigns. The Spur brand in particularly increased awareness through prominent billboard campaigns, Springbok rugby sponsorship and television campaigns that resonated with South African families. Spur celebrated its 55th birthday this year, with a milestone of 304 local restaurants. Pleasingly, the group's customer count is up 21%.

*Kantar Research February 2022.

**PWC SA Economic Outlook, January 2023*

The increase in power outages and scheduled load shedding, estimated at 208 days** in 2022, placed pressure on franchisee operating costs with higher diesel and generator maintenance costs due to the continuous usage of generators. At 31 December 2022, 90% of restaurants had generators or were linked to shopping mall central generators. This has increased to 95% at the date of this report, ensuring that the majority of the group's restaurants continue to trade during load shedding, providing our customers with a consistent dining experience. The remaining stores that are unable to install generators due to space and landlord constraints are currently evaluating alternate power solutions.

Water shortages in rural areas such as Harrismith and parts of the Eastern Cape have added further trading pressures.

The impact of load shedding on food manufacturing and farming production has placed severe pressure on the restaurant supply chain. With advance planning and the support of reliable suppliers and distribution partners, the group traded successfully over the peak holiday season when volumes were at their highest. In addition, as the brands offer a wider range of protein and other menu choices, the national chicken shortage experienced in South Africa over the past four months only had a marginal impact on the group.

RESTAURANT SALES

The group achieved a strong trading performance with franchised restaurant sales 31.5% higher than the improved sales base achieved in the prior period. Sales for the period are 21.1% higher than the six months from January 2022 to June 2022. This is evidence that the group's strategy is gaining momentum in the post COVID-19 environment.

	Total restaurant sales (R'000)			Total restaurant sales growth (%)	
	Six months to Dec 2022	Six months to Dec 2021	Six months to June 2022	**Six months to Dec 2022 vs six months to Dec 2021**	Six months to Dec 2022 vs six months to June 2022
Spur	**3 036 944**	2 273 341	2 471 488	**33.6**	22.9
Panarottis	**426 708**	332 044	366 398	**28.5**	16.5
John Dory's	**237 208**	198 981	214 450	**19.2**	10.6
RocoMamas	**452 815**	395 126	393 837	**14.6**	15.0
Speciality brands#	**250 536**	154 372	205 452	**62.3**	21.9
Total South Africa	**4 404 211**	3 353 864	3 651 625	**31.3**	20.6
Total International	**475 690**	357 558	378 812	**33.0**	25.6
Total group	**4 879 901**	3 711 422	4 030 437	**31.5**	21.1

Speciality brands include The Hussar Grill, Casa Bella and Nikos

In South Africa, volume growth was mainly driven by the Spur brand, which increased restaurant sales by 33.6%. Panarottis increased restaurant sales by 28.5% with John Dory's and RocoMamas increasing by 19.2% and 14.6% respectively. The Speciality brands increased sales by a pleasing 62.3%, driven by a strong performance by The Hussar Grill and Casa Bella following a recovery in both local and international tourism post COVID-19.

Consumer preference for home consumption continued unabated, with the group's take-away sales increasing. This was particularly evident in the take-away contributions to sales at RocoMamas (47%) and Panarottis (35%). Casual dining currently represents 85% of total group sales, with lunch being the primary trading time for the family restaurants chains.

International franchised restaurant sales increased by 33.0% following improved trading conditions in the rest of Africa. Africa (excluding Mauritius) represents 70% of the international portfolio with solid performances in Zambia, Namibia, Kenya and Nigeria. In addition, Mauritius represents 22% of international franchised restaurant sales. The Spur brand represents 43% of the group's international restaurant sales, followed by Panarottis at 33% of sales.

RESTAURANT FOOTPRINT

The group traded through 642 restaurants in 13 countries at the end of December 2022 (June 2022: 631).

In South Africa, 18 new restaurants were opened during the period, including seven Spur, five RocoMamas, four The Hussar Grill and two Panarottis restaurants. Nine local restaurants closed mainly due to tough market conditions.

The group's international growth strategy continues to gain momentum with four new restaurants opened internationally. These included two RocoMamas in Ghana, one RocoMamas in India and one Panarottis in Nigeria. As previously disclosed, the New Zealand restaurant closed early in the 2023 financial year and only two restaurants remain in the Australia region. The Spur outlet in Tanzania closed in December 2022.

The group opened its first restaurant in the Democratic Republic of Congo in February 2023, with the group now having a presence in 14 countries.

The group's network development strategy, known as the "R8 model", that focuses on restaurant revamps, relocation and revival strategies to evolve the brand networks into leading experiences for customers, is gaining traction across all brands.

	31 December 2022			30 June 2022		
Number of restaurants	**South Africa**	**International**	**Total**	South Africa	International	Total
Spur	**304**	**30**	**334**	297	32	329
Panarottis	**80**	**34**	**114**	82	33	115
John Dory's	**44**	**2**	**46**	47	2	49
RocoMamas	**88**	**18**	**106**	85	15	100
Speciality brands	**40**	**2**	**42**	36	2	38
The Hussar Grill	**26**	**2**	**28**	22	2	24
Casa Bella	**6**	**–**	**6**	6	–	6
Nikos	**8**	**–**	**8**	8	–	8
Total group	**556**	**86**	**642**	547	84	631

FINANCIAL PERFORMANCE

R'000	**Unaudited six months ended 31 December 2022**	Restated^ unaudited six months ended 31 December 2021	% change
South Africa			
External revenue	**1 502 894**	1 113 556	35.0
Profit before income tax	**160 725**	78 391	105.0
International			
External revenue	**30 863**	22 345	38.1
Profit before income tax	**7 679**	4 567	68.1
Group			
External revenue	**1 533 757**	1 135 901	35.0
Profit before income tax	**168 404**	82 958	103.0

^ *Prior period financial information has been restated to correctly account for sales by the group's outsourced distributor and marketing fund contributions revenue in accordance with IFRS 15 – Revenue from Contracts with Customers as applied in the audited consolidated financial statements for the year ended 30 June 2022.*

The improved trading performance led to a continued strong recovery in both group revenue and profit.

The revenue growth was supported by higher sales in the six retail company stores (+50.4%), increased sales from the manufacturing and distribution division (+32.3%) and improved restaurant turnovers.

Group revenue increased by 35.0% to R1.5 billion (H1 2022: R1.1 billion).

Group profit before income tax increased by 103.0% to R168.4 million (H1 2022: R82.9 million).

As detailed in the group's audited consolidated financial statements for the year ended 30 June 2022 (2022 AFS), certain restatements to previous comparable periods' financial statements were made. These included changes in the basis of accounting for marketing fund contributions revenue and revenue earned on the sales of goods by an outsourced distributor to franchisees in accordance with IFRS 15. Comparative information for the previous comparable period was restated to align with the accounting treatments applied in the 2022 AFS. This resulted in profit before income tax for the prior period reducing by R20.4 million from R103.4 million to R83.0 million and thus a lower comparative base. Profit before income tax in the South African operations includes a marketing fund loss of R15 000 (H1 2022 restated: profit of R6.9 million; H1 2022 as originally reported: profit of R26.2 million).

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

The prior period's results also include a fair value loss charged against earnings of R3.9 million relating to the contingent consideration receivable due on the purchase of 51% of the Nikos business. In the current period, the receivable was converted to a loan outstanding by the non-controlling shareholders of R1.8 million. This loan will reduce before 30 June 2023.

The increase of R4.3 million in the allowance for expected credit losses for the period is lower than that of the prior period of R7.9 million. Although the allowance increased in line with increased trade receivables, the probability of default rates for the current period were lower than those applied in the prior period due to improved trading conditions post COVID-19 and the resultant more positive credit risk outlook. In addition, the prior period included provisioning for the group's exposure to franchisees in Saudi Arabia which were unable to adhere to their payment obligations.

The net finance charge of R4.9 million reported in the prior period included the charge of R8.0 million on the SARS matter referred to above. Interest income increased due to higher cash generated by the group and higher interest rates during the period.

In the international operations, profit before income tax increased to R7.7 million (H1 2022: R4.6 million) following improved trading in the rest of Africa.

Group headline earnings increased by 190.8% to R112.2 million (H1 2022: R38.6 million), with diluted headline earnings per share 198.5% higher at 136.65 cents (H1 2022: 45.77 cents). Profit attributable to shareholders increased by 190.3% to R112.2 million (H1 2022: R38.7 million), with diluted earnings per share 198.0% higher at 136.65 cents (H1 2022: 45.85 cents).

During the period, the group repurchased 1 499 891 of the company's shares at an average cost of R21.33 per share, totalling R32.0 million. This was in addition to the 1 475 000 company shares purchased during the 2022 financial year. This reduced the weighted average number of shares in issue from 84.0 million at 31 December 2021 to 81.8 million at 31 December 2022.

The balance sheet remains ungeared with unrestricted cash of R293.5 million at 31 December 2022.

The allocation of the group's available capital remains a key focus area of the directors and all material capital expenditure requires board approval.

CASH DIVIDEND

Shareholders are advised that the board of directors of the company has, on Wednesday, 22 February 2023, resolved to declare an interim gross cash dividend for the six months ended 31 December 2022 of R74.617 million, which equates to 82.0 cents per share for each of the 90 996 932 shares in issue, subject to the applicable tax levied in terms of the Income Tax Act (Act No. 58 of 1962), as amended (dividend withholding tax).

The dividend has been declared from income reserves. The dividend withholding tax is 20% and a net dividend of 65.6 cents per share will be paid to those shareholders who are not exempt from dividend withholding tax.

The company's income tax reference number is 9695015033. The company has 90 996 932 shares in issue at the date of declaration.

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

Event	Date
Last day to trade "cum dividend"	Tuesday, 14 March 2023
Shares commence trading "ex dividend"	Wednesday, 15 March 2023
Record date	Friday, 17 March 2023
Payment date	Monday, 20 March 2023

Those shareholders of the company who are recorded in the company's register as at the record date will be entitled to the dividend. Share certificates may not be dematerialised or rematerialised between Wednesday, 15 March 2023 and Friday, 17 March 2023, both days inclusive.

OUTLOOK

South Africa is experiencing its most severe load shedding ever, with expectations that the energy crisis will continue for several years. The plan by many companies to address their own power requirements and reduce pressure on the national power grid is encouraging. The group continues to support franchisees by recommending alternate power solutions to create a sustainable outcome for franchisees and the national grid, as well as exploring a group-negotiated rate for diesel supply for its franchisees.

Management continues to seek supply chain solutions to mitigate high food inflation and manage supply chain inconsistencies.

Consumer disposable income among the group's core middle-income target market is likely to reduce further as higher food, fuel and electricity costs, rising interest rates and persistent load shedding place household income under pressure.

In this constrained spending environment, the group will continue to focus on its brand strategy of offering value added campaigns, driving loyalty trade and providing a unique customer experience to entice consumers to select its brands as their first dining option.

The group is cautiously optimistic on trading for the remainder of the financial year and will continue to navigate the current market challenges by exploring options for innovation, value and experience.

The group plans to open 17 new restaurants in the second half of the financial year.

For and on behalf of the board

Mike Bosman
Independent non-executive chairman
24 February 2023

Val Nichas
Group chief executive officer

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2022

R'000	Note	**Unaudited six months ended 31 December 2022**	Restated* unaudited six months ended 31 December 2021	% Change	Audited year ended 30 June 2022
Revenue	5	**1 533 757**	1 135 901	35.0	2 391 192
Cost of sales[1]		**(1 079 098)**	(809 751)	33.3	(1 695 194)
Gross profit		**454 659**	326 150	39.4	695 998
Other income	6	**1 684**	2 592	(35.0)	3 958
Administration expenses		**(97 537)**	(92 610)	5.3	(183 430)
Impairment losses – expected and actual credit losses – financial instruments	7	**(4 294)**	(7 868)	(45.4)	(2 957)
Marketing expenses		**(128 626)**	(74 142)	73.5	(175 111)
Operations expenses		**(49 594)**	(46 166)	7.4	(95 123)
Other non-trading losses	7	**–**	(3 890)		(2 525)
Retail company store expenses		**(18 047)**	(16 183)	11.5	(31 889)
Operating profit before net finance income/(expense)	7	**158 245**	87 883	80.1	208 921
Net finance income/(expense)		**10 159**	(4 925)	306.3	747
Interest income[2]		**11 563**	5 413		13 325
Interest expense[3]		**(1 404)**	(10 338)		(12 578)
Profit before income tax		**168 404**	82 958	103.0	209 668
Income tax expense[4]	8	**(51 351)**	(41 586)	23.5	(81 328)
Profit		**117 053**	41 372	182.9	128 340
Other comprehensive income[5]		**1 008**	(750)		(1 146)
Foreign currency translation differences for foreign operations		**1 095**	(794)		(1 256)
Foreign exchange (loss)/gain on net investments in foreign operations		**(109)**	49		135
Current tax on foreign exchange loss/(gain) on net investments in foreign subsidiaries		**22**	(5)		(25)
Total comprehensive income		**118 061**	40 622	190.6	127 194
Profit attributable to:					
Equity owners of the company		**112 237**	38 658	190.3	121 235
Non-controlling interests		**4 816**	2 714	77.5	7 105
Profit		**117 053**	41 372	182.9	128 340
Total comprehensive income attributable to:					
Equity owners of the company		**113 245**	37 908	198.7	120 089
Non-controlling interests		**4 816**	2 714	77.5	7 105
Total comprehensive income		**118 061**	40 622	190.6	127 194
Earnings per share (cents)					
Basic earnings	9	**137.14**	46.02	198.0	144.33
Diluted earnings	9	**136.65**	45.85	198.0	143.80

1 *Includes cost of inventory expense of R976.7 million (H1 F22: R730.3 million; FY F22: R1 528.1 million).*

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

3 *Interest expense includes interest on lease liabilities of R1.362 million (H1 F22: R1.922 million; FY F22: R3.683 million). Interest expense for H1 F22 and FY F22 includes interest on tax liabilities of R8.038 million (refer note 8). Interest expense includes interest on employee benefits of R0.225 million for H1 F22 and R0.496 million for FY F22 (refer footnote 10 to the statement of financial position).*

4 *Income tax expense for the prior periods H1 F22 and FY F22 includes R13.996 million of income tax relating to the group's 2004–2009 share incentive scheme SARS dispute, previously paid to SARS, and charged against earnings in the prior periods as a result of a judgement by the Supreme Court of Appeals in October 2021 (refer also note 8).*

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

* *Refer note 3.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

R'000	Note	Unaudited as at 31 December 2022	Restated* unaudited as at 31 December 2021	Audited as at 30 June 2022
ASSETS				
Non-current assets		**481 633**	502 374	489 339
Property, plant and equipment[1]		**89 013**	93 618	92 516
Right-of-use assets[2]		**22 913**	36 385	27 555
Intangible assets and goodwill[3]		**363 533**	365 052	364 300
Loans receivable	10	**190**	618	350
Deferred tax		**5 984**	6 701	4 618
Current assets		**672 361**	546 541	558 637
Inventories[4]		**150 858**	135 666	97 692
Tax receivable[5]		**1 592**	4 218	2 325
Trade and other receivables[6]		**159 371**	116 458	101 352
Loans receivable	10	**1 996**	849	597
Contingent consideration receivable[7]		**–**	274	1 594
Restricted cash[8]		**65 039**	30 005	64 381
Cash and cash equivalents		**293 505**	259 071	290 696
TOTAL ASSETS		**1 153 994**	1 048 915	1 047 976
EQUITY				
Total equity		**710 108**	670 275	686 017
Ordinary share capital		**1**	1	1
Share premium		**34 309**	34 309	34 309
Shares repurchased by subsidiaries	11.1	**(76 848)**	(15 118)	(44 852)
Foreign currency translation reserve		**28 888**	28 276	27 880
Share-based payments reserve	11.2	**10 124**	3 982	8 248
Retained earnings		**699 030**	606 325	647 720
Total equity attributable to owners of the company		**695 504**	657 775	673 306
Non-controlling interests		**14 604**	12 500	12 711
LIABILITIES				
Non-current liabilities		**95 009**	109 203	92 187
Contract liabilities	12	**26 549**	25 680	23 458
Lease liabilities[2]		**22 083**	34 596	26 039
Deferred tax		**46 377**	48 927	42 690
Current liabilities		**348 877**	269 437	269 772
Tax payable		**15 959**	10 816	11 424
Trade and other payables	13	**240 275**	206 337	184 847
Loans payable		**196**	196	196
Provision for lease obligation[9]		**7 744**	7 752	7 514
Employee benefits[10]		**–**	6 829	–
Contract liabilities	12	**74 906**	28 452	56 226
Lease liabilities[2]		**8 670**	8 293	8 679
Shareholders for dividend		**1 127**	762	886
TOTAL EQUITY AND LIABILITIES		**1 153 994**	1 048 915	1 047 976

* *Refer note 3.*

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

2 *Right-of-use assets and related lease liabilities are in respect of primarily the group's Johannesburg corporate office and retail company store premises, but includes the group's fleet of vehicles used by operations personnel. The reduction in the right-of-use assets and lease liabilities relative to H1 F22 is largely as a result of a remeasurement in H2 F22 relating to a retail company store lease where the group had previously assessed that it was highly likely that a renewal option would be exercised, but had re-evaluated that assessment as at 30 June 2022 to determine that it was no longer highly likely.*

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

4 *The increase in inventories relates primarily to the increase in inventory held at the group's outsourced distributor of R137.776 million (H1 F22: R117.060 million; FY F22: R85.238 million) as inventory levels are increased in anticipation of peak-season trade.*

5 *Tax receivable includes an asset in respect of foreign withholding tax credits of R1.060 million (H1 F22: R3.835 million; FY F22: R2.272 million) which are expected to be utilised within a reasonable period as a credit against foreign taxes payable.*

6 *Trade and other receivables comprise largely accruals for ongoing franchise fee revenue, marketing fund contribution revenue, and related income receivable as well as receivables from the group's outsourced distributor for manufactured sauce sales and sales agent for retail sauce sales in respect of the last month of the financial reporting period. Due to the seasonal nature of the group's business, trade receivables are generally higher at December than June. The increase relative to H1 F22 relates largely to an increased receivable from the group's outsourced distributor in respect of manufactured sauce sales, which is impacted by the timing of purchases by the distributor to replenish inventory levels.*

7 *Refer note 10.*

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

9 *The lease obligation relates to a lease concluded by the group for a retail property for the Apache Spur in Australia, which was sublet to the franchisee operating the restaurant. During the 2021 financial year, the landlord terminated the head lease due to non-payment by the sublessee who had commenced liquidation proceedings. The lease makes provision for the lessee continuing to be liable for the aggregate rental payments due for the remainder of the unexpired lease term, notwithstanding the cancellation, on demand. The extent of the liability is subject to the landlord mitigating its losses (including for example by reletting the premises). The premises have remained vacant subsequent to the cancellation. While the landlord has not taken formal legal action to recover these amounts from the group, as a liability exists for the group to compensate the landlord for proven damages, a provision was raised in the 2021 financial year for the full gross amounts due in terms of the lease from the date of termination to the expiration of the original lease. The timing and amount of the potential cash outflows are uncertain as at the reporting date.*

10 *The employee benefit in H1 F22 related to a gross obligation of R9.3 million payable to the group's former CEO, Pierre van Tonder, in terms of a mutual separation agreement concluded between the group and Mr Van Tonder in July 2020, net of a gross loan receivable by the group from Mr Van Tonder of R2.2 million. Following Mr Van Tonder's passing on 9 May 2021, the group concluded a settlement agreement with the executors of his estate, in terms of which the group agreed to settle the net obligation of R7.1 million to his estate on 27 May 2022.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2022

		Attributable to owners of the company			Attributable to owners of the company					
R'000	Note	Ordinary share capital	Share premium	Shares repurchased by subsidiaries	Foreign currency translation reserve	Share-based payments reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 July 2021		1	34 309	(15 118)	29 026	4 751	564 752	617 721	13 314	631 035
Total comprehensive income for the period		–	–	–	(750)	–	38 658	37 908	2 714	40 622
Restated profit	3	–	–	–	–	–	38 658	38 658	2 714	41 372
Other comprehensive income		–	–	–	(750)	–	–	(750)	–	(750)
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners		–	–	–	–	(769)	2 915	2 146	(3 528)	(1 382)
Equity-settled share-based payment	11.2	–	–	–	–	2 043	103	2 146	–	2 146
Transfer within equity on vesting of equity-settled share-based payment	11.2	–	–	–	–	(2 812)	2 812	–	–	–
Dividends		–	–	–	–	–	–	–	(3 528)	(3 528)
Restated balance at 31 December 2021	3	1	34 309	(15 118)	28 276	3 982	606 325	657 775	12 500	670 275
Total comprehensive income for the period		–	–	–	(396)	–	82 577	82 181	4 391	86 572
Profit		–	–	–	–	–	82 577	82 577	4 391	86 968
Other comprehensive income		–	–	–	(396)	–	–	(396)	–	(396)
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners		–	–	(29 734)	–	4 266	(41 182)	(66 650)	(4 180)	(70 830)
Equity-settled share-based payment	11.2	–	–	–	–	4 266	52	4 318	–	4 318
Purchase of treasury shares	11.1	–	–	(29 734)	–	–	–	(29 734)	–	(29 734)
Dividends		–	–	–	–	–	(41 234)	(41 234)	(4 180)	(45 414)
Balance at 30 June 2022		**1**	**34 309**	**(44 852)**	**27 880**	**8 248**	**647 720**	**673 306**	**12 711**	**686 017**
Total comprehensive income for the period		**–**	**–**	**–**	**1 008**	**–**	**112 237**	**113 245**	**4 816**	**118 061**
Profit		**–**	**–**	**–**	**–**	**–**	**112 237**	**112 237**	**4 816**	**117 053**
Other comprehensive income		**–**	**–**	**–**	**1 008**	**–**	**–**	**1 008**	**–**	**1 008**
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners		**–**	**–**	**(31 996)**	**–**	**1 876**	**(60 927)**	**(91 047)**	**(2 923)**	**(93 970)**
Equity-settled share-based payment	11.2	**–**	**–**	**–**	**–**	**4 917**	**185**	**5 102**	**–**	**5 102**
Indirect costs arising on intra-group sale of shares related to equity-settled share-based payment		**–**	**–**	**–**	**–**	**–**	**(15)**	**(15)**	**–**	**(15)**
Transfer within equity on vesting of equity-settled share-based payment	11.2	**–**	**–**	**–**	**–**	**(3 041)**	**3 041**	**–**	**–**	**–**
Purchase of treasury shares	11.1	**–**	**–**	**(31 996)**	**–**	**–**	**–**	**(31 996)**	**–**	**(31 996)**
Dividends		**–**	**–**	**–**	**–**	**–**	**(64 138)**	**(64 138)**	**(2 923)**	**(67 061)**
Balance at 31 December 2022		**1**	**34 309**	**(76 848)**	**28 888**	**10 124**	**699 030**	**695 504**	**14 604**	**710 108**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2022

R'000	Note	Unaudited six months ended 31 December 2022	Restated* unaudited six months ended 31 December 2021	Audited year ended June 2022
Cash flow from operating activities				
Operating profit before working capital changes	14	**189 031**	139 253	305 159
Working capital changes		**(47 633)**	(17 413)	856
Cash generated from operations		**141 398**	121 840	306 015
Interest income received		**11 027**	5 413	12 930
Interest expense paid[1]		**(1 404)**	(2 075)	(4 044)
Tax paid		**(43 535)**	(33 510)	(75 768)
Dividends paid		**(66 820)**	(69 023)	(113 509)[2]
Net cash flow from operating activities		**40 666**	22 645	125 624
Cash flow from investing activities				
Additions of intangible assets		**–**	(50)	(48)
Additions of property, plant and equipment[3]		**(1 096)**	(4 250)	(7 997)
Proceeds from disposal of property, plant and equipment		**2**	114	353
Repayment of loans receivable		**522**	1 355	2 268
Net cash flow from investing activities		**(572)**	(2 831)	(5 424)
Cash flow from financing activities				
Acquisition of treasury shares	11.1	**(31 996)**	–	(29 734)
Payment of lease liabilities		**(4 593)**	(3 701)	(8 348)
Net cash flow from financing activities		**(36 589)**	(3 701)	(38 082)
Net movement in cash and cash equivalents		**3 505**	16 113	82 118
Effect of foreign exchange fluctuations		**(38)**	95	91
Net cash and cash equivalents at beginning of period		**355 077**	272 868	272 868
Net cash and cash equivalents at end of period		**358 544**	289 076	355 077

[1] *Includes interest on lease liabilities of R1.362 million (H1 F22: R1.922 million; FY F22: R3.683 million).*

[2] *Dividends paid for FY F22 includes the delayed payment of the 2020 interim dividend of R70.978 million in October 2021. Payment of the dividend was deferred following the outbreak of COVID-19 in March 2020 and concerns regarding the potential impact of long-term trading restrictions on the group's cash reserves at that time.*

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

* *Refer note 3.*

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 31 December 2022 (condensed financial statements) are prepared in accordance with the requirements of the JSE Ltd Listings Requirements (Listings Requirements) for provisional reports and the requirements of the Companies Act of South Africa (No. 71 of 2008 amended). The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by *IAS 34 – Interim Financial Reporting*. The accounting policies applied in the preparation of the condensed financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements for the year ended 30 June 2022 (F22 financial statements). The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

While the accounting policies applied in the preparation of the condensed financial statements are consistent with those applied in the F22 financial statements, comparative information for the six months ended 31 December 2021 have been restated to accord with the accounting policies applied in the F22 financial statements as set out in note 3.

Throughout these condensed financial statements, the comparative six-month period ended 31 December 2021 is referenced as 'H1 F22', while the comparative year ended 30 June 2022 is referenced as 'FY F22'. The six-month period from January 2022 to June 2022 is referenced as 'H2 F22'.

The condensed financial statements have not been reviewed or audited by the group's external auditors.

The condensed financial statements 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 condensed financial statements have been prepared on the historical cost basis except in the case of the contingent consideration receivable (in the comparative reporting periods) which was measured at fair value.

The condensed financial statements were prepared under the supervision of the group chief financial officer, Cristina Teixeira CA(SA), and authorised for issue by the directors on Wednesday, 22 February 2023. The condensed financial statements were published on Friday, 24 February 2023.

2. IMPACT OF COVID-19 AND GOING CONCERN

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

A timeline of trading restrictions imposed on the restaurant industry in South Africa for the periods reported on in these financial statements is listed below:

28 June 2021 to 25 July 2021 (third wave)	Lockdown level 4 re-imposed; sit-down trade prohibited; trading time limited to 20:00
26 July 2021	Lockdown level reduced to level 3; sit-down trade permitted subject to capacity restrictions (lower of 50% capacity or 50 people); trading time extended to 21:00
13 September 2021	Lockdown level reduced to level 2; capacity limited to 250 people observing social distancing requirements (or 50% of capacity if venue cannot accommodate 250 people); trading time extended to 22:00
1 October 2021	Lockdown level reduced to level 1; trading time extended to 23:00; capacity limitations increased to lower of 50% of capacity or 750 people
31 December 2021	Curfew scrapped; capacity limitations increased to lower of 50% of capacity or 1 000 people
5 April 2022	State of disaster lifted, although capacity limitations as before still in place
22 June 2022	Remaining regulations repealed; no trading restrictions in place

While the fourth wave commenced in South Africa in December 2021, more stringent lockdown restrictions were not implemented in South Africa.

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

2.1 The impact on the group

Most of the group's revenue is either directly or indirectly linked to restaurant sales. The trading restrictions imposed negatively impacted franchised restaurant sales which saw a negative impact on the group's revenue and resulting profitability. While the worst of the impact of these restrictions was experienced prior to the period covered by this report, H1 F22 still experienced some of the impact. Subsequent to the trading restrictions being lifted, the group's franchise network has for the most part returned to normal pre-COVID-19 trading levels and the group's revenue and profitability have similarly recovered.

The group temporarily discounted its franchise and marketing fund contribution fee structures* to 3% and 1% of restaurant turnovers respectively for the month of July 2021 in response to the prohibition of sit-down trade for that month. The combined impact of lower restaurant sales and the lower fee rates resulted in relatively low group revenue for the month of July 2021.

* *Standard franchise fees for all brands are 5% of restaurant turnover. Standard marketing fees for Spur, Panarottis and John Dory's are 4% of restaurant turnover, and 2% for the other brands.*

2. IMPACT OF COVID-19 AND GOING CONCERN (continued)

2.1 The impact on the group (continued)

Most of the group's austerity measures implemented during the initial hard lockdown to preserve cash have been withdrawn. The deferred interim 2020 dividend declared on 26 February 2020 was settled in cash on 25 October 2021. The group had suspended its short-term profit share and thirteenth cheque bonus schemes in June 2020; the board subsequently authorised an *ex gratia* payment pool equivalent to a full month's salary bill which was allocated and paid to all employees, based on individual performance, in the prior year (December 2021)#.

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

The ability of the group to trade through the COVID-19 pandemic, which had a detrimental impact on the South African economy and consumer, demonstrated the relative resilience of the group. The complete withdrawal of trading restrictions in South Africa on 22 June 2022 and the similar relaxation of restrictions internationally saw a recovery in the group's performance that was better and quicker than originally anticipated.

The potential for future waves and variants of COVID-19 (or similar biological threats) still exists. In addition, in South Africa, the risk of prolonged bouts of load shedding, and indeed the risk of a complete electricity blackout, remains high. Increasing interest rates, fuel and electricity costs, food inflation and costs of living generally, combined with high unemployment, particularly among the youth, raise the risk of wide-scale civil unrest similar to that experienced in July 2021. For this reason, the board continues to adopt a cautious stance on cash retention and capital allocation.

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

3. PRIOR PERIOD RESTATEMENTS

Details of the prior period misstatements listed below, and the impact of the correction thereof on the financial statements for the years ending 30 June 2021 and 30 June 2022, are detailed in the group's audited consolidated financial statements for the year ended 30 June 2022 as published on 19 August 2022 (refer specifically to note 4 of those financial statements). This note therefore seeks only to detail the impact of the corrections on the comparative six-month period ended 31 December 2021 (H1 F22).

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

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

Approximately 50% of the bonus pool was accrued for in the financial year ended 30 June 2021; resulting in a net charge of the balance of approximately 50% of the bonus pool being expensed in the first half of the financial year ending 30 June 2022.

3. PRIOR PERIOD RESTATEMENTS (continued)

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

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

This incorrect application of IFRS 15 in prior periods was corrected retrospectively as at 30 June 2022: the cumulative impact of the correction was adjusted as at the beginning of the year ended 30 June 2021. H1 F22 comparative information has been restated as detailed in note 3.4. The restatement of H1 F22 has resulted in a material increase in revenue and cost of sales in that period, although the net impact on profit or loss is not material.

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

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

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

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

This incorrect application of IFRS 15 in prior periods was corrected retrospectively as at 30 June 2022: the cumulative impact of the correction was adjusted as at the beginning of the year ended 30 June 2021. H1 F22 comparative information has been restated as listed in note 3.4. The restatement of H1 F22 has resulted in a reduction in revenue in the statement of profit or loss and other comprehensive income and the recognition of a contract liability in the statement of financial position relating to the unsatisfied performance obligation in that period.

3. PRIOR PERIOD RESTATEMENTS (continued)

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

The group discloses cash deposits relating to marketing fund surpluses and cash deposits held to settle its obligation in respect of unredeemed gift vouchers as restricted cash in the consolidated statement of financial position. The group had however previously excluded the movements in these restricted cash balances from the cash flow movements presented in the statement of cash flows. While IAS 7 defines the term 'restricted cash' and requires separate disclosure thereof, it does not preclude the requirement to include restricted cash within total cash and cash equivalents for the purposes of the statement of cash flows. The group had accordingly erred in excluding the movement in restricted cash from its statement of cash flows in prior periods. The incorrect application of IAS 7 in prior periods was corrected retrospectively as at 30 June 2022: the cumulative impact of the correction was adjusted as at the beginning of the year ended 30 June 2021. H1 F22 comparative information for the statement of cash flows has been restated as detailed in note 3.4.

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

Extract from consolidated statement of financial position

R'000	As at 31 December 2021 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (3.1)	Accounting for marketing funds (3.2)	Restricted cash (3.3)	**Restated as at 31 December 2021**
ASSETS					
Non-current assets	**502 374**	**–**	**–**	**–**	**502 374**
Current assets	**429 494**	**117 047**	**–**	**–**	**546 541**
Inventories	18 619	117 047	–	–	**135 666**
Other current assets	410 875	–	–	–	**410 875**
TOTAL ASSETS	**931 868**	**117 047**	**–**	**–**	**1 048 915**
EQUITY					
Total equity	**694 707**	**(890)**	**(23 542)**	**–**	**670 275**
Retained earnings	630 757	(890)	(23 542)	–	**606 325**
Other equity	51 450	–	–	–	**51 450**
Total equity attributable to owners of the company	**682 207**	**(890)**	**(23 542)**	**–**	**657 775**
Non-controlling interests	12 500	–	–	–	**12 500**
LIABILITIES					
Non-current liabilities	**109 548**	**(345)**	**–**	**–**	**109 203**
Deferred tax	49 272	(345)	–	–	**48 927**
Other non-current liabilities	60 276	–	–	–	**60 276**
Current liabilities	**127 613**	**118 282**	**23 542**	**–**	**269 437**
Trade and other payables	88 055	118 282	–	–	**206 337**
Contract liabilities	4 910	–	23 542	–	**28 452**
Other current liabilities	34 648	–	–	–	**34 648**
TOTAL EQUITY AND LIABILITIES	**931 868**	**117 047**	**–**	**–**	**1 048 915**

3. PRIOR PERIOD RESTATEMENTS (continued)

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

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

R'000	For the period ended 31 December 2021 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (3.1)	Adjustments to correct errors: Accounting for marketing funds (3.2)	Adjustments to correct errors: Restricted cash (3.3)	**Restated for the period ended 31 December 2021**
Revenue	**440 703**	**715 220**	**(20 022)**	**–**	**1 135 901**
Cost of sales	(94 155)	(715 596)	–	–	**(809 751)**
Gross profit	**346 548**	**(376)**	**(20 022)**	**–**	**326 150**
Operating profit before net finance income	**108 281**	**(376)**	**(20 022)**	**–**	**87 883**
Profit before income tax	**103 356**	**(376)**	**(20 022)**	**–**	**82 958**
Income tax expense	(41 690)	104	–	–	**(41 586)**
Profit	**61 666**	**(272)**	**(20 022)**	**–**	**41 372**
Total comprehensive income	**60 916**	**(272)**	**(20 022)**	**–**	**40 622**
Profit attributable to:	**61 666**	**(272)**	**(20 022)**	**–**	**41 372**
Equity owners of the company	58 952	(272)	(20 022)	–	**38 658**
Non-controlling interests	2 714	–	–	–	**2 714**
Total comprehensive income attributable to:	**60 916**	**(272)**	**(20 022)**	**–**	**40 622**
Equity owners of the company	58 202	(272)	(20 022)	–	**37 908**
Non-controlling interests	2 714	–	–	–	**2 714**
Earnings per share (cents)					
Basic earnings	70.18	(0.32)	(23.84)	–	**46.02**
Diluted earnings	69.92	(0.32)	(23.75)	–	**45.85**

3. PRIOR PERIOD RESTATEMENTS (continued)

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

Extract from consolidated statement of cash flows

R'000	For the period ended 31 December 2021 as previously reported	Adjustments to correct errors: Sales by outsourced distributor (3.1)	Adjustments to correct errors: Accounting for marketing funds (3.2)	Adjustments to correct errors: Restricted cash (3.3)	**Restated for the period ended 31 December 2021**
Cash flow from operating activities					
Operating profit before working capital changes	122 440	(376)	–	17 189	**139 253**
Working capital changes	(18 607)	376	–	818	**(17 413)**
Cash generated from operations	**103 833**	**–**	**–**	**18 007**	**121 840**
Net cash flow from operating activities	**4 638**	**–**	**–**	**18 007**	**22 645**
Net cash flow from investing activities	**(2 831)**	**–**	**–**	**–**	**(2 831)**
Net cash flow from financing activities	**(3 701)**	**–**	**–**	**–**	**(3 701)**
Net movement in cash and cash equivalents	**(1 894)**	**–**	**–**	**18 007**	**16 113**
Effect of foreign exchange fluctuations	95	–	–	–	**95**
Net cash and cash equivalents at beginning of period	260 870	–	–	11 998	**272 868**
Net cash and cash equivalents at end of period	**259 071**	**–**	**–**	**30 005**	**289 076**

4. OPERATING SEGMENTS

External revenue

R'000	Note	Unaudited six months ended 31 December 2022	Restated* unaudited six months ended 31 December 2021	% Change	Audited year ended 30 June 2022
South Africa					
Franchise		**213 358**	156 611	36.2	333 395
Spur		**151 173**	109 211	38.4	232 167
Panarottis		**19 777**	14 496	36.4	31 267
John Dory's		**10 312**	8 489	21.5	17 948
RocoMamas		**22 637**	18 780	20.5	38 573
Speciality brands		**9 459**	5 635	67.9	13 440
Manufacturing and distribution	b	**1 086 599**	821 598	32.3	1 710 414
Retail company stores		**41 554**	27 620	50.4	62 907
Marketing		**141 407**	93 337	51.5	199 538
Other segments	d	**19 742**	14 186	39.2	36 759
Total South African segments		**1 502 660**	1 113 352	35.0	2 343 013
Shared services		**234**	204	14.7	211
Total South Africa		**1 502 894**	1 113 556	35.0	2 343 224
International					
Australasia		**415**	318	30.5	645
Rest of Africa and Middle East	f	**27 114**	20 138	34.6	42 362
Marketing		**3 334**	1 889	76.5	4 961
Total International		**30 863**	22 345	38.1	47 968
Total external revenue		**1 533 757**	1 135 901	35.0	2 391 192

Refer page 22 for notes.
Refer note 5 for further details of revenue.

4. OPERATING SEGMENTS (continued)

Profit/(loss) before income tax

R'000	Note	Unaudited six months ended 31 December 2022	Restated* unaudited six months ended 31 December 2021	% Change	Audited year ended 30 June 2022
South Africa					
Franchise		**175 805**	117 640	49.4	258 933
Spur		**131 780**	90 365	45.8	194 990
Panarottis		**13 976**	7 950	75.8	19 794
John Dory's		**5 975**	2 696	121.6	6 641
RocoMamas	a	**15 894**	13 340	19.1	27 876
Speciality brands		**8 180**	3 289	148.7	9 632
Manufacturing and distribution		**44 666**	35 151	27.1	73 612
Retail company stores	c	**3 421**	(1 021)	435.1	(1 185)
Marketing		**(15)**	6 897	(100.2)	2 410
Other segments	d	**708**	(3 662)	119.3	(3 981)
Total South African segments		**224 585**	155 005	44.9	329 789
Shared services	e	**(63 860)**	(76 614)	16.6	(132 328)
Total South Africa		**160 725**	78 391	105.0	197 461
International					
Australasia		**131**	(125)	204.8	(119)
Rest of Africa and Middle East		**12 061**	8 676	39.0	18 938
Total International segments		**12 192**	8 551	42.6	18 819
Shared services	g	**(4 513)**	(3 984)	(13.3)	(6 612)
Total International		**7 679**	4 567	68.1	12 207
Profit before income tax		**168 404**	82 958	103.0	209 668

* *Refer note 3.*

4. OPERATING SEGMENTS (continued)

Operating segments are identified based on financial information regularly reviewed by the Spur Corporation Ltd executive directors (identified as the chief operating decision-maker (CODM) of the group) for performance assessments and resource allocations.

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

The group identified the following reportable segments:

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

South Africa: Manufacturing and distribution
- Sauce manufacturing, warehousing and product distribution business including sales by the group's outsourced distributor to franchisees, rebates and sales of retail sauces to supermarkets

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

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

South Africa: Other segments
- The group's training division, export business, décor manufacturing business and call centre which are each individually not material

International: Australasia
- Franchise business in Australia and New Zealand. The group's only franchisee in New Zealand ceased trading during the current period.

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

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

4. OPERATING SEGMENTS (continued)

a) South Africa Franchise – RocoMamas
Profit for the period includes a one-off contribution to the RocoMamas marketing fund of R1.0 million to facilitate the implementation of the brand's marketing strategy.

b) South Africa Manufacturing and distribution
Manufacturing and distribution revenue includes sales by the group's outsourced distributor of R1.039 billion (H1 F22: R0.783 billion; FY F22: R1.633 billion).

c) South Africa Retail company stores
The group undertook a major refurbishment of The Hussar Grill in Morningside during the prior year to the amount of R2.2 million of which R2.109 million was capitalised and R0.091 million was expensed in H2 F22. Profit for H1 F22 also includes an interest and penalties charge of R0.5 million in respect of underpayment of provisional tax relating to the 2021 financial year. The penalties were reversed during H2 F22.

d) South Africa Other segments
The increase in revenue and profit for other segments relates largely to improved volumes in the group's Décor manufacturing and Export business units post COVID-19. The group's training division has also reduced losses as training activities recover to pre-COVID-19 levels.

e) South Africa Shared services

R'000	**Unaudited six months ended 31 December 2022**	Unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
The segment loss includes:			
Marketing fund administration cost recoveries (intersegment)[1]	**7 717**	7 587	14 552
Interest expense on SARS dispute (refer note 8)	**–**	(8 038)	(8 038)
Interest expense on employee liability (refer footnote 10 to statement of financial position)	**–**	(225)	(496)
Other net finance income[2]	**9 412**	4 959	10 836
Impairment (loss)/reversal – net expected and actual credit losses – financial instruments (refer footnote 1 to note 7)	**(2 997)**	(5 155)	562
Equity-settled share-based payment charge (refer note 11.2)	**(4 917)**	(2 043)	(6 309)
Contingent consideration[3] fair value adjustment	**61**	(3 890)	(2 525)
ECL allowance reversal relating to contingent consideration receivable	**54**	117	72
Loss (before net finance income) of The Spur Foundation Trust, all of which is attributable to non-controlling interests	**(261)**	(642)	(145)
Non-executive directors' fees (including VAT where applicable)	**(2 847)**	(2 731)	(5 317)

[1] *The group recovers certain of the costs of administering the marketing funds on behalf of franchisees from the marketing funds.*
[2] *Other net finance income has increased due to higher cash balances and higher interest rates relative to the prior periods.*
[3] *Refer note 10 for comment on the Nikos contingent consideration.*

4. OPERATING SEGMENTS (continued)

f) Rest of Africa and Middle East
Rest of Africa and Middle East revenue includes sales by the group's outsourced distributor of R7.491 million (H1 F22: R4.822 million; FY F22: R10.602 million).

g) International Shared services

R'000	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
The segment loss includes:			
Impairment loss – net expected and actual credit losses – financial instruments (refer footnote 1 to note 7)	(290)	(1 673)	(2 035)
Foreign exchange (loss)/gain	(1 481)	440	467

5. REVENUE

R'000	Unaudited six months ended 31 December 2022	Restated* unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
Sales-based royalties	229 775	167 968	357 607
Ongoing franchise fee income	229 775	167 968	357 607
Recognised at a point in time	1 157 299	869 105	1 824 133
Sales of franchisee supplies (outsourced)	1 046 943	777 203	1 643 400
Sales of purchased and manufactured sauces	43 879	46 665	71 761
Retail company stores' sales	41 554	27 620	62 907
Sales of franchisee supplies	16 036	11 100	29 464
Sales of marketing materials	5 410	3 780	10 302
Rebate income	3 477	2 737	6 299
Recognised over time	146 683	98 828	209 452
Initial franchise fee income (refer note 12.2)	3 189	3 853	7 161
Marketing fund contributions (refer note 12.1)	134 297	86 964	181 984
Services rendered	4 101	3 513	8 029
Marketing supplier contributions	5 096	4 498	12 278
Total external revenue	**1 533 757**	1 135 901	2 391 192

* *Refer note 3.*

5. REVENUE (continued)

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

Unaudited six months ended 31 December 2022

R'000	Sales-based royalties	Recognised at a point in time	Recognised over time	Total
South Africa				
Franchise	211 049	113	2 196	213 358
Spur	150 056	–	1 117	151 173
Panarottis	19 406	107	264	19 777
John Dory's	10 288	–	24	10 312
RocoMamas	21 982	6	649	22 637
Speciality brands	9 317	–	142	9 459
Manufacturing and distribution	–	1 086 599	–	1 086 599
Retail company stores	–	41 554	–	41 554
Marketing	–	5 410	135 997	141 407
Other South Africa	–	15 689	4 053	19 742
Total South African segments	211 049	1 149 365	142 246	1 502 660
Shared services	–	234	–	234
Total South Africa	211 049	1 149 599	142 246	1 502 894
International				
Australasia	288	–	127	415
Rest of Africa and Middle East	18 438	7 700	976	27 114
Marketing	–	–	3 334	3 334
Total International	18 726	7 700	4 437	30 863
Total external revenue	229 775	1 157 299	146 683	1 533 757

5. REVENUE (continued)

Restated* unaudited six months ended 31 December 2021

R'000	Sales-based royalties	Recognised at a point in time	Recognised over time	Total
South Africa				
Franchise	154 394	127	2 090	156 611
Spur	108 326	–	885	109 211
Panarottis	14 046	127	323	14 496
John Dory's	8 311	–	178	8 489
RocoMamas	18 180	–	600	18 780
Speciality brands	5 531	–	104	5 635
Manufacturing and distribution	–	821 598	–	821 598
Retail company stores	–	27 620	–	27 620
Marketing	–	3 780	89 557	93 337
Other South Africa	–	10 768	3 418	14 186
Total South African segments	154 394	863 893	95 065	1 113 352
Shared services	–	204	–	204
Total South Africa	154 394	864 097	95 065	1 113 556
International				
Australasia	254	–	64	318
Rest of Africa and Middle East	13 320	5 008	1 810	20 138
Marketing	–	–	1 889	1 889
Total International	13 574	5 008	3 763	22 345
Total external revenue	167 968	869 105	98 828	1 135 901

* *Refer note 3.*

5. REVENUE (continued)

Audited year ended 30 June 2022

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

6. OTHER INCOME

R'000	**Unaudited six months ended 31 December 2022**	Unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
Expired gift vouchers[1]	**831**	1 012	1 598
Fair value gain on contingent consideration receivable	**61**	–	–
Foreign exchange gain	**–**	438	–
Profit on disposal of property, plant and equipment	**–**	77	125
Rental concession income	**–**	380	201
Spur Foundation donation income[2]	**457**	510	1 378
Other	**335**	175	656
Total other income	**1 684**	2 592	3 958

[1] *Expired gift vouchers relate to the value of gift vouchers sold to customers which have not been redeemed within a period of three years from date of issue. The validity period of three years is prescribed by local legislation.*

[2] *Spur Foundation donation income relates to donations received by The Spur Foundation Trust, a consolidated structured entity, from parties external to the group. The income may be used exclusively for the benefit of the beneficiaries of the trust in accordance with the trust deed (which exclude any group entities). Related expenditure is included in Administration expenses in the statement of profit or loss and other comprehensive income.*

7. OPERATING PROFIT BEFORE NET FINANCE INCOME/(EXPENSE)

R'000	**Unaudited six months ended 31 December 2022**	Unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
The following expenses have been taken into account in determining operating profit before net finance income/(expense) (other than those items disclosed in other income (refer note 6)):			
Amortisation – intangible assets	**767**	400	1 150
Depreciation – property, plant and equipment	**4 597**	4 552	9 210
Depreciation – right-of-use assets	**5 269**	5 349	10 511
Employment costs	**108 110**	112 142	221 645
Salaries and wages	**103 193**	110 099	215 336
Share-based payments expense – equity-settled – long-term employee share incentive schemes (refer note 11.2)	**4 917**	2 043	6 309
Foreign exchange loss	**1 414**	–	–
Impairment losses/(reversal) – expected and actual credit losses – financial instruments	**4 294**	7 868	2 957
Trade receivables	**3 864**	7 978	2 822
Bad debts – trade receivables (actual credit loss)	**37**	183	345
Movement in impairment allowance[1]	**3 827**	7 795	2 477
Loans receivable	**484**	7	207
Impairment allowance	**545**	171	395
Reversal of impairment allowance	**(61)**	(164)	(188)
Impairment allowance reversed against actual write-off of loans receivable[2]	**(2 686)**	–	(1 310)
Write-off of loans receivable[2] (actual credit loss)	**2 686**	–	1 310
Reversal of impairment of contingent consideration receivable	**(54)**	(117)	(72)
Other non-trading losses	**–**	3 890	2 525
Fair value loss on contingent consideration liability (refer note 10)	**–**	3 890	2 525

[1] *The allowance for expected credit losses (ECL) in the current period increased in line with increased trade receivables as operating activities improved in a post-COVID-19 environment. Probability of default and loss given default rates were consistent with those applied for FY F22, while probability of default rates for the current period were lower than those applied in H1 F22 due to improved trading conditions in the current period relative to H1 F22 and the resultant more positive credit risk outlook.*

[2] *Refer note 10 for details of the loan to the Apache Spur franchisee in Australia.*

8. TAX RATE RECONCILIATION

%	**Unaudited six months ended 31 December 2022**	Restated* unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
South African corporate income tax rate	**27.0**	28.0	28.0
Non-deductible interest and penalties[1]	**–**	3.0	1.1
Non-deductible listings related costs	**0.8**	1.0	1.2
Non-deductible marketing expenditure	**21.9**	28.0	24.5
Non-deductible loan impairment	**0.1**	–	–
Non-deductible other expenditure (capital items and items not in production of income)	**0.7**	1.1	0.5
Non-deductible fair value loss on contingent consideration receivable	**–**	1.0	0.3
Non-taxable marketing income	**(21.9)**	(30.0)	(24.7)
Prior year (over)/under[1] provision	**(0.2)**	16.0	6.3
Tax losses on which deferred tax asset not recognised	**–**	–	0.2
Tax on foreign attributed income not included in profit	**0.3**	–	0.3
Tax at rates other than corporate income tax rate	**0.1**	–	0.1
Tax rate change	**–**	–	(0.8)
Utilisation of withholding tax credits	**(0.2)**	–	–
Withholding taxes	**1.9**	2.0	1.8
Effective tax rate	**30.5**	50.1	38.8

During the prior year, the South African Minister of Finance announced a reduction in the South African corporate income tax rate from 28% applicable in the prior financial year to 27% applicable in the current financial year.

The statutory rates of tax applicable to group entities in the Netherlands, Australia and Namibia are 25.8% (2022: 25.8%), 25% (2022: 25%) and 32% respectively. The tax rate in the Netherlands operates on a sliding scale.

[1] *In the prior year, on 15 October 2021, judgement was issued by the Supreme Court of Appeals (SCA) regarding a dispute between the group and the South African Revenue Services (SARS) relating to the deductibility of an allowance claimed by the group in respect of its 2004-2009 share incentive scheme in its tax returns for the years of assessment from 2005 to 2012. The SCA judgement upheld SARS' view. The tax and interest on additional assessments raised by SARS had already been settled in cash in previous years but had been recognised as a tax receivable pending the conclusion of the litigation. Following the judgement, the receivable (comprising R13.996 million in additional income tax and R8.038 million in interest) was charged to profit or loss in H1 F22.*

* *Refer note 3.*

9. EARNINGS PER SHARE

9.1 Statistics

'000	**Unaudited six months ended 31 December 2022**	Restated* unaudited six months ended 31 December 2021	% Change	Audited year ended 30 June 2022
Total shares in issue	**90 997**	90 997		90 997
Less: shares repurchased by wholly-owned subsidiary companies (refer note 11.1)	**(3 225)**	(412)		(1 888)
Less: shares held by The Spur Management Share Trust (consolidated structured entity)	**(5 929)**	(5 933)		(5 933)
Less: shares held by The Spur Foundation Trust (consolidated structured entity)	**(500)**	(500)		(500)
Net shares in issue	**81 343**	84 152		82 676
Weighted average number of shares in issue	**81 844**	84 005		83 997
Diluted weighted average number of shares in issue	**82 136**	84 316		84 310
Earnings per share (cents)				
Basic earnings	**137.14**	46.02	198.0	144.33
Diluted earnings	**136.65**	45.85	198.0	143.80
Headline earnings per share (cents)				
Basic headline earnings	**137.14**	45.94	198.5	144.22
Diluted headline earnings	**136.65**	45.77	198.5	143.68
Dividend per share (cents)[1]	**82.00**	49.00	67.3	127.00

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

* *Refer note 3.*

9. EARNINGS PER SHARE (continued)

9.2 Reconciliation of weighted average number of shares in issue

'000	**Unaudited six months ended 31 December 2022**	Unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
Gross shares in issue at beginning of period	**90 997**	90 997	90 997
Less: Cumulative shares repurchased by subsidiary companies and consolidated structured entities at beginning of period	**(8 320)**	(7 029)	(7 029)
Less: Shares repurchased during period weighted for period held by the group	**(866)**	–	(80)
Plus: Shares issued during the period weighted for period in issue (vested long-term share-linked incentive awards) (refer note 11.2)	**33**	37	109
Weighted average number of shares in issue for the period	**81 844**	84 005	83 997
Dilutive potential ordinary shares weighted for period outstanding (non-vested long-term share-linked incentive awards) (refer note 11.2)	**292**	311	313
Diluted weighted average number of shares in issue for the period	**82 136**	84 316	84 310

9.3 Reconciliation of headline earnings

R'000	**Unaudited six months ended 31 December 2022**	Restated* unaudited six months ended 31 December 2021	% Change	Audited year ended 30 June 2022
Profit attributable to equity owners of the company	**112 237**	38 658	190.3	121 235
Profit on disposal of property, plant and equipment	**–**	(77)		(125)
Income tax impact of above adjustments	**–**	14		27
Headline earnings	**112 237**	38 595	190.8	121 137

10. LOANS RECEIVABLE

R'000	Unaudited as at 31 December 2022	Unaudited as at 31 December 2021	Audited as at 30 June 2022
Total gross carrying amount at end of period	**11 479**	13 467	12 209
Impairment allowance	**(9 293)**	(12 000)	(11 262)
Opening impairment allowance	**(11 262)**	(11 989)	(11 989)
Current period impairment allowance	**(545)**	(171)	(395)
Reversal of impairment allowance	**61**	164	188
Effect of foreign exchange	**(233)**	(4)	(376)
Impairment allowance reversed against actual write-off	**2 686**	–	1 310
Net carrying amount at end of period	**2 186**	1 467	947
Current portion included in current assets	**1 996**	849	597
Non-current portion included in non-current assets	**190**	618	350
Net carrying amount at end of period	**2 186**	1 467	947

The only new loan arising relative to the prior year relates to a receivable from the Nikos Coalgrill Greek (Nikos) non-controlling shareholders of R1.761 million. The loan bears interest at 2% above the South African prime overdraft interest rate. The loan is repayable on demand. A contingent consideration receivable was previously recognised in respect of the purchase consideration of 51% of the Nikos business acquired by the group in August 2018. The total purchase consideration was calculated as five times earnings before interest tax and depreciation (EBITDA) of the Nikos business for the period August 2021 to July 2022. An initial amount of R5 million was paid to the sellers on the acquisition date and the contingent consideration receivable previously reflected the estimated amount repayable by the sellers to the group following the finalisation of the financial performance of the business to July 2022. As the amount receivable from the sellers is no longer contingent, the contingent consideration receivable has been reclassified as a loan receivable in the current period.

A gross loan of R2.686 million previously advanced to the franchisee of the Apache Spur in Australia has been written off in the current period following confirmation from the liquidator of the franchisee that no liquidation dividend would be payable. An allowance for ECL for the entire amount had been raised in previous periods and has been reversed in the current period (to offset the actual credit loss).

11. CAPITAL AND RESERVES

11.1 Shares repurchased

	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
Number of shares acquired by wholly-owned subsidiary, Share Buy-back (Pty) Ltd, during the period ('000)	**1 309**	–	1 475
Number of shares acquired by wholly-owned subsidiary, Spur Group (Pty) Ltd, as shares to be held in escrow on behalf of Forfeitable Share Plan participants, for the period (refer note 11.2) ('000)	**190**	–	–
Total number of shares acquired by wholly-owned subsidiaries for the period ('000)	**1 499**	–	1 475
Total cost of shares acquired by Share Buy-back (Pty) Ltd for the period (R'000)	**27 699**	–	29 734
Total cost of shares acquired by Spur Group (Pty) Ltd for the period (R'000)	**4 297**	–	–
Total cost of shares acquired by wholly-owned subsidiaries for the period (R'000)	**31 996**	–	29 734
Average cost per share of shares acquired during the period (R)	**21.34**	–	20.16

166 281 (H1 F22: 183 200; FY F22: 183 200) shares held by Spur Group (Pty) Ltd in escrow on behalf of participants of the Spur Group Forfeitable Share Plan, were vested with participants (refer note 11.2) during the period.

The balance per the statement of financial position comprises the cost of the Spur Corporation Ltd shares that have been repurchased by subsidiaries, Share Buy-back (Pty) Ltd and Spur Group (Pty) Ltd, those held by The Spur Management Share Trust, a consolidated structured entity, for the purposes of the group's share incentive schemes (refer note 11.2) and those held by The Spur Foundation Trust, a consolidated structured entity. Refer also note 9.1.

11. CAPITAL AND RESERVES (continued)

11.2 Share-based payments reserve/Long-term incentives

R'000	**Unaudited six months ended 31 December 2022**	Unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
Balance at beginning of period	**8 248**	4 751	4 751
Share-based payments expense for the period	**4 917**	2 043	6 309
FSP – November 2018 tranche	**–**	204	204
FSP – November 2019 tranche	**282**	434	616
FSP – October 2021 tranche	**603**	281	1 235
SAR – October 2021 tranche	**2 694**	1 124	4 254
FSP – November 2022 tranche	**200**	–	–
SAR – November 2022 tranche	**1 138**	–	–
Transfer to retained earnings on vesting of shares/rights	**(3 041)**	(2 812)	(2 812)
Balance at end of period	**10 124**	3 982	8 248
Comprising:			
FSP – November 2019 tranche	**–**	2 577	2 759
FSP – October 2021 tranche	**1 838**	281	1 235
SAR – October 2021 tranche	**6 948**	1 124	4 254
FSP – November 2022 tranche	**200**	–	–
SAR – November 2022 tranche	**1 138**	–	–

	Unaudited six months ended 31 December 2022		Unaudited six months ended 31 December 2021	
Number of shares/rights in issue	**FSP shares**	**SAR rights**	FSP shares	SAR rights
Balance at beginning of period	**547 740**	**4 187 851**	416 347	5 040 492
Granted during the period	**395 013**	**3 238 776**	263 507	2 409 745
Forfeited during the period	**(64 119)**	**(2 113 804)**	(32 000)	(2 878 713)
Vested during the period	**(166 281)**	**–**	(183 200)	–
Balance at end of period	**712 353**	**5 312 823**	464 654	4 571 524
Comprising:				
November 2019 tranche	**–**	**–**	201 147	2 161 779
October 2021 tranche	**317 340**	**2 086 467**	263 507	2 409 745
November 2022 tranche	**395 013**	**3 226 356**	–	–

	Audited year ended 30 June 2022	
Number of shares/rights in issue	FSP shares	SAR rights
Balance at beginning of year	416 347	5 040 492
Granted during the year	373 459	2 409 745
Forfeited/lapsed during the year	(58 866)	(3 262 386)
Vested during the year	(183 200)	–
Balance at end of year	547 740	4 187 851
Comprising:		
November 2019 tranche	174 281	2 037 101
October 2021 tranche	373 459	2 150 750

11. CAPITAL AND RESERVES (continued)

11.2 Share-based payments reserve/Long-term incentives (continued)

The November 2018 and November 2019 tranches relate to two equity-settled share incentive schemes for managers and directors, approved by shareholders at the annual general meeting (AGM) of 4 December 2015: the Spur Group Forfeitable Share Plan (FSP) and Spur Group Share Appreciation Rights (SAR) Scheme. At the AGM of 23 December 2020, shareholders approved new equity-settled long-term incentive schemes. The October 2021 and November 2022 tranches of long-term incentive awards were issued in terms of these new schemes.

The terms of each tranche are as follows:

FSP	**November 2019 tranche**	**October 2021 tranche**	**November 2022 tranche**
Date of grant	26 November 2019	7 October 2021	17 November 2022
Number of shares awarded	231 787	263 507[1]	395 013[2]
Initial vesting date	25 November 2022	16 August 2025[3]	17 November 2026[4]
Date from which shares may be traded	22 November 2024	16 August 2025[3]	17 November 2026[4]
Service condition	3 years from grant date	Approximately 4 years from grant date[3]	Approximately 4 years from grant date[4]
Performance conditions	Personal performance	N/A[5]	N/A[5]
Grant-date fair value per share (R)	18.29	18.10	16.46
Proportion of shares expected to vest as assessed at reporting date (based on number of employees expected to meet service condition) (%)	N/A	97.0	100.0
Number of shares that vested	166 281	N/A	N/A

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

1 *The number of FSP shares awarded in respect of the October 2021 tranche is calculated with reference to the participants' STI payments relating to the financial year ended 30 June 2022 (F22). The participant's right to the FSP shares was established on grant date, but the exact number of shares was contingently issuable upon the determination of the STI for F22. The number of FSP shares was therefore estimated as at 30 June 2022 at the time of issuing the financial statements for the year ended 30 June 2022; however the actual number of FSP shares awarded has subsequently been determined (during the current period) based on the finalised and board-approved aforementioned STI payments relating to F22.*

2 *The number of FSP shares awarded in respect of the November 2022 tranche is calculated with reference to the participants' STI payments relating to the financial year ending 30 June 2023 (F23). The shares are therefore contingently issuable upon the determination of the STI. The number of shares included is an estimate based on expected STI payments for F23, and is subject to change.*

3 *Notwithstanding the initial grant date, the initial vesting date is three years from the date on which the final number of shares awarded is determined (i.e. only when the F22 STI amount is finalised and paid). The actual number of shares allocated was finally determined on 17 August 2022.*

4 *Notwithstanding the initial grant date, the initial vesting date is three years from the date on which the final number of shares awarded is determined (i.e. only when the F23 STI amount is finalised and paid). The date included is an estimate, and is subject to change, but in any event will not be later than 30 November 2026.*

5 *As the October 2021 and November 2022 tranches of FSPs are awarded (and the actual number of shares determined) based on the group's STI (which incorporates performance conditions), no further performance conditions apply.*

11. CAPITAL AND RESERVES (continued)

11.2 Share-based payments reserve/Long-term incentives (continued)

While the right to receive shares in respect of the October 2021 tranche of FSP awards was established in October 2021, the exact number of shares was only determined during the current period, upon finalisation of the short-term incentive (STI) payments for the 2022 financial year. The shares have been acquired by Spur Group (Pty) Ltd and held in escrow pending the fulfilment of the service condition. The participants are entitled to dividends and voting rights from the date that the shares are allocated to them (17 August 2022). The shares are nevertheless treated as treasury shares until such time as the participants become unconditionally entitled to the shares (i.e. only once the service condition has been met).

The November 2022 forfeitable shares are contingently issuable shares determined with reference to the participants' STI payments calculated for the financial year ending 30 June 2023.

SAR	November 2019 tranche	October 2021 tranche	November 2022 tranche
Date of grant	26 November 2019	7 October 2021	17 November 2022
Number of rights awarded	2 899 115	2 409 745	3 238 776
Strike price per right (R)	27.01	19.14	21.04
Initial vesting date	25 November 2022	7 October 2024	17 November 2025
Date from which shares may be traded	22 November 2024	Dependent on exercise date[6]	Dependent on exercise date[6]
Service conditions	3 years from grant date	3 years from grant date	3 years from grant date
Performance conditions	Return on equity, growth in adjusted headline earnings per share and personal performance	Growth in adjusted headline earnings and adjusted headline earnings per share and personal performance[7]	Growth in adjusted headline earnings and adjusted headline earnings per share and personal performance[7]
Grant-date fair value per right (R)	5.96	8.48	8.97
Proportion of rights expected to vest as assessed at reporting date (based on number of employees expected to meet service condition) (%)	N/A	86.6	99.6
Proportion of rights expected to vest based on meeting of non-market performance conditions (%)	N/A	95.4	95.8
No. of rights that vested	–	N/A	N/A

[6] In respect of the October 2021 and November 2022 tranches of SARs, participants will have a two-year period (starting from the initial vesting date) during which to exercise vested rights. Participants who are executive directors are required to hold the shares for a period of two years following the date that the SARs are exercised. Other participants are not subject to this restriction.

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

11. CAPITAL AND RESERVES (continued)

11.2 Share-based payments reserve/Long-term incentives (continued)

The value of each vested share appreciation right, determined as the difference between share price of the company's shares at the exercise date and the strike price, is to be settled by the issue of an equivalent number of full value shares at the exercise date. The November 2019 SARs were compulsorily exercisable on vesting date.

The November 2019 SARs in issue lapsed on the vesting date of 25 November 2022 as the strike price exceeded the prevailing Spur Corporation Ltd share price at that date.

Performance conditions applicable to SARs:	October 2021 tranche Criteria	October 2021 tranche Vesting (%)	November 2022 tranche Criteria	November 2022 tranche Vesting (%)
Adjusted headline earnings growth at compounded annual growth rate (%)	CPI+GDP to CPI+GDP+2	30 to 100	CPI+GDP+0.5 to CPI+GDP+3.5	30 to 100
Adjusted headline earnings per share growth at compounded annual growth rate (%)	CPI+GDP to CPI+GDP+2	30 to 100	CPI+GDP+0.5 to CPI+GDP+3.5	30 to 100

Fair value measurement

The grant-date fair values of the October 2021 and November 2022 tranches of FSP shares and SARs were determined at the grant date by an independent external professional financial instruments specialist using, in the case of the SARs, a Monte-Carlo pricing model and, in the case of the FSPs, the Black-Scholes European Call Option pricing model, based on the following assumptions:

	October 2021 tranche	November 2022 tranche
Risk-free rate (based on R186 South African Government bond) (%)	7.1	8.8
Expected dividend yield (based on historic dividend yield over historic period equivalent to vesting period) (%)	3.7	7.3
Expected volatility (based on historic volatility over historic period equivalent to vesting period) (%)	40.0	45.9

12. CONTRACT LIABILITIES

R'000	**Unaudited as at 31 December 2022**	Restated* unaudited as at 31 December 2021	Audited as at 30 June 2022
Balance at end of period comprises:			
Deferred marketing fund contributions revenue (refer note 12.1)	**69 702**	23 542	51 500
Deferred initial franchise fees revenue (refer note 12.2)	**31 753**	30 590	28 184
Total contract liabilities	**101 455**	54 132	79 684
Current portion included in current liabilities	**74 906**	28 452	56 226
Non-current portion included in non-current liabilities	**26 549**	25 680	23 458

12.1 Deferred marketing fund contributions revenue

R'000	**Unaudited as at 31 December 2022**	Restated* unaudited as at 31 December 2021	Audited as at 30 June 2022
Balance at beginning of period	**51 500**	3 520	3 520
Total marketing fund contributions received/receivable	**152 499**	106 986	229 964
Total recognised in profit or loss as revenue during the period (refer note 5)	**(134 297)**	(86 964)	(181 984)
Balance at end of period	**69 702**	23 542	51 500
Current portion included in current liabilities	**69 702**	23 542	51 500

Marketing fund contributions received by franchisees may be used exclusively for marketing expenditure for the benefit of franchisees and is accordingly recognised as revenue over time as the funds are spent on marketing-related expenditure on behalf of franchisees. To the extent that the marketing fund contributions are not utilised at the reporting date, the related revenue is deferred until such time as the funds are utilised, at which point they are recognised as revenue. The balance of the liability accordingly represents the value of marketing funds received by the group that have not yet been spent on marketing activities for the benefit of franchisees and therefore not yet recognised as revenue. Refer note 3.2 for a further explanation.

* *Refer note 3*

12. CONTRACT LIABILITIES (continued)

12.2 Deferred initial franchise fees revenue

R'000	**Unaudited as at 31 December 2022**	Restated* unaudited as at 31 December 2021	Audited as at 30 June 2022
Balance at beginning of period	**28 184**	29 520	29 520
New agreements concluded	**6 141**	4 219	5 757
Total recognised in profit or loss as revenue during the period (refer note 5)	**(3 189)**	(3 853)	(7 161)
Revenue recognised over time	**(2 390)**	(2 562)	(4 854)
Revenue recognised due to accelerated recognition on early termination of agreement	**(799)**	(1 291)	(2 307)
Effect of foreign exchange fluctuations	**617**	704	68
Balance at end of period	**31 753**	30 590	28 184
Current portion included in current liabilities	**5 204**	4 910	4 726
Non-current portion included in non-current liabilities	**26 549**	25 680	23 458

These amounts relate to the initial non-refundable franchise fees which have not yet been recognised as revenue. As the group's performance obligation in relation to the initial franchise fee is satisfied over time, the revenue is recognised on a straight-line basis over the term of the franchise agreement. Where a franchise agreement is terminated prior to its expected expiration date, the balance of the contract liability, representing the value of the initial non-refundable franchise fee not already recognised as revenue, is recognised as revenue immediately.

13. TRADE AND OTHER PAYABLES

R'000	**Unaudited as at 31 December 2022**	Restated* unaudited as at 31 December 2021	Audited as at 30 June 2022
Trade payables	**190 124**	159 782	130 464
Group payables	**50 895**	41 500	44 159
Payable to outsourced distributor[1]	**139 229**	118 282	86 305
Income received in advance[2]	**2 507**	1 846	1 188
Short-term employee benefits	**25 074**	19 925	38 438
Short-term incentive accrual[3]	**13 552**	8 348	22 009
Leave pay accrual and other short-term employee benefits[4]	**11 522**	11 577	16 429
VAT and other indirect taxes payable	**15 327**	16 332	9 069
Unredeemed gift vouchers	**7 081**	7 609	5 541
Other sundry payables	**162**	843	147
Total trade and other payables	**240 275**	206 337	184 847

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

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

3 *The short-term incentive accrual as at 31 December 2022 includes a pro rata amount for all short-term incentive payments anticipated to be made in respect of the 2023 financial year. Each participant's incentive is determined with reference to their guaranteed remuneration, divisional performance, group performance and individual performance, subject to certain limits. The accrual represents the best estimate of the incentive payments due for the current financial year as at the date of issue of these financial statements; the actual incentive payments will only be finally determined subsequent to the current financial year-end. In terms of the group's long-term incentive scheme, forfeitable share plan (FSP) shares, the value of which are calculated with reference to the STI payments, are awarded to STI participants at the same time that the STI payments are settled. These FSP shares awarded are subject to the applicable scheme rules (refer note 11.2).*

4 *Other short-term employee benefits include an accrual for bonuses payable in December 2023 to employees who are not participants of the group's short-term incentive scheme. The bonus pool available is determined as one month's guaranteed remuneration for eligible employees and is allocated to individuals based on line manager recommendations and approval by the board. While no contractual obligation exists to pay these bonuses, there is a constructive obligation based on past experience.*

* *Refer note 3.*

14. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

R'000	**Unaudited six months ended 31 December 2022**	Restated* unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
Profit before income tax	**168 404**	82 958	209 668
Adjusted for:			
Amortisation – intangible assets	**767**	400	1 150
Depreciation	**9 866**	9 901	19 721
Expenses relating to intragroup transfer of shares relating to equity-settled share-based payments charged directly to equity (retained earnings)	**(5)**	–	–
Fair value (gain)/loss on contingent consideration receivable	**(61)**	3 890	2 525
Foreign exchange loss/(gain) (excluding losses/gains on intercompany accounts)	**1 414**	65	(306)
Foreign currency translations not disclosed elsewhere in the statement of cash flows	**1 804**	380	(724)
Impairment losses – financial instruments	**4 294**	7 868	2 957
Interest expense	**1 404**	10 338	12 578
Interest income	**(11 563)**	(5 413)	(13 325)
Movement in bonus, leave pay and short-term incentive accruals	**(13 364)**	6 892	25 456
Movement in contract liabilities	**21 154**	20 388	46 576
Profit on disposal of property, plant and equipment	**–**	(77)	(125)
Rental concession income	**–**	(380)	(201)
Retirement benefit paid (refer footnote 10 to statement of financial position)	**–**	–	(7 100)
Share-based payments expense – equity-settled – long-term employee share incentive schemes	**4 917**	2 043	6 309
Operating profit before working capital changes	**189 031**	139 253	305 159

15. SUBSEQUENT EVENTS

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

15.1 Dividend declaration

On 22 February 2023, the board declared a gross interim cash dividend for the year ending 30 June 2023 of R74.617 million, which equates to 82.0 cents per share for each of the 90 996 932 shares in issue, payable on 20 March 2023.

16. CONTINGENT LIABILITIES

There have been no significant changes to the status of contingent liabilities reported in note 45 to the audited consolidated financial statements for the year ended 30 June 2022 as published on 19 August 2022 other than as disclosed below.

16.1 Legal dispute with GPS Foods

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

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

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

The group denies the allegations. The group's attorneys, together with senior counsel, have assessed the probative value of the matter and presented a review of the merits and prospects of success that it is more likely than not that the group will be able to successfully defend the claim. Supported by the opinion of its legal advisers, the board considers there to be reasonable prospects of defending the claims successfully. The matter has been set down for trial during October 2023. No liability has been raised at the reporting date regarding the matter.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

18. RELATED PARTIES

The identity of related parties as well as the nature and extent of transactions with related parties are similar to those reported in note 43 to the audited consolidated financial statements for the year ended 30 June 2022 as published on 19 August 2022.

19. ESTIMATES AND CONTINGENCIES

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

COMPANY INFORMATION

ADMINISTRATION

Registration number: 1998/000828/06 (Incorporated in the Republic of South Africa)

Share code: SUR

ISIN: ZAE 000022653

Registered address: 14 Edison Way, Century Gate Business Park, Century City, 7441

Postal address: PO Box 166, Century City, 7446

Telephone: +27 (0)21 555 5100

Fax: +27 (0)21 555 5111

Email: spur@spur.co.za

Internet: http://www.spurcorporation.com

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132
Telephone: +27 (0)11 370 5000

External auditors: PricewaterhouseCoopers Inc.

Internal auditors: BDO Advisory Services Proprietary Limited

Sponsor: Questco Corporate Advisory Proprietary Limited

Company secretary
Mr Donfrey Meyer
14 Edison Way, Century Gate Business Park, Century City, 7441
PO Box 166 Century City, 7441
Telephone: +27 (0)21 555 5100
Email address: companysecretary@spur.co.za

DIRECTORS SERVING AT THE DATE OF THIS REPORT

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

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

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

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