

Mr Price Group Limited
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Incorporated in the Republic of South Africa
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JSE and A2X share code: MRP
("Company" or "group")

TRADING UPDATE FOR THE 13 WEEKS ENDED 30 DECEMBER 2023

During the third quarter from 1 October 2023 to 30 December 2023 (the Period) of the financial year ending 30 March 2024, the group recorded growth in retail sales of 9.9% to R13.2bn. Comparable store sales were up 4.1%. The total comparable market's retail sales per the Retailers' Liaison Committee (RLC) grew 3.4%, resulting in the group gaining 130bps market share over the Period.

CEO Mark Blair said, "We anticipated a shift in momentum once we had successfully navigated the disruption of our ERP System change and the installation of loadshedding back-up power facilities in all our stores. Our trading performance improved monthly, and was strong during the critical month of December, with retail sales up 15.5% and a market share gain of 180bps. Our group's growth was led by our flagship division Mr Price Apparel, and further supported by strong sales growth from our acquisitions, which were fully in the base. Most pleasing from this result is that group sales were also achieved at a higher gross margin % than last year."

Performance summary

As experienced by the broader retail market, the quarter started slowly in October and improved into November. The total comparable market's retail sales grew 0.8% cumulatively in these two months while the group recorded growth of 5.3%. The group gained 80bps of market share over these months, including during the key Black Friday week. Performance improved significantly in December as group retail sales grew 15.5% (comparable store sales up 8.0%), at higher gross margin % than the prior year.

The group achieved gross margin gains in each of its trading segments and in eight of the nine trading divisions during the Period.

Retail sales for the group's corporate-owned stores was as follows:

	Retail sales growth	Cont. to retail sales
Q3 FY2024 vs FY2023		
Apparel segment	11.7%	83.2%
Home segment	0.9%	14.2%
Telecoms segment	9.0%	2.6%
Group	9.9%	100.0%

Group retail sales grew 9.9% to R13.2bn and comparable store sales increased 4.1%. South African retail sales grew 9.3% to R12.3bn while non-South African corporate-owned store sales increased 18.1% to R964m. Total store sales increased 10.1% while online sales, which contributed 1.8% to retail sales, increased 2.9% during the Period, with a strong growth of 10.5% in December.

Group retail selling price (RSP) inflation of 4.9% was well managed below CPI, despite more full-price items being sold as fewer markdowns were actioned in comparison to the prior year. Total unit sales increased 5.0% to 105.4m.

The store footprint increased by 85 new stores and the group's total footprint expanded to 2 892 stores. Trading space increased 7.1% on a weighted average basis and 6.2% on a closing basis.

Cash sales, which constitute 90.4% of total retail sales, increased 10.5%. Credit sales increased 4.6% as the group's strict credit granting criteria continued.

Retail sales in the Apparel segment grew 11.7%. The group's largest division, Mr Price Apparel, reported strong double-digit sales growth and gained 150bps of market share, supported by the gain of 220bps in December. The division has now gained market share for five consecutive months. While sales growth was generally strong across all merchandise departments, the performance of kids was a standout and continues to bode well for the new Mr Price Kids concept, which now has 30 stores, and has the potential to be a significant retail chain in the group.

The acquired apparel businesses continued to perform ahead of the market - Power Fashion delivered double-digit sales growth, gained 30bps of market share and achieved its highest market share level on record in December. Studio 88 grew sales by high single-digits during the Period against a very strong base.

The Home segment's retail sales growth improved monthly throughout the quarter, with performances in Mr Price Home and Sheet Street

increasing to mid-single digit sales growth levels in December 2023. Yuppiechef continued to report double digit sales growth.

The Telecoms segment grew retail sales 9.0% and increased its market share by 70bps to its highest level on record, according to GfK (November 2023 latest data available).

Other income decreased 16.3% to R301m due to the 2021 civil unrest insurance claim received in Q3 FY2023. Excluding this once off receipt, other income increased 7.0%, supported by higher debtors' interest and fees from the group's retail debtors' book.

Closing inventory was 1.9% lower than the corresponding period.

Outlook

The South African GDP growth outlook for 2024 is likely to be constrained. The first half of the year is anticipated to remain challenging for consumers, although this could improve in the second half if inflation continues to moderate and interest rates start retracting.

Although it was the group's intention to reflect negative stock growth at its March year end, this result is dependent on the outcomes of supply chain challenges:

- The Durban port congestion was disruptive to festive season trade, and this situation is expected to continue until the core challenges are successfully remedied. Currently the elevated level of risk has subsided slightly due to lower port demand post the festive season.
- The instability of the Red Sea shipping route is increasing transit times. This has also resulted in increased shipping rates, however the group's rates are contracted until June.

The group will continue to take the necessary action to mitigate the impact of these risks on trade.

Management continues to focus on delivering profitable market share gains, by building on comparable sales growth momentum in its core business and ensuring that the acquired businesses keep performing and building scale.

The above-mentioned figures and information contained herein do not constitute an earnings forecast or estimate and have not been reviewed and reported on by the Company's external auditors.

Durban

25 January 2024

JSE Equity Sponsor and Corporate Broker
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