

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 Group" or "group")

UPDATE ON THE ACQUISITION OF POWER FASHION

Fulfilment of suspensive conditions

Shareholders are referred to the group's SENS announcement on 26 November 2020 which communicated the conclusion of an agreement to acquire high performing value retailer, Power Fashion, which currently has 173 stores across Southern Africa.

Power Fashion is a value-focused and cash-based retailer, servicing low to middle income households. It offers merchandise for the whole family, retailing largely apparel merchandise, which is fashionable, but not fashion forward. It focuses on the deep value segment of the market and its price positioning is strongly aligned to its target customer base.

All suspensive conditions, including approval by the South African and eSwatini competition authorities, have been fulfilled and the acquisition is effective on 1 April 2021.

Investment Case

The group's strategic research undertaken last year identified opportunities for growth in South Africa, both organic and acquisitive. The price-value market in the apparel segment in which Power Fashion operates, was one such segment with attractive growth potential.

Mr Price Group has frequently communicated to shareholders its strict investment criteria for an acquisition, which has guided it as it has considered several opportunities in the last year. In Power Fashion, the group will acquire a business that meets each of these closely researched criteria:

- Value focused business that predominantly trades in cash and is aligned to the group's core capabilities
- Fits within the group's capital allocation strategy and is bolt-on in nature (the size of the transaction is currently 3%- 4% of market capitalisation)
- High performing business with a strong track record, eliminating the need for any turnaround strategy and avoiding the associated management distraction and integration costs
- An existing business of attractive scale which is available at a reasonable valuation. Immediately earnings accretive and not dependant on synergies
- Opportunity for significant future growth in footprint and categories
- Strong management and skilled team to maintain focus and ensure continuity

Mr Price Group CEO, Mark Blair, said: "I am really excited about the opportunities that exist for Power Fashion, which is a quality business, however I am more excited about welcoming new associates to the Mr Price Group. We enjoy a similar entrepreneurial culture and the fit will be excellent."

CONTINUED OPERATIONS

The existing Power Fashion management team and employees will transfer to the Mr Price Group on the effective date. As previously indicated, Power Fashion's majority shareholder and CEO, Noel Otto, will retire on the effective date but will consult to the newly appointed Power Fashion managing director for a period to provide continuity.

Mr Price Group will incorporate Power Fashion's financial performance in its financial reporting at its FY2022 trading update in August 2021.

Durban
30 March 2021

Sponsor
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