mr price group limited

Interim Results - Supplementary Information
26 weeks ended 1 October 2022

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Mr Price Group Limited

(Incorporated in the Republic of South Africa)
Registration number: 1933/004418/06
Tax reference number: 9285/130/20/0
JSE and A2X code: MRP
ISIN: ZAE000200457

Registered Office

Upper Level, North Concourse
65 Masabalala Yengwa Avenue
Durban, 4001

PO Box 912, Durban, 4000

Website

www.mrpricegroup.com

JSE Equity Sponsor and Corporate Broker

Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, 2196

Transfer Secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132

Auditors

Ernst & Young Inc.
1 Pencarrow Crescent, La Lucia Office
PO Box 859, Durban 4000

mr price group limited

Group Results & Interim Cash Dividend Declaration

For the 26 weeks ended 1 October 2022

This short-form announcement is the responsibility of the Mr Price board of directors and is a summary of the information in the detailed results announcement available on https://senspdf.jse.co.za/documents/2022/JSE/ISSE/MRPE/24112022.pdf and https://www.mrpricegroup.com and does not contain full or complete details. These documents and the results presentation to the investment community are available on the group's website at www.mrpricegroup.com and copies may be requested from the company secretary (jcheadle@mrpg.com or +27 31 310 8000) at the company's registered office. Any investment decision in relation to the company's shares should be based on the full announcement.

SUMMARY

Revenue	Operating profit	Profit after tax
R13.3bn	R1.9bn	R1.3bn
+6.5%	+13.0%	+13.3%
HEPS	**Cash resources**	**Dividend per share**
+10.6%	R3.3bn	312.5c
496.0c	Pre-acquisition	+10.6%

INTERIM CASH DIVIDEND DECLARATION

The interim dividend increased 10.6% to 312.5 cents per share (250.0 cents net of dividend withholding tax of 20% for shareholders who are not exempt). The dividend has been declared from income reserves. The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Monday	12 December 2022
Date trading commences 'ex' dividend	Tuesday	13 December 2022
Record date	Thursday	15 December 2022
Payment date	Monday	19 December 2022

Note:
Shareholders may not dematerialise or rematerialise their share certificates between Tuesday, 13 December and Thursday, 15 December, both dates inclusive.

COMMENTARY: Double-digit earnings growth & meaningful progress on strategic plans

Mr Price today released its interim results for the 26 weeks ended 1 October 2022 ("Period"), increasing basic earnings per share 13.7% to 500.1 cents against H1 FY2022 ("Corresponding Period"). Headline earnings per share (HEPS) increased 10.6% to 496.0 cents and diluted headline earnings per share increased by 10.8% to 486.1 cents. Dividends per share (DPS) increased 10.6% to 312.5 cents.

Group revenue was up 6.5% to R13.3bn, the group gross margin expanded 60bps and expense growth was well-controlled at an increase of 5.9%. This enabled the operating margin to improve by 80bps. This result was achieved in a highly contested retail environment where consumer spending was constrained.

In the 13-week trading update issued in July 2022, shareholders were advised that revenue growth had been adversely impacted by several disruptive factors, some of which affected the industry as a whole, and continued for the duration of the Period:

- Electricity loadshedding - 56% of trading days were interrupted by loadshedding during the Period. The group estimates that over 80 000 trading hours were lost
- The inconsistent and non-payment of social grants during the Period
- The replacement of the group's Merchandise Enterprise Resource Planning system on 2 April 2022, disrupted supply chain and merchant activities, and materially impacted retail sales in April and May. Sales for these two months combined, (which contribute approximately 40% of H1 retail sales), grew 3.1%, while June to August sales performance improved, growing 12.9%. September was a poor trading month for the market as a whole as severe load-shedding was implemented (44.1% of trading hours lost in H1 were in September alone) and sales declined 6.7%.

"The top-line performance did not meet our internal targets, but our market leading retail performance post COVID-19 with sales growth of 37.8% in the base, in which we gained further market share, was always going to present a challenge. I also take comfort that the systems impact in particular is once-off and we have achieved a significant milestone in our Retail Modernisation Programme aimed at de-risking our IT environment and establishing an infrastructure to support our ambitions." said CEO Mark Blair.

RESULTS SUMMARY

Retail sales grew 6.0% to R12.6bn (comparable stores -0.3%). Group store sales (contribution: 97.0% of sales) were up 5.8% and online sales (contribution: 3.0% of sales) grew 11.2% (H1 FY2022: 49.9%). Retail selling price inflation was 3.8%, well below CPI with units increasing 1.7% to 122m units sold.

By opening seventy-eight new stores and expanding eleven, weighted average new space grew 6.3%. After closing eight stores and reducing the size of nine, total weighted average space was up 5.7%, advancing the total number of corporate owned store locations by 4.1% to 1 791.

Other income grew 17.1% to R536m, primarily driven by a 200bps increase in the repo rate, increasing interest on trade receivables by 29.8%.

Cash sales constitute 84.9% of group retail sales and increased 5.2% during the Period. The group's credit sales grew ahead of cash sales at 11.5% (contribution: 15.1% of retail sales), driven by new account sales growth up 20.0%. Growth within the existing credit customer base was robust and the One Store Card facility added sales of R242m during the Period. The group has no appetite to push the credit channel outside of its long established low risk tolerance and reduced its approval rate by 640bps to 27.1%.

The group's gross profit margin increased to 40.3%, supported by a once-off inventory write-off in the Corresponding Period due to the civil unrest. Profit from operating activities increased by 13.0% to R1.9bn with the operating margin expanding to 14.7% of retail sales and other income (RSOI).

The Apparel segment (73.0% contribution to retail sales) increased RSOI 8.5% to R9.2bn (Comparable stores: 2.7%). Operating profit increased 22.8% and the operating margin increased 190bps to 15.6%. The Homeware segment (23.1% contribution to retail sales) decreased RSOI by 1.6% to R2.9bn (Comparable stores: -9.9%). The segment was up against a significant fi rst half base (H1 FY2022) as RSOI and operating profit grew by 27.3% and 46.6% respectively. This segment in particular has seen aggressive competitor activity over the last 12 months which has negatively impacted its market share, which remains dominant. Telecoms segment revenue (3.9% contribution to retail sales) increased 9.2% to R570m and Financial Services segment revenue increased 19.6% to R403m.

Inventory is up 35.6% for the Period and excluding higher goods in transit (GIT), stock was up 25.5%. Due to supply chain uncertainties, the group has secured its stock delivery ahead of its key festive trading period to minimise disruptions and ensure arrival into important trading weeks. Additional factors influencing the higher inventory levels were new space growth of 6.3% over the Period, 65 of the 119 planned new stores in H2 FY2023 opening before Christmas (excluding Studio 88) and higher price inflation. Stock freshness at the end of the Period was 85.5%.

The group ended the Period with available cash of R3.3bn. However, the payment of R3.6bn for the Studio 88 acquisition took place after the Period close, which reduced the group's cash reserves. The group's highly cash generative model, including the newly acquired businesses, gives it confidence that it will re-build its cash balance for investment in identified growth opportunities. Net asset value per share increased 12.6% to 4 796 cents.

OUTLOOK

Adverse global economic factors will continue to cast uncertainty upon the balance of this financial year. The impact of inflation in conjunction with rising interest rates makes it a very challenging trading environment. The retail credit environment is forecast to tighten as defaults rise, which should position the group positively as consumers seek merchandise that can fit their budgets. Associates within the group understand customers' current challenges and are committed to ensuring that they are surprised and delighted by the merchandise value offered by the group's various divisions.

Despite the disruption management remains focused on generating long-term sustainable returns from existing and new businesses, whilst stewarding its market leading metrics.

"It's been a tough period for trading", said CEO Mark Blair. "But against all the uncertainty, we've gained traction on our strategy implementation. Our acquisitions have been value accretive, we launched the Mr Price Baby concept, proved the business case for a rollout of Mr Price Cellular stores, were recognised as the only fashion-value retailer in the FTSE/JSE Responsible Investment Top 30 Index and carried out an extensive organisational design review to ensure we have the capacity and skills to execute our long term plan. I am immensely proud of the dedication and energy of all our associates."

Studio 88 results will be included with effect from 4 October 2022 and will favourably impact H2 earnings. In the latest unaudited results to 30 September 2022 the company reported revenue of R6.4bn and EBITDA of R793m.

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Mr Price Group Limited	Registration Number: 1933/004418/06 - Incorporated in the Republic of South Africa - ISIN: ZAE000200457 - JSE/A2X code: MRP
Directors	SB Cohen* (Honorary chairman), NG Payne* (Chairman), MM Blair (CEO), MJ Stirton (CFO), N Abrams^*, MJ Bowman*, JA Canny*, M Chauke*, SA Ellis*, K Getz*, D Naidoo*, LA Swartz*, * Non-executive director, ^ Alternate director
Sponsor	Investec Bank Limited
Transfer Secretaries	Computershare Investor Services (Pty) Ltd

PRESS RELEASE

MR PRICE GROUP LIMITED REPORTS INTERIM RESULTS FOR THE 26 WEEKS ENDED 1 OCTOBER 2022

Mr Price today released its interim results for the 26 weeks ended 1 October 2022 ("Period"), increasing basic earnings per share 13.7% to 500.1 cents against H1 FY2022 ("Corresponding Period"). Headline earnings per share (HEPS) increased 10.6% to 496.0 cents and diluted headline earnings per share increased by 10.8% to 486.1 cents. Dividends per share (DPS) increased 10.6% to 312.5 cents.

Group revenue was up 6.5% to R13.3bn, the group gross margin expanded 60bps and expense growth was well-controlled at an increase of 5.9%. This enabled the operating margin to improve by 80bps. This result was achieved in a highly contested retail environment where consumer spending was constrained.

In the 13-week trading update issued in July 2022, shareholders were advised that revenue growth had been adversely impacted by several disruptive factors, some of which affected the industry as a whole, and continued for the duration of the Period:

- Electricity loadshedding – 56% of trading days were interrupted by loadshedding during the Period. The group estimates that over 80,000 trading hours were lost
- The inconsistent and non-payment of social grants during the Period
- The replacement of the group's Merchandise Enterprise Resource Planning system on 2 April 2022, disrupted supply chain and merchant activities, and materially impacted retail sales in April and May. Sales for these two months combined, (which contribute approximately 40% of H1 retail sales), grew 3.1%, while June to August sales performance improved, growing 12.9%. September was a poor trading month for the market as a whole as severe load-shedding was implemented (44.1% of trading hours lost in H1 were in September alone) and sales declined 6.7%.

"The top-line performance did not meet our internal targets, but our market leading retail performance post COVID-19 with sales growth of 37.8% in the base, in which we gained further market share, was always going to present a challenge. I take comfort that the systems impact in particular is once-off and we have achieved a significant milestone in our Retail Modernisation Programme aimed at de-risking our IT environment and establishing an infrastructure to support our ambitions." said CEO Mark Blair.

Results summary

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Cash sales constitute 84.9% of group retail sales and increased 5.2% during the Period. The group's credit sales grew ahead of cash sales at 11.5% (contribution: 15.1% of retail sales), driven by new account sales growth up 20.0%. Growth within the existing credit customer base was robust and the One Store Card facility added sales of R242m during the Period. Applications for new accounts were up 45.5%, indicating increased pressure on household disposable income as household savings diminish due to inflation and interest rate increases. Transunion's Consumer Credit Index (Q2 2022) reported that the credit environment is showing signs of sharp deterioration. The group has no appetite to push the credit channel outside of its long established low risk tolerance and reduced its approval rate by 640bps to 27.1%. The declined account applicants are increasingly converting to the group's lay-bye offering, positively impacting the group's cash sales.

The group's gross profit margin increased to 40.3%, supported by a once-off inventory write-off in the Corresponding Period due to the civil unrest. Profit from operating activities increased by 13.0% to R1.9bn with the operating margin expanding to 14.7% of retail sales and other income (RSOI).

The Apparel segment (73.0% contribution to retail sales) increased RSOI 8.5% to R9.2bn (Comparable stores: 2.7% against a base of 31.2%). Operating profit increased 22.8% and the operating margin increased 190bps to 15.6%.

According to the Retailers' Liaison Committee (RLC), the group gained market share in every quarter over the last two years leading up to the retail ERP implementation. Over the last two quarters it has lost marginal market share. Power Fashion, which was not part of the systems change, gained market share in each month of the Period. The group has industry leading customer brand recognition, with Mr Price Apparel reported as the most shopped retailer in the last three months, being voted the 'Coolest Clothing Store' in the Sunday Times Next Generation Awards.

The Homeware segment (23.1% contribution to retail sales) decreased RSOI by 1.6% to R2.9bn (Comparable stores: -9.9% against a base of 21.0%). The segment was up against a significant first half base (H1 FY2022) as RSOI and operating profit grew by 27.3% and 46.6% respectively. This segment in particular has seen aggressive competitor activity over the last 12 months which has negatively impacted its market share, which remains dominant.

The Telecoms segment (3.9% contribution to retail sales) revenue increased 9.2% to R570m. Cellular merchandise and data is now available in 683 stores across the group. Cellular handsets and accessories gained 130bps of market share according to Growth for Knowledge, with the segment exceeding the 5% market share threshold for the first time. The standalone Mr Price Cellular stores continue to exceed expectations with further store rollouts planned.

The Financial Services segment revenue increased 19.6% to R403m. Debtors' interest and fees increased 25.5% due to a higher average debtors' book and a 200bps increase in the repo rate over the Period. The group applied tighter approval hurdles to mitigate the risk of defaults arising which has had a positive impact on the debtors' book performance. The net bad debt to book percentage decreased to 7.2%, adequately covered by the impairment provision of 7.9%. Insurance premium income grew 6.7% with market leading loss ratios.

Inventory is up 35.6% for the Period and excluding higher goods in transit (GIT), stock was up 25.5%. Due to supply chain uncertainties, the group has secured its stock delivery ahead of its key festive trading period to minimise disruptions and ensure arrival into important trading weeks. Additional factors influencing the higher inventory levels were new space growth of 6.3% over the Period, 65 of the 119 planned new stores in H2 FY2023 opening before Christmas (excluding Studio 88) and higher price inflation. Stock freshness (0-3 months ageing) at the end of the Period was 85.5%. The stock position is planned to normalise by the end of FY2023.

The group ended the Period with available cash of R3.3bn. However, the payment of R3.6bn for the Studio 88 acquisition took place after the Period close, which reduced the group's cash reserves. The group's highly cash generative model, including the newly acquired businesses, gives it confidence that it will re-build its cash balance for investment in identified growth opportunities. Net asset value per share increased 12.6% to 4 796 cents.

Studio 88 Acquisition concluded

As announced on the Stock Exchange News Service (SENS) on the 30 September 2022, all conditions precedent to bring effect to the group acquiring a 70% controlling stake in the Studio 88 Group (S88) were fulfilled. Management is pleased that S88 has exceeded budgeted expectations by delivering retail sales of R6.4bn and EBITDA of R793m for their unaudited Financial Year ending 30 September 2022. This resulted in an effective EV/EBITDA multiple of 6.3 at the closing date. Management and the Board welcomes its new partners and looks forward to continuing the growth trajectory of S88 in this exciting new merchandise and customer segment of the market. As the effective date of the transaction was 4 October 2022, the group's H2 results will incorporate S88 for the full period.

Outlook

Adverse global economic factors will continue to cast uncertainty upon the balance of this financial year. The impact of inflation in conjunction with rising interest rates makes it a very challenging trading environment. The retail credit environment is forecast to tighten as defaults rise, which should position the group positively as consumers seek merchandise that can fit their budgets. The group remains deliberate in its purpose of being the People's Value Champion. Associates within the group understand customers' current challenges and are committed to ensuring that they are surprised and delighted by the merchandise value offered by the group's various divisions.

Exchange rate hedges are below current spot rates for the remainder of FY2023 and newly contracted shipping rates reflect a noticeable decline from the heightened levels of FY2022. Previously communicated GP margin guidance remains intact. Including S88, capital expenditure for FY2023 is forecast to be approximately R1.3bn and the target of opening 230-250 new stores remains on track. New stores continue to deliver returns on invested capital well in excess of the weighted average cost of capital. Return on capital expenditure and return on invested capital over the last five years are market leading and the group will continue to allocate capital which generates long-term stakeholder value.

Despite the disruption management remains focused on generating long-term sustainable returns from existing and new businesses, whilst stewarding its market leading metrics.

"It's been a tough period for trading", said CEO Mark Blair. "But against all the uncertainty, we've gained traction on our strategy implementation. Our acquisitions have been value accretive, we launched the Mr Price Baby concept, proved the business case for a rollout of Mr Price Cellular stores, closed out the Studio 88 acquisition, were recognised as the only fashion-value retailer in the FTSE/JSE Responsible Investment Top 30 Index and carried out an extensive organisational design review to ensure we have the capacity and skills to execute our long term plan. I am immensely proud of the dedication and energy of all our associates."

The voluntary sales trading update will be released in January 2023, reporting performance from Q3 FY2023.

ENDS

INTERIM CASH DIVIDEND DECLARATION

Notice is hereby given that an interim gross cash dividend of 312.5 cents per share was declared for the 26 weeks ended 1 October 2022, a 10.6% increase against the prior year. As the dividend has been declared from income reserves, shareholders, unless exempt or who qualify for a reduced withholding tax rate, will receive a net dividend of 250.0 cents per share. The dividend withholding tax rate is 20%.

The issued share capital at the declaration date is 256 791 496 listed ordinary and 6 792 786 unlisted B ordinary shares. The tax reference number is 9285/130/20/0.

The salient dates for the dividend will be as follows:

Last date to trade 'cum' the dividend	Monday	12 December 2022
Date trading commences 'ex' the dividend	Tuesday	13 December 2022
Record date	Thursday	15 December 2022
Payment date	Monday	19 December 2022

Shareholders may not dematerialise or rematerialise their share certificates between Tuesday, 13 December 2022 and Thursday, 15 December 2022, both dates inclusive.

Shareholders should note that dividend payments will be paid via electronic transfer into the bank accounts of shareholders whose banking details are held by the company's transfer secretaries, Computershare Investor Services (Pty) Ltd. Shareholders whose bank account details are not held by Computershare are requested to provide such details to Computershare on 0861 100 950 to enable payment of the dividend and all future dividends. Where shareholders do not provide the transfer secretaries with their banking details, the dividend will not be forfeited, but will be marked as "unclaimed" in the share register until the shareholder provides the transfer secretaries with the relevant banking details for payout.

The dividend was approved by the Board in Durban.

DIRECTORS

SB Cohen* (Honorary Chairman), NG Payne* (Chairman), MM Blair (CEO), MJ Stirton (CFO), N Abrams*^, MJ Bowman*, JA Canny*, M Chauke*, SA Ellis*, K Getz*, D Naidoo*, LA Swartz*

* Non-executive director ^ Alternate director

UNAUDITED GROUP RESULTS FOR THE 26 WEEKS ENDED 1 OCTOBER 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'm	2022 1 Oct	2021 2 Oct	2022 2 Apr
Assets			
Non-current assets	11 707	10 202	11 296
Property, plant and equipment	2 689	2 298	2 518
Right-of-use asset	6 748	5 480	6 315
Intangible assets	2 034	2 042	2 039
Long-term receivables and other assets	42	53	50
Defined benefit fund asset	77	69	77
Deferred taxation assets	117	260	297
Current assets	11 850	10 140	11 381
Inventories	4 843	3 487	3 956
Trade and other receivables	2 983	2 289	2 551
Derivative financial instruments	251	95	64
Reinsurance assets	260	225	190
Taxation	198	100	8
Cash and cash equivalents	3 315	3 944	4 612
Total assets	**23 557**	20 342	22 677
Equity and liabilities			
Equity attributable to shareholders	12 345	10 992	12 056
Non-current liabilities	6 410	5 259	6 002
Lease liability	6 359	5 205	5 951
Deferred taxation liabilities	27	31	28
Long-term liabilities	1	2	1
Post retirement medical benefits	23	21	22
Current liabilities	4 802	4 091	4 619
Trade and other payables	3 161	2 654	2 895
Derivative financial instruments	1	94	150
Reinsurance liabilities	47	57	43
Current portion of lease liability	1 593	1 285	1 460
Taxation	- *	1	71
Total equity and liabilities	**23 557**	20 342	22 677

* Less than R1 million

CONDENSED CONSOLIDATED INCOME STATEMENT

R'm	**2022 1 Oct 26 weeks**	2021 2 Oct 26 weeks	% change	2022 2 Apr 52 weeks
Revenue	**13 254**	12 445	6.5	28 083
Retail sales	**12 590**	11 879	6.0	26 683
Other income	**536**	458	17.1	1 182
Retail sales and other income	**13 126**	12 337	6.4	27 865
Costs and expenses	**(11 194)**	(10 628)	5.3	(22 919)
Cost of sales	**(7 564)**	(7 200)	5.1	(15 820)
Selling expenses	**(2 623)**	(2 437)	7.6	(5 049)
Administrative and other operating expenses	**(1 007)**	(991)	1.6	(2 050)
Profit from operating activities	**1 932**	1 709	13.0	4 946
Finance income	**128**	108	18.4	218
Finance costs	**(307)**	(256)	19.6	(541)
Profit before taxation	**1 753**	1 561	12.3	4 623
Taxation	**(466)**	(426)	9.5	(1 276)
Net profit for the period	**1 287**	1 135	13.4	3 347
Profit attributable to equity holders of parent	**1 287**	1 135	13.4	3 347
Weighted average number of shares in issue	**257 304**	258 041	(0.3)	257 778
Earnings per share (cents)				
- basic	**500.1**	440.0	13.7	1 298.6
- diluted basic	**490.1**	430.5	13.8	1 270.1
Dividends per share (cents)	**312.5**	282.4	10.6	807.3
Dividend payout ratio	**63.0**	63.0		63.0

Headline earnings per share (cents)				
- headline	**496.0**	448.3	10.6	1 282.1
- diluted headline	**486.1**	438.7	10.8	1 254.0

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'm	**2022 1 Oct 26 weeks**	2021 2 Oct 26 weeks	2022 2 Apr 52 weeks
Profit attributable to equity holders of parent	**1 287**	1 135	3 347
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustments	**45**	14	(28)
Gain on hedge accounting	**285**	226	161
Deferred taxation thereon	**(77)**	(63)	(45)
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit fund net actuarial (loss)	**(1)**	(1)	(1)
Deferred taxation thereon	**- ***	- *	- *
Total comprehensive income	**1 539**	1 311	3 434

* Less than R1 million

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'm	**2022 1 Oct**	2021 2 Oct	2022 2 Apr
Total equity attributable to shareholders at beginning of the period	**12 056**	10 838	10 838
Total comprehensive income for the period	**1 539**	1 311	3 434
Treasury share transactions	**25**	(64)	(344)
Shares allocated as part of acquisition price	**-**	49	-
Recognition of share-based payments	**99**	76	87
Dividends to shareholders	**(1 374)**	(1 218)	(1 959)
Total equity attributable to shareholders at end of the period	**12 345**	10 992	12 056

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'm	2022 1 Oct 26 weeks	2021 2 Oct 26 weeks	2022 2 Apr 52 weeks
Cash flows from operating activities			
Operating profit before working capital changes	2 650	2 719	6 764
Working capital changes	(1 088)	(499)	(1 059)
Interest on trade receivables	190	146	312
Finance costs	(4)	(1)	(3)
Finance income received	128	107	195
Taxation paid	(589)	(727)	(1 402)
Net cash inflows from operating activities	1 287	1 746	4 807
Cash flows from investing activities			
Receipts/(payments) in respect of long-term receivables	8	-	(15)
Payment for acquisition of Yuppichef, net of cash acquired	-	(285)	(326)
Payment for intangible assets acquired			
- replacement	-	-	(8)
- additions	(39)	(38)	(92)
Payment for property, plant and equipment (PPE) acquired			
- replacement	(68)	(99)	(259)
- additions	(202)	(142)	(321)
Receipts from proceeds on disposal of PPE	1	4	10
Receipts from proceeds from insurance relating to PPE	17	-	86
Net cash outflows from investing activities	(283)	(561)	(925)
Cash flows from financing activities			
Repayment of financial liability	-	-	(2)
Repayment of long-term liabilities	-	(5)	-
Repayment of capital portion of lease liability	(678)	(650)	(1 298)
Repayment of interest portion of lease liability	(300)	(255)	(538)
Receipts relating to sale of shares by staff share trusts	20	-	25
Payments relating to purchase of shares by staff share trusts	-	(9)	(203)
Payments relating to purchase of shares	-	(50)	(53)
Deficit on treasury share transactions	(6)	(9)	(13)
Payment relating to share hedging costs and instruments	-	2	(166)
Dividends paid to shareholders	(1 374)	(1 218)	(1 959)
Net cash outflows from financing activities	(2 338)	(2 194)	(4 207)
Net decrease in cash and cash equivalents	(1 334)	(1 009)	(325)
Cash and cash equivalents at beginning of the period	4 612	4 949	4 949
Exchange gains/(losses)	37	4	(12)
Cash and cash equivalents at end of the period	3 315	3 944	4 612

SEGMENTAL REPORTING

For management purposes, the group is organised into business units based on their products and services, and has five reportable segments as follows:

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories
- The Home segment retails homewares and furniture.
- The Financial Services segment manages the group's trade receivables and sells financial services products
- The Telecoms segment sells cellular products and services
- The Central Services segment provides chargeable and non-chargeable services to the trading segments noted. The trading segments are only allocated costs for information technology, distribution costs and other shared services costs. All centre of excellence costs (Central Services) for services rendered to the group and the segments is not charged out. Segments are managed on a targeted operating margin percentage basis sufficient to cover their demand on these centres. Net finance income and income taxes are managed at a group level and are not allocated to operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

R'm	**2022 1 Oct**	2021 2 Oct	% change	2022 2 Apr
Retail sales and other income				
Apparel	**9 229**	8 508	8.5	19 456
Home	**2 911**	2 958	(1.6)	6 506
Financial Services	**403**	337	19.6	697
Telecommunications	**570**	522	9.2	1 160
Central Services	**13**	12	8.3	46
Total	**13 126**	12 337	6.4	27 865
Profit from operating activities				
Apparel	**1 435**	1 168	22.8	3 678
Home	**403**	560	(28.0)	1 341
Financial Services	**237**	238	(0.4)	465
Telecommunications	**46**	26	76.9	60
Central Services	**(189)**	(283)	(33.2)	(598)
Total	**1 932**	1 709	13.0	4 946
Segment assets				
Apparel	**10 486**	8 053	30.2	9 358
Home	**3 341**	2 521	32.6	2 822
Financial Services	**2 460**	2 055	19.7	2 308
Telecommunications	**194**	172	12.1	172
Central Services	**7 076**	7 541	(6.2)	8 017
Total	**23 557**	20 342	15.8	22 677

SUPPLEMENTARY INFORMATION

	2022 1 Oct	2021 2 Oct	2022 2 Apr
Total number of shares issued (000)	**263 634**	263 634	263 634
Number of Ordinary shares (000)	**256 842**	256 442	256 842
Number of B Ordinary shares (000)	**6 792**	7 193	6 792
Less: shares held by share trusts	**6 244**	5 599	6 370
Net number of shares in issue (000)	**257 390**	258 035	257 264
Weighted average number of shares in issue (000)	**257 304**	258 041	257 778
Net asset value per share (cents)	**4 796**	4 260	4 686
Reconciliation of headline earnings (R'm)			
Attributable profit	**1 287**	1 135	3 347
Loss/(gain) on disposal of property, plant and equipment, insurance proceeds relating to property, plant and equipment and reversal of impairment of right of use asset	**(15)**	30	(59)
Taxation adjustment	**4**	(8)	17
Headline earnings	**1 276**	1 157	3 305

Notes:

1. The interim results at 1 October 2022 and 2 October 2021, for which the directors take full responsibility, have not been audited. The condensed consolidated results at 2 April 2022, which are not itself audited, have been correctly extracted from the audited annual financial statements upon which Ernst & Young Inc. issued an unqualified opinion. The interim results were prepared under the supervision of Mr MJ Stirton, CA(SA), chief financial officer.

2. The interim results are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports and the requirements of the South African Companies Act 71 of 2008. The JSE Limited Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides 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 preliminary condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

3. The current global and local economic environment impact on retail has been considered when preparing these unaudited condensed consolidated interim results. The group has assessed right-of-use assets for impairments and no further impairments were required to be recognised. The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the interim results.

4. The disaggregated revenue is as follows:

R'm	2022 1 Oct	2021 2 Oct	2022 2 Apr
Revenue from contracts with customers	12 779	12 054	27 035
Retail sales	12 590	11 879	26 683
Insurance premium	116	108	216
Other telecoms income	73	67	136
Interest and charges on debtors	287	229	482
Other sundry income	60	54	348
Finance income	128	108	218
Revenue	13 254	12 445	28 083

Revenue from contracts with customers is recognised at a point in time, except where revenue has been earned through mobile contracts where services are transferred over time.

5. During the 2021 financial year, the company received assessments from SARS relating to the disallowance of certain deductions claimed in the 2015 to 2017 years of assessment. In June 2022, SARS raised assessments disallowing the same deduction, as well as including receipts of a capital nature in taxable income, for the 2018, 2019 and 2020 years of assessment. The company, supported by senior counsel opinion, is in the process of disputing all of these assessments. No adjustments have been made to the financial statements as the directors are of the opinion that the likelihood of the liability is remote.

6. Management has evaluated the half year provisioning amounts for inventory and trade receivables in relation to current economic conditions and believe the current amounts represent adequate cover in light of both qualitative and quantitative factors.

   The provision for net realisable value of inventory represents management's estimate of the extent to which merchandise on hand at the reporting date will be sold below cost. The inventory provision has decreased to 5.4% (2 October 2021: 8.0%, 2 April 2022: 6.5%) of the inventory balance, due to higher goods-in-transit stock holding in the current year (86.1% increase in good-in-transit) compared to prior year resulting in fresher stock being held within the stock balance.

   The provision for impairment of trade receivables represents the extent to which management's estimate trade receivables balance at the reporting date will not be subsequently recovered. The provision is calculated off an expected credit loss model which is a statistical model of client's payment behaviour using historical account level data to predict future write-offs. This has resulted in a decrease in the impairment provision percentage to 7.9% of the trade receivables balance (2 October 2021: 10.6%, 2 April 2022: 9.1%).

7. The fair value of foreign exchange contracts (FECs), synthetic forwards and options as calculated by the banks is measured using a forward pricing model. The significant inputs into the Level 2 fair value of FECs are yield curves, market interest rates and market foreign exchange rates. The estimated fair values of recognised financial instruments approximate their carrying amounts.

8. Subsequent to the interim period, all conditions precedent relating to the acquisition were met including the approval from relevant competition authorities. Mr Price group purchased 70% of the issued share capital of Blue Falcon Trading 188 (Proprietary) Limited, which owns the Studio 88 group of businesses (Studio 88). RMB Ventures Six (Proprietary) Limited (RMB Ventures) was bought out entirely with the balance of the group's 70% from current management.

   The transaction closed on Monday 3 October 2022 with an effective date of 4 October 2022. The final consideration paid was R3.6 billion. This was settled mainly through cash resources and partially through an issue of shares. Due to a share buyback for a similar quantum of shares, shareholders will experience no dilution.

9. IFRS 17 – Insurance Contracts is effective for annual reporting periods beginning on or after 1 January 2023. The group has engaged with an external party to assess the impact of IFRS 17 on the group. Based on the shareholders' agreement with respect to the cell captive arrangements, it appears that the in-substance reinsurance contracts issued will consist of initial and subsequent contract boundaries of one year. Based on the contract boundary, the group is eligible to apply the simpler Premium Allocation Approach (PAA). A significant impact is not expected.

Durban
24 November 2022