



Preliminary Results – Condensed Consolidated
Financial Statements
52 weeks ended 2 April 2022

 **mr price group limited**

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Mr Price Group Limited

(Incorporated in the Republic of South Africa)
Registration number: 1933/004418/06
Tax reference number: 9285/130/20/0
JSE and A2X code: MRP
ISIN: ZAE000200457

Registered Office

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Website

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JSE Equity Sponsor and Corporate Broker

Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, 2196

Transfer Secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
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Auditors

Ernst & Young Inc.
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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/2022/JSE/ISSE/MRPE/09062022.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.

SUMMARY



FINAL CASH DIVIDEND DECLARATION

The final dividend increased 13.4% to 524.9 cents per share (419.92 cents net of dividend withholding tax of 20% for shareholders who are not exempt). The dividend has been declared from income reserves. The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Tuesday	28 June 2022
Date trading commences 'ex' dividend	Wednesday	29 June 2022
Record date	Friday	01 July 2022
Payment date	Monday	04 July 2022

Note:
Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 29 June 2022 and Friday, 01 July 2022, both dates inclusive.

COMMENTARY: Continued market share gains and operating profit exceeded R4bn for the first time

Mr Price today released its FY2022 year end results for the 52 weeks ended 2 April 2022 ("Period"), increasing basic earnings per share 26.9% to 1 298.6 cents. Headline earnings per share (HEPS) grew 20.1% and on a comparable 52-week basis (FY2021, referred to as the "Corresponding Period", constituted 53-weeks) increased 25.9%. The group grew its annual market share by 140 basis points according to the Retailers' Liaison Committee (RLC) and its operating profit exceeded R4 billion for the first time, with operating margin increasing 60 basis points to 17.7%.

Group results include the recent acquisitions of Power Fashion, effective 1 April 2021, and Yuppiefchef effective 1 August 2021 - both acquisitions were earnings accretive during the Period. HEPS increased 20.1% to 1 282.1 cents and diluted HEPS increased 19.5% to 1 254.0 cents. On a 52-week comparable basis, diluted HEPS increased 25.3% to 1 254.0 cents.

Group CEO, Mark Blair, said: "I am extremely satisfied with the way in which the team have responded to the multiple challenges we have faced this year. It is important to remember that we were one of the first businesses in South Africa to get back to pre-COVID-19 earnings levels. Our base is much higher than most of the market as we reported earnings growth in FY2021 when most companies' earnings were declining. We have continued to grow market share and have further entrenched 'Your Value Champion' promise to our customers."

As previously reported, external challenges were faced during the Period which included the COVID-19 third and fourth waves, frequent load shedding, civil unrest causing 111 of the group's stores to temporarily close, and numerous global supply chain disruptions. Despite this the group continued to strengthen its market position within South Africa, proving the resilience of its business model.

Total group revenue increased 23.0% to R28.1bn and on a 52-week comparable basis (used for commentary hereafter), increased 25.9%. Retail sales grew 26.0% to R26.7bn (comparable stores 14.1%). Other income grew 37.5% to R1.2bn. This was predominantly due to the inclusion of the once off SASRIA insurance claim of R296.1m (including VAT) relating to inventory, cash and PPE losses as a result of the civil unrest. The Business Interruption claim remains under assessment and is expected to be finalised in FY2023.

Excluding acquisitions, annual retail sales growth of 15.6% was achieved and on a two-year basis increased 12.5%. Retail sales in H2 FY2022 grew 7.3% against its market leading performance in H2 2021 of 8.2%, compared to the market's decline of 0.5% (RLC).

Cash sales constitute 86.1% of group retail sales and grew 26.4%, aided by the inclusion of Power Fashion and Yuppiefchef which are both wholly cash based. Excluding acquisitions, cash sales grew 14.3%. The group's credit sales momentum continued during the Period, increasing 23.6%.

The debtors book grew 15.0% supported by strong credit sales, improved book health and a 75 basis points increase in the repo rate. The net bad debt to book improved to 6.0%, adequately covered by the impairment provision of 9.1%.

Due to the inclusion of the lower average price point Power Fashion business, the group reported RSP deflation of 6.4%. Excluding acquisitions, RSP inflation was contained to 5.5%. The group sold 276 million units during the Period, an increase of 35.3% (10.0% excluding acquisitions).

The total number of corporate owned stores grew to 1 721 as the group acquired 7 Yuppiefchef stores and opened 130 new stores during the Period, a significantly higher number than its 5-year average store openings of 80. Despite this positive growth, new store openings were lower than planned as activities were re-directed to the re-opening of 96 of the 111 looted stores. The remaining 15 stores will be re-opened during FY2023 and FY2024 due to extensive centre damage incurred. Weighted average space growth was 12.5% and excluding acquisitions, weighted average and closing trading space were 3.2% and 4.2% higher respectively.

Online sales constitute 2.9% (2.3% excluding acquisitions) of retail sales and increased 48.2% against the high base growth of 64.1%. The group maintained its high customer engagement levels during the Period.

Total GP margin decreased 150 basis points to 41.0% impacted by the previously reported R159.3m inventory write-off due to the civil unrest (taken to cost of sales) and the inclusion of the two lower margin acquisitions not previously in the base. Excluding these non-comparative items, gross margin was in line with the Corresponding Period at 42.4%.

Total expenses grew 16.4%, well below the sales growth rate. Excluding acquisition overheads, total expenses grew 6.2%, despite carrying the costs and related fixture write-offs relating to the civil unrest, and on a 2-year CAGR basis increased 4.6%.

Profit from operating activities increased 34.1% to R4.9bn and positive operating leverage was achieved which resulted in the group's operating margin improving 100 basis points to 17.7% of RSOI.

Due to ongoing volatility within global supply chains and the go live of its retail ERP, the group held higher inventory levels. Excluding acquisitions and higher goods in transit (GIT), inventory at year end was up 6.1% in line with the previously communicated target. Inventory remains adequately provided for at 6.7%.

The group's balance sheet is strong with cash of R4.6bn available and remains free of financing debt. Disciplined investment decisions by management will continue to be made in order to create sustainable, long-term shareholder value whilst balancing the group's market leading return metrics. Net asset value per share increased 11.6% to 4 686 cents.

Outlook
The group strives to ensure that its operating model is supportive of its value roots. Its ongoing aim is to minimise as far as possible, the impact of rising input costs on its customers and operations. Adequate cover has been taken to protect the group against elevated exchange rate, freight rate and other key cost pressures. To ensure price leadership it has invested in key defensive departments and is holding certain price points while endeavoring to preserve overall margins. High single digit input inflation is expected in H1 FY2023.

Group CEO Mark Blair, said, "We have faced two tough years in a row and with all the headwinds it looks like FY2023 will be no different. We will navigate the short term as we always have, with good execution, agility, and confidence. We have good momentum-our growth plan is coming together, and we are excited to welcome the Studio 88 team once we have regulatory approval. This business and its people are resilient, and I am extremely proud of the way in which everyone has responded, which is testament to our mantra of ordinary people doing extraordinary things."

PRESS RELEASE
MR PRICE GROUP LIMITED REPORTS RESULTS FOR THE 52 WEEKS ENDED 2 APRIL 2022

Mr Price today released its FY2022 year end results for the 52 weeks ended 2 April 2022 (“Period”), increasing basic earnings per share 26.9% to 1 298.6 cents. Headline earnings per share (HEPS) grew 20.1% and on a comparable 52-week basis (FY2021, referred to as the “Corresponding Period”, constituted 53-weeks) increased 25.9%. The group grew its annual market share by 140bps according to the Retailers’ Liaison Committee (RLC) and its operating profit exceeded R4 billion for the first time, with operating margin increasing 60bps to 17.7%.

Group CEO, Mark Blair, said: “I am very satisfied with the way in which the team have responded to the multiple challenges we have faced this year. It is important to remember that we were one of the first businesses in South Africa to get back to pre-COVID-19 earnings levels. Our base is much higher than most of the market as we reported earnings growth in FY2021 when most companies’ earnings were declining. We have continued to grow market share and have further entrenched ‘Your Value Champion’ promise to our customers.”

As previously reported, external challenges were faced during the Period which included the COVID-19 third and fourth waves, frequent load shedding, civil unrest causing 111 of the group’s stores to temporarily close, and numerous global supply chain disruptions. Despite this the group continued to strengthen its market position within South Africa, proving the resilience of its business model, which was most evidenced by the following highlights from the Period (52-week basis):

- Retail sales grew 26.0% and market share increased 140bps (RLC)
- Sales from organically launched departments totalled R1.2bn, contributing 4.5% of retail sales
- Online sales grew 48.2% and contributed 2.9% of retail sales
- Units sold totalled 276m, an increase of 35.3%
- Opened 130 new stores, acquired 7 and re-opened 96 of the 111 looted stores
- Acquisitions of Power Fashion and Yuppiechef both earnings accretive
- Overhead expense growth well contained enabling healthy operating profit leverage
- The group remains free of financing debt and has a cash balance of R4.6bn
- Final dividends declared of 807.7 cents per share, up 25.9% and the pay-out ratio of 63.0% is maintained

Results summary

Group results include the recent acquisitions of Power Fashion, effective 1 April 2021, and Yuppiechef effective 1 August 2021. HEPS increased 20.1% to 1 282.1 cents and diluted HEPS increased 19.5% to 1 254.0 cents. On a 52-week comparable basis, diluted HEPS increased 25.3% to 1 254.0 cents.

Total group revenue increased 23.0% to R28.1bn and on a 52-week comparable basis (used for commentary hereafter), increased 25.9%. Retail sales grew 26.0% to R26.7bn (comparable stores 14.1%), which resulted in the group gaining 140bps of market share according to the RLC. Other income grew 37.5% to R1.2bn. This was predominantly due to the inclusion of the once off SASRIA insurance claim of R296.1m (including VAT) relating to inventory, cash and PPE losses as a result of the civil unrest. The Business Interruption claim remains under assessment and is expected to be finalised in FY2023.

Excluding acquisitions, total annual retail sales growth of 15.6% was achieved and on a two-year basis increased 12.5%. Retail sales in H2 FY2022 grew 7.3% against its market leading performance in H2 2021 of 8.2%, compared to the market’s decline of 0.5% as reported by the RLC.

The group attributes this revenue performance to a highly sought-after merchandise assortment offering strong value. The trust that its customers have in its brand promise is confirmed by the latest Kantar BrandZ and Brand Finance reports (two unrelated sources), which ranked Mr Price as the most valuable fashion apparel brand in South Africa. Additionally, Mr Price Apparel was the most shopped fashion retailer in South Africa over the last three months according to the MAPS 2022 report. This strong brand affinity coupled with the disciplined execution of its fashion-value business model, enabled the group to deliver differentiated merchandise at Everyday Low Prices.

Cash sales constitute 86.1% of group retail sales and grew 26.4%, aided by the inclusion of Power Fashion and Yuppiechef which are both wholly cash based. Excluding acquisitions, cash sales grew 14.3%. The group’s credit sales momentum continued during the Period, increasing 23.6%, supported by higher basket spend and transaction frequency from its existing credit base. This performance was further aided by the recently introduced One Store Card Facility (which allows divisionally branded cards to be used across the group) which added R280m in sales over the Period. Credit demand from new customers was strong, as account applications increased 54.0%. The group maintained its credit discipline as the

account approval rate of 33.1% remains well within its risk tolerance. Bad debt write-offs net of recoveries improved significantly on the Corresponding Period which experienced high write-offs due to COVID-19 related book stress.

Due to the inclusion of the lower average price point Power Fashion business, the group reported RSP deflation of 6.4%. Excluding acquisitions, RSP inflation was contained to 5.5%. This was despite high levels of volatility experienced from foreign exchange and supply chain costs. The group sold 276 million units during the Period, an increase of 35.3% (10.0% excluding acquisitions).

The total number of corporate owned stores grew to 1 721 as the group acquired 7 Yuppiechef stores and opened 130 new stores during the Period, a significantly higher number than its 5-year average store openings of 80. The most significant store growth came from Power Fashion which opened 36 new stores and increased its store footprint by 20.6% since being acquired. Despite this positive growth, new store openings were lower than planned as activities were re-directed to the re-opening of 96 of the 111 looted stores. The remaining 15 stores will be re-opened during FY2023 and FY2024 due to extensive centre damage incurred. Weighted average space growth was 12.5% and excluding acquisitions, weighted average and closing trading space were 3.2% and 4.2% higher respectively.

Online sales constitute 2.9% (2.3% excluding acquisitions) of retail sales and increased 48.2% against the high base growth of 64.1%. The group maintained its high customer engagement levels which were best reflected by its online traffic market share increasing 70bps to 13.3%, the second highest behind Takealot among omni-channel and pure-play retailers (Similar Web: April 2021-March 2022). Its nearly six million loyal social media followers grew by double-digits. The Mr Price mobile app remains the highest ranked South African fashion shopping app on the Google Play store, with customer usage up 27.3% according to Similar Web.

Total GP margin decreased 150bps to 41.0% impacted by the previously reported R159.3m inventory write-off due to the civil unrest (taken to cost of sales) and the inclusion of the two lower margin acquisitions not previously in the base. Excluding these non-comparative items, gross margin was in line with the Corresponding Period at 42.4%. Input price pressures experienced from global volatility placed further pressure on margin performance. Pleasingly the group's markdown levels remained low throughout the Period whilst maintaining a healthy inventory profile.

Total expenses grew 16.4%, well below the sales growth rate. Excluding acquisition overheads total expenses grew 6.2%, despite carrying the costs and related fixture write-offs relating to the civil unrest, and on a 2-year CAGR basis increased 4.6%. Continued emphasis on strict cost control was evidenced by a 210bps decrease in expenses as a % of retail sales and other income (RSOI) to 25.5%.

Profit from operating activities increased 34.1% to R4.9bn and positive operating leverage was achieved which resulted in the group's operating margin improving 100bps to 17.7% of RSOI.

The Apparel segment increased RSOI by 30.9% to R19.5bn. Operating profit increased 33.7% and the operating margin increased 40bps to 18.9%. This performance was supported by strong growth of 23.1% in H2. All divisions contributed strongly to the segment's performance, with each reporting their highest Q4 market share level on record with particularly strong sales growth in March 2022.

The Homeware segment reported double digit growth of 15.6%, increasing RSOI to R6.5bn. The segment was up against a significant second half base (H2 FY2021) as RSOI and operating profit grew by 14.5% and 39.2% respectively. As a result, operating margin decreased from its record performance of 21.3% in the Corresponding Period to 20.6%. Despite this, the group believes there is further opportunity for growth across its three homeware divisions.

The Telecoms segment exceeded one billion Rand in revenue for the first time, increasing 34.4% to R1.2bn. Mr Price Cellular, launched in 2017, has reported exponential growth since inception and is now available in 374 stores with promising growth opportunities, most notably the rollout of standalone stores. Cellular handsets and accessories gained 130bps of market share according to Growth for Knowledge (190bps including Powercell in Power Fashion), a significant gain considering the disruption caused by global supply chain challenges and the civil unrest during the Period.

The Financial Services segment revenue increased 6.2% to R697m. Debtors' interest and fees increased 5.6% and reported double digit growth in H2 due to a higher average debtors' book and a 75bps increase in the repo rate over the Period. The group's strict credit granting criteria and strong collections and recovery performances positively impacted the portfolio, reflected by the net bad debt to book percentage decreasing to 6.0%, adequately covered by the impairment provision of 9.1%. Insurance premium income grew 6.4%.

Due to ongoing volatility within global supply chains and the go live of its retail ERP, the group held higher inventory levels. This is a short-term strategy to mitigate non-delivery risk and to avoid the potential negative impact of broken assortments,

affecting its curated merchandise offering. The non-comparative inclusion of Yuppiechef, new merchandise categories and net growth in store footprint of 8.1% elevated inventory levels. Excluding acquisitions and higher goods in transit (GIT), inventory at year end was up 6.1% with inventory freshness remaining at healthy historic levels and low markdown units on hand. Inventory remains adequately provided for at 6.7%.

The group's balance sheet is strong with cash of R4.6bn available and remains free of financing debt. Capital expenditure of R734m was primarily allocated towards new store development, store re-builds post the civil unrest and technology modernisation programmes. Forecast capital expenditure for FY2023 is anticipated to be approximately R900m (includes 180-200 new stores). The group's ROE and ROA of 28.9% and 23.2% respectively, remain market leading and reflects its prudent capital allocation approach. Disciplined investment decisions by management will continue to be made in order to create sustainable, long-term shareholder value whilst balancing the group's market leading return metrics. Net asset value per share increased 11.6% to 4 686 cents.

Prospects

The way forward is likely to be characterised by ongoing volatility. Global supply chain challenges, rising inflation and interest rate hikes are expected to continue, placing pressure on forecasting efforts and the cost of doing business. These knock-on effects will be felt domestically, amidst other previously communicated local challenges, exerting pressure on businesses and households. A constrained consumer environment is anticipated to persist for most of 2022 as post year end trade has reflected.

The group will continue to strive for its operating model to be supportive of its value roots and it aims to minimise as far as possible, the impact of rising input costs on its customers and operations. Adequate cover has been taken to protect the group against elevated exchange rate, freight rate and other key cost pressures. To ensure price leadership it has invested in key defensive departments and is holding certain price points while striving to preserve overall margins. High single digit input inflation is expected in H1 FY2023.

The group's extensive experience and track record in its primary market South Africa, has shown that despite the challenges outlined above, opportunity exists for organisations who embrace uncertainty and pursue growth. The group's vision is clear, and it is focused on executing its strategic plans which include exciting organic and inorganic prospects. The group's business model is well positioned to navigate an adverse economic climate. It will continue to differentiate itself by delivering its brand promise through fashion and value at Everyday Low Prices. This gives it the advantage of attracting customers trading down from higher price points as well as aspirational value shoppers, supported by its convenient omnichannel store footprint.

Group CEO Mark Blair, said, "We have faced two tough years in a row and with all the headwinds it looks like FY2023 will be no different. We will navigate the short term as we always have, with good execution, agility, and confidence. We have good momentum – our growth plan is coming together, and we are excited to welcome the Studio 88 team once we have regulatory approval. This business and its people are resilient, and I am extremely proud of the way in which everyone has responded, which is testament to our mantra of ordinary people doing extraordinary things."

Shareholders are invited to attend a live webcast of its annual results at 9am on 9 June 2022. Webcast link: <https://www.corpcam.com/MrPrice09062022>

ENDS

FINAL CASH DIVIDEND DECLARATION

Notice is hereby given that a final gross cash dividend of 524.9 cents per share was declared for the 52 weeks ended 2 April 2022, an increase of 13.4%. 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 419.92 cents per share. The dividend withholding tax rate is 20%.

The issued share capital at the declaration date is 256 841 654 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	28 June 2022
Date trading commences 'ex' the dividend	Wednesday	29 June 2022
Record date	Friday	01 July 2022
Payment date	Monday	04 July 2022

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 29 June 2022 and Friday, 01 July 2022, 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 8 June 2022.

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

PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 2 APRIL 2022

PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'm	2022 2 Apr Reviewed	2021 3 Apr Audited
Assets		
Non-current assets	11 296	9 288
Property, plant and equipment	2 518	2 236
Right-of-use asset	6 315	5 000
Intangible assets	2 039	1 641
Long-term receivables and other assets	50	37
Defined benefit fund asset	77	69
Deferred taxation assets	297	305
Current assets	11 381	10 587
Inventories	3 956	3 298
Trade and other receivables	2 551	2 155
Derivative financial instruments	64	24
Reinsurance assets	190	154
Taxation	8	7
Cash and cash equivalents	4 612	4 949
Total assets	22 677	19 875
Equity and liabilities		
Equity attributable to shareholders	12 056	10 838
Non-current liabilities	6 002	4 800
Lease liability	5 951	4 776
Deferred taxation liabilities	28	-
Long-term liabilities	1	4
Post retirement medical benefits	22	20
Current liabilities	4 619	4 237
Trade and other payables	2 895	2 542
Derivative financial instruments	150	284
Reinsurance liabilities	43	45
Current portion of lease liability	1 460	1 164
Taxation	71	202
Total equity and liabilities	22 677	19 875

PRELIMINARY CONDENSED CONSOLIDATED INCOME STATEMENT

R'm	2022 2 Apr 52 weeks Reviewed	2021 3 Apr 53 weeks Audited	% change
Continuing operations			
Revenue	28 083	22 827	23.0
Retail sales	26 683	21 690	23.0
Other revenue	1 182	863	36.9
Retail sales and other revenue	27 865	22 553	23.6
Costs and expenses	(22 919)	(18 689)	22.6
Cost of sales	(15 820)	(12 540)	26.2
Selling expenses	(5 049)	(4 377)	15.3
Administrative and other operating expenses	(2 050)	(1 772)	15.7
Profit from operating activities	4 946	3 864	28.0
Finance income	218	274	(20.3)
Finance costs	(541)	(477)	13.4
Profit before taxation	4 623	3 661	26.3
Taxation	(1 276)	(1 005)	27.0
Net profit from continuing operations	3 347	2 656	26.0
Discontinued operations			
Net loss from discontinued operations for the period	-	(8)	
Net profit for the period	3 347	2 648	26.4
Profit attributable to equity holders of parent	3 347	2 648	26.4
- From continuing operations	3 347	2 656	26.0
- From discontinued operations	-	(8)	
Weighted average number of shares in issue	257 778	258 671	(0.3)
Earnings per share (cents)			
- basic	1 298.6	1 023.6	26.9
- diluted basic	1 270.1	1 005.5	26.3
Earnings per share from continuing operations (cents)			
- basic	1 298.6	1 026.7	26.5
- diluted basic	1 270.1	1 008.5	25.9
Dividends per share (cents)	807.7	672.8	20.1
Dividend payout ratio	63.0	63.0	
Headline earnings per share (cents)			
- headline	1 282.1	1 067.9	20.1
- diluted headline	1 254.0	1 049.0	19.5
Headline earnings per share from continuing operations (cents)			
- headline	1 282.1	1 070.3	19.8
- diluted headline	1 254.0	1 051.4	19.3

PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'm	2022 2 Apr 52 weeks Reviewed	2021 3 Apr 53 weeks Audited
Profit attributable to shareholders	3 347	2 648
<i>Other comprehensive income:</i>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation adjustments	(28)	(62)
Gain/(loss) on hedge accounting	161	(538)
Deferred taxation thereon	(45)	151
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Defined benefit fund net actuarial (loss)/gain	(1)	8
Deferred taxation thereon	-	(2)
Total comprehensive income	3 434	2 205

PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'm	2022 2 Apr 52 weeks Reviewed	2021 3 Apr 53 weeks Audited
Total equity attributable to shareholders at beginning of the period	10 838	9 428
Total comprehensive income for the period	3 434	2 205
Treasury share transactions	(344)	(166)
Share repurchase	-	(165)
Recognition of share-based payments	87	88
Dividends to shareholders	(1 959)	(552)
Total equity attributable to shareholders at end of the period	12 056	10 838

PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'm	Note	2022 2 Apr 52 weeks Reviewed	2021 3 Apr 53 weeks Audited
Cash flows from operating activities			
Operating profit before working capital changes		6 764	5 428
Working capital changes		(1 059)	192
Interest on trade receivables		312	297
Finance costs paid		(3)	(2)
Finance income received		195	269
Taxation paid		(1 402)	(1 417)
Net cash inflows from operating activities		4 807	4 767
Cash flows from investing activities			
(Payments)/receipts in respect of long-term receivables		(15)	13
Payment for acquisition of Power Fashion, net of cash acquired		-	(1 511)
Payment for acquisition of Yuppichef, net of cash acquired	7	(326)	-
Payment in respect of other assets		-	(6)
Payment for intangible assets acquired			
- replacement		(8)	(32)
- additions		(92)	(124)
Payment for property, plant and equipment (PPE) acquired			
- replacement		(259)	(89)
- additions		(321)	(207)
Receipts from proceeds on disposal of PPE		10	11
Proceeds from insurance relating to PPE		86	-
Net cash outflows from investing activities		(925)	(1 945)
Cash flows from financing activities			
Payment of financial liability		(2)	(15)
Repayment of capital portion of lease liability		(1 298)	(1 174)
Repayment of interest portion of lease liability		(538)	(475)
Receipts relating to sale of shares by staff share trusts		25	10
Payments relating to purchase of shares by staff share trusts		(203)	-
Payments relating to purchase of shares		(53)	-
Payments relating to share buyback		-	(165)
Deficit on treasury share transactions		(13)	(8)
Payment relating to share hedging costs and instruments		(166)	(171)
Dividends paid to shareholders		(1 959)	(552)
Net cash outflows from financing activities		(4 207)	(2 550)
Net (decrease)/increase in cash and cash equivalents		(325)	272
Cash and cash equivalents at beginning of the year		4 949	4 726
Exchange losses		(12)	(49)
Cash and cash equivalents at end of the year		4 612	4 949

SEGMENTAL REPORTING

For management purposes, the group is organised into business units based on their products and services, and has five reportable segments as follows:

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories
- The Home segment retails homewares and furniture. Yuppiechef is included in this segment
- The Financial Services segment manages the group's trade receivables and sells financial services products
- The Telecoms segment sells cellular products and services
- The Central Services segment provides chargeable and non-chargeable services to the trading segments noted. The trading segments are only allocated costs for information technology, distribution costs and other shared services costs. All centre of excellence costs (Central Services) for services rendered to the group and the segments is not charged out. Segments are managed on a targeted operating margin percentage basis sufficient to cover their demand on these centres. Net finance income and income taxes are managed at a group level and are not allocated to operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

R'm	2022 2 Apr 52 weeks Reviewed	2021 3 Apr 53 weeks Audited	%
			change
Retail sales and other revenue			
Apparel	19 456	15 229	27.8
Home	6 506	5 764	12.9
Financial Services	697	657	6.2
Telecoms	1 160	881	31.7
Central Services	46	22	109.1
Total	27 865	22 553	23.6
Profit from operating activities			
Apparel	3 678	2 891	27.2
Home	1 341	1 226	9.4
Financial Services	465	235	98.1
Telecoms	60	49	22.8
Central Services	(598)	(537)	11.4
Total	4 946	3 864	28.0
Segment assets			
Apparel	9 358	7 518	24.5
Home	2 822	2 036	38.7
Financial Services	2 308	1 925	19.9
Telecoms	172	156	10.2
Central Services	8 017	8 240	(2.7)
Total	22 677	19 875	14.1

SUPPLEMENTARY INFORMATION

	2022 2 Apr	2021 3 Apr
Total number of shares issued (000)	263 634	263 634
Number of Ordinary shares (000)	256 842	255 945
Number of B Ordinary shares (000)	6 792	7 689
Less: shares held by share trusts	6 370	5 567
Net number of shares in issue (000)	257 264	258 067
Weighted average number of shares in issue (000)	257 778	258 671
Net asset value per share (cents)	4 686	4 200

Reconciliation of headline earnings (R'm)

Attributable profit	3 347	2 648
Loss on disposal and impairment of property, plant, equipment, intangible assets and right-of-use assets and insurance proceeds on PPE	(59)	159
Taxation adjustment	17	(45)
Headline earnings	3 305	2 762

Reconciliation of headline earnings from continuing operations (R'm)

Attributable profit/(loss)	3 347	2 656
Loss on disposal and impairment of property, plant, equipment, intangible assets and right-of-use assets and insurance proceeds on PPE	(59)	157
Taxation adjustment	17	(44)
Headline earnings	3 305	2 769

Notes:

- The preliminary condensed consolidated financial statements, for which the directors take full responsibility, were approved by the directors on 08 June 2022 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.
- The preliminary condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the South African Companies Act 71 of 2008. The JSE Limited Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The JSE Thematic Review findings have also been considered. The accounting policies applied in the preparation of preliminary condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.
- The group manages its retail operations on a 52-week retail calendar basis and, as a result, a 53rd week is required every five years for calendar realignment purposes. In FY2021, the IFRS results included the 53rd week which is not comparable with FY2022 which is on a 52-week basis. Pro forma financial information for the 52-weeks ended 27 March 2021 was included in the Preliminary Results – Supplementary Information 53 weeks ended 3 April 2021. This information has been extracted, without adjustment, and presented within Table A in the Annexure for comparability purposes.
- The civil unrest which occurred in parts of South Africa in July 2021, resulted in the looting of 111 stores, with 96 reopened at the end of FY2022. This resulted in the group incurring stock, cash and property, plant and equipment write-offs amounting to R188.3m. Insurance payments of R296.1m (including VAT) were received from SASRIA during the period, and R22.3m (including VAT) was received post the end of the reporting period. The group's business interruption (BI) loss was preliminarily assessed, with an interim payment of R92.0m (including VAT) received from the group's insurers in H2 FY2022, which will be recognised in income in FY2023. Additional insurance receipts relating to BI are anticipated in FY2023.
- The basis of preparation of the preliminary condensed consolidated financial statements has been considered in light of the civil unrest in July 2021 and the current economic environment (including impact of COVID-19). The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the final results.

6. The disaggregated revenue is as follows:

R'm	2022	2021
	2 Apr Reviewed	3 Apr Audited
Revenue from contracts with customers	27 035	22 046
Retail sales	26 683	21 690
Insurance premiums	216	203
Other telecoms income	136	153
Interest and charges on trade debtors	482	456
Other sundry income	348	51
Finance income	218	274
Revenue	28 083	22 827

Revenue from contracts with customers is recognised at a point in time, except where revenue has been earned through mobile contracts where services are transferred over time.

7. Effective 1 August 2021, the group acquired 100% of the shares in the group of companies comprising the Yuppiechef business (“Yuppiechef”), a private-owned South African omni-channel retail business primarily focused on kitchenware. Yuppiechef has two primary operations, namely Yuppiechef Online, the retail division comprising the online platform and 7 stores (at acquisition), as well as a wholesale division, which develops and imports goods for wholesale distribution. The acquisition was approved by the relevant regulatory authorities on 19 July 2021.

The group has measured the fair value of identifiable assets and liabilities of Yuppiechef at their acquisition date.

The at-acquisition values are presented below.

	R'm
Assets	
Property, plant and equipment	10
Intangible assets	118
Right-of-use asset	26
Trade and other receivables	15
Inventories	57
Cash and cash equivalents	27
Liabilities	
Long-term loans	(3)
Deferred tax liability	(24)
Trade and other payables	(81)
Taxation	(4)
Lease liability	(31)
Total identified net assets at fair value	110
Goodwill attributable to acquisition	292
Total consideration	402
Shares issued at fair value	49
Cash paid	353
Total consideration	402
Cash on hand at date of acquisition	27
Cash paid	(353)
Net cash outflow on acquisition	(326)

The goodwill arising from the acquisition is attributable to the value of expected future omni-channel growth opportunities of the business.

Yuppiechef contributed R296.2m in revenue and R19.9m in operating profit since acquisition. Disclosure of the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition had occurred at the beginning of the reporting period is impracticable as Yuppiechef has a different financial year end to the group (February), and its reporting is based on a calendar month compared to the group which follows a retail calendar.

8. During the 2021 financial year, SARS further assessed the 2015, 2016 and 2017 years of assessment, disallowing the same deduction from 2014 (which SARS subsequently conceded to). In June 2022, subsequent to year end, SARS raised assessments disallowing the same deduction, as well as including receipts of a capital nature in taxable income for the 2018, 2019 and 2020 years of assessment. The company, supported by senior counsel's and tax practitioner's opinion is in the process of disputing all of these assessments. No adjustments have been made to the financial statements as the directors are of the opinion that the likelihood of the liability is remote.

9. Management has evaluated the year end provisioning amounts for inventory and trade receivables taking into account the effects of the current economic environment (including the impact of COVID-19).

The provision for net realisable value of inventory represents management's estimate of the extent to which merchandise at the reporting date will be sold below cost. The inventory provision (R277m) represents 6.5% of the inventory balance at year end.

The provision for impairment of trade receivables represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered. The impairment of total trade receivables provision represents 9.1% of the trade receivables balance. The gross trade receivables balance at year end increased 14.9% to R2 259m.

10. The fair value of foreign exchange contracts (FECs), synthetic forwards and options as calculated by the banks is measured using a forward pricing model. The significant inputs into the Level 2 fair value of FECs are yield curves, market interest rates and market foreign exchange rates. The estimated fair values of recognised financial instruments approximate their carrying amounts.

11. The group revised estimated remaining useful lives for store assets in FY2022. The change in estimate was accounted for prospectively as a change in accounting estimate, and as a result, the depreciation for the year decreased by R62m.

The group reassessed the calculation of the expected rental payments for the first year of a lease renewal option that was reasonably certain to be exercised. As a result, lease liabilities decreased by R116m, with the interest on lease liabilities increasing by R8m and depreciation on right of use assets decreasing by R53m in FY2022.

12. Prior year discontinued operations related to the closure of the operations in Nigeria.

	2022	2021
	2 Apr	3 Apr
	Reviewed	Audited
Earnings per share from discontinued operations (cents)		
- basic	-	(3.1)
- headline	-	(2.2)
- diluted basic	-	(3.1)
- diluted headline	-	(2.1)

13. In April 2022, subsequent to year end, the group entered into an agreement to purchase a controlling interest (70%) of Blue Falcon Trading 188 (Pty) Ltd ("Studio 88 Group"), which owns the Studio 88 group of businesses, from RMB Ventures Six (Pty) Ltd and current management. The Studio 88 Group is the largest independent retailer of branded leisure, lifestyle and sporting apparel and footwear in South Africa. It is a founder-led business which has been operating in Southern Africa since 2001. The business owns and operates retail outlets that offer clothing, footwear and accessories, trading through Studio 88, SideStep, Skipper Bar, John Craig and other chains.

The brands offered by the Studio 88 Group are complementary to Mr Price's existing customer positioning and, combined, would deliver on the group's strategic positioning across the fashion-value and aspirational value segments. With a diverse store footprint and a portfolio of differentiated store chain formats, the Studio 88 Group has broad appeal to aspirational and trend conscious customers across a wide range of age profiles and affordability levels. Mr Price will benefit from growth opportunities in the menswear segment where it is currently under-represented.

The R3.3bn purchase consideration will be fully funded through existing cash resources of the group. The transaction is subject to the fulfilment of both regulatory and commercial suspensive conditions by no later than 31 October 2022. These conditions include competition authority approval in South Africa and other African territories. The remaining shareholding will be acquired over a four-year period post implementation of the transaction.

ANNEXURE**Pro forma information**

Certain financial information presented in these preliminary condensed consolidated financial statements constitutes pro forma financial information.

Basis of preparation: FY2021 52-weeks financial information

The group manages its retail operations on a 52-weeks retail calendar basis and, as a result, a 53rd week is required every five years for calendar realignment purposes. FY2021 included the 53rd week.

In order to provide a more meaningful assessment of the group's performance, a 52-weeks period for the corresponding financial period ("FY2021 52-weeks financial information") is presented for comparison against the current 52-weeks period, as reported in the current financial year. The FY2021 52-weeks financial information constitutes pro forma financial information which has been extracted, without adjustment, from the Preliminary Results – Supplementary Information 53 weeks ended 3 April 2021 and is presented for illustrative purposes only.

The FY2021 52-weeks financial information for the 52 weeks ended 27 March 2021 as presented, consists of the condensed consolidated financial statements for the 53 weeks ended 3 April 2021, less the impact of the week from 28 March 2021 to 3 April 2021 ("the 53rd week"). The 53rd week adjustments were calculated with reference to actual turnover and cost of sales for the 53rd week. Incremental other income and expenses for the period were based on an assessment of management information. An effective tax rate of 27.5% which is equal to the group's effective tax rate for the 53 weeks ended 3 April 2021 was applied. The calculation of earnings per share and headline earnings per share for the pro forma 52-weeks financial information was based on the same weighted average number of shares in issue during the year as the FY2021 53-weeks results.

The group's accounting policies as adopted in the condensed consolidated financial statement for the period ended 3 April 2021, which have been prepared in accordance with International Financial Reporting Standards, were used in the preparation of the 52-weeks financial information.

The directors of Mr Price Group Limited are responsible for compiling the FY2021 52-weeks financial information on the basis applicable to the criteria as detailed in paragraphs 8.15 to 8.33, as applicable, of the JSE Limited Listings Requirements and the SAICA Guide on Pro Forma Financial Information, revised and issued in September 2014.

Due to its nature, the FY2021 52-weeks financial information may not fairly present the group's financial position, changes in equity, results of operations and cash flows.

Ernst & Young Inc, the group's statutory auditor, previously issued an independent reporting accountants' report on the pro forma condensed consolidated financial information for the FY2021 52-weeks financial information (52 weeks ended 27 March 2021), which is available for inspection at the group's registered office and on the group's website www.mrpricegroup.com.

TABLE A – 52 WEEKS FINANCIAL INFORMATION
PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT (52 WEEKS)

R'm	2022	2021			% change ⁵	% change ⁶
	2 Apr 52 weeks ¹ Reviewed	3 Apr 53 weeks ² Audited	53rd week ³ Reviewed	27 Mar 52 weeks ⁴ Pro forma		
Continuing operations						
Revenue	28 083	22 827	(521)	22 306	23.0	25.9
Retail sales	26 683	21 690	(518)	21 172	23.0	26.0
Other income	1 182	863	(2)	860	36.9	37.4
Retail sales and other income	27 865	22 553	(521)	22 032	23.6	26.5
Costs and expenses	(22 919)	(18 689)	344	(18 345)	22.6	24.9
Cost of sales	(15 820)	(12 540)	282	(12 258)	26.2	29.1
Selling expenses	(5 049)	(4 377)	37	(4 340)	15.3	16.3
Administrative and other operating expenses	(2 050)	(1 772)	25	(1 747)	15.7	17.4
Profit from operating activities	4 946	3 864	(177)	3 687	28.0	34.1
Finance income	218	274	-	274	(20.3)	(20.1)
Finance costs	(541)	(477)	1	(476)	13.4	13.7
Profit before taxation	4 623	3 661	(176)	3 485	26.3	32.7
Taxation	(1 276)	(1 005)	(48)	(957)	27.0	33.4
Net profit from continuing operations	3 347	2 656	(128)	2 528	26.0	32.4
Discontinued operations						
Net loss from discontinued operations for the period	-	(8)	-	(8)		
Net profit for the period	3 347	2 648	(128)	2 520	26.4	32.8
Earnings per share (cents)						
- basic	1 298.6	1 023.6	(49.3)	974.3	26.9	33.3
- headline	1 282.1	1 067.9	(49.4)	1 018.5	20.1	25.9
- diluted basic	1 270.1	1 005.5	(48.5)	957.0	26.3	32.7
- diluted headline	1 254.0	1 049.0	(48.5)	1 000.5	19.5	25.3

Notes:

- This column has been extracted without adjustment from the preliminary condensed consolidated statement of profit and loss for the annual 52-week period ending 2 April 2022
- This column has been extracted without adjustment from the condensed consolidated statement of profit and loss for the annual 53-week period ending 3 April 2021
- This column presents the financial impact of the week from 28 March 2021 to 3 April 2021 (the 53rd week)
- This column presents the pro-forma 52-week financial information for the 52 weeks ended 27 March 2021. This information has been extracted, without adjustment, from the Preliminary Results – Supplementary Information 53 weeks ended 3 April 2021, on which Ernst & Young Inc. previously issued an independent reporting accountant's report, dated 27 May 2021, which is available for inspection at the group's registered office
- This column presents the percentage change between the 52-week period ending 2 April 2022 and the prior year 53-week period ending 3 April 2021
- This column presents the percentage change between the 52-week period ending 2 April 2022 and the prior year 52-week period ending 27 March 2021