MR PRICE GROUP LIMITED
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Incorporated in the Republic of South Africa
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("Mr Price" or "the company" or "the group")

ANNUAL RESULTS FOR THE 52 WEEKS ENDED 30 MARCH 2024 AND CASH DIVIDEND DECLARATION

This short-form announcement is the responsibility of the Mr Price board of directors and is a summary of the information in the detailed results announcement available on: https://senspdf.jse.co.za/documents/2024/JSE/ISSE/MRPE/13062024.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 52 WEEKS ENDED 30 MARCH 2024

Mr Price today released its FY2024 year end results for the 52 weeks ended 30 March 2024 ("Period"), increasing revenue by 15.5% to R37.9bn. This performance includes the acquired Studio 88 Group (S88), effective 4 October 2022 (not in the base in H1 FY2024), excluding which revenue grew 5.8% to R30.3bn. The group grew its annual market share by 30bps according to the Retailers' Liaison Committee (RLC) and its operating profit exceeded R5bn for the first time.

Basic and headline earnings per share of 1 276.2 cents and 1 286.2 cents were up 5.4% and 6.7% respectively. Diluted headline earnings per share grew 6.3% to 1 252.6 cents. Despite a challenging retail environment, the group delivered a strong second half performance as diluted headline earnings per share grew 17.4%, due to significantly improved sales momentum, GP margin expanding 160bps to 40.6% and market share gains of 90bps. A final dividend of 526.8 cents per share was declared, up 17.8% and a pay-out ratio of 63% was maintained.

Group CEO, Mark Blair, said: "Over the last year, we have had a great deal to contend with. Despite the challenges our team has remained focused on execution, while remaining agile in responding to the volatility of the trading environment, which has reflected in the performance of the second half. By focusing on delivering value to our customers, the group has strengthened its market position, as evidenced by gaining market share for 7 consecutive months at better margins."

As previously reported, several material challenges were faced during the Period. The group estimates that due to loadshedding it lost approximately 65 000 trading hours, approximately R226m in revenue. Most of this impact was felt in the first half, as the group reached 100% back-up power by the end of Q1. Global and domestic supply chain disruptions caused challenges to optimal inventory management. These challenges were faced amidst the backdrop of a weak consumer environment as elevated inflation levels continued to impact the low to middle-income households (the group's core customer base) the most.

Highlights for the Period include:

- Retail sales grew by 16.2% and market share increased by 30bps
- Consecutive market share gains for the group (7 months), Mr Price Apparel (8 months) and Power Fashion (26 months)
- Units sold totalled 292m, an increase of 3.8%
- 103m units sourced from South Africa. Near sourcing accounts for 50% of total units
- Opened 238 new stores across the group taking total stores to 2 900
- GP margin increased by 20bps to 39.7%, up 160bps to 40.6% in H2
- Operating profit increased 7.9% (exceeds R5bn for the first time) and by 13.2% in H2
- The collective operating profit from the group's acquired businesses contributed R977m
- The group has a cash balance of R2.8bn at year end and a cash conversion of rate of 86.9%

Results summary

Group retail sales grew 16.2% to R36.6bn and comparable store sales by 1.8%. Excluding S88 retail sales grew 6.2%. In H2, retail sales and comparable store sales increased 8.4% and 3.6% respectively (excluding S88: 8.3% and 3.8% respectively). Other income increased 2.3% to R1.2bn.

Total store sales increased 16.6% (excluding S88: 6.5%), contributing 97.9% to retail sales and online sales decreased 2.2% (excluding S88: -3.7%). Total unit sales increased 3.8% (excluding S88: 1.6%). Group RSP inflation for the Period was 12.2%, impacted by higher price point merchandise in S88. Excluding S88, inflation of 4.8% was well contained as the group focused on ensuring that customers continue to experience superior price value.

Through acquisitions and investment into new space, the group has more than doubled its store footprint over the last five years. This is in accordance with the group's growth strategy, as South African consumers continue to favour the convenience of omni-channel shopping. Store returns remain in multiples of the group's cost of capital. Trading space increased 16.0% on a weighted average basis and by 5.3% excluding S88.

Credit sales grew 1.7%, while cash sales which constitutes 88.9% of group retail sales, increased 18.3% (excluding S88: 7.0%). The group's strategic approach of being predominantly cash based remains beneficial as consumer credit affordability weakened and debt servicing costs escalated due to higher interest rates. Demand for credit remained high during the Period with new account applications increasing 18.7%, however the group's approval rate decreased further to 19.3% as its credit risk tolerance remains low.

The gross profit margin increased by 20bps to 39.7%, and its merchandise GP margin expanded to 40.5%. The group leveraged its agile supply chain model to minimise the supply chain disruptions experienced during the festive period and reduced the anticipated risks. Focused stock management resulted in lower markdown levels than the previous year and as a result, GP margin in H2 expanded 160bps to 40.6%, with all Apparel segment divisions maintaining or improving their GP margin.

Total expenses increased 20.1% (excluding S88: 7.7%), predominantly driven by new weighted average space and a higher operating cost environment. Group expenses to retail sales and other income of 27.3% was within the group's targeted range.

As a result of the above, profit from operating activities increased 7.9% to R5.3bn and the operating margin decreased 110bps to 14.0% of retail sales and other income (RSOI), predominantly impacted by performance in H1. In H2, operating profit increased 13.2% and the operating margin expanded 70bps to 16.0%.

Segmental performance

FY2024 vs FY2023	Retail sales growth Incl. S88	Retail sales growth Excl. S88	Comparable sales growth	Cont. to retail sales
Apparel segment	20.5%	7.9%	3.3%	79.7%
Home segment	0.3%	0.3%	-3.8%	17.1%
Telecoms segment	10.2%	10.2%	1.5%	3.2%
Total group	16.2%	6.2%	1.8%	

The Apparel segment increased retail sales by 20.5% to R29.1bn (excluding S88: +7.9%) and comparable retail sales increased 3.3%. In H2, retail sales grew 9.8% and comparable sales growth accelerated to 5.0%. The group's largest division, Mr Price Apparel (42.2% contribution to retail sales) gained market share for 7 consecutive months with lower markdowns and higher GP margin. The division remains the most shopped retailer in South Africa according to MAPS. Power Fashion continued its positive momentum with double-digit sales growth and 26 consecutive months of market share gains. Studio 88, which contributes 20.9% to group retail sales, grew retail sales by 9.0% against growth in the base of 10.2%.

In the Homeware segment retail sales increased 0.3% to R6.3bn and comparable retail sales decreased 3.8%. Improved retail sales growth in H2 confirms management's view that the impact from the structural changes to the segment have now mostly been absorbed. Growth rates are more closely aligned with the comparable RLC homeware market and focus has shifted to winning back market share and expanding margins. All three homeware divisions have strong brand positions in their respective customer segments and their strategic plans are clear. With over 30% market share collectively, they provide a healthy platform for incremental growth to the group.

The Telecoms segment retail sales increased 10.2% to R1.2bn and comparable sales grew 1.5%. Mr Price Cellular standalone stores continued to perform strongly. As a result, 30 new standalone stores were opened during the Period, taking the total footprint including combo stores to 804 locations. Cellular handsets and accessories gained 80bps of market share according to GfK.

The Financial Services segment revenue increased 4.8% to R869m. Debtors' interest and fees increased 12.1% due to a higher average debtors' book and a 50bps increase in the repo rate over the Period. Considering the difficult economic conditions, the net bad debt to book percentage remains low by industry standards and the group remains sufficiently provided for.

The group achieved its objective of being in a negative stock growth position by year end as gross inventory was down 4.2%, stock freshness (0-3 months aging) at the end of the Period was 85.8% (+240bps) and continued focus remains on strong working capital management.

The balance sheet remains in a healthy position with available cash of R2.8bn and a cash conversion ratio of 86.9% (+490bps). Capital expenditure of R1.1bn was primarily allocated towards new store development and the installation of back-up power solutions. The group's ROE and ROA of 23.3% and 11.7% respectively, remain market leading and reflects its prudent capital allocation approach.

Outlook

The South African economy contracted between January and March 2024 and consumer pressures continue. During this period, group retail sales increased 5.9%, higher than the market, with a resultant increase in market share of 60bps, thereby demonstrating the strength of the group's brands and its strategic positioning. External research has recognised that the group holds the highest brand equity and most loved brands in the apparel and homeware sectors in South Africa. Furthermore, the group was ranked the most valuable fashion apparel retailer in South Africa and Mr Price Apparel was voted the coolest clothing store.

The later arrival of winter this year has resulted in subdued trade in the first two months of FY2025. Despite this the group gained market share in April 2024 (latest available data) and sales growth recovered strongly in early June, driven by the onset of winter. Group retail sales in Q1 FY2025 to 11 June 2024 increased 4.4%, against sales growth in the base of 17.0%, at higher GP margins than the prior year.

Supply chain challenges in the form of port inefficiency and increasing shipping costs will add pressure in the short term. However, the acquisition of port equipment by Transnet which will take some time to become operational, is encouraging.

In the forthcoming year the group will focus on its existing operations, raising customer service levels, and investing appropriately to ensure that their overall experience meets their expectations. Forecast capital expenditure for FY2025 is anticipated to be approximately R1.0bn and 200 new stores. Profitable market share gains and retaining strong operating and balance sheet metrics will be key outcomes.

Consumer relief in the latter half of the year is expected in the form of moderating inflation, decreasing interest rates, and a boost to discretionary spending with individuals being permitted to withdraw additional funds from their retirement savings. Further respite could result if the exchange rate improves, but this is dependent on the outcome of the government coalition talks pursuant to the South African general elections. A market friendly outcome has strong potential to elevate South Africa to a new growth path, making a significant impact in reducing unemployment and stimulating the economy.

Group CEO Mark Blair said, "On behalf of the management team we extend our gratitude to all our stakeholders for their ongoing support and belief in our business. Particular thanks must go to all our associates, both head office and frontline, for their ongoing commitment to ensuring that the group continues to build on its iconic legacy in South Africa. We have strong positive momentum, and our team is energised by the plans we have in place."

Shareholders are invited to attend a live webcast of its annual results at 9am on 13 June 2024. Webcast link: https://www.corpcam.com/MrPrice13062024

ENDS

The reviewed condensed consolidated financial statements, for which the directors take full responsibility, were approved by the directors on 12 June 2024 and have been reviewed by Deloitte & Touche, who issued an unmodified review conclusion report thereon. The results have been prepared under the supervision of Mr P Nundkumar, CA(SA), Chief Financial Officer.

This short form announcement has not been audited or reviewed by the company's auditors.

FINAL CASH DIVIDEND DECLARATION

Notice is hereby given that a final gross cash dividend of 526.8 cents per share was declared for the Period. The group maintained its historic 63% dividend payout ratio of headline earnings. 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 421.44000 cents per share. The dividend withholding tax rate is 20%.

The issued share capital at the declaration date is 256 791 496 listed ordinary and 6 792 786 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	Tuesday	02 July 2024
Date trading commences 'ex' the dividend	Wednesday	03 July 2024
Record date	Friday	05 July 2024
Payment date	Monday	08 July 2024

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 03 July 2024 and Friday, 05 July 2024, both dates inclusive.

Shareholders should note that dividend payments will 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 on 12 June 2024.

DIRECTORS

SB Cohen* (Honorary Chairman), NG Payne* (Chairman), MM Blair (CEO), P Nundkumar (CFO), N Abrams*
MJ Bowman*, JA Canny*, RJD Inskip*, D Naidoo*, R Nkabinde*, H Ramsumer*, LA Swartz*

* Non-executive director

Durban
13 June 2024
JSE Equity Sponsor and Corporate Broker
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