MR PRICE GROUP LIMITED
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("Mr Price" or "the company" or "the group")

PRELIMINARY GROUP RESULTS FOR THE 53 WEEKS ENDED 3 APRIL 2021 AND CASH DIVIDEND DECLARATION

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/2021/JSE/ISSE/MRPE/27052021.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.

MR PRICE GROUP LIMITED REPORTS RESULTS FOR THE 53 WEEKS ENDED 3 APRIL 2021

Mr Price today released its FY2021 year end results for the 53 weeks ended 3 April 2021, increasing diluted headline earnings per share (HEPS) 1.9%, despite the period falling almost entirely within the COVID-19 National State of Disaster. The group delivered a strong second half performance as diluted HEPS grew 21.4% due to significantly improved sales momentum and continued to gain market share despite ongoing operational trade disruptions.

Group CEO, Mark Blair, said: "These results are commendable when you consider that we were forced to close all stores in April 2020 and yet maintained profitability at a similar level to the previous year. FY2021 was a year like no other and I couldn't be more pleased with the way that our business model has proven its resilience in the midst of extreme uncertainty and how our people adapted to the unprecedented demands placed on them by the pandemic."

The key highlights (52-week basis) from the period were:

- Grew market share by 150bps according to Retailers' Liaison Committee, the equivalent of R1.2bn
- Group gained market share every quarter, Mr Price Apparel gained market share for all months in the period
- Delivered approximately R500m in new merchandise sales through organically launched departments
- Online sales channel grew 64.1% almost doubling in contribution to 2.4% of group sales
- Retail sales accelerated by 8.5% in H2, with both the Home and Telecom segments achieving double digit growth
- Increased GP margin in both H1 and H2. Annual margin increased by 130bps to 42.5%
- Overhead expense growth tightly controlled
- Total diluted HEPS increased 13.2% in H2
- Acquisition of Power Fashion (effective 1 April 2021) and Yuppiechef (Competition Commission approval in process)
- Strong cash generation further bolstered the balance sheet. R4.9bn cash available post Power Fashion acquisition to fund future internal and external expansion opportunities. The group remains free of financing debt
- Supply chain diversification and mapping accelerated, and 39.7% (at cost) of merchandise sourced from South Africa comprising 78m units
- Annual dividends declared of 672.8 cents per share, up 116.1% at a pay-out ratio of 63.0%

Results summary

The group's FY2021 earnings reflect the full impact of COVID-19 as well as all the measures taken to mitigate the impact on the business. This includes the month of April 2020 when the group's South African stores were forced to close under level 5 lockdown, costing the group approximately R1.8bn (based on April 2019) in lost sales. In May 2020, restrictions were placed on various merchandise categories, particularly impacting the group's Home segment, resulting in further revenue loss. New COVID-19 safety standards and work from home requirements resulted in additional expenditure of approximately R35m. Considering these impacts on trade, the group's final earnings performance reflects the strength of its diversified and focused business model which strengthened in momentum in H2 FY2021.

On a 53-week basis HEPS increased 2.0% to 1 067.9 cents, diluted HEPS increased 1.9% to 1 049.0 cents and basic earnings per share decreased 1.8% to 1 023.6 cents impacted by a once off impairment of intangible IT assets in H1.

On a 52-week comparable basis (used for commentary hereafter), diluted HEPS decreased 2.8% to 1 000.5 cents. On this same basis, H2 diluted HEPS of 672.0 cents was 13.2% higher than the corresponding period last year. This is a significant improvement on H1, particularly considering that level 3 lockdown restrictions and load shedding disruptions inhibited sales during this period.

Total revenue from continuing operations (discontinued operations in Nigeria) decreased 2.9% to R22.3bn with retail sales decreasing 2.4% (comparable stores -4.6%) to R21.2bn, an acceptable performance considering the lost sales in April 2020 and May 2020. In H2, retail sales increased 8.5% and the group gained 180bps of market share. Annually, other income decreased 15.7% to R860m, negatively impacted by lower credit sales, attrition in insurance premiums and repo rate cuts of 275bps (since January 2020) impacting interest earned on the credit book. Interest earned on cash reserves grew 6.4% to R274m.

Credit sales declined 14.5%, while cash sales which constitutes 86.4% of group retail sales, marginally decreased 0.2%. This supports the group's strategic approach of being predominantly cash based which is beneficial in a constrained credit environment. The introduction of lay-bys was very successful and provides customers with an additional tender type. Inflation of 5.3% was ahead of CPI but was driven by more full priced items sold as opposed to true price inflation. The group remains focused on offering its customers exceptional value and continues to prioritise investing in its price positioning.

Capital preservation due to COVID-19 resulted in less stores being opened than originally planned in H1. During H2, 37 new stores were opened, taking the annual total to 54. The group expanded 10 stores, closed 14 and reduced the size of 19 during the year, increasing the total number of corporate owned stores to 1 418, resulting in new space growth of 2.5% and weighted average space growth of 1.6%. Leases renewed totalled 315 and further improvements in both annual escalations and rental reversions (in line with industry trends) were achieved assisting sustainable overhead containment. The group's footprint is diversified and omni-channel in nature, giving it a competitive advantage in its physical store reach as well as in its market leading e-commerce experience.

Online sales grew 64.1%, more than doubling in Mr Price Apparel and Mr Price Sport. "The group's calculated investment into its online offering over the last nine years continues to generate profitability, particularly in a year where this channel's importance to customers significantly increased. Our platforms have delivered superior performance in generating traffic and customer experience." said Blair.

Online traffic increased 65.7% with 86.4% of this traffic generated from mobile devices, placing the brand firmly in the hands of its customers. Mr Price Apparel had the highest market share of traffic across all omni-channel apparel retail brands during the period (Similar Web: April 2020-March 2021). The Mr Price app which houses its three red cap divisions, remains the number one ranked fashion shopping app in South Africa according to Google app rankings. During the year, the average number of orders per day doubled, and the group processed an order every 58 seconds, increasing to every 11 seconds over the Black Friday week. Steady investment into this strategically important platform has enabled significantly larger order volumes to be processed, which the group believes will continue to grow in the years ahead.

A strong merchandise assortment led to the lowest markdown levels in the last five years. As a result, merchandise GP margin improved 140bps to 43.5%. Double digit sales growth in Cellular (handsets and accessories) and intentional mix changes in Mobile (MVNO) contributed to the total Telecoms GP margin increasing 30bps. The total group GP margin gain of 130bps was achieved via improvements across all trading segments. The group grew GP margin in both H1 and H2 and its annual gross profit Rands grew 0.2%, accelerating in H2, up 9.2% on the prior period.

Selling and administration expenses were tightly controlled with growth of 3.7%. Expenses were negatively impacted by a once off impairment of IT assets, elevated bad debt levels and additional costs associated with COVID-19 safety protocols. Excluding impairments, total expenses increased 1.4%. Additionally, the group paid out a once off COVID-19 gratitude bonus to all its frontline store and distribution centre associates and normal performance incentives to its support centre, in recognition of their significant contribution to the group's performance.

Profit from operating activities decreased 7.3% to R3.7bn, significantly affected by restrictions in H1 and operating margin declined 80bps to 16.7% of retail sales and other income (RSOI). In H2, profit from operating activities grew 10.9% and operating margin grew 70bps to 19.6% of RSOI.

In the Apparel segment RSOI decreased 5.8% to R14.9bn but delivered an improved performance in H2, growing 5.9%. Retail sales in Mr Price Apparel increased 8.2% in H2, aided by double digit growth in Q4, all at higher GP margin levels. The division gained market share in every month of the period and achieved its highest market share on record in each month between August 2020 to January 2021. Online sales accelerated in H2, increasing 112.9% with growth of 157.1% in Q4. Miladys experienced consumer behaviour changes (caused by COVID-19) more severely when compared to the other divisions within the group, and RSOI decreased 20.1% to R1.3bn. However, momentum improved in H2, with retail sales decreasing at a slower rate of 8.5%, and achieved market share gains in November 2020 and March 2021. Mr Price Sport decreased RSOI 10.0% to R1.5bn and was materially impacted by seasonal sports, gym and school closures. Despite continued disruptions in H2, the division achieved positive retail sales growth of 0.5% and grew its online sales 77.2%.

The Homeware segment continued to capitalise on limited population mobility and the work from home trend, increasing RSOI 4.0% to R5.6bn, gaining market share in 8 out of the 10 months since trading restrictions were lifted. This positive annual growth performance came despite both divisions having all stores closed in April 2020 with further restrictions on the sale of merchandise for most of May 2020. In H2, both divisions grew retail sales by double digits and continued to gain market share.

The Telecoms segment grew 11.6% to R862m, driven by Cellular growing 35.9% and gaining 90bps of market share according to GfK. The Financial Services segment revenue decreased 14.5% to R653m. Lower credit sales, increased write offs, lower interest rates and fewer new account approvals, all results of COVID-19 consumer impact, affected performance. The total debtors' book decreased 14.0% to R2.0bn and the group's impairment provision increased to 13.4% of the debtors' book in response to the expected further deterioration of the credit environment in FY2022. While new account applications grew in H2, the new account approval rate dropped to 32.0% from 34.3% in the prior period, as the group implemented additional income verification measures. Collections as a percentage of the debtors' book remained in line with the prior year throughout H2.

Inventory on hand included Power Fashion due to the timing of the acquisition within the 53rd week. Excluding Power Fashion inventory on hand grew 10.5%, in line with expectations, supported by healthy improvements in the group's stock turn and inventory freshness in H2.

The unencumbered position of the group's balance sheet has allowed it to focus on growth as opposed to managing debt. Its high cash generation in the period post trading restrictions resulted in cash and cash equivalents increasing 4.7% to R4.9bn, after accounting for the Power Fashion acquisition. This positions the group favourably to pursue its identified capital allocation opportunities. Net asset value per share increased 15.5% to 4 200 cents.

A new vision and strategy

At the group's interim results presentation in November 2020, the new growth agenda was communicated to shareholders. The high-level growth plan was the result of an extensive period of detailed research to identify opportunities, which could be unlocked through a combination of organic concepts and acquisitions.

Reshaping the future of the business and converging all its research into a new group strategy has taken place throughout the financial year and has led to the establishment of the group's new vision, which is 'To be the most valuable retailer in Africa'. The group's growth mindset and commitment to this new long-term vision is underpinned by a highly unified team and a strong balance sheet. This has meant that in many ways the implementation of the new strategy commenced in FY2021, despite being confronted with the challenges of COVID-19.

During the period, the group was able to gain R1.2bn in market share, generate over R500m in sales from organically developed new departments and acquire two earnings accretive businesses, both offering the group high growth potential and the opportunity to be strategically positioned in sectors of the market where it has not previously focused.

The group's solvency and liquidity ratios remain market leading and its RoE and RoA of 27.3% and 14.2% respectively, are significantly higher than the JSE Top 40 and retail competitors average, which highlights its strong track record of prudent capital allocation and provides a strong foundation from which to grow.

Management invites all shareholders to attend a live webcast of its annual results and strategy presentation at 9am on 27 May 2021, to formally hear about the new vision and purpose, and the strategy required to implement its previously communicated growth plans. Webcast link: https://www.crowdcast.io/e/mrpricegroup27052021/register.

Outlook

The global economy is set for a recovery off the low base created by COVID-19. However, this is still only expected to reach pre-pandemic levels in 2023 across most nations. The group's biggest market, South Africa, experienced fiscal distress due to COVID-19 which impacted domestic demand. However, this was softened by temporary relief measures provided by government (TERS and COVID-19 relief grant) and private sector credit providers. These relief measures have largely come to an end and the true state of the consumer environment is most likely to be revealed in the short to medium term. The group has benefitted from consumers receiving short term financial assistance but believes that the primary reason for its outperformance since the level 5 lockdown is due to its superior merchandise assortment and strong value offering to customers.

The group has proven that its business model is resilient in the worst possible circumstances and that its people are highly skilled and adaptable. Blair said, "I am very proud of our people, grateful to suppliers and shareholders for their support and we are committed to adding value to customers as we pursue our purpose to be 'Your Value Champion'".

The group has a legacy created by its founders which established a culture within the organisation of partnership even in the most uncertain conditions. This philosophy allowed the group to compensate all its associates at full pay during the pandemic and it is a privilege to reward associates for their extreme dedication with incentives for outperformance.

Post year end trade (4 April to 15 May 2021) has been strong. Group retail sales increased 27.5% (excluding Power Fashion, up 16.7%), compared to the corresponding period in 2019 which grew 3.4% (2020 non comparable due to COVID-19).

The group continues to trust in its fashion value business model to perform despite the prevailing uncertainty. FY2022 promises to be equally uncertain with many factors that will need to be overcome. The new group vision and strategy provides a clear call to action, bringing additional focus to its highly talented associates who are committed to delivering value to all stakeholders.

ENDS

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The preliminary condensed consolidated financial statements, for which the directors take full responsibility, were approved by the directors on 26 May 2021 and have been reviewed by Ernst & Young Inc, who issued an unmodified review conclusion report thereon. A copy of the report is available for inspection at the company's registered office and on the group's website www.mrpricegroup.com. The results have been prepared under the supervision of Mr MJ Stirton, CA(SA), chief financial officer.

FINAL CASH DIVIDEND DECLARATION

Notice is hereby given that a final gross cash dividend of 462.70 cents per share was declared for the 53 weeks ended 3 April 2021. No final dividend was declared in 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 370.16 cents per share. The dividend withholding tax rate is 20%.

The issued share capital at the declaration date is 255 945 150 listed ordinary and 7 689 290 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	Tuesday	22 June 2021
Date trading commences 'ex' the dividend	Wednesday	23 June 2021
Record date	Friday	25 June 2021
Payment date	Monday	28 June 2021

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 23 June 2021 and Friday, 25 June 2021, both dates inclusive.

Shareholders should note that dividend payments will no longer occur by cheque and as permitted by the company's Memorandum of Incorporation, will only 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*, RM Motanyane-Welch*, D Naidoo*, LA Swartz*

* Non-executive director ^ Alternate director

Durban
27 May 2021
JSE Equity Sponsor and Corporate Broker
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