

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Six months to 31 Aug 2021	Six months to 31 Aug 2020
Revenue	69 706	62 326
Cost of sales	(43 157)	(38 562)
Gross profit	26 549	23 764
Other income	249	376
Distribution costs	(7 099)	(5 555)
Administrative expenses	(16 809)	(16 058)
Finance costs	(192)	(311)
Profit before tax	2 698	2 216
Taxation	(1 579)	(1 155)
Profit for the period	1 119	1 061
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Movement in foreign currency translation reserve	(48)	156
Total comprehensive income for the period attributable to ordinary shareholders	1 071	1 217
Profit per ordinary share		
– basic and diluted (cents)	13,74	13,03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	As at 31 Aug 2021	As at 28 Feb 2021
ASSETS		
Non-current assets	37 001	34 971
Property, plant and equipment	27 714	27 981
Right-of-use assets	7 558	5 045
Intangibles	1 292	1 508
Goodwill	437	437
Current assets	62 497	40 531
Inventories	22 846	20 785
Trade receivables and other receivables	20 376	19 092
Cash and cash equivalents	19 275	540
Amount due by subsidiaries and related companies	–	114
Total assets	99 498	75 502
LIABILITIES		
Non-current liabilities	17 542	7 061
Deferred tax liabilities	5 494	4 851
Borrowings	12 048	2 210
Current liabilities	28 777	16 333
Trade and other payables	15 720	9 686
Bank overdraft	8 566	2 061
Borrowings	2 733	1 334
Employee Benefits	1 758	3 252
Total liabilities	46 319	23 394
Net assets	53 179	52 108
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Ordinary Shares and premium	6 871	6 871
Reserves	46 308	45 237
Total equity	53 179	52 108
Net asset value per share (cents)	653,06	639,92

DIVIDENDS

	Six months to 31 Aug 2021	Six months to 31 Aug 2020
Dividend declared per ordinary share (cents)		
– interim	–	–

SUPPLEMENTARY INFORMATION

R'000	Six months to 31 Aug 2021	Six months to 31 Aug 2020
Capital expenditure	(3 805)	(739)

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Six months to 31 Aug 2021	Six months to 31 Aug 2020
Cash flows from operating activities		
Cash receipts from customers	68 694	59 134
Cash paid to suppliers and employees	(63 421)	(58 748)
Cash generated from operations	5 273	386
Interest paid	(192)	(311)
Taxation paid	(441)	(229)
Net cash (used in)/from operating activities	4 640	(154)
Cash flows from investing activities		
Purchases of property, plant and equipment	(650)	(230)
Purchases of intangible assets	(56)	(40)
Proceeds on sale of property, plant and equipment	90	177
Net cash used in investing activities	(616)	(93)
Cash flows from financing activities		
Borrowings raised	8 900	–
Repayment of lease liabilities	(906)	(412)
Net cash generated/(used) in financing activities	7 994	(412)
Net (decrease)/increase in cash and cash equivalents	12 018	(659)
Cash and cash equivalents at beginning of period	(1 521)	(3 013)
Effect of exchange rate changes on cash and cash equivalents	212	(106)
Cash and cash equivalents at end of period	10 709	(3 778)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Six months to 31 Aug 2021	Year ended 28 Feb 2021
Ordinary shares	407	407
Share premium	6 464	6 464
Foreign currency translation reserve	130	178
Opening balance	178	125
Movement for the period	(48)	53
Revaluation reserve	8 805	8 370
Opening balance	8 370	8 396
Movement for the period	435	(26)
Retained earnings	37 373	36 689
Opening balance	36 689	32 060
Total profit for the period	1 119	4 602
Movement for the period	(435)	27
Total shareholders' equity	53 179	52 108

RECONCILIATION OF HEADLINE EARNINGS

R'000	Six months to 31 Aug 2021	Six months to 31 Aug 2020
Profit attributable to shareholders	1 119	1 061
Profit on disposal of property, plant and equipment	(10)	(10)
Income tax effect on disposal	3	3
Headline earnings	1 112	1 054
Weighted average number of ordinary shares in issue ('000)	8 143	8 143
Headline earnings per ordinary share		
– basic and diluted (cents)	13,65	12,94

OPERATING SEGMENTS

Six months to 31 Aug 2021	Automotive	Industrial	Exports	Consumer goods	Head office, manufacturing and other	Total
R'000						
Segment sales	16 367	26 483	9 745	17 095	16	69 706
Segment cost of sales	(7 364)	(12 142)	(3 734)	(13 408)	(6 509)	(43 157)
Segment gross profit/(loss)	9 003	14 341	6 011	3 687	(6 493)	26 549
Segment other income					249	249
Segment distribution costs	(1 414)	(1 777)	(2 536)	(12)	(1 360)	(7 099)
Segment administrative expenses	(1 724)	(2 179)	(907)	–	(11 999)	(16 809)
Segment finance costs	–	–	–	–	(192)	(192)
Profit/(loss) before tax	5 865	10 385	2 568	3 675	(19 795)	2 698
Taxation	–	–	(40)	–	(1 539)	(1 579)
Profit/(loss) for the period	5 865	10 385	2 528	3 675	(21 334)	1 119

Six months to 31 Aug 2020	Automotive	Industrial	Exports	Consumer goods	Head office, manufacturing and other	Total
R'000						
Segment sales	18 071	21 091	9 212	13 648	304	62 326
Segment cost of sales	(7 588)	(9 122)	(4 878)	(10 627)	(6 347)	(38 562)
Segment gross profit/(loss)	10 483	11 969	4 334	3 021	(6 043)	23 764
Segment other income					376	376
Segment distribution costs	(1 261)	(1 277)	(2 001)	–	(1 016)	(5 555)
Segment administrative expenses	(2 331)	(2 052)	(764)	–	(10 911)	(16 058)
Segment finance costs	–	–	–	–	(311)	(311)
Profit/(loss) before tax	6 891	8 640	1 569	3 021	(17 905)	2 216
Taxation	–	–	(80)	–	(1 075)	(1 155)
Profit/(loss) for the period	6 891	8 640	1 489	3 021	(18 980)	1 061

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 31 August 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, and Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act and the JSE Listings Requirements.

The condensed consolidated interim financial statements do not include all the disclosures required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the directors and the directors take full responsibility for the preparation thereof.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 28 February 2021. The condensed consolidated interim financial statements have been prepared by the Financial Director: S Vassan Makan CA(SA) and have not been reviewed or audited by the group's auditors.

COMMENTARY

Points of Interest:

- Revenue increased by 12% to R69 706 000 from R62 326 000
- Profit after tax increased to R1 119 000 from a profit of R1 061 000
- NAV increased 2% to 653,06 cents per share

Statement by the Chief Executive Officer: Tracy Spanjaard

At the start of the 2022 Financial Year, the Covid-19 pandemic remained a key cause for concern globally. New variants and rising infections resulted in further lockdowns during the period to curb the spread of the virus. The Covid-19 vaccine rollout commenced over this period in South Africa and has since gained significant traction with the anticipation of alleviating the detrimental social and economic impact of the virus in the coming months.

Over this period the attempted insurrection with mass looting that took place in the KwaZulu-Natal and Gauteng provinces in South Africa, resulted in significant disruptions to businesses. Delays at the ports and the destruction of property impacted the Company's supply chain particularly with regards to customers whose stores were destroyed.

The Group was also significantly affected by the Force Majeure at one of the major refineries in South Africa that was declared in December 2020 and resulted in severe shortages in raw materials, compelling the Group to seek alternative sources of raw materials internationally. Further disruptions to the Company's supply chain were caused by the global shortage of shipping containers and Transnet Port Terminals declaring a Force Majeure due to an Information Technology security breach resulting in delays in receiving imported materials.

Despite the significantly challenging economic environment in South Africa as well as the restrictions brought about by the global pandemic, Spanjaard managed to increase Revenue for the period at R69,706 million. Profit after tax improved to R1,119 million from a profit of R1,061 million in the prior period, while Headline Earnings per Share (HEPS) increased to 13.65 cents per share from a Headline Earnings of 12.94 cents per share compared to the same period in the prior year. The Company's Net Asset Value (NAV) increased by 2 percent to 653,06 cents per share.

Factors that contributed to the positive results include: the continuous ability to trade during the current period whereas trading and manufacturing capacity was limited in the prior period due to South Africa's level 5 lockdown regulations. This, however, was negated by delays in receipt of imports as explained above and the incurring of higher raw material costs due to the refinery shutdown.

The Consumer Goods segment sales showed increased growth over the period which can be attributable to the increase in consumers at home. The Industrial segment sales increased by 25% from the prior period primarily as a result of being able to trade for the full period whereas in the prior period many Industrial customers were closed during the country's level 5 lockdown restrictions. Exports sales remained consistent with the prior period. The Automotive segment sales decreased which is largely attributable to customers' premises being vandalised and looted during the period.

The Group has managed to maintain its cash flow position. The Group managed to raise long term financing during the period which will allow for future growth and capital expansion.

The Group continues to strive to grow the business and anticipates revenue to be maintained going forward. During the period, the Group's current warehousing and logistics partner gave the Group notice of termination of contract with effect from 1 September 2021. The Group successfully sourced a new warehouse facility and logistics partner and transitioned its in-sourced warehousing and distribution operation on 31 August 2021.

Spanjaard Limited issued a firm intention announcement on 27 August 2021 whereby its holding Company, Spanjaard Group Limited, expressed its intention to acquire all the shares it does not already hold through a Scheme of Arrangement. Spanjaard Limited plans to conclude the transaction during the second half of this financial year.

There have been no business additions or disposals during the period under review.

There have been no new issues of ordinary shares during the period.

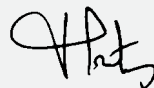
On 20 August 2021, Mr TJB Botha was appointed to the Board as a Non-Executive Director.

We remain focused while exercising vigilance in our approach to the business and consistently look to opportunities for future growth. The leadership at Spanjaard is committed to serving customers, shareholders and the industry with excellence, and to ensuring that we continue the strong work inspired by our Founder. As a Board we will remain deeply committed to actively responding to the voice of our shareholders.

Interim dividend

No interim dividend was declared by the Board for the six months ended 31 August 2021 (31 August 2020: RNil).

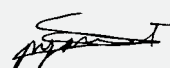
By order of the Board



M Notrica (Independent Non-executive Chairman)



SS Zikalala (Chairman – Audit Committee)



TN Spanjaard (CEO)

30 September 2021

COMPANY INFORMATION

Registration number: 1960/004393/06

Directors:

M Notrica* (Independent Non-executive Chairman), TN Spanjaard (Chief Executive Officer), S Vassan Makan (Financial Director), GF Cort, CKT Palmer, TJB Botha~, HF Kocks*, SS Zikalala*

*Independent non-executive
~Non-executive

Registered office:

748 – 750 Fifth Street, Wynberg, Sandton, 2090

Company Secretary:

Levitt Kirson Business Services Proprietary Limited
4th Floor, Aloe Grove, Houghton Estate Office Park, 2 Osborn Road, Houghton, 2198

Transfer Secretaries:

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

Sponsor:

AcaciaCap Advisors Proprietary Limited
20 Stirrup Lane, Woodmead Office Park, Corner Woodmead Drive and Van Reenens Avenue, Woodmead, 2191

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