mr price group limited

Unaudited Interim Group Results and Cash Dividend Declaration
26 weeks ended 30 September 2023

Index	Page

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
Deloitte & Touche
First Floor, The Skye, 2 Vuna Close, Umhlanga Ridge, 4319
PO Box 243, Durban, 4000

mr price group limited

Group Results & Interim Cash Dividend Declaration

For the 26 weeks ended 30 September 2023

This short-form announcement is the responsibility of the Mr Price Group Limited board of directors and is a summary of the information in the detailed results announcement available on https://senspdf.jse.co.za/documents/2023/JSE/ISSE/MRPE/23112023.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	EBITDA	Operating profit*
R16.8bn	R3.3bn	R1.9bn
+26.4%	+14.7%	(0.4%)

HEPS	Cash resources	Interim dividend per share
449.9c	R1.1bn	283.5c
(9.3%)	Zero long-term debt^	63.0% pay-out ratio

*Profit before finance income and costs | ^Excl Studio 88

Interim Cash Dividend Declaration

An interim dividend of 283.5 cents per share (226.80 cents net of dividend withholding tax of 20% for shareholders who are not exempt) was declared. The dividend has been declared from income reserves. The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Monday	11 December 2023
Date trading commences 'ex' dividend	Tuesday	12 December 2023
Record date	Thursday	14 December 2023
Payment date	Monday	18 December 2023

Note:
Shareholders may not dematerialise or rematerialise their share certificates between Tuesday, 12 December 2023 and Thursday, 14 December 2023, both dates inclusive.

Commentary: Positive momentum change lays platform for recovery in H2

Mr Price today released its interim results for the 26 weeks ended 30 September 2023 ("Period"), during which the group recorded growth in revenue of 26.4% to R16.8bn. This performance includes the recently acquired Studio 88 Group (S88), effective 4 October 2022, excluding which revenue grew 3.5% to R13.7bn.

Basic and headline earnings per share of 448.8 cents and 449.9 cents were down 10.3% and 9.3% respectively. Diluted headline earnings per share decreased 9.6% to 439.5 cents against growth in the prior period of 10.8%. An interim dividend of 283.5 cents per share was declared, maintaining the 63% pay-out ratio.

Results were characterised by the same challenging circumstances that carried over from H2 in the prior financial year. In the FY2023 results announcement in June 2023 and the Q1 trading update issued in July 2023, shareholders were cautioned about the impacts of several disruptive events and the inclusion of S88 in group results:

- Loadshedding, was four times higher in Q1 than the same period in the prior year. During this period the group spent R140m to accelerate its back-up power solutions (60% of core business had back-up power at the start of Q1) and achieved 100% coverage by the end of the first quarter. The group estimates a loss of 60 000 trading hours from loadshedding in H1, equivalent to approximately R190m in revenue;
- The poor economic and consumer retail environments, including double digit inflation in food and public transport which impacted the value customer more severely, coupled with rising interest rates;
- Elevated inventory levels in the sector resulted in a highly promotional retail environment, which adversely impacted the group's EDLP model. Higher markdowns were required to clear excess inventory which impacted gross profit margins; and
- S88 trades at a lower GP% than the group, and has an earnings profile materially weighted to H2.

Pleasingly, there was a significant momentum shift in Q2, with sales growth improvements in all sales channels, tender types and geographies, resulting in market share gains, and an uplift in GP%. The positive market share trend continued into H2, with market share up 70 basis points (bps) in October 2023, according to the RLC.

Group results summary

Group revenue grew 26.4% to R16.8bn. This included retail sales of R16.1bn increasing 27.8%, other income of R607m improving 13.3% and finance income of R57m declining 55.6%, due to the acquisition of S88 which was funded entirely from cash resources. Retail sales excluding S88 grew 3.8% (Q1: 0.9%; Q2: 7.1%) and comparable store sales decreased 0.8% (Q1: -3.8; Q2: 2.6%).

Store sales increased 28.8% (excluding S88: 4.1%). Online sales decreased 3.2% (excluding S88: -5.7%), against double-digit growth of 11.2% in the prior period. The group's omni-channel strategy enables profitable online growth to support a value business, while ensuring that it continues to serve the needs and shopping preferences of its customers. Total unit sales increased 8.0% (excluding S88: -1.1%). Group Retail selling price (RSP) inflation increased to 19.1% due to the inclusion of the higher price point merchandise in S88, excluding which, RSP inflation was 5.4%.

The store footprint advanced to a total of 2 809 stores, increasing by 121 new stores (63 new stores from the existing business and 58 from S88), across the group's 13 trading chains. Weighted average trading space increased 28.5% (excluding S88 5.6%), and the group's return thresholds, which are well in excess of its cost of capital, are being achieved.

Cash sales constituted 87.8% of group retail sales and increased 32.0% (excluding S88: 3.8%). Credit sales growth of 3.3% reflected the group's caution regarding the deteriorating credit environment and the implementation of its strict credit granting criteria, limiting new account growth accordingly. Transunion's Consumer Credit Index (Q2 2023) reported its lowest level on record, and although credit applications received increased 14.2%, the approval rate decreased to 18.6% from 27.1% in the prior year.

The gross profit margin declined by 170bps to 38.6%. This was impacted by higher markdowns, (particularly in Q1), the inclusion of S88 which operates at a lower margin than the group and further currency depreciation. Excluding S88 gross profit margin was down 100bps due to the impact of Q1 (-350bps) but recovered strongly in Q2, up 190bps on the prior year, as excess inventory was cleared, and fresh summer inputs took effect. Pleasingly, Power Fashion, Yuppiechef and the Telecoms business all grew their gross profit margin during H1, while those same businesses, as well as Mr Price Apparel and Sheet Street achieved gains in Q2.

Total expenses increased 33.6%, and 6.1% excluding S88. Profit from operating activities decreased 0.4% to R1.9bn and the operating margin decreased 320bps to 11.5% of retail sales and other income (RSOI). Net finance expense was 88.3% higher at R336m, due to lower bank interest received because of the S88 acquisition consideration being paid in cash, and an increase in interest on lease liabilities. Management is confident that the margin contraction during the Period is temporary and is mainly attributable to Q1 performance and S88's earnings being weighted to H2.

Debtors' interest and fees increased 14.5% due to a higher average debtors' book and a further 50bps increase in the repo rate over the Period. Net bad debt to book ratio increased to 10.0%. The impairment provision increased to 10.5% (H1 FY2023: 7.9%).

The group placed a sharp focus on inventory management to ensure that it traded out of its excess stock carry from FY2023 and exited winter in a clean position. Excluding S88 stock was up 2.1%, in line with management's expectation. Stock freshness (0 - 3 months ageing) at the end of the Period was 81.7%. The inclusion of S88 inflated the group's gross closing inventory position which was up 64.3%.

Capital expenditure of R637m was primarily allocated towards new stores and the installation of back-up power solutions over Q1. The group remains highly cash generative, and its cash conversion ratio increased to 81.4% as it ended the Period with available cash of R1.1bn. The unencumbered position of the balance sheet continues to support its focus on growth, and its identified capital allocation opportunities.

Outlook

South African consumers are likely to remain constrained into 2024 as the recovery in employment has lagged economic activity and real wage growth has been negative. The recent improvements in consumer price inflation, fuel prices, currency exchange rates and unemployment will bring some respite to business and consumers. The interest rate cycle is anticipated to turn positive by mid-2024, which will alleviate consumer pressure. Electricity supply remains a risk to economic activity, however there is expectation that the loadshedding intensity moderates.

An increasing risk to business in South Africa is the instability of port operations. The company will continue to take the necessary steps to minimise this impact and management is satisfied that the group has adequate stock levels for the upcoming festive season.

The group's fashion-differentiation, EDLP model and deep knowledge of the South African consumer has enabled it to withstand many historical economic cycles and periods of increased competition. Its core brands have recently been voted the most valuable apparel retailer in South Africa, the most shopped retailer, the coolest clothing store in SA and the most loved homeware retailer in SA by various independent sources. This external recognition, and the unwavering support of its 28 000 associates and suppliers, provides the group with confidence that the positive momentum experienced in Q2, can continue into H2 and beyond. Its acquisitions have been earnings accretive to date and there are several attractive growth opportunities available. This includes Mr Price Kids, which now has a total of 16 standalone stores which are exceeding expectations and has the potential to be a significant retail chain for the group.

Retail sales post the reporting period reflected a tougher October for the sector. According to the RLC, the comparable total market declined 1.5% while the group recorded positive retail sales of 2.3%, gaining 70bps of market share. Retail sales improved in the first two weeks of November, up 6.2%.

mr price | mr price home | mr price sport | mr price money | sheet•street | MILADYS | POWER FASHION | YUPPIECHEF | studio88

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), P Nundkumar (CFO), N Abrams*, MJ Bowman*, JA Canny*, RJD Inskip*, H Ramsumer*, D Naidoo*, LA Swartz*, * Non-executive director
JSE Equity 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 30 SEPTEMBER 2023

Mr Price today released its interim results for the 26 weeks ended 30 September 2023 (“Period”), during which the group recorded growth in revenue of 26.4% to R16.8bn. This performance includes the recently acquired Studio 88 Group (S88), effective 4 October 2022, excluding which revenue grew 3.5% to R13.7bn.

Basic and headline earnings per share of 448.8 cents and 449.9 cents were down 10.3% and 9.3% respectively. Diluted headline earnings per share decreased 9.6% to 439.5 cents against growth in the prior period of 10.8%. An interim dividend of 283.5 cents per share was declared, maintaining the 63% pay-out ratio.

Results were characterised by the same challenging circumstances that carried over from H2 in the prior financial year. In the FY2023 results announcement in June 2023 and the Q1 trading update issued in July 2023, shareholders were cautioned about the impacts of several disruptive events and the inclusion of S88 in group results:

- Loadshedding, was four times higher in Q1 than the same period in the prior year. During this period the group spent R140m to accelerate its back-up power solutions (60% of core business had back-up power at the start of Q1) and achieved 100% coverage by the end of the first quarter. The group estimates a loss of 60 000 trading hours from loadshedding in H1, equivalent to approximately R190m in revenue;
- The poor economic and consumer retail environments, including double digit inflation in food and public transport which impacted the value customer more severely, coupled with rising interest rates;
- Elevated inventory levels in the sector resulted in a highly promotional retail environment, which adversely impacted the group’s EDLP model. Higher markdowns were required to clear excess inventory which impacted gross profit margins; and
- Studio 88 trades at a lower GP% than the group, and has an earnings profile materially weighted to H2.

Pleasingly, there was a significant momentum shift in Q2, with sales growth improvements in all sales channels, tender types and geographies, resulting in market share gains, and an uplift in GP%. The positive market share trend continued into H2, with market share up 70 basis points (bps) in October 2023, according to the RLC.

Group results summary

Group revenue grew 26.4% to R16.8bn. This included retail sales of R16.1bn increasing 27.8%, other income of R607m improving 13.3% and finance income of R57m declining 55.6%, due to the acquisition of S88 which was funded entirely from cash resources. Retail sales excluding S88 grew 3.8% (Q1: 0.9%; Q2: 7.1%) and comparable store sales decreased 0.8% (Q1: -3.8; Q2: 2.6%).

Store sales increased 28.8% (excluding S88: 4.1%). Online sales decreased 3.2% (excluding S88: -5.7%), against double-digit growth of 11.2% in the prior period. The group’s omni-channel strategy enables profitable online growth to support a value business, while ensuring that it continues to serve the needs and shopping preferences of its customers. Total unit sales increased 8.0% (excluding S88: -1.1%). Group Retail selling price (RSP) inflation increased to 19.1% due to the inclusion of the higher price point merchandise in S88, excluding which, RSP inflation was 5.4%.

The store footprint advanced to a total of 2 809 stores, increasing by 121 new stores (63 new stores from the existing business and 58 from S88), across the group’s 13 trading chains. Weighted average trading space increased 28.5% (excluding S88 5.6%), and the group’s return thresholds, which are well in excess of its cost of capital, are being achieved.

Cash sales constituted 87.8% of group retail sales and increased 32.0% (excluding S88: 3.8%). Credit sales growth of 3.3% reflected the group’s caution regarding the deteriorating credit environment and the implementation of its strict credit granting criteria, limiting new account growth accordingly. Transunion’s Consumer Credit Index (Q2 2023) reported its lowest level on record, and although credit applications received increased 14.2%, the approval rate decreased to 18.6% from 27.1% in the prior year.

The gross profit margin declined by 170bps to 38.6%. This was impacted by higher markdowns, (particularly in Q1), the inclusion of S88 which operates at a lower margin than the group and further currency depreciation. Excluding S88 gross profit margin was down 100bps due to the impact of Q1 (-350bps) but recovered strongly in Q2, up 190bps on the prior year, as excess inventory was cleared, and fresh summer inputs took effect. Pleasingly, Power Fashion, Yuppiechef and the Telecoms business all grew their gross profit margin during H1, while those same businesses, as well as Mr Price Apparel and Sheet Street achieved gains in Q2.

Total expenses increased 33.6%, and 6.1% excluding S88. Profit from operating activities decreased 0.4% to R1.9bn and the operating margin decreased 320bps to 11.5% of retail sales and other income (RSOI). Net finance expense was 88.3% higher at R336m, due to lower bank interest received because of the S88 acquisition consideration being paid in cash, and an increase in interest on lease liabilities due to the take on of S88 rental agreements and new store openings. This resulted in profit before tax, which still includes 100% of S88's profit's (i.e., prior to deducting non-controlling interests) declining 9.5% to R1.6bn. Management is confident that the margin contraction during the Period is temporary and is mainly attributable to Q1 performance and S88's earnings being weighted to H2.

Segmental performance

	Retail sales growth		Comparable sales growth	
H1 FY2024 vs H1 FY2023	Incl. S88	Excl. S88		Cont. to retail sales
Apparel segment	37.9%	5.1%	0.5%	78.8%
Home segment	-1.0%	-1.0%	-5.5%	17.9%
Telecoms segment	7.9%	7.9%	2.7%	3.3%
Total group	27.8%	3.8%	-0.8%	

The Apparel segment retail sales increased 37.9% to R12.7bn (excluding S88: +5.1%) and comparable retail sales increased 0.5%. The impact of loadshedding and the retail sector challenges in Q1 are reflected in the segment's comparable sales decreasing 3.5% over these months. In Q2, comparable sales increased 5.2% and the segment gained 50bps of market share according to RLC. The group's largest division, Mr Price Apparel, led the recovery performance and reached its highest September market share level on record. Power Fashion continued to deliver strong double-digit sales growth, healthy comparable sales growth and gained market share in each month of the Period, while S88 continued to deliver double digit sales growth.

The Homeware segment retail sales decreased 1.0% to R2.9bn and comparable retail sales decreased 5.5%. This was an improved performance from H2 FY2023 and like the Apparel segment, the Homeware segment delivered better results in Q2 than Q1 with improved sales and gross margin momentum. Yuppiechef delivered double digit sales growth and an improved margin performance than the prior period. As previously communicated, the segment has faced a prolonged period of intensified competitor activity, bringing about structural changes to the market. Management is confident that the biggest impact has been realised and is clear on its plans to continue defending its dominant market share position.

The Telecoms segment retail sales increased 7.9% to R533m and comparable sales grew 2.7%. The standalone Mr Price Cellular stores continue to outperform feasibilities. Cellular handsets and accessories gained 120bps of market share according to GfK.

The Financial Services segment revenue increased 10.3% to R444m. Debtors' interest and fees increased 14.5% due to a higher average debtors' book and a further 50bps increase in the repo rate over the Period. Despite tightening the credit granting scorecard and lowering the account approval rate, consumer debt serviceability was constrained by affordability challenges and net bad debt to book ratio increased to 10.0%. The impairment provision increased to 10.5% (H1 FY2023: 7.9%).

The group placed a sharp focus on inventory management to ensure that it traded out of its excess stock carry from FY2023 and exited winter in a clean position. Excluding S88 stock was up 2.1%, in line with management's expectation. Stock freshness (0 - 3 months ageing) at the end of the Period was 81.7%. The inclusion of S88 inflated the group's gross closing inventory position which was up 64.3%. The group anticipates being in a negative inventory growth position by the end of FY2024.

Capital expenditure of R637m was primarily allocated towards new stores and the installation of back-up power solutions over Q1. The group remains highly cash generative, and its cash conversion ratio increased to 81.4% as it ended the Period with available cash of R1.1bn. The unencumbered position of the balance sheet continues to support its focus on growth, and its identified capital allocation opportunities.

Outlook

South African consumers are likely to remain constrained into 2024 as the recovery in employment has lagged economic activity and real wage growth has been negative. The recent improvements in consumer price inflation, fuel prices, currency exchange rates and unemployment will bring some respite to business and consumers. The interest rate cycle is anticipated to turn positive by mid-2024, which will alleviate consumer pressure. Electricity supply remains a risk to economic activity, however there is expectation that the loadshedding intensity moderates.

An increasing risk to business in South Africa is the instability of port operations. The company will continue to take the necessary steps to minimise this impact and management is satisfied that the group has adequate stock levels for the upcoming festive season.

The group’s fashion-differentiation, EDLP model and deep knowledge of the South African consumer has enabled it to withstand many historical economic cycles and periods of increased competition. Its core brands have recently been voted the most valuable apparel retailer in South Africa, the most shopped retailer, the coolest clothing store in SA and the most loved homeware retailer in SA by various independent sources. This external recognition, and the unwavering support of its 28 000 associates and suppliers, provides the group with confidence that the positive momentum experienced in Q2, can continue into H2 and beyond. Its acquisitions have been earnings accretive to date and there are several attractive growth opportunities available. This includes Mr Price Kids, which now has a total of 16 standalone stores which are exceeding expectations and has the potential to be a significant retail chain for the group.

Annual capital expenditure of R1.4bn is anticipated and the group plans to open approximately 140 new stores during the remainder of FY2024, which will be the primary channel of capital allocation.

Retail sales post the reporting period reflected a tougher October for the sector. According to the RLC, the comparable total market declined 1.5% while the group recorded positive retail sales growth of 2.3%, gaining 70bps of market share. Retail sales improved in the first two weeks of November, up 6.2%.

A voluntary trading update covering Q3 FY2024 (October to December 2023) will be released in January 2024.

ENDS

INTERIM CASH DIVIDEND DECLARATION

Notice is hereby given that an interim gross cash dividend of 283.5 cents per share was declared for the 26 weeks ended 30 September 2023, a 9.3% decrease 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 226.80000 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	11 December 2023
Date trading commences 'ex' the dividend	Tuesday	12 December 2023
Record date	Thursday	14 December 2023
Payment date	Monday	18 December 2023

Shareholders may not dematerialise or rematerialise their share certificates between Tuesday, 12 December 2023 and Thursday, 14 December 2023, 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), P Nundkumar (CFO), N Abrams*, MJ Bowman*, JA Canny*, RJD Inskip*, D Naidoo*, H Ramsumer*, LA Swartz*

* Non-executive director

UNAUDITED GROUP RESULTS FOR THE 26 WEEKS ENDED 30 SEPTEMBER 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'm	2023 30 Sep	2022 1 Oct	2023 1 Apr
Assets			
Non-current assets	**16 796**	11 707	17 003
Property, plant and equipment	**3 927**	2 689	3 598
Right-of-use asset	**7 231**	6 748	7 737
Intangible assets	**5 232**	2 034	5 245
Long-term receivables and other assets	**42**	42	47
Defined benefit fund asset	**85**	77	85
Deferred taxation assets	**279**	117	291
Current assets	**12 326**	11 850	11 778
Inventories	**7 820**	4 843	7 321
Trade and other receivables	**2 674**	2 983	2 733
Derivative financial instruments	**50**	251	51
Reinsurance assets	**-**	260	219
Cell captive structure	**127**	-	-
Taxation	**192**	198	12
Cash and cash equivalents	**1 463**	3 315	1 442
Total assets	**29 122**	23 557	28 781
Equity and liabilities			
Total equity	**14 003**	12 345	13 928
Equity attributable to shareholders	**13 082**	12 345	13 014
Non-controlling interests	**921**	-	914
Non-current liabilities	**6 796**	6 410	7 466
Lease liability	**6 371**	6 359	7 028
Deferred taxation liabilities	**356**	27	362
Interest-bearing loans	**48**	1	56
Post retirement medical benefits	**21**	23	20
Current liabilities	**8 323**	4 802	7 387
Trade and other payables	**5 719**	3 161	4 877
Derivative financial instruments	**3**	1	31
Current portion of interest-bearing loans	**40**	-	33
Reinsurance liabilities	**-**	47	44
Current portion of lease liability	**2 230**	1 593	2 093
Taxation	**2**	- *	309
Bank overdraft	**329**	-	-
Total equity and liabilities	**29 122**	23 557	28 781

* Less than R1 million

CONDENSED CONSOLIDATED INCOME STATEMENT

R'm	**2023 30 Sep 26 weeks**	2022 1 Oct 26 weeks	% change	2023 1 Apr 52 weeks
Revenue	**16 751**	13 254	26.4	32 853
Retail sales	**16 087**	12 590	27.8	31 498
Other revenue[1]	**607**	536	13.3	1 170
Retail sales and other revenue	**16 694**	13 126	27.2	32 668
Costs and expenses	**14 771**	11 194	32.0	27 748
Cost of sales	**9 922**	7 564	31.2	19 144
Selling expenses	**3 612**	2 623	37.7	6 323
Administrative and other operating expenses	**1 237**	1 007	22.9	2 281
Profit before finance costs and finance income[2]	**1 923**	1 932	(0.5)	4 920
Finance interest income	**57**	128	(55.6)	185
Finance costs	**393**	307	28.1	702
Profit before taxation	**1 587**	1 753	(9.5)	4 403
Taxation	**426**	466	(8.6)	1 177
Net profit for the period	**1 161**	1 287	(9.8)	3 226
Profit attributable to non-controlling interests	**7**		100.0	111
Profit attributable to equity holders of parent	**1 154**	1 287	(10.3)	3 115
Weighted average number of shares in issue	**257 186**	257 304	(0.0)	257 274
Earnings per share (cents)				
- basic	**448.8**	500.1	(10.3)	1 210.7
- diluted basic	**438.4**	490.1	(10.6)	1 183.3
Dividends per share (cents)	**283.5**	312.5	(9.3)	759.6
Dividend payout ratio	**63.0**	63.0	0.0	63.0
Headline earnings per share (cents)				
- headline	**449.9**	496.0	(9.3)	1 205.7
- diluted headline	**439.5**	486.1	(9.6)	1 178.4

[1]Included in other revenue is interest charged on debtors of R224m (2022: R190m)

[2]The subtotal profit from operating activities has been changed to profit before finance costs and finance income for more concise disclosure.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'm	**2023 30 Sep 26 weeks**	2022 1 Oct 26 weeks	2023 1 Apr 52 weeks
Profit attributable to shareholders	**1 161**	1 287	3 226
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss:			
Currency translation adjustments	**1**	45	4
Gain on hedge accounting	**14**	285	61
Deferred taxation thereon	**(4)**	(77)	(17)
Items that may not be reclassified subsequently to profit or loss:			
Defined benefit fund net actuarial gain/(loss)	**(1)**	(1)	2
Deferred taxation thereon	**-***	-*	-*
Total comprehensive income	**1 171**	1 539	3 276

* Less than R1 million

Total comprehensive income attributable to:			
Owners of the parent	**1 164**	1 539	3 165
Non-controlling interest	**7**	-	111
	1 171	1 539	3 276

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'm	**2023 30 Sep 26 weeks**	2022 1 Oct 26 weeks	2023 1 Apr 52 weeks
Total equity at beginning of the period	**13 928**	12 056	12 056
Total comprehensive income for the period	**1 171**	1 539	3 276
Treasury share transactions	**-**	25	(187)
Shares issued	**-**	-	157
Shares cancelled	**-**	-	(167)
Recognition of share-based payments	**75**	99	182
Dividends to shareholders	**(1 171)**	(1 374)	(2 192)
Acquisition of non-controlling interest	**-**	-	803
Total equity at end of the period	**14 003**	12 345	13 928

Total equity at end of the period			
Owners of the parent	**13 082**	12 345	13 014
Non-controlling interest	**921**	-	914
	14 003	12 345	13 928

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'm	2023 30 Sep 26 weeks	2022 1 Oct 26 weeks	2023 1 Apr 52 weeks
Cash flows from operating activities			
Operating profit before working capital changes[3]	3 055	2 650	6 970
Working capital changes	324	(1 088)	(710)
Cash generated from operations	3 379	1 562	6 260
Interest on trade receivables	235	190	418
Finance costs	(41)	(4)	(51)
Finance income received	47	128	164
Taxation paid	(908)	(589)	(851)
Net cash inflows from operating activities	2 712	1 287	5 940
Cash flows from investing activities			
Receipt in respect of long-term receivables	5	8	11
Payment for acquisition of Studio 88, net of cash acquired	-	-	(3 465)
Payment for intangible assets acquired			
- replacement	-	-	-
- additions	(46)	(39)	(82)
Payment for property, plant and equipment (PPE) acquired			
- replacement	(154)	(68)	(272)
- additions	(304)	(202)	(484)
Receipts from proceeds on disposal of PPE	3	1	1
Proceeds from insurance relating to PPE	1	17	21
Net cash outflows from investing activities	(495)	(283)	(4 270)
Cash flows from financing activities			
(Payment)/receipt relating to interest-bearing loans	(1)	-	4
Repayment of capital portion of lease liability	(999)	(678)	(1 586)
Repayment of interest portion of lease liability	(353)	(300)	(692)
Receipts relating to sale of shares by staff share trusts	(1)	20	39
Payment relating to purchase of shares by staff share trusts	-	-	(42)
Payments relating to purchase of shares	-	-	-
Payment relating to share buyback	-	-	(167)
Deficit on treasury share transactions	-	(6)	(16)
Payment relating to share hedging costs and instruments	(3)	-	(189)
Dividends paid to shareholders	(1 171)	(1 374)	(2 192)
Net cash outflows from financing activities	(2 528)	(2 338)	(4 841)
Net decrease in cash and cash equivalents	(311)	(1 334)	(3 171)
Cash and cash equivalents at beginning of the year	1 442	4 612	4 612
Exchange gains/(losses)	3	37	1
Cash and cash equivalents at end of the year	1 134	3 315	1 442

[3]Operating profit before working capital changes reconciled as follows:

Profit before tax	1 587	1 753	4 403
Adjusted for non-cash items	1 356	911	2 406
Adjusted for finance income and costs	112	(14)	161
Operating profit before working capital changes	**3 055**	**2 650**	**6 970**

SEGMENTAL REPORTING

For management reporting purposes, the group has reported business units based on how the group's chief decision makers operate the business.

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 profit before finance costs and finance income.

The five reportable segments are as follows:

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories. This segment includes the following divisions: Mr Price Apparel, Mr Price Sport, Miladys, Power Fashion and the Studio 88 group.
- The Home segment retails homewares and furniture. This segment includes Mr Price Home, Sheet Street and Yuppiechef.
- 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 shared services costs.

R'm	**2023 30 Sep 26 Weeks**	2022 1 Oct 26 Weeks	% Change	2023 1 Apr 52 Weeks
Retail sales				
Apparel	**12 677**	9 190	37.9	24 183
Home	**2 877**	2 906	(1.0)	6 252
Telecoms	**533**	494	7.9	1 063
Total	**16 087**	12 590	27.8	31 498
Other income				
Apparel	**18**	39	(53.8)	67
Home	**8**	5	60.0	4
Financial Services	**444**	403	10.3	829
Telecoms	**87**	76	14.5	150
Central Services	**50**	13	284.6	120
Total	**607**	536	13.3	1 170
Profit before finance costs and finance income				
Apparel	**1 528**	1 435	6.5	3 848
Home	**263**	403	(34.7)	859
Financial Services	**217**	237	(8.4)	403
Telecoms	**63**	46	37.0	85
Central Services	**(147)**	(189)	(22.2)	(275)
Total	**1 924**	1 932	(0.4)	4 920
Segment assets				
Apparel	**16 341**	10 486	55.8	16 066
Home	**3 307**	3 341	(1.0)	3 317
Financial Services	**2 367**	2 460	(3.8)	2 506
Telecoms	**304**	194	56.7	251
Central Services	**6 803**	7 076	(3.9)	6 641
Total	**29 122**	23 557	23.6	28 781

SUPPLEMENTARY INFORMATION

	2023 30 Sep 26 weeks	2022 1 Oct 26 weeks	2023 1 Apr 52 weeks
Total number of shares issued (000)	**263 584**	263 634	263 584
Number of Ordinary shares (000)	**256 791**	256 842	256 791
Number of B Ordinary shares (000)	**6 793**	6 792	6 793
Less: shares held by share trusts	**6 392**	6 244	6 390
Net number of shares in issue (000)	**257 192**	257 390	257 194
Weighted average number of shares in issue (000)	**257 186**	257 304	257 274
Net asset value per share (cents)	**5 086**	4 796	5 415

Reconciliation of headline earnings (R'm)			
Attributable profit	**1 154**	1 287	3 115
Loss on disposal and impairment /reversal of impairment of property, plant, equipment (PPE), intangible assets and right-of-use assets and insurance proceeds on PPE	**4**	(15)	(18)
Taxation adjustment	**(1)**	4	5
Headline earnings	**1 157**	1 276	3 102

Notes:

1. The interim results at 30 September 2023 and 1 October 2022, for which the directors take full responsibility, have not been audited. The condensed consolidated results at 1 April 2023, 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 P Nundkumar, CA(SA), Chief Financial Officer.

2. The interim results are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the South African Companies Act 71 of 2008. The JSE Limited Listings Requirements require interim results 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 the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements except for the application of IFRS 17, which is effective from FY2024 (refer note 9).

3. The group has assessed right-of-use assets, intangibles and goodwill for impairment and no further impairments were required to be recognised.

4. The disaggregated revenue is as follows:

R'm	2023 30 Sep	2022 1 Oct	2023 1 Apr
Revenue from contracts with customers	16 281	12 779	31 875
Retail sales	16 087	12 590	31 498
Insurance revenue / Insurance premium	115	116	230
Telecoms income (non-retail)	79	73	147
Interest and charges on debtors	329	287	598
Other sundry income	84	60	195
Finance income	57	128	185
Revenue	16 751	13 254	32 853
Tender type Retail sales	16 087	12 590	31 498
Cash sales	14 123	10 687	27 494
Credit sales	1 964	1 903	4 004

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 at the reporting date will be sold below cost. The inventory provision of R676m (1 April 2023: R632m) represents 7.9% (1 April 2023: 7.9%) of the inventory balance at half year.

   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 impairment of the total trade receivables provision represents 10.5% (1 April 2023: 10.0%) of the trade receivables balance. The gross trade receivables balance at half year decreased 1.2% to R2 446m (1 April 2023: R2 475m) from 1 April 2023.

7. The fair value of foreign exchange contracts (FECs), synthetic forwards, options and oil hedge options as calculated by the banks is measured using a forward pricing model. The significant inputs into the Level 2 fair value of FECs, synthetic forwards and options are yield curves, market interest rates and market foreign exchange rates. The significant inputs into the Level 2 fair value of the oil hedge Options are volume (litres), daily ZAR price per litre, market foreign exchange rates and the average month/calculation period. The estimated fair values of recognised financial instruments approximate their carrying amounts.

8. The directors and management have reviewed the group's budget and cash flow forecasts, and related solvency and liquidity ratios. They have also considered the current trading environment. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and have continued to adopt the going concern basis in preparing the interim results.

9. IFRS 17 – Insurance Contracts is effective for annual reporting periods beginning on or after 1 January 2023. Based on the shareholders' agreement with respect to the cell captive arrangements, 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 Premium Allocation Approach (PAA). Based on the group's preliminary assessment, the transition from IFRS 4 to IFRS 17 has an estimated increase in liabilities of R1.7m and a decrease in profit and loss of R1.7m, as a result of increase in the Liability for Incurred Claims (LIC) due to the inclusion of the Risk Adjustment. It has been assessed by the group that the adoption of IFRS 17 for the cell captive arrangement has not had a material impact on the unaudited condensed consolidated financial statements. The group has elected to apply IFRS 17:B137 and has not changed the treatment of accounting estimates made in previous interim financial statements. Disclosure has been updated to reflect a net Cell Captive Structure which is the net receivable from the cell in the statement of financial position, compared to previous disclosure which reflected the gross reinsurance asset and liabilities.

Durban
23 November 2023