

Mr Price Group Limited
(Registration number 1933/004418/06)
Incorporated in the Republic of South Africa
ISIN: ZAE000200457
LEI number: 378900D3417C35C5D733
JSE and A2X share code: MRP
("Mr Price" or "group")

VOLUNTARY ANNOUNCEMENT RELATING TO THE ACQUISITION OF YUPPIECHEF

INTRODUCTION

Mr Price is pleased to announce that it has entered into an agreement to purchase 100% of the issued share capital of the group of companies comprising the Yuppiechef business ("Yuppiechef"), a privately-owned South African omni-channel retail business primarily focused on kitchenware.

Yuppiechef was founded in 2006 with a vision to build a platform for the distribution of aspirational kitchen and homeware brands. The business has two primary operations, namely: Yuppiechef Online, the retail division comprising the online platform and 7 stores, as well as a wholesale division, which develops, and imports branded goods for wholesale distribution. It commenced operations as a pure e-commerce company and since 2017 has transitioned into an omni-channel retail platform. The retail division represents 85% of turnover (70% via e-commerce) and has been a pioneer of online retail in South Africa, consistently winning awards throughout its history. Most recently in 2019, Yuppiechef was voted 'Digital Company of the Year' at the South African National Business awards and 'Best Independent Retailer Store Design' at the SACSC Retail Design & Development awards.

STRATEGICALLY ALIGNED

In November 2020, Mr Price communicated its ambitions to invest in growth opportunities in specific segments of the market through both organic and acquisitive growth avenues. These opportunities are informed by an extensive period of research which the group believes will shape its future growth trajectory. Within the homeware market, the opportunity to gain access to a higher LSM customer base, enabling growth of its share-of-wallet through aspirational value spending, was identified.

MEETS INVESTMENT CRITERIA

The group's strict investment criteria, which have been previously communicated, continue to guide its capital allocation decisions and have been applied with the same disciplined approach in the case of Yuppiechef. This will enable Mr Price to expand in South Africa, in line with its strategic objectives, through an established, high-growth omni-channel brand. Profitability is a key factor in the group's consideration of any venture, and it is satisfied with Yuppiechef's positive bottom-line performance and prospects for margin expansion.

Mr Price CEO, Mark Blair, said: "We are very excited about welcoming the Yuppiechef team into our family. As a founder-led business, they share our entrepreneurial roots and we are eager to jointly realise the company's ambitions. We are partnering with a market leading business which has won numerous awards relating to both e-commerce and stores, and Yuppiechef has a proven ability to launch private label categories which have also attracted industry recognition."

Blair continued, "This gives Mr Price the opportunity to access the skills of a highly talented team and service a new customer base. Yuppiechef will benefit from our financial strength to accelerate growth plans which include significantly broadening the product assortment into areas where we have well-established skills and expanding its physical presence beyond the currently limited number of stores. We were early adopters of e-commerce in South Africa and our consistent investment has really paid off for us. Yuppiechef gives us another platform to escalate our ambitions in online retail and enables us to be strategically positioned for further growth."

Andrew Smith, Co-Founder and CEO of Yuppiechef, said: "The timing is right for Yuppiechef to move forward with its growth ambitions with a partner who has a shared vision and the resources to help achieve this. I am excited about our future as a part of the Mr Price Group. They are a business which prides themselves on innovation and growth and we are strategically aligned in our plans. We share similar cultures and values which will make this an easy fit for both parties."

IMPLEMENTATION

The purchase consideration, which represents approximately 1% of market capitalisation, will be settled in cash. The targeted effective date is subject to the fulfilment of both regulatory and commercial suspensive conditions which includes competition authority approval. The Yuppiechef management team will continue to run the business with the full support of the group's executive team.

Durban

15 March 2021

Financial Advisor and Transaction Sponsor
Investec Bank Limited