

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" or "Company")

TRADING UPDATE FOR THE 13 WEEKS ENDED 26 DECEMBER 2020

During the third quarter (27 September 2020 to 26 December 2020) of the financial year ending 3 April 2021, the group continued its pursuit of further market share gains through its proven cash-based, fashion-value business model.

This was achieved as market share grew 230 basis points in October and November 2020 combined, the latest period for which Retailers' Liaison Committee (RLC) data is available. The group's total market share during this period is the highest on record since the reinstatement of the RLC (back data to January 2017), with gains consecutively for the last six months.

The group recorded growth in retail sales and other income (RSOI) of 5.0% to R7.8bn over the corresponding period in the prior year (Corresponding Period). Total retail sales of R7.5bn grew 5.8% and other income decreased 16.0% to R253m.

Corporate-owned store performance was as follows:

	Total sales	Comparable store sales	Units	RSP inflation
Apparel Segment				
Mr Price Apparel	5.6%	4.1%	-1.1%	6.8%
Mr Price Sport	2.6%	-1.6%	-5.0%	8.1%
Miladys	-10.4%	-14.0%	-9.5%	-1.9%
	3.9%	2.1%	-1.7%	5.6%
Home Segment				
Mr Price Home	11.1%	9.9%	4.8%	5.9%
Sheet Street	9.4%	8.6%	-2.2%	11.9%
	10.6%	9.5%	2.3%	8.0%
Group*	5.8%	3.8%	-0.9%	6.8%

*Includes Cellular (handsets & accessories)

South African retail sales grew 5.4% to R6.9bn. Store sales were up 4.6% with the group's online channel performing strongly, increasing 66.3% (Corresponding Period: 17.4%) over the

Corresponding Period. Non-South African corporate-owned stores sales grew 10.2% to R552m.

Group inflation of 6.8% was driven by price inflation of 3.8% (in line with CPI and lower than the deterioration in the foreign exchange rate) and by lower markdowns. Group GP margin of 42.5% was 50 basis points lower, as the positive gains from lower markdowns were offset by the foreign exchange impacts. Management is comfortable that it has successfully balanced its defence of key price points with its GP margin level remaining in the identified sustainable range.

Trading space increased 2.1% on a weighted average basis and 1.2% on a closing basis. The performance of the group's diversified store footprint continues to favour convenient locations ahead of its large regional stores.

Cash remains the preferred tender type of customers and the group's private label product assortment and value price points supported cash sales growth of 8.2%, constituting 86.8% (Corresponding Period: 84.9%) of total sales. Credit sales decreased 7.6% and the group continued its conservative credit granting posture. Collections as a percentage of the debtors' book were in line with the Corresponding Period. The additional tender type of lay-bys (introduced by Mr Price Apparel during FY2021) has been welcomed by customers, proving an attractive alternative to traditional credit and supporting the groups growth momentum.

In October 2020, group retail sales grew by double digits which continued into the first two weeks of November 2020. Economic assistance provided by the government and private sector from the start of the COVID-19 pandemic created temporary financial relief for households and supported consumer spend. Many of these support programs fell away at the end of October 2020 with the effect being felt in the latter half of November 2020. Combined retail sales in October and November 2020 grew 5.9%.

The retail sector was negatively affected in November 2020 by a weak Black Friday, with Bank Serv data reporting store card transactions declining 32.6% in volume and 51.5% in value. The COVID-19 compliance requirements, which constrained store capacity, were a leading contributor to this decrease. Bank Serv reported a significant shift to online, however this was inadequate in compensating for lost store sales. The group experienced similar trends to the market, exacerbated by its strong performance in the base. Despite this, the group outperformed the market in November

2020. During the Black Friday week all divisions gained market share and the group grew online sales 81.1%.

December 2020 was affected by the emergence of a second wave of COVID-19, creating further uncertainty and cautious behavior by consumers, both in their activities and spending patterns. Additionally, a calendar shift to less school holidays prior to Christmas and ten days of power blackouts had an adverse effect on already depressed shopping centre foot traffic. Despite this, group sales grew 5.6% in December 2020 and positive basket size (units and value) growth was achieved compared to the Corresponding Period, which is anticipated to support favourable market share gains (RLC data available at the end of January 2021).

The apparel segment (retail sales contribution: 74.0%) grew 3.9% over the Corresponding Period, led by the group's largest business, Mr Price Apparel. The division entered the period in an optimal stock position, supporting its pillars of category dominance and clarity of offer. The fresh summer merchandise assortment (including its newly launched categories) and commitment to limiting price inflation, provided strong value to its customers. This resulted in lower markdowns than the Corresponding Period and supported GP margins. Mr Price Sport and Miladys fared similarly to the performance trends previously communicated on 26 November 2020 at the group's interim results presentation.

The home segment (retail sales contribution: 23.7%) continued its positive performance, up 10.6% over the Corresponding Period, with growth momentum across all months in the period. This resulted in continued market share gains. Customer demand for household merchandise remains high as many employers encourage work from home practices. The group anticipates the home trend to continue to grow strongly.

Cellular handsets and accessories (retail sales contribution: 2.2%) are now available in 306 stores across the group. Sales grew 22.0% over the period and increased market share was achieved (according to GFK), at a higher GP% margin. This continues to be a strategic product offering and a driver of increased customer footfall into stores and online.

The group closed December 2020 with clean inventory levels, which included the newly launched categories of mrpBaby, mrpSchoolgear and mrp&co. The positive trend of lower markdowns has continued in January to date.

High cash generation continued through the period. The group's healthy cash balance at the end of December 2020 puts it in a strong position to execute its stated capital allocation strategy.

OUTLOOK

The second wave of COVID-19 in South Africa is proving to be far more contagious and devastating than that first experienced in 2020. The regression into an adjusted level 3 lockdown from December 2020 has added further uncertainty and challenges to the country's economic recovery. Households are likely to be cautious in their spending due to negative impacts on income and the cessation of government support initiatives affecting discretionary categories.

The group's business model has proven resilient to date, underpinned by its differentiated fashion value offering and its strong fiscal position. Whilst management continues to maintain a cautious outlook, the group's fundamentals will allow it to emerge from the pandemic conditioned to capture growth opportunities.

For the first three weeks of Q4 FY 2021, not included in the analysis above, group retail sales grew 5.3%.

Management would like to acknowledge the effort of all its associates, particularly its store and supply chain staff, who through its busiest time of the year ensured that customers' shopping experience was convenient and safe. It required commitment by each associate and a collective team effort which the group is extremely proud of.

The above-mentioned figures and any 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

22 January 2021

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Ltd)