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

INTERIM GROUP RESULTS FOR THE 26 WEEKS ENDED 2 OCTOBER 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/25112021.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 26 WEEKS ENDED 2 OCTOBER 2021

Mr Price today released its interim results for the 26 weeks ended 2 October 2021 (the FY2022 Period). During this time the group faced a COVID-19 third wave, frequent load shedding, civil unrest causing 111 of its stores to close, and ongoing global supply chain disruptions. Despite this, the group continued its sales and earnings growth momentum and its earnings per share now exceed its pre COVID-19 levels (1 April 2019 to 28 September 2019, referred to as "FY2020 Period"). It has emerged from a challenging period with higher market share and has maintained its strong cash position. The key highlights from the FY2022 Period were:

- Retail sales grew 37.8% and increased 17.4% against the FY2020 Period
- Grew market share by 210bps according to Retailers' Liaison Committee (RLC)
- Mr Price Apparel achieved consecutive market share gains for 19 months
- Organically launched departments contributed approximately 4.0% of retail sales
- Online sales more than doubled against the FY2020 Period, increasing contribution to 2.9% of retail sales
- Cash sales increased 38.2%, excluding acquisitions up 26.5%
- Opened 48 new stores and 96 looted stores will be operational by the end of November 2021
- Diluted HEPS and normalised* diluted HEPS increased 33.5% and 46.4% respectively
- Acquisition of Yuppiechef effective date 1 August 2021
- Highly cash generative raising cash balance to R3.9bn after acquisitions. The group remains debt free
- Merchandise sourced (manufactured) in South Africa, excluding acquisitions, totalled 39.2% (Africa: 53.1%) of all orders at cost value
- Continued trend of procuring approximately one third of all units in South Africa by listed apparel and homeware retailers
- Interim dividends declared of 282.4 cents per share, up 34.4%, a pay-out ratio of 63.0%

*Normalised HEPS excludes R185m write-off for losses incurred for stock, cash and property, plant and equipment (PPE) relating to the civil unrest. No adjustment has been made for ongoing store costs, lost revenue and profit from the 111 affected stores.

Results summary

Basic earnings per share (EPS) increased 51.4% to 440.0 cents and headline earnings per share (HEPS) increased 34.4% to 448.3 cents. Diluted HEPS increased 33.5% to 438.7 cents and normalised diluted HEPS, grew 46.4% to 481.1 cents. Diluted HEPS and normalised diluted HEPS increased 0.6% and 10.4% on the FY2020 Period.

Total revenue increased 35.2% to R12.4bn with retail sales increasing 37.8% (comparable stores 27.3%) to R11.9bn, a strong performance considering the external disruptions during the FY2022 Period. These results were additionally supported by the inclusion of recently acquired Power Fashion (PF), effective 1 April 2021, and Yuppiechef (YC) effective 1 August 2021. Excluding acquisitions, total revenue and retail sales increased 25.8% and 27.8% respectively.

The financial performance commentary below for the FY2022 Period is against the first 26 weeks of financial year 2021 (29 March 2020 to 26 September 2020, referred to as "FY2021 Period") and where necessary, to provide a more relevant comparison due to the significant effects of the COVID-19 lockdown restrictions enforced during the FY2021 Period (all stores closed in April 2020), commentary is supplemented with comparison against the FY2020 Period.

Retail sales compared to the FY2021 Period and FY2020 Period was as follows:

	Retail sales growth - 26 weeks	
	FY2022 vs FY2021	FY2022 vs FY2020
Apparel segment	42.3%	15.5%
Apparel segment excl PF	30.4%	5.8%
Home segment	27.1%	17.1%
Home segment excl YC	24.0%	14.3%
Group*	37.8%	17.4%
Group* excl PF and YC	27.8%	8.8%

*Includes Cellular (handsets & accessories)

The retail sales performance highlighted above resulted in the group gaining 210bps of market share (50bps excluding acquisitions) within its apparel and homeware segments according to the RLC. Despite the ongoing external challenges, the group's market share gains highlight the defensive nature of its business model through its compelling customer value proposition. The differentiation that it offers its customers through its merchandise fashionability is highlighted by its largest division, Mr Price Apparel, gaining market share for 19 consecutive months. The division was the most shopped fashion retailer in the last 3 months in South Africa according to the MAPS 2021 report and reclaimed its title as the Sunday Times GenNext number one ranked coolest clothing store in South Africa title.

The credit environment is showing signs of increasing stability as Transunion's Consumer Credit Index (Q2 2021) reported overall credit health in the 'improving' range and the level of delinquencies decreasing. The group's credit sales continued to gain momentum, increasing 34.2% over the FY2021 Period. Credit sales are approaching pre COVID-19 levels, down -2.2% on FY2020 Period. The introduction of a One Store card facility (customers can shop all divisions on one card) and the 'Insiders' rewards programme for store card customers has supported the credit sales performance. The group has experienced high volumes of new account applications, however its approval rate of 34.0% remains at pre COVID-19 levels as it continues its prudent credit granting criteria.

Cash sales constitute 85.7% of group retail sales and continues to be consumers' preferred tender type during a period of high uncertainty and financial constraint. Cash sales grew 38.2% (20.8% on the FY2020 Period), supporting the group's strategy of being predominantly cash based, which was further aided by the inclusion of Power Fashion which does not have a credit offering. Excluding Power Fashion, cash sales grew 26.5%. Lay-bys continue to increase in contribution and have been a welcome alternative to customers looking for a traditional credit offering substitute.

The group reported deflation of -6.0% due to the inclusion of the lower average price point Power Fashion business. Excluding acquisitions, inflation of 5.3% was in line with CPI. The group continues to remain focused on ensuring that its customers find value as their baskets face mounting inflationary pressure. The group sold 120 million units during the FY2022 Period, an increase of 47.7% (21.7% excluding acquisitions).

Capital expenditure was redirected from the group's store re-vamp programme towards ensuring that its looted stores were operational as quickly as possible. 96 of the 111 looted stores will be operational by the end of November 2021. Despite the demands this has placed on operational resources, the group was still able to open an additional 48 new stores and acquired 7 Yuppiechef stores. The group expanded 10 stores, closed 5 and reduced the size of 7 during the FY2022 Period, increasing the total number of corporate owned stores to 1 642. Weighted average space growth was 11.1% (excluding acquisitions, weighted average and closing trading space were 2.3% and 2.9% higher respectively).

Online sales continue to increase in retail sales contribution, up to 2.9% (2.7% excluding acquisitions). Online sales growth of 49.9% was against a high growth rate of 48.7% in the FY2021 Period due to COVID-19 related increased demand. The group's market share of traffic across pure play and omni-channel retailers rose 320bps to 14.2% during the FY2022 Period (Similar Web: April 2021-Sep 2021), of which mobile devices contributed 87.0%. The Mr Price app remains the highest ranked South African fashion shopping app in the Google Play store, with 1.1 million app users, and ranks highest in engagement with the most monthly active users amongst competitors, according to SimilarWeb. The online channel remains key to the group's future growth plans and to keep it closely connected to its digitally engaged customer base.

Total GP margin decreased 230bps mainly due to the impact of inventory write-offs (R151.5m) from the civil unrest. Excluding this impact, GP margin decreased 100bps. The group's two newly acquired divisions of Power Fashion and Yuppiechef trade at lower margins than the group which created a dilutionary effect. Excluding the acquisitions and inventory write-offs, total GP margin decreased 40bps. The remaining lower margin impact is attributed to the group holding its price points in certain strategic departments ensuring that it maintained its competitive price positioning, as well as due to product mix changes. The group's markdowns were very well managed and were lower than the already low levels reported in the FY2021 Period.

Total expenses grew 19.7%. Excluding acquisition overheads and non-recurring expense items (FY2021 Period: rental relief, government assistance and IT impairment; FY2022 Period: cash and asset write-offs from the civil unrest), total expenses grew 6.5%. The group remains acutely focused on expense management and ensuring that a healthy profit wedge (sales and GP growth ahead of expense growth) is achieved. This was successfully delivered in the FY2022 Period as profit from operating activities increased 48.9% to R1.7bn and exceeded pre COVID-19 levels. Operating margin grew 120bps to 13.9% of retail sales and other income (RSOI) despite the civil unrest write-off costs.

The Apparel segment increased RSOI by 42.6% to R8.5bn. Operating profit increased 47.3% and the operating margin increased from 13.3% to 14.7%. The segment's performance was driven by further market share gains by the group's largest division, Mr Price Apparel, strong re-bound performances from Miladys and Mr Price Sport as well as by the inclusion of Power Fashion.

The Homeware segment continued its growth momentum despite its firm base, increasing RSOI 27.3% to R3.0bn. Operating profit increased 46.6% and the operating margin increased from 16.4% to 18.9%.

The Telecoms segment grew sales 22.8% to R522m (45.6% on FY2020 Period) against strong growth in the base of 18.6% and was additionally supported by the inclusion of Power Fashion's cellular sales. Cellular handsets and accessories gained 80bps of market share according to GfK (100bps including acquisitions).

The Financial Services segment revenue increased 2.7% to R337m (-12.2% on FY2020 Period). Debtors' interest and fees were adversely affected by significantly lower repo rates experienced during the full FY2022 Period relative to the staggered impact in the FY2021 Period. Collections continue to improve against a weak base and have additionally been aided by the successful introduction of alternate collection methods. The quality of the debtors' book continues to improve, reflected by lower net bad debt and the bad debt provision standing at 10.6% of the debtors' book, a decrease from the FY2021 Period. Insurance premium income grew 10.6% as sales volumes recover towards pre COVID-19 levels.

Inventory on hand is up 43.7% against base growth of -9.2% (lower stock in the FY2021 Period due to COVID-19 and higher than expected trading performance post the level 5 hard lockdown). Additionally, the inclusion of the two acquisitions and several non-comparable departments, which were not in the base year, resulted in the higher stock position. The shape and quality of the stock on hand is healthy and the group is confident that its inventory growth will reach single digit levels by the end of FY2022.

The group's balance sheet remains in a healthy position with cash of R3.9bn after the acquisition of Yuppiechef. Forecast capital expenditure for FY2022 is anticipated to be approximately R850m and will be allocated primarily to support store growth and technology modernisation programmes. The group is well positioned to continue delivering against its recently communicated new long-term strategy of becoming the most valuable retailer in Africa. This will entail strong execution within its existing business to continue market share gains, increased innovation to launch new organic concepts and further acquisition activity should opportunities meet the group's criteria. To support the growth strategy, the group's investment committee will be a key governance body in considering all capital allocation opportunities. Net asset value per share increased to 4 260 cents.

Update on civil unrest impact

As reported on SENS on 14 July 2021 and 21 July 2021, the civil unrest resulted in 111 stores (approximately 7% of opening store footprint) being entirely looted, equating to an estimated retail sales loss of R320m. Of the 111 looted stores, 87 were fully operational by the end of October with a further 9 expected to be trading by the end of November. The remaining 15 stores are expected to be opened during FY2023 due to extensive structural damage.

Interim insurance payments of R235m (including VAT) were paid by SASRIA in October and November 2021 for stock, cash and PPE losses. An additional payment is expected in H2 FY2022 for the remaining PPE losses.

An interim Business Interruption (BI) insurance payment of R92m (including VAT) was received in November 2021. Losses continue to be assessed and the group anticipates the balance to be received upon claim finalisation in H1 FY2023.

The group's earnings performance outlined above does not include these recoveries, as they took place post the period close.

Outlook

The high level of uncertainty experienced during the FY2022 Period is most likely set to continue for the remainder of FY2022 and beyond. The threat of further COVID-19 waves, load-shedding and global supply chain challenges, all continue to affect the group's ability to plan with accuracy, requiring increased focus on proven disciplines and agile decision making.

Global supply chains have been significantly impacted by COVID-19 related port delays and closures, electricity disruptions in China (affecting production capacity of fabric and finished goods) and ongoing container shortages. This has resulted in protracted lead times and material increases to shipping freight rates in addition to other rising input costs.

The group has proven its operational versatility over the last 18 months. Despite the challenges listed above, it entered the high summer season (October to December 2021) with fresh and available stock, made possible by strategic timing buffers built into ordering processes and its high volume of units sourced in South Africa (the most and the majority share of all units procured in South Africa across the retail sector). The merchandise teams have worked tirelessly to book production capacity and shipping delivery times well in advance to mitigate the anticipated risks of the approaching seasons. The group has advanced hedging policies, covering both exchange and freight rate contracts, giving it comfort that it has secured highly competitive rates, enabling it to make the best possible commercial decisions regarding inflation and margins. Inflation will continue to be monitored closely as the group strives to live out its purpose of being "Your Value Champion", while ensuring that it continues to deliver healthy and sustainable margins.

The group's fashion-value merchandise, fiscal discipline and highly cash generative business model has enabled it to trade through some difficult circumstances and emerge in a position of strength. Sincere gratitude is extended to all the group's associates and partners for their commitment to protecting and restoring its operations and communities during a very challenging time, operating with agility and in the true spirit of partnership. Management remains focused on the group's recently stated growth ambitions in South Africa, bedding down its acquisitions and taking hold of its strategic opportunities through superior execution.

Shareholders are invited to attend a live webcast of its interim results at 9am on 25 November 2021. Webcast link: https://www.corpcam.com/MrPriceGroup25112021

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INTERIM CASH DIVIDEND DECLARATION

Notice is hereby given that an interim gross cash dividend of 282.4 cents per share was declared for the 26 weeks ended 2 October 2021, a 34.4% 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 225.92 cents per share. The dividend withholding tax rate is 20%.

The issued share capital at the declaration date is 256 441 654 listed ordinary and 7 192 786 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	13 December 2021
Date trading commences 'ex' the dividend	Tuesday	14 December 2021
Record date	Friday	17 December 2021
Payment date	Monday	20 December 2021

Shareholders may not dematerialise or rematerialise their share certificates between Tuesday, 14 December 2021 and Friday, 17 December 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*, D Naidoo*, LA Swartz*
* Non-executive director ^ Alternate director

Durban
25 November 2021
JSE Equity Sponsor and Corporate Broker
Investec Bank Limited