FY2023

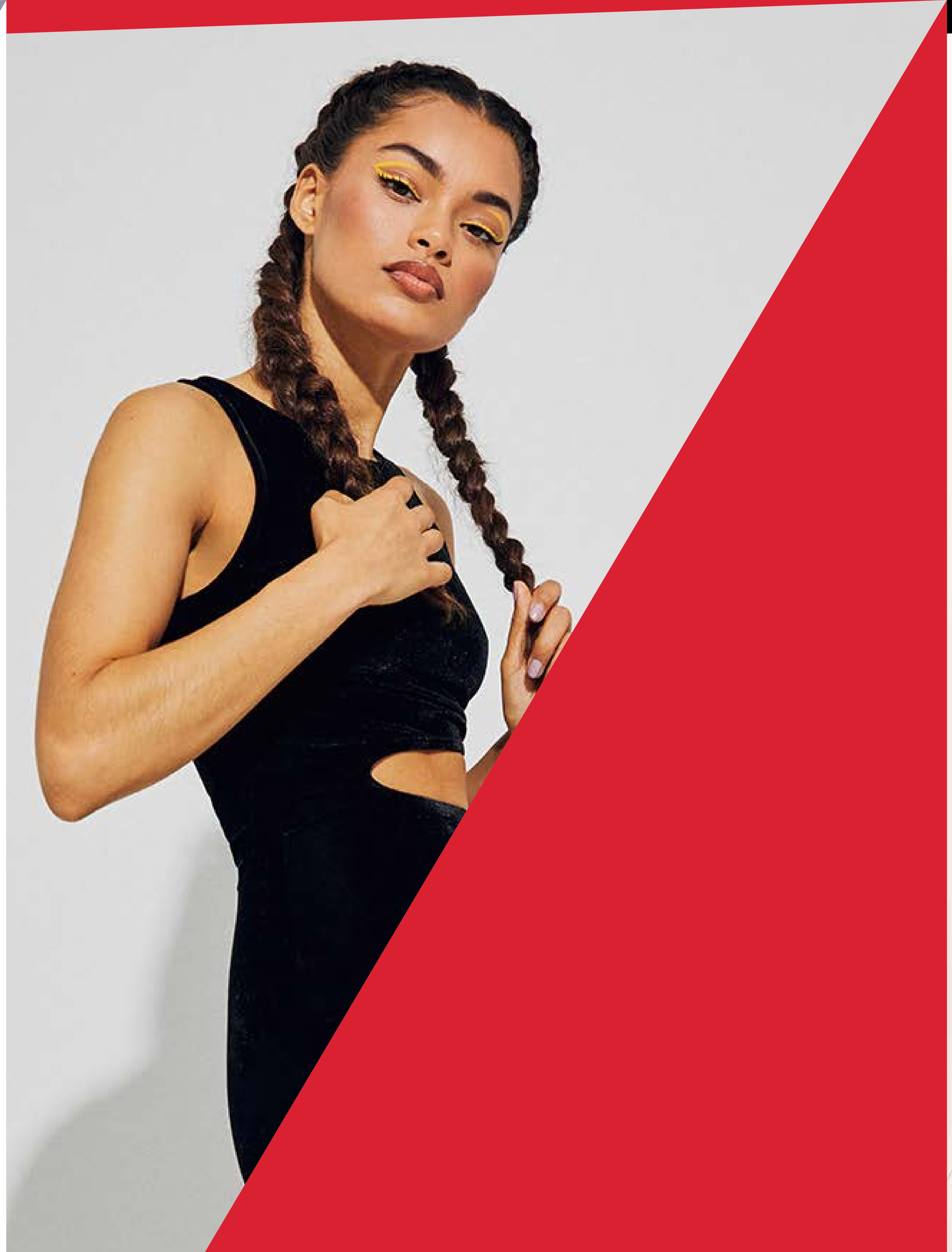
H1

Interim Results to
1 October 2022

mr price | mr price home | mr price sport | mr price money
sheet street | MILADYS | YUPPIECHEF | POWER FASHION | studio 88

mr price group limited

01
Backdrop & group highlights



02
Performance & Outlook

03
Value creation

01

Backdrop & group highlights

By Mark Blair - CEO

Retail Environment Overview
& Group Performance

CHALLENGING MACROECONOMIC BACKDROP

Global

- Slowing global growth
- US & EU recession fears
- Global inflation
- Rising interest rates
- China political position
- Russia-Ukraine war

With knock on impact to SA...

SA

92.8% of MRPG revenue

- Slowing commodity prices
- Weakened Rand
- CPI above upper limit of target range
- Rising interest rates
- Load shedding (102 days in H1)

Creating a challenging business and consumer environment...

Consumer

Food inflation:	+11.9%
Fuel price:	+39.8%
Interest rate*:	+200bps
Nominal HCE growth: (Real: +1.9%) Non-durables: +11.3% Durables: -1.4%	+7.8%
Nominal wage growth: (Real: -0.6%)	+5.2%
Consumer confidence:	-20 index points

Source: SARB, Stats SA, FNB | Period: latest quarterly data available. *Apr-Sep 2022

GROUP PERFORMANCE

Excludes any impact from Studio 88 Group.
Included from 4 October 2022 (Full H2 period)

H1 FY2023

Revenue	EBITDA*	Profit after tax
+6.5%	+9.2%	+13.3%
R13.3bn	R2.9bn	R1.3bn

Operating margin	Diluted HEPS#	Dividend per share
14.7%	+10.8%	+10.6%
+80bps	486.1c	312.5c

*EBITDA reconciliation on pg 58 | #HEPS reconciliation on pg 59

PERFORMANCE DETRACTORS IN H1 FY2023

Issue	Response & outlook
Oracle ERP implementation: - Materially impacted April/May 2022 (~40% of H1 sales) - Created merchant distraction	Once off impact
Load shedding: - Approximately 80 000 trading hours lost & disrupted - 44% of available trading hours in H1 lost in Sept 2022 alone	November 2022: back-up power in 54% of stores. Extending to additional 170 stores by Christmas and a further 300 stores by year end
Weak consumer environment	Clear, diversified growth strategy (pg 31)
Social grants: - Inconsistent & non-payment	Erratic during the half but expected to normalise as re-application process concludes
Highest sales base in sector of +37.8%: - Q1: +70.1%; Q2: +13.5% - Strong performance post COVID-19	Base impacts normalise in H2

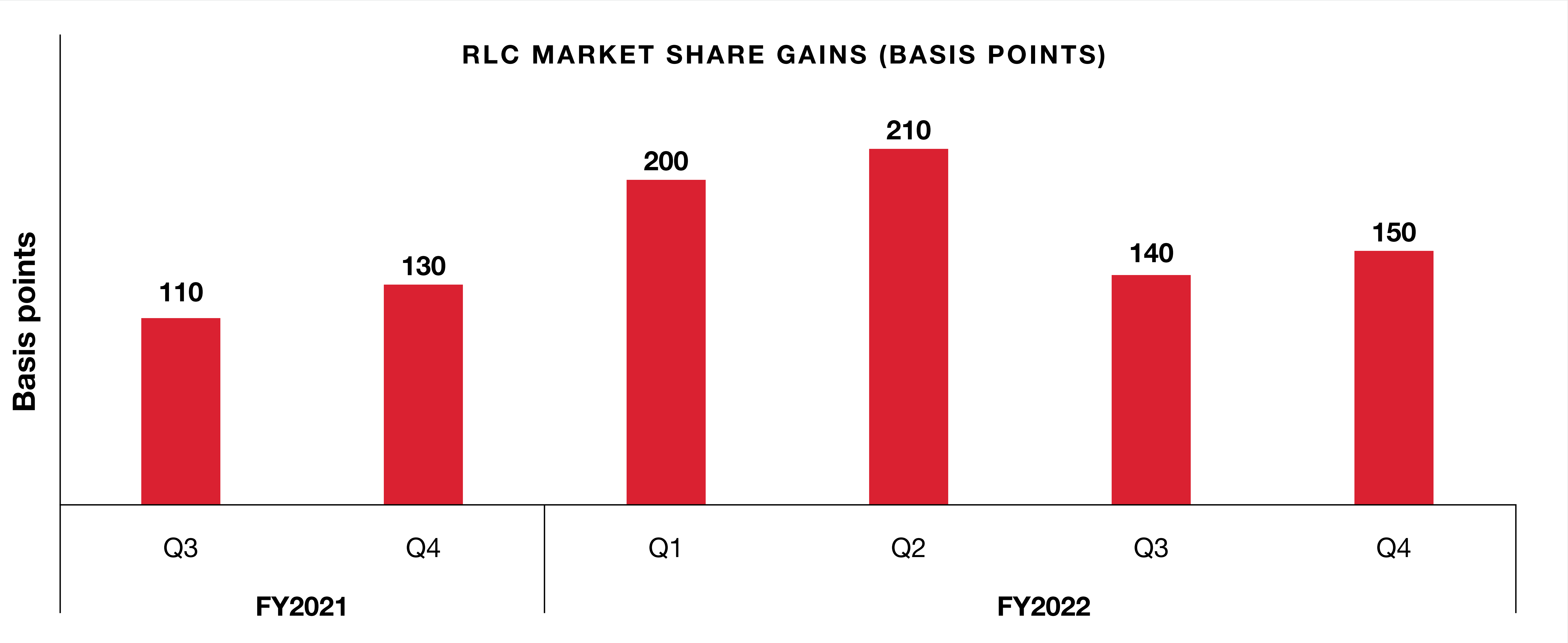
GROUP HIGHLIGHTS

- 78 new stores opened, 27 stores revamped
- Gained 91bps market share since pre COVID-19
- Acquisitions earnings accretive from date of acquisition
- Power Fashion performing strongly, gained market share in each month of H1 FY2023. Expanded stores to 232
- Progressed integration of Yuppiechef & developed flagship concept with extended assortment
- Concluded acquisition of Studio 88 Group (778 stores). Performance to end of Sept 2022 ahead of expectations
- Launched full Mr Price Baby assortment
- Organisational design process undertaken to maximise operational performance & execute strategy
- Landed ERP: de-risked the business & established stable platform for growth
- Only fashion-value retailer in the FTSE/JSE Responsible Investment Top 30 Index

MARKET SHARE

Internal challenges created short term opportunity for competitors.
Focus on winning back market share

Mr Price Group Apparel Segment retail sales +8.5% (73.0% contribution to retail sales)



Apparel Segment materially impacted by ERP

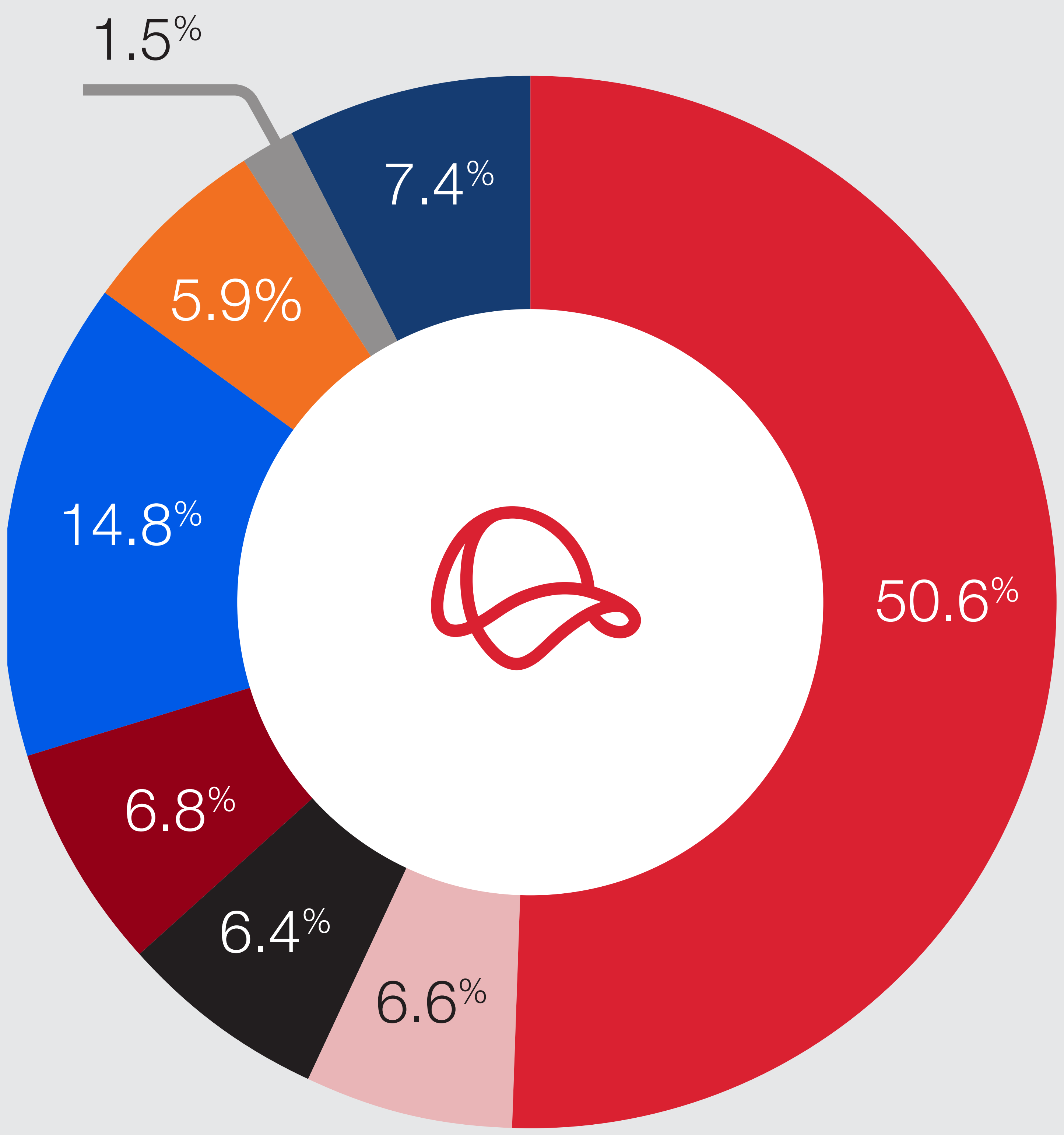
- Gained market share in every quarter in the last two years leading up to ERP
- April 2022:
  - First two weeks up +26.6%
  - Last three weeks down -3.3%
- Segment lost 20 basis point of market share in H1 FY2023
- Power Fashion which did not undergo ERP change gained market share in every month in H1

SEGMENTAL PERFORMANCE

2 year CAGR

RSOI	**+20.4%**
Operating profit	**+29.7%**

Divisional contribution (RSOI)#



Apparel Segment: **70.4%**

- Mr Price Apparel
- Mr Price Sport
- Miladys
- Power Fashion

Home Segment: **22.2%**

- Mr Price Home
- Sheet Street
- Yuppiechef

FS & Telecoms: **7.4%**

- Mr Price Money

Segment growth

		H1 FY2023
Apparel (RSOI base: +42.6%)	RSOI	**+8.5%**
	Trading density	**R36 039m²**
	OP Profit	**+22.8%**
	OP Margin	**15.6%**
Home (RSOI base: +27.3%)	RSOI	**(1.6%)**
	Trading density	**R32 580m²**
	OP Profit	**(28.0%)**
	OP Margin	**13.8%**
Financial Services & Telecoms (RSOI base: +14.1%)	RSOI	**+13.3%**
	OP Profit	**+7.2%**
	OP Margin	**32.0%**

#Retail sales & other income

02

Performance

By Mark Stirton - CFO

Detailed group results

GROUP INCOME STATEMENT

R'M	FY2023	FY2022	% change H1
Retail sales & other income (pg 57)	13 126	12 337	6.4%
Gross profit (pg 14)	5 099	4 745	7.5%
Expenses (pg 16)	(3 630)	(3 428)	5.9%
Profit from operating activities	1 932	1 709	13.0%
Net finance (expense)	(179)	(148)	20.5%
Profit before taxation	1 753	1 561	12.3%
Taxation	(466)	(426)	9.5%
Profit attributable to shareholders	1 287	1 135	13.3%

Gross margin recovery & responsible cost control helped deliver profit wedge

GROUP SALES GROWTH DRIVERS

H1 FY2023

Total retail sales growth	**+6.0%**
Comparable stores sales growth	**(0.3%)**

GEOGRAPHY

RSA	Rest of Africa
+6.3%	+2.4%
% of sales **92.8%**	% of sales **7.2%**

TENDER TYPE

Cash	Credit
+5.2%	+11.5%
% of sales **84.9%**	% of sales **15.1%**

Cash
84.9%
of sales

CHANNEL

Bricks	Online
+5.8%	+11.2%
% of sales **97.0%**	% of sales **3.0%**

MERCHANDISE

Units	RSP inflation
+1.7%	+3.8%
122m	**CPI: 7.5% Sep 2022**

SPACE GROWTH

Divisions	Closures	Reductions	Expansions	New Stores	Closing stores	W.avg net growth (m²)
mr price		1	3	20	578	3.5%
MILADYS	3	1	1	5	253	2.4%
mr price sport	1	2		6	162	5.3%
POWER FASHION			2	23	232	21.2%
mr price home	2	2	1	6	209	5.8%
sheet street	2	3	4	11	342	4.1%
YUPPIECHEF				3	10	
mr price money				4	5	

Total store movements

	Closures	Reductions	Expansions	New Stores		Net growth
Stores	8	9	11	78	Total: 1 791	5.7%

- Opened 78 news stores of which 6 were new concepts
- Only closed 8 stores
- Group trading density R36 284m^2
- New w.avg space growth of 6.3%; 5.7% net
- Return of customers to stores, particularly to super regionals and larger formats

Acquisition store base up 34.0%

GROSS PROFIT ANALYSIS

Total GP	2022	2023
	39.7%	40.3%

Merchandise GP	2022	2023
	40.8%	41.2%

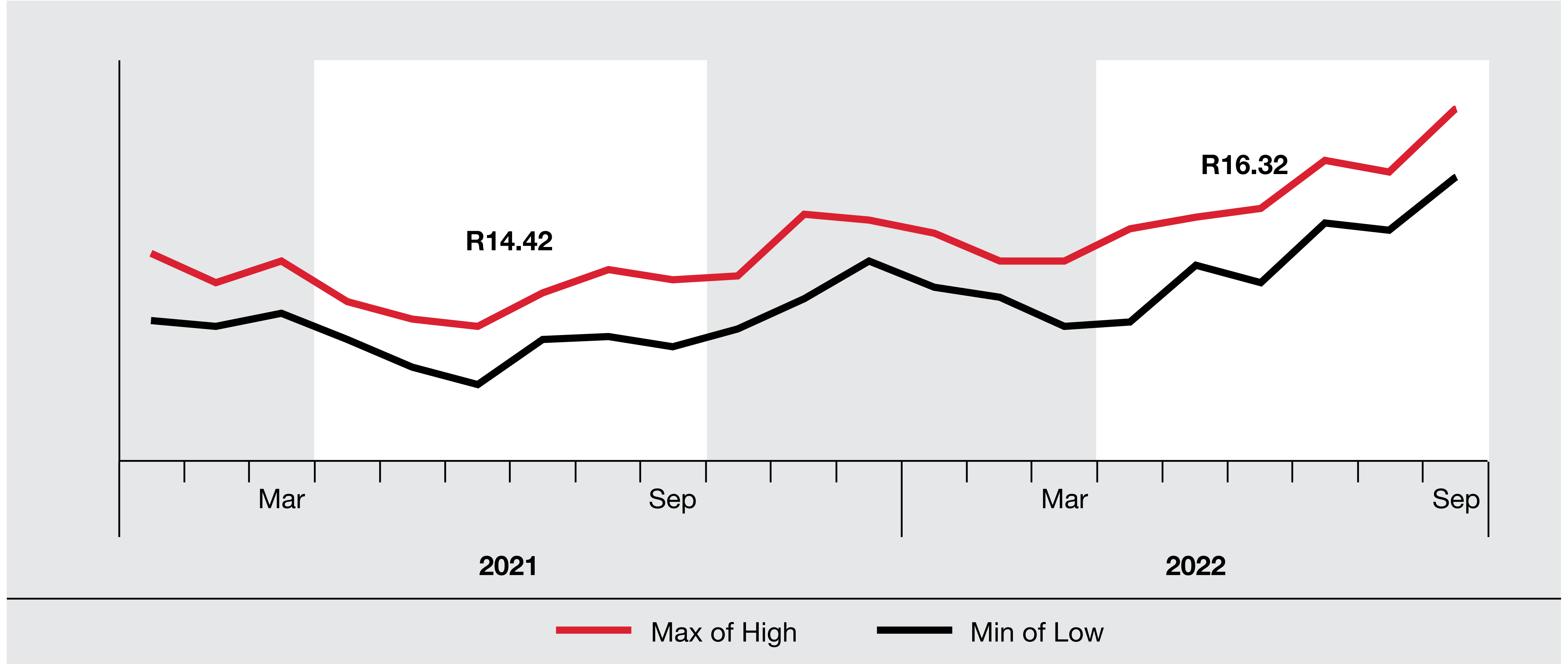
Telecoms GP	2022	2023
	17.1%	19.8%

Factors affecting GP margin

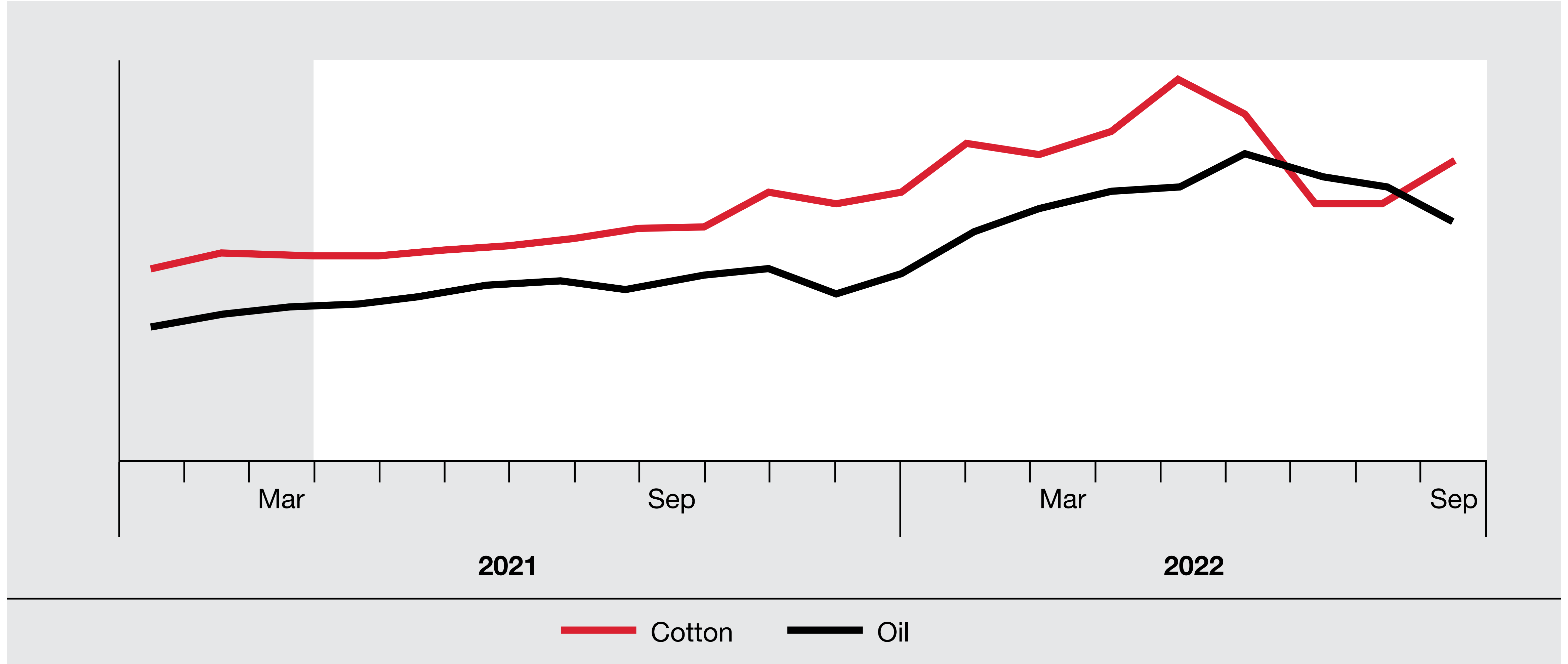
- Total GP margin up 60bps
- Inventory write-off in the base
- ERP impacted in season trade: stock timing & resultant deeper markdowns
- Power Fashion (lower margin than group) performed strongly, increasing contribution & margin (+330bps)
- High growth Telecoms segment at lower margin than group
- High input costs pressure combated:
  - Hedging strategies provided an 8% shield from average spot over the period
  - Shipping costs contracted materially below average spot rates over period
  - Logistics: cost per unit flat on LY reducing impact of fuel surcharge

INPUT COSTS

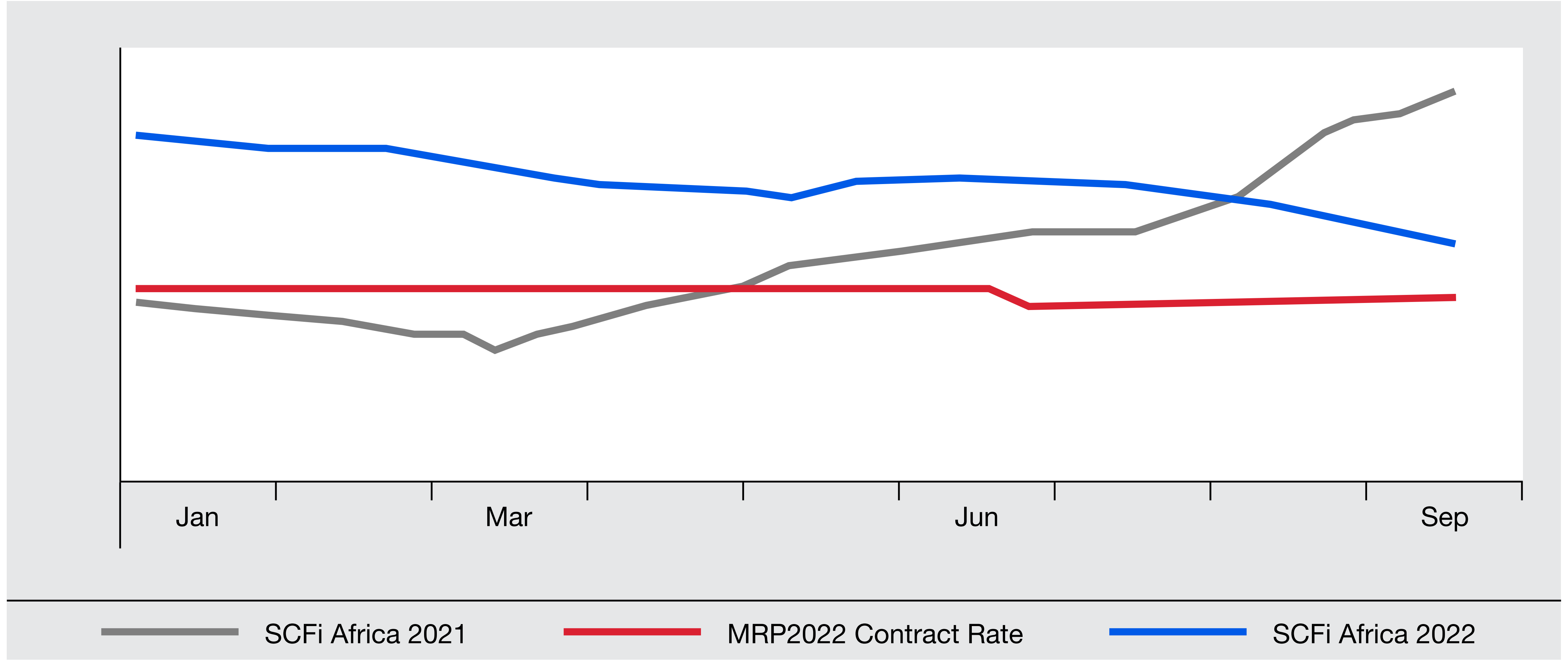
ZAR/$ exchange rate



Cotton and oil prices



Shanghai Container Freight Index Rate - Africa Route



SUMMARY

- ZAR/$ depreciation of 13.2% in H1. Worsened to 25.3% in Oct 22
- Consensus view: Rand undervalued with improvement expected in FY2024
- Cotton and Oil prices up 34.3% and 54.3% respectively. Similar increases in other input costs
- Shipping rate index steadily reducing. Contracted below index rate until end of 2022. Negotiated very favourable rates until June 2023
- Shipping rates offsetting some of the other input price increases but pressure will be on margins

OVERHEAD EXPENSES

Every decision made every day must support our value roots

Total expenses: Selling expenses 72.3%; admin expenses 27.7%

R'M	FY2023	FY2022	% Change H1
Depreciation* and amortisation	**936**	921	1.6%
Employment costs	**1 465**	1 455	0.6%
Occupancy costs	**303**	270	12.5%
Other operating costs	**926**	782	18.5%
Total expenses	**3 630**	**3 428**	**5.9%**

- Total expenses grew below sales and gross profit
- Employment costs: performance driven philosophy - variable remuneration structure supporting cost growth
- Occupancy costs:
  - Increased turnover rentals in high contribution flagship stores
  - New space growth of 6.3%
  - Increase in utilities and rates of 9.8%
- Other operating costs: impacted by increase in bad debt write-offs due to growth in credit sales & debtors book
- Cost re-engineering opportunities exist

Total expenses as a % of RSOI: down 10bps to 27.7%

*Includes right of use asset depreciation

BALANCE SHEET

R'M	Sep 2022	Mar 2022	Sep 2021
Non-current assets[1]	11 707	11 296	10 202
Current assets	11 850	11 381	10 140
Inventories	**4 843**	3 956	3 487
Trade & other receivables[2]	2 983	2 551	2 289
Cash & cash equivalents	**3 315**	4 612	3 944
Reinsurance assets	260	190	225
Other	449	72	195
Total	**23 557**	**22 677**	**20 342**
Shareholders equity	12 345	12 056	10 992
Non-current liabilities[3]	6 410	6 002	5 259
Current liabilities[4]	4 802	4 619	4 091
Total	**23 557**	**22 677**	**20 342**

[1]Right of use asset increase due to new stores & lease renewals
[2]Increased debtors' book due to higher credit sales. Avg debtors days in line with PY. Book adequately provided
[3]Driven by lease liabilities due to new stores & lease renewals.
[4]Expanded trade creditors in line with stock growth & supply chain finance program

INVENTORY: MITIGATING SUPPLY CHAIN DISRUPTION

- Inventory levels up 35.6% due to:
  - Festive trade risk mitigation & slower September sales
  - New space growth of 6.3%
  - Higher input inflation raising Rand value of stock vs PY
  - H2 new stores planned: 115 excl S88 (63% in Q3 FY2022)
- Growth of 25.5% excluding goods in transit (GIT)
- Anticipated to normalise by financial year end*

CASH: CASH DEPLOYMENT

- Cash balance of R3.3bn:
  - Payment of Studio 88 acquisition of R3.6bn
  - Target cash conversion ratio >80% by year end*

*Excluding Studio 88

CASH FLOW MOVEMENTS

R'M			
Mar 2022	4 612		
Cash from operations before working capital changes	2 650	Operating R1.3bn	Profit from operating activities increased 13.0%
Working capital	(1 088)		Refer pg 19 for detail
Net interest received	314		Impacted by increased debtors book and 200bps increase in repo rate
Taxation	(589)		Reduction due to change in corporate tax rate
PPE & intangibles	(308)	Investing (R0.3bn)	PPE additions: R296m; Intangible additions: R39m
Dividends	(1 374)	Financing (R2.3bn)	FY2022 final dividend of 524.9c paid in July 2022
Treasury shares	14		Share scheme options proceeds
Repayment of lease liabilities	(978)		Rental payments under financing cash flow
Other	62		
Sep 2022	3 315		

WORKING CAPITAL AND CASH GENERATION

H1 movement: (R1088m)

OUTFLOW: R1 618M

Stock management impacted by ERP & slow September; mostly contained to non-seasonal lines with lower risk

Elevated GIT to minimise risk on festive trade inputs
- absorbed R452m since March 2022

Trade receivable absorbed R664m primarily due to new account growth & robust credit sales

INFLOW: R530M

R530m positive swing; supply chain finance unlocked R600m to date

Action: targeting neutral absorption

Forward merchandise plans to normalise by financial year end

GIT balance to reduce >30% by year end

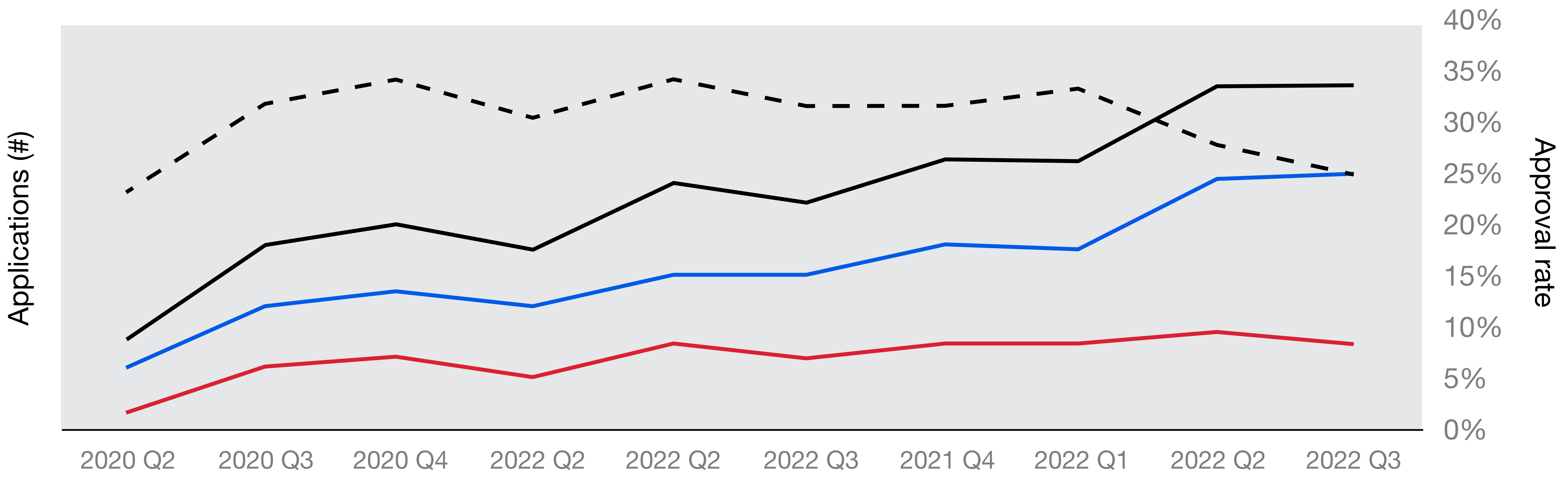
Stock turn target (ex GIT) core business > 4.8x

Enhanced collections strategy to reduce debtors' days
Book status to target >75% current to ensure roll rates held tight

Further R1bn target to unlock over next 24 months

CREDIT GROWTH PERFORMANCE:
GROWTH IN CREDIT SALES & ACCOUNT APPLICATIONS

APPLICATIONS & APPROVALS: TIGHTER APPROVALS APPLIED TO MITIGATE RISK OF DEFAULT ARISING



- New accounts received volumes up 45.5%
- New accounts approved up 17.7% due to high volume of applications received
- Approval rate declined 640bps to 27.1%
- Declined applicants consider converting to lay-bye

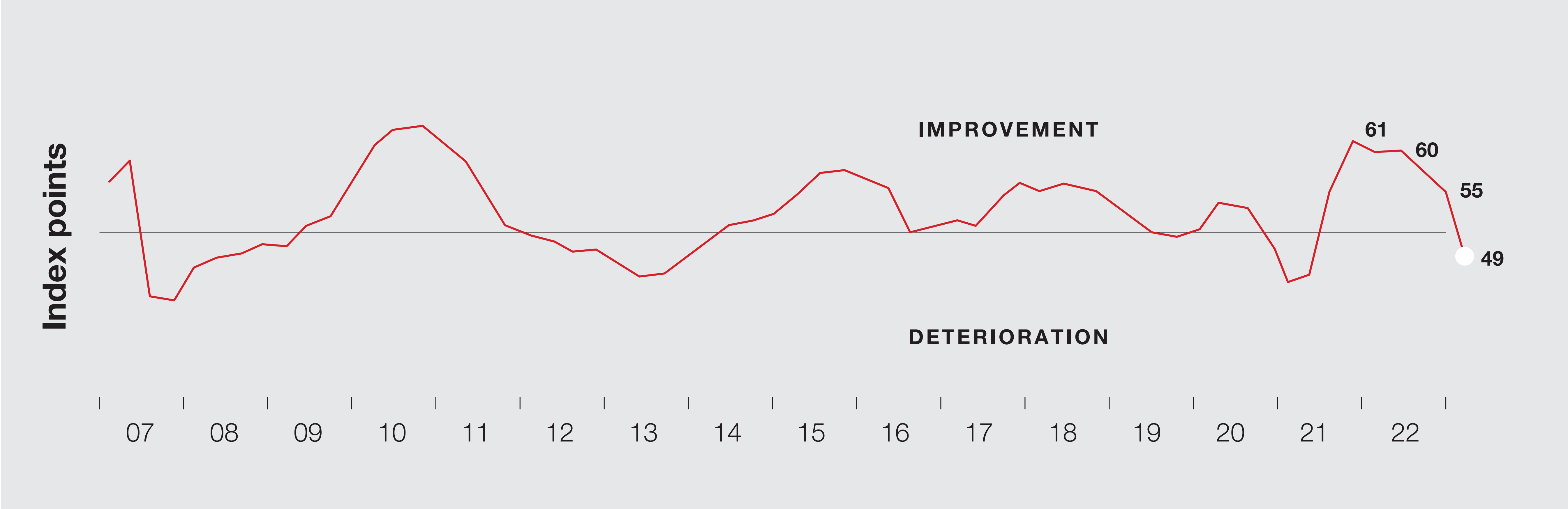
Credit sales

- Strong credit sales growth of 11.5% to R1.9bn.
- Demand for credit increased due to pressure on customer disposable income. New account & existing base credit sales both grew by double digits
- One Store card facility has stimulated new sales of R242m

No appetite to push the credit channel outside of low, established risk tolerance

CREDIT GROWTH PERFORMANCE:
INDUSTRY DETERIORATION CONTINUES

TransUnion SA Consumer Credit Index (CCI)



Source: Transunion

- The TransUnion SA Consumer Credit Index (CCI) fell to 49 in Q2
- New credit defaults (accounts three months in arrears) rose 1% in Q2
- Debt serviceability risk forecast to increase

Principa Face of Credit report

	Mr Price Group	Clothing Retail Credit Industry
Total Good/Total Bad balance ratio Good: <1 month arrears; Bad: >2 months arrears	**8.4**	3.9
% 4+ Cycles Balances	**3.9%**	12.6%

Source: Principa July 2022

- Mr Price holds a healthy premium to the industry's ratios
- Scorecard highly responsive to credit environment

Industry credit deterioration expected -
Maintain strict credit granting criteria

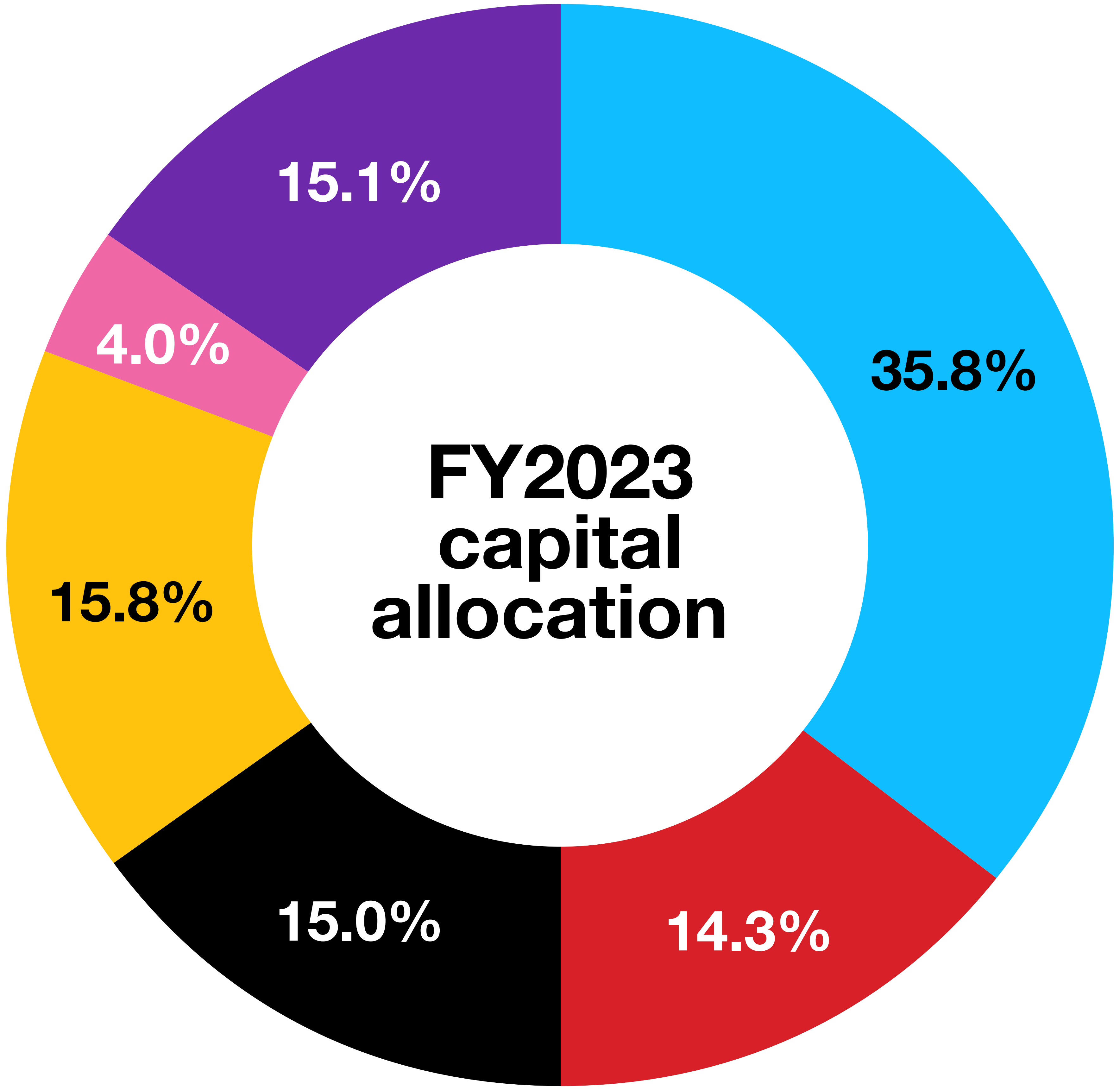
TRADE RECEIVABLES

R'M	Sep 22	Mar 22	Sep 21	% Change	
				Sep/Mar	Sep/Sep
Total gross debtors' book	2 324	2 265	1 990	2.6%	16.8%
NBD: book (excl collection costs)	7.2%	6.0%	10.1%		
Impairment provision	7.9%	9.1%	10.6%		

- Retail book drivers:
  - Rising household indebtedness as savings diminish post COVID-19
  - Interest rate up 200bps in H1 FY2023
  - Demand for credit to support household balance sheets
- Book performance:
  - Roll rates between stages showing early signs of deterioration
  - Collections & recoveries targets met. Increasingly challenging as year progresses
  - Tightened scorecard to improve book quality will slow credit growth into H2
- Adequate impairment provision

ALLOCATION OF CAPEX

We will continue to allocate the majority of our capital budget to stores

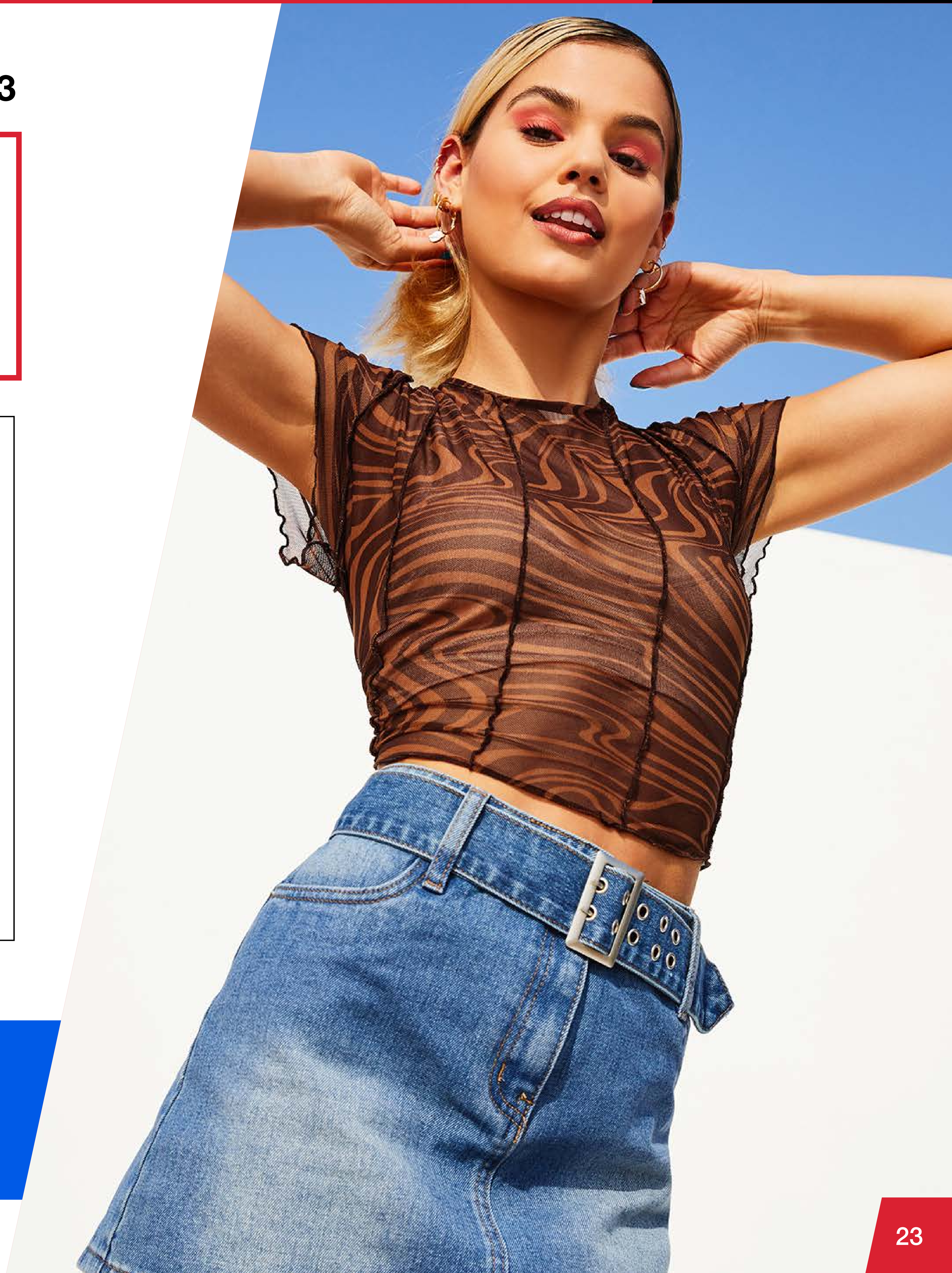


CAPITAL EXPENDITURE FY2023

H1	**R336m**
H2 forecast (Including S88)	**R934m**
TOTAL	**R1.3bn**

(light blue)	New Stores
(red)	Expansions
(black)	Revamps
(yellow)	Technology
(pink)	Logistics
(purple)	Other

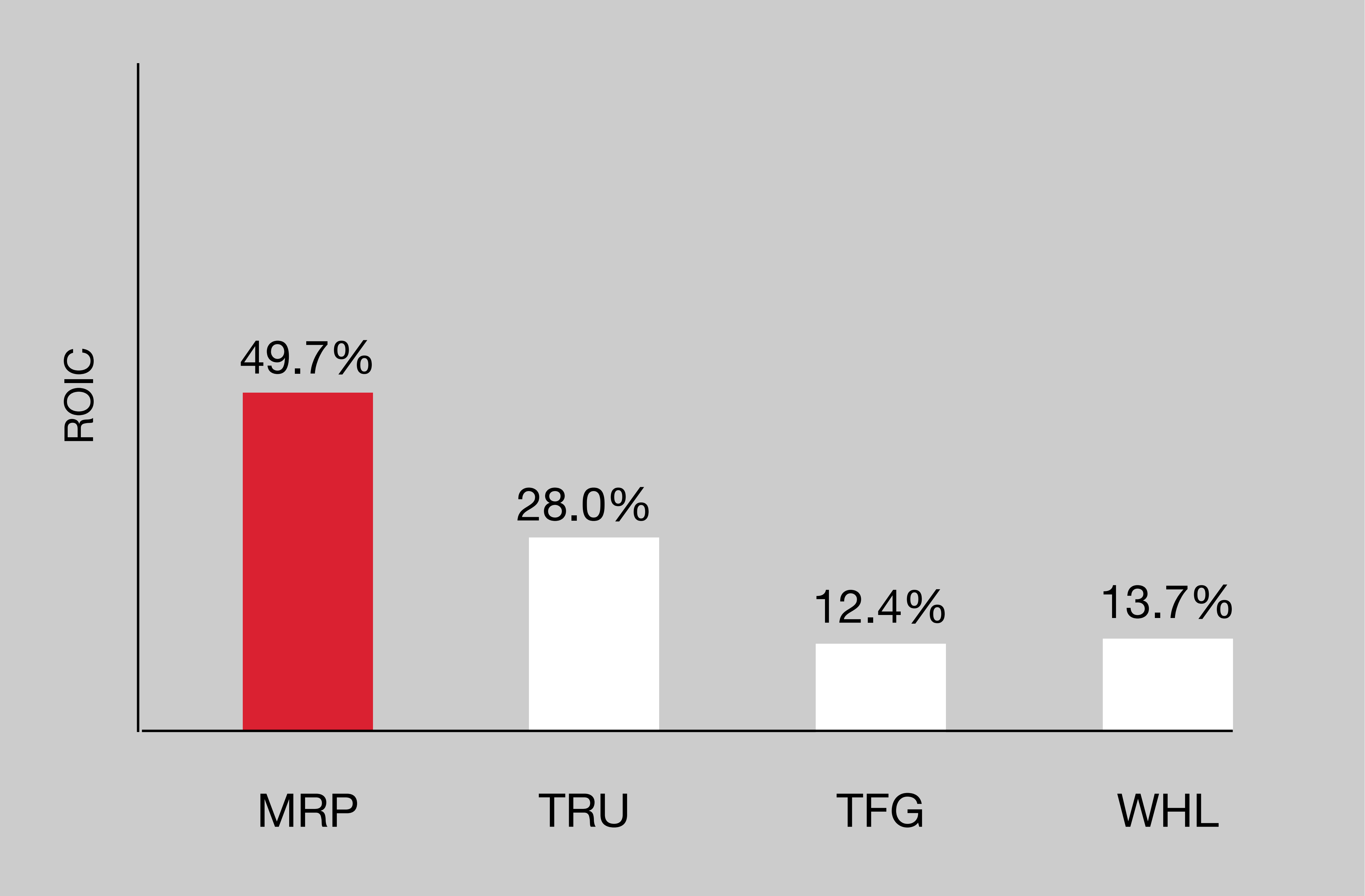
New stores ROCE continues to far exceed group WACC



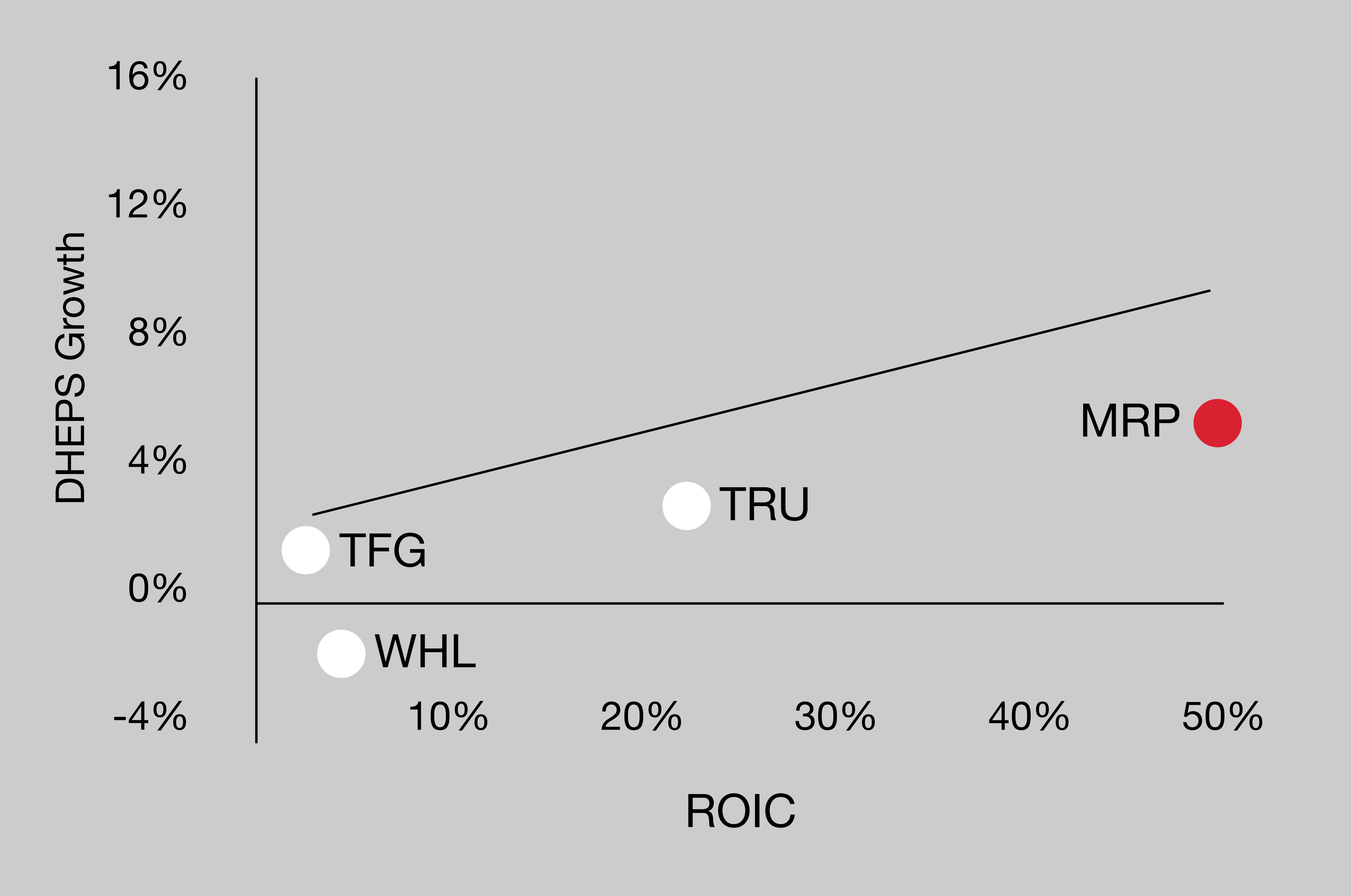
SUPERIOR CAPITAL RETURNS

2016 - 2022 CAGR

RoIC (ex IFRS 16)



DHEPS CAGR vs RoIC (ex IFRS 16)



Source: RMB Morgan Stanley

OUR METRICS

Continue to be actively managed as we grow

As we execute multiple growth opportunities, capital allocation becomes increasingly important. Stewardship of market leading metrics is an imperative built into management incentive schemes

Key operating metrics	FY2022		Medium-term targets
	Competitors	Mr Price Group	
RETURN			
ROE	27.9%	29.7%	30.0%
ROA	10.7%	15.3%	15.0%
CASH GENERATION			
Cash Conversion	64.5%	85.3%	85.0%
Free Cash Flow Conversion	50.3%	71.8%	75.0%
Stock turn	4.3	4.4	5.0
PROFITABILITY			
Operating Margin	14.2%	17.3%	17.0%
Expense/Sales	31.7%	26.3%	26.0%
GEARING			
Net Debt: EBITDA	1.3X	0	Accretion considered

Metrics excl. Studio 88 | Latest reported year end | Competitors avg. of: TRU, TFG, WHL, Pepkor | Source: Bloomberg

FINANCIAL OUTLOOK

- Consumer discretionary retail forecast to be under pressure for remainder of FY23
- Merchandise calls tailored appropriately. Agile supply chain ready to respond if consumer shows resilience
- Retail credit growth less supportive in H2 as credit environment deteriorates. Conditions support cash centric value retailers
- H2 targets:
  - New stores: 165
  - W.avg space growth: 6.0%
  - Input inflation: 9.1%
- GP margin medium term guidance intact
- Cash conversion ratio >80% target
- Challenging environment requires cautious approach

03

Value creation

By Mark Blair - CEO

Strategy

VISION

To be the most valuable retailer in Africa

PURPOSE

Strategy

6 strategic pillars

To be the People's Value Champion across diverse customer segments

STAKEHOLDER ENGAGEMENT

GROWTH

BRAND PROMISE

PEOPLE

TECHNOLOGY & INNOVATION

SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

Our ability to deliver value depends on our relationships with stakeholders. We do not win at their expense, we win with them.

OBJECTIVE

Our stakeholder relationships are based on the true spirit of partnership and we are ranked as the leading retailer in ‘engagement and delivery’

PROGRESS

- Increased stakeholder engagement events:
  - Hosted annual landlord day - attended by CEO
  - Mr Price Home and Mr Price Apparel hosted supplier days - attended by CEO
  - Investor Relations: 58 investor/analyst meetings, 2 conferences, 1 international roadshow
- Implemented engagement surveys with:
  - Investors
  - Associates
  - Landlords
  - Suppliers
- The group’s FY2023 stakeholder engagement score is 3.2 out of 4 (80.8%)

GROWTH

A growth mindset will energise our workforce, maintain a winning culture and provide room for all stakeholders to prosper

OBJECTIVE

To be the top performer in total shareholder returns in the retail sector

GROWTH FRAMEWORK

Existing business

COMP GROWTH	NON COMP GROWTH	FOCUS ON EFFICIENCIES & RETAIL INSIGHTS
Sustainable comp growth is key to achieving our long term vision	This will build off a strong existing base, introducing innovation and accessing new/ under-served customer bases	Comp and non comp growth will require further investment in Supply Chain, Technology, People and Real Estate
GROUP FOCUS • e-Commerce • CRM • Loyalty • Customer journey	**GROUP FOCUS** • Real estate opportunities • Extension of credit offerings • Investment committee to vet opportunities	**GROUP FOCUS** • Future Fit Project & process re-engineering • Transition of technology team to innovation - RPA, AI, data insights • Supply chain blue print • Strengthening economic overlay into merch and business strategies • Drive metrics resulting in profit wedge
DIVISIONAL FOCUS • Comp sales & comp profit growth • Basket builders • Stock levels and store allocations • Performance of store revamps	**DIVISIONAL FOCUS** • New store performance • Extended sizes • New categories	

Drive sales (Comp growth, Non comp growth)

Drive profitability (Focus on efficiencies & retail insights)

Committed to capital allocation framework and proving ability to execute

New business

▼ **Concept considerations:** Research to inform capital allocation ▼

Acquisition considerations

- Level of earnings accretion
- Immediate access to new customer or merchandise segment
- Retention of existing management reduces group distraction
- Consider appropriate integration
- Regulatory approvals

Organic considerations

- Excellent opportunity to leverage internal skill and capability
- Ability to differentiate by launching unique and in-demand concepts
- Strategy function to expand: establish a Tomorrow Team to ensure organic growth has focused leadership and resources
- Shape of profits (short term losses vs size of opportunity longer term)

▲ **Customer segment considerations:** Research to inform capital allocation ▲

Disciplined execution of multiple growth vehicles

CURRENT MATRIX

FY2023 focus areas:

- Comp growth & execution in existing divisions
- On-boarding Studio 88 Group
- Integration of Power Fashion and Yuppiechef
- Testing new organic concepts

PRODUCT CLASSIFICATION

	Apparel	Homeware	FS & Telecoms	e-Commerce
Premium				
Aspirational value/Niche	studio88 MILADYS	YUPPIECHEF		yuppiechef.com studio-88.co.za miladys.com
Fashion value	mr price mr price sport mr price baby	mr price baby mr price home sheet street	mr price cellular mr price money	mrprice.com mrpricesport.com mrpricehome.com mrpricecellular.com mrpricemoney.com sheetstreet.com
Price value	POWER FASHION		POWER FASHION	

mr price baby

Progress to date

- Launched Aug’22 in 14 stores (Incl 2 purpose-built standalone stores. Low capex test)
- Testing 3 different store formats & online
- Positive initial sales read, with high apparel contribution & private label merchandise performing well
- Evaluate performance & returns in Q4 FY2023 to prove business case & select preferred format for roll-out


toys
from
R69.99
say
hello
to our whole
new world of
baby
nursery
bedding
from
R69.99
with bundles
of offers
in-store
now!

bundle
+joy


kids
spray
foam
kiwi
kids
bubble
bath
watermelon
kids
bath jelly
baby
cleansing
wash
kids
bubble
bath
kiwi
kids
spray
foam
kiwi
baby
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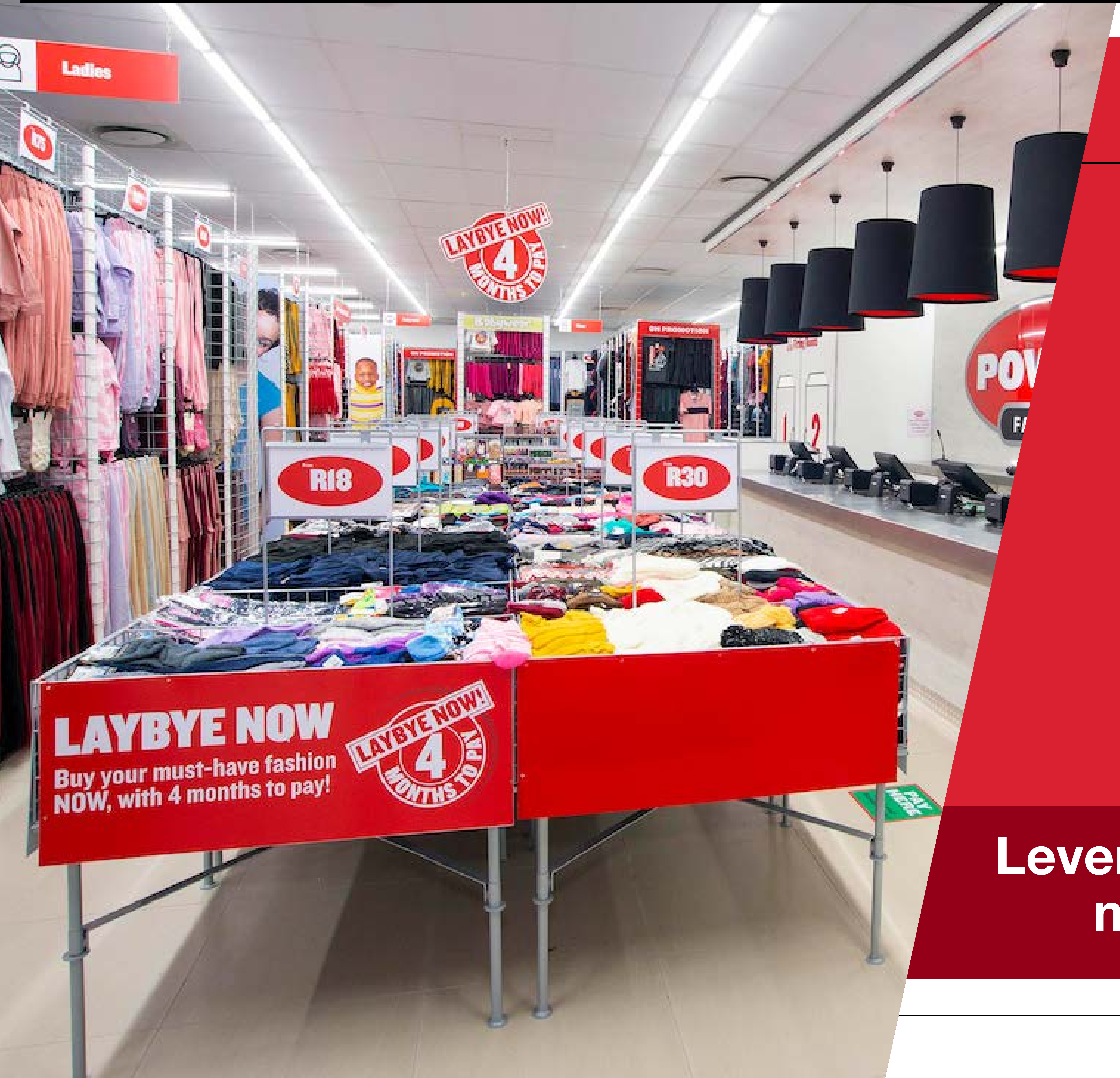
baby
bum cream
kids
bath jelly
kiwi


mr price baby
hello baby

PROVING ITS STORE BASED INVESTMENT CASE



Scaling up and gaining market share

Highlights

- Market share: gained in 11/12 months
- Powercell continued market share gains
- Opened 58 stores since acquisition. On track to deliver >500 stores

H1 FY2023

- Opened 23 new stores, 37 planned for H2 taking total to ~270
- Sales growth: +21.4%
- Sales density: 31 445m²
- GP margin: +330bps
- Op margin: +680bps

Leveraging fixed cost base will further improve metrics and support scale acceleration

YUPPIECHEF

PROVING ITS OMNI-CHANNEL INVESTMENT CASE

One year in: primed for growth

A clear strategy

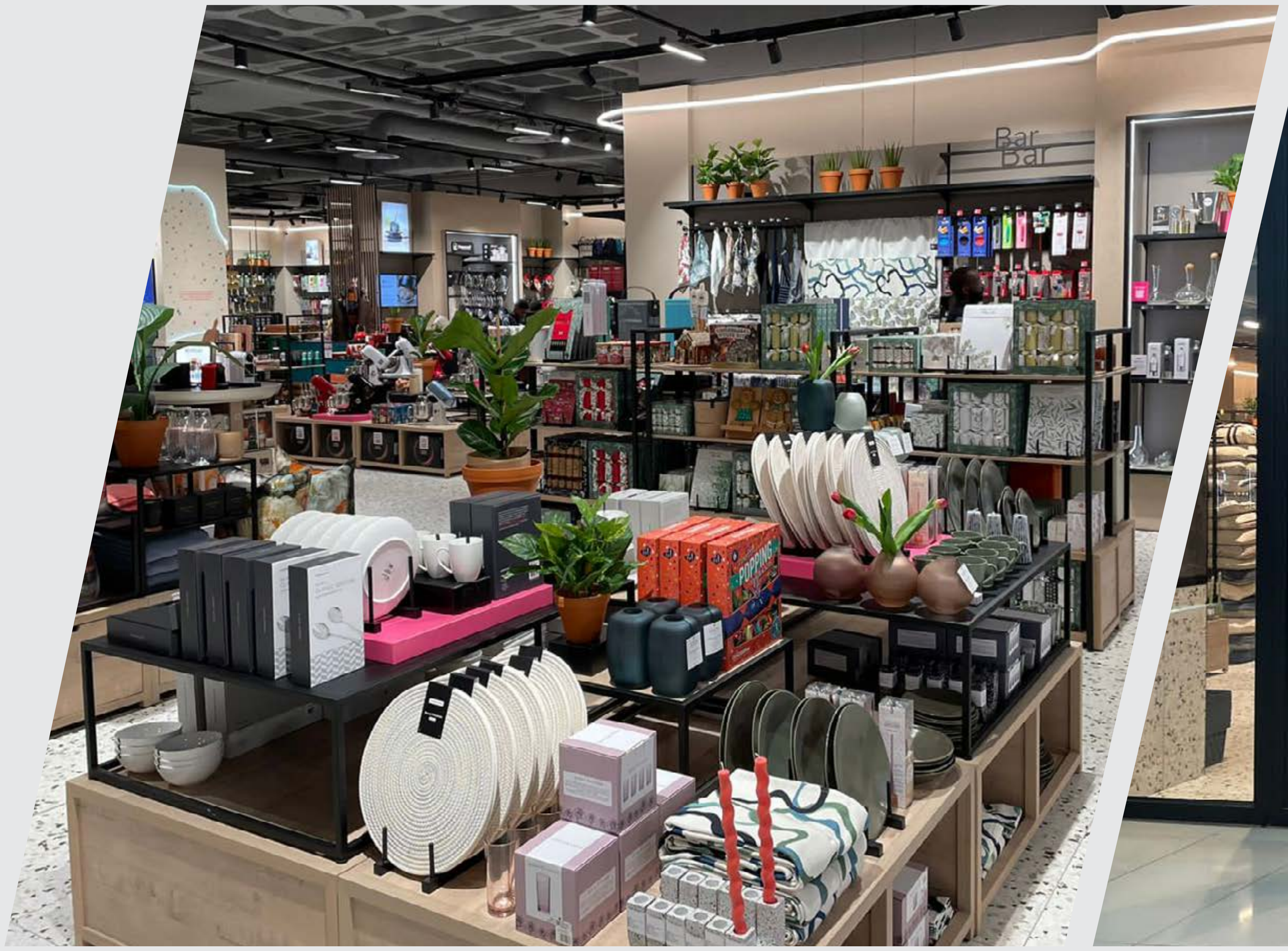
- Exponential growth to gain market share in higher income customer segment
- Omni-channel expansion plan
  - Leverage platform by innovation - new brands & merchandise categories
  - Store expansion from 10 to 70 in medium term
  - Grow wholesale division
- Softs offer introduced
- Increase margins via private label ranges – Thread Office, Sagenwolf, Humble & Mash

H1 FY2023

- Non-comparable base but performing in line with management expectation
- Stores & wholesale performing well
- 3 new stores, 4 planned for H2 taking total to 14

RETAIL THEATRE

Flagship concept - Menlyn Mall including full softs offer and extended assortment



INTRODUCING studio 88

South Africa's largest independent retailer of branded leisure, lifestyle and sporting apparel & footwear

FINANCIAL PERFORMANCE

Financial year ended 30 September 2022*

SALES

R6.4bn Growth: +15.1%

EBITDA (PRE IFRS 16 BASIS)

R793m Growth: +25.8%

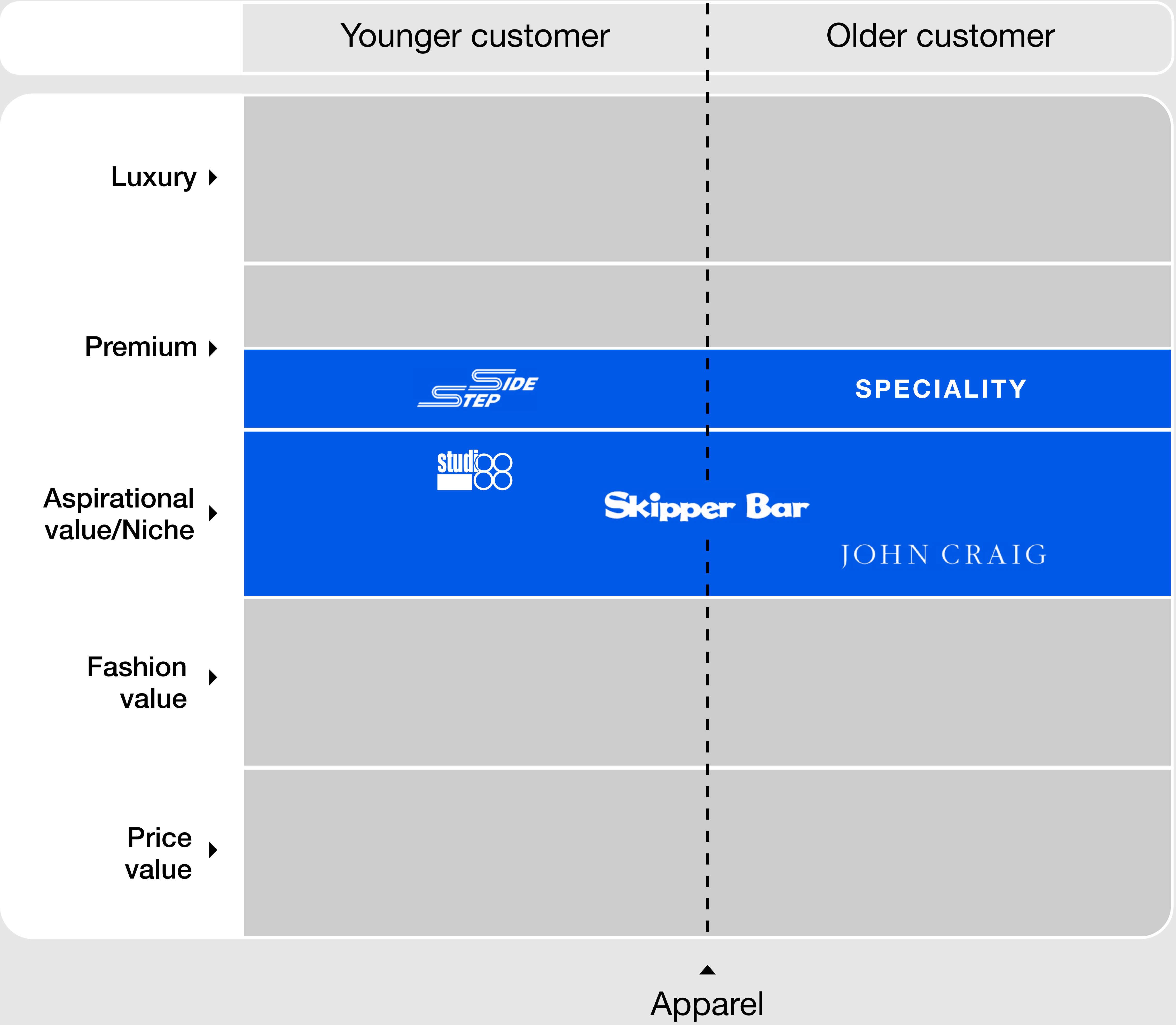
VALUATION

Original EV/EBITDA	**7.5x**
Sep 2022 EV/EBITDA	**6.3x**

*Unaudited

MARKET POSITIONING

Studio 88 Group has broad appeal to aspirational and trend conscious customers across a wide range of age profiles and affordability levels



NO. OF STORES & SALES CONTRIBUTION

		Contribution to sales
Studio 88	346	61.2%
Skipper Bar	160	15.4%
Side Step	137	11.3%
John Craig (EST. 1947)	93	7.4%
Speciality	42	4.7%

Total stores
778

Gross space
182 989m²

Trading density
35 296m²

KEY DIFFERENTIATORS

studio 88

- Omni-brand offering, appealing to a range of aspirational customers
- Strategic utilisation of branded catalogues
- Exclusive licensing agreements
- Cash based, no credit risk
- Location strategy: more heavily weighted to central business districts, regional malls and rural high streets. Taking the brands to the people
- Strategic brand relationships
- Proven team with a long track record of growth & a detailed understanding of the customer

INTEGRATION

Philosophy

- Acquire high performing businesses enabling light touch integration
- Pace & level of intervention determined collaboratively (e.g. Power Fashion internal MD)
- Cross pollination of skills encouraged

Insights

- Light touch limits distraction & maximizes performance
- Essential integration into people culture, policies & financial reporting
- Selective integration where beneficial in real estate, supply chain, sourcing & systems
- Limited integration in areas that drive customer value proposition

Successes

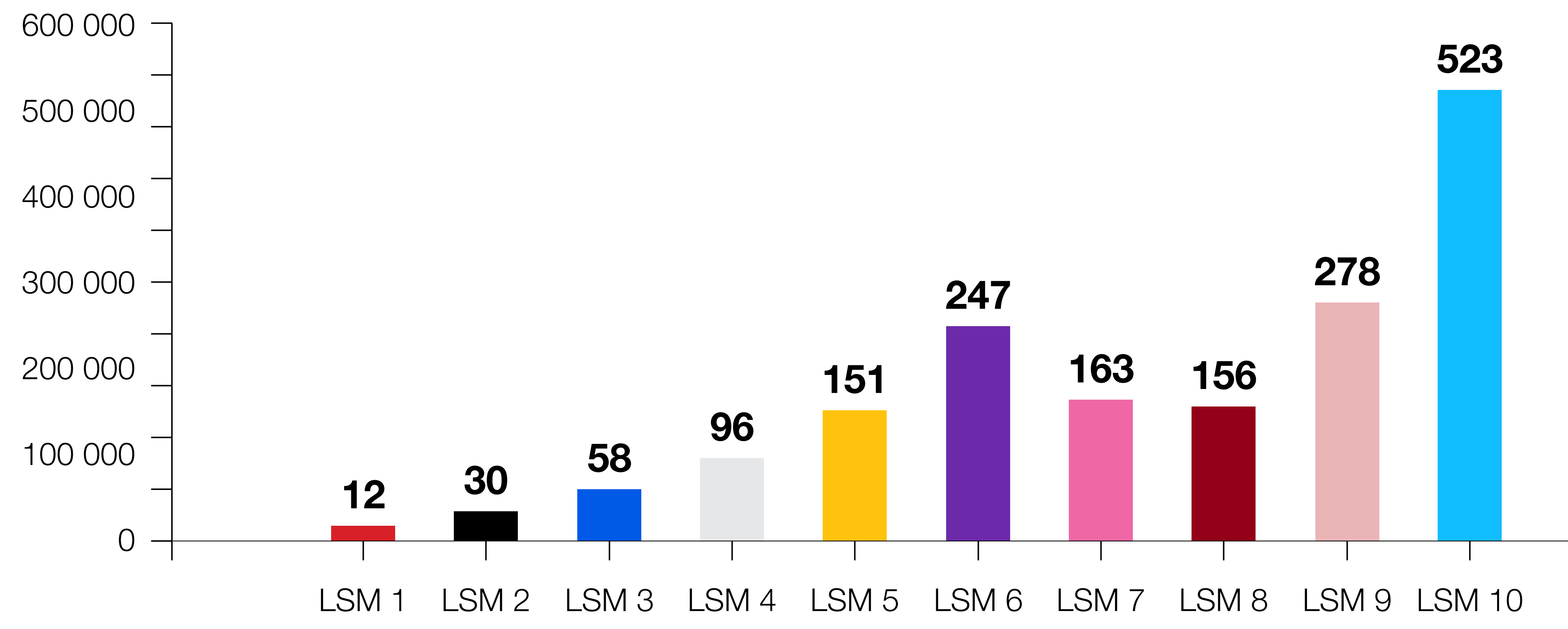
- Power Fashion
  - benefiting from supply chain & sourcing expertise
  - pace of growth enabled by group scale & skill
- Yuppiechef
  - benefiting from internal group merchandise skills (wider assortment)
  - early stage efficiencies realised in logistics & real estate

We don’t acquire for efficiencies but will be unlocked over time - leading to improved metrics

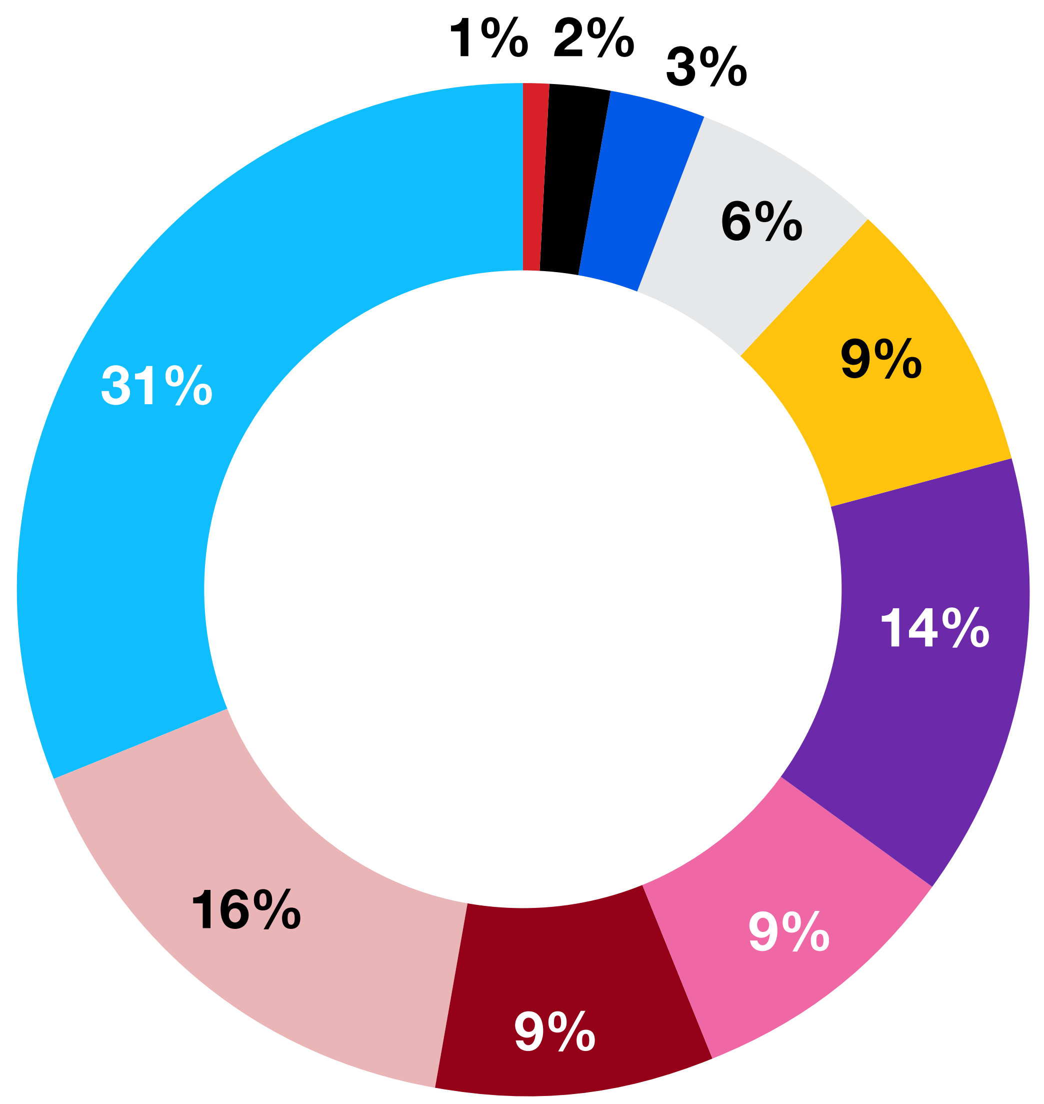
CONSUMER SEGMENTATION

LSM 8 to 10 households represent 56% of expenditure, while only accounting for 19% of households

Total expenditure (R'bn)



Total expenditure (% of total)



LSM 1 LSM 2 LSM 3 LSM 4 LSM 5 LSM 6 LSM 7 LSM 8 LSM 9 LSM 10

Supports strategic intent to pursue aspirational value segment

Source: AAMPS | Latest available data

ORGANIC AND ACQUISITIVE OPPORTUNITIES IDENTIFIED

PRICE VALUE

FASHION VALUE

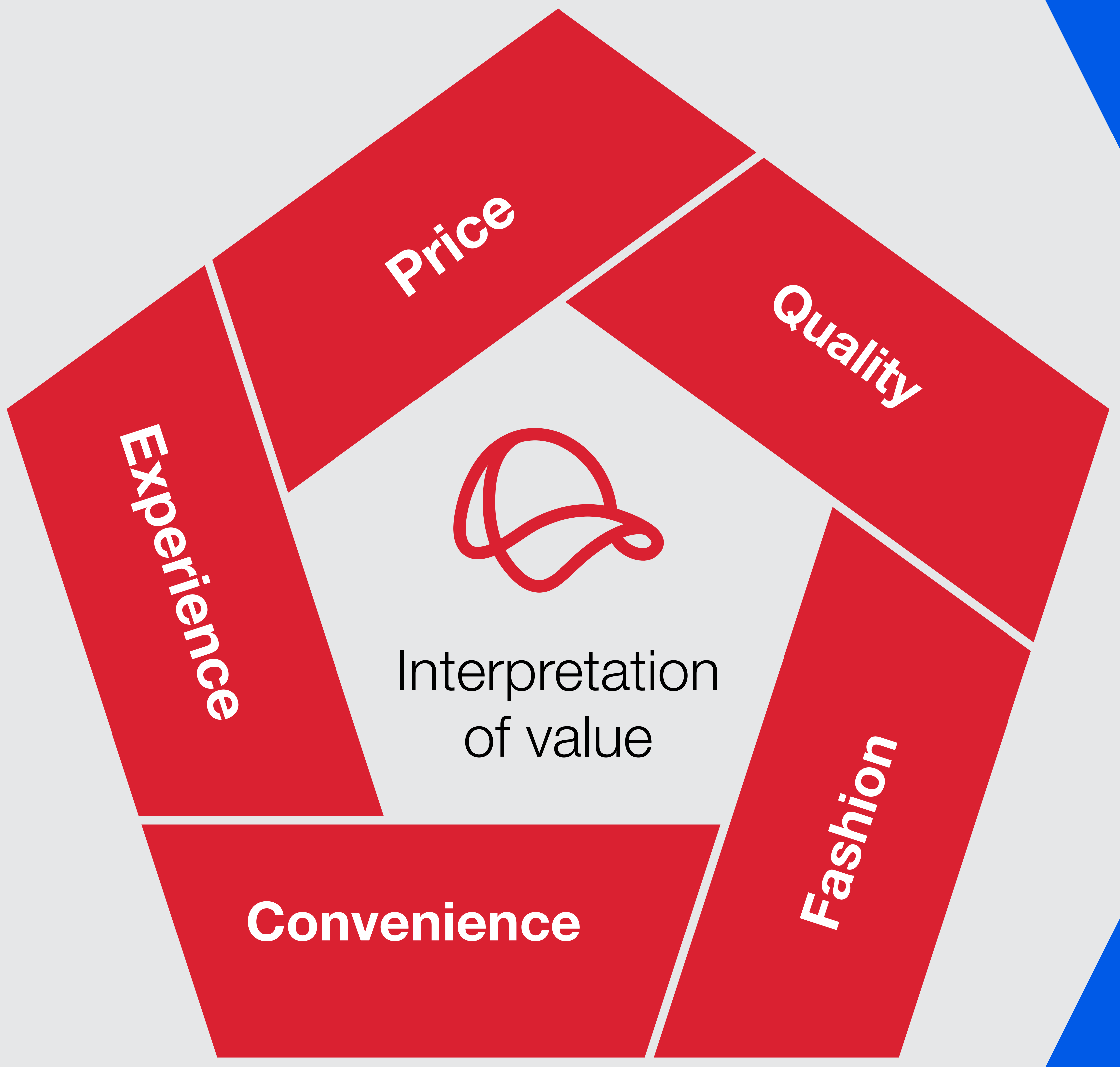
ASPIRATIONAL VALUE/NICHE

BRAND PROMISE

Grow brand value by surprising and delighting our customers with the wanted item at great value and a satisfying all-round experience.

PROGRESS

1. Customer recognition: highest brand equity in apparel and homeware segments
2. NPS scores increased. Improving customer store experience
3. One store card increased credit sales by R242m
4. Store revamp list identified. R145m planned for H2 FY2023
5. No.1 most valuable fashion apparel retailer in SA (Kantar BrandZ 2022)



FASHION-VALUE DRIVING CUSTOMER ENGAGEMENT

Mr Price Apparel was **the most shopped fashion retailer** in the last 3 months in South Africa

Sunday Times GEN NXT 2021

#1 Coolest clothing store in SA

#2 Sportscene
#3 Markham

#3 Coolest clothing brand in SA

#1 Nike
#2 Adidas

5.2m shoppers

Source: Sunday Times Gennext | MAPS 2022

DAILY NEWS 2022
YOUR CHOICE AWARDS

BEST LADIES CLOTHING BOUTIQUE

#1 Miladys
#2 Woolworths
#3 Truworths

BEST KITCHENWARE STORE

#1 Mr Price Home
#2 @Home
#3 Hirsch's

BEST LINEN STORE

#1 Sheet Street
#2 Mr Price Home
#3 Woolworths

PEOPLE

OBJECTIVE

Our energised environment and unique culture drives our performance and positions Mr Price Group to be the most sought-after retail employer

PROGRESS

To support the attainment of our vision we require superior operational performance and increased executive capacity:

- Comprehensive skills evaluation & succession plan further advanced
- Embarked on a thorough & collaborative process to develop a new organisational design framework
  - Re-considered the operating principles which will inform the new structure
  - Designed a new operating model and leadership structure
  - Process is at an advanced stage

Diversified unrelated businesses

Single-business, or highly related businesses

Monitor ← → **Manage and co-ordinate**

01	02	03	04
INVESTMENT HOLDING COMPANY	STRATEGIC ORIENTATION	OPERATIONAL ORIENTATION	INTEGRATED COMPANY

X

MRPG:

- Corporate centre defines group strategic direction & capital allocation
- Sets policies
- Approves trading businesses strategies
- Conducts detailed management reviews of trading businesses
- Creates value through synergies across trading businesses

We are in this continuum

X

LEADERSHIP STRUCTURE

CEO

Direct Reports to CEO: **reduced from 17 to 9**

Director: Investor Relations & Stakeholder Engagement

Chief People Officer

Group Director: Strategy & Growth

New Growth

- Expanding infrastructure to identify & incubate new concepts

Group Director: Apparel

Existing Growth | Environmental & Scocial

Group Director: Homeware

Existing Growth | Environmental & Scocial

(Group Director: Apparel and Group Director: Homeware)

- Operational performance
- Growth with emphasis on comp sales & retail metrics
- Focus on brand health pillar, including CRM
- Operational efficiency

Mr Price Money & Cellular

Existing Growth

Group Director: Strategic Enablement

Growth

- Emphasis on technology and supply chain:
  - Integrating acquisitions
  - Scaling existing and new organic trading concepts
  - Operational efficiency
  - Strategic benefits realisation

Chief Financial Officer

Growth | Governance

- Furthering research & data led decision making
- Ensuring group financial metric targets achieved in higher sales growth environment

Acquisitions

- Management team roles defined based on specific circumstances

Existing roles

New roles

INNOVATION & TECHNOLOGY

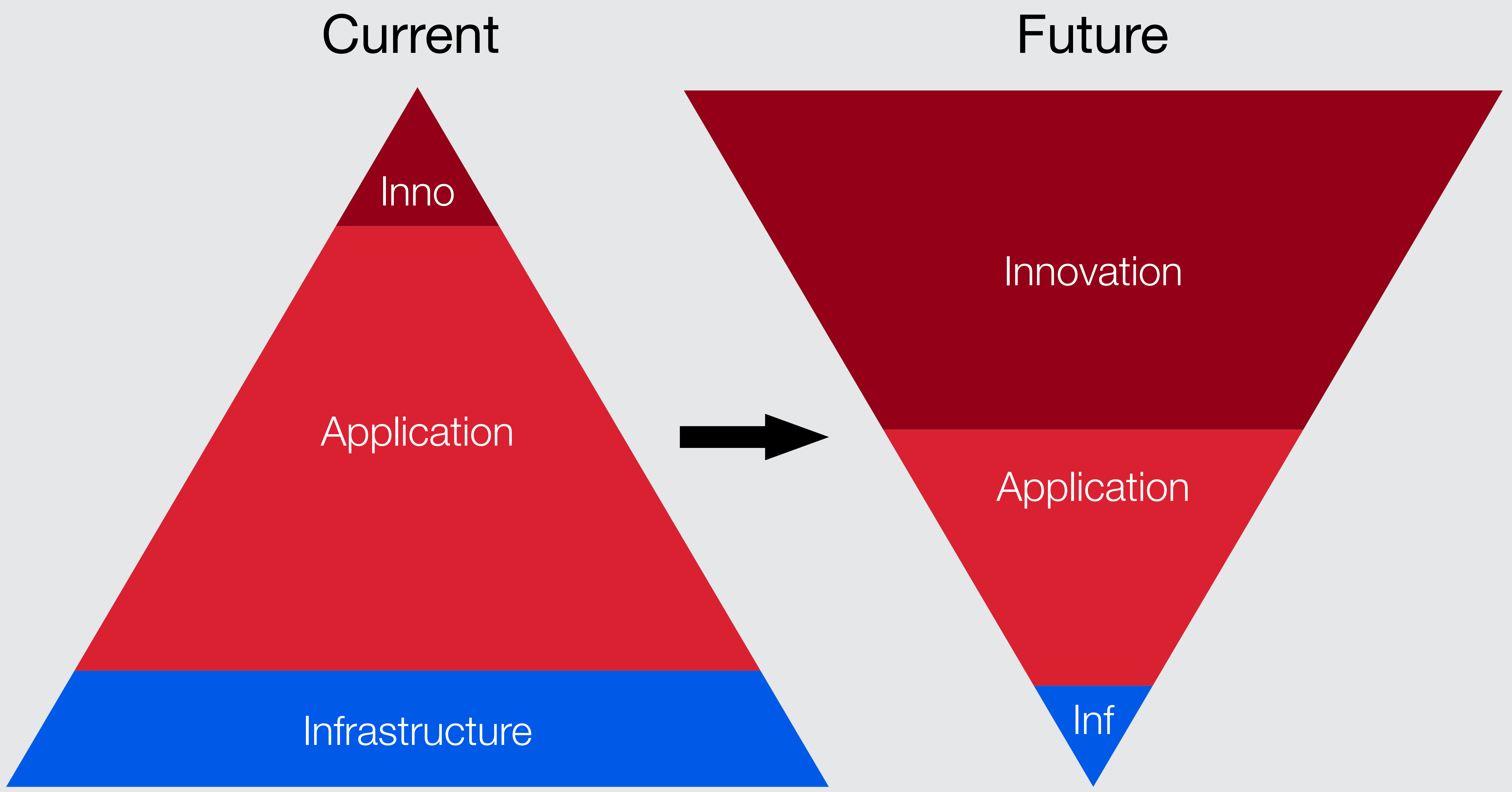
OBJECTIVE

Entrench group culture and differentiation by leading with innovation and technology

PROGRESS

FY2023:

- Retail Modernisation Programme
  - Settle remaining on-going issues of ERP
  - Benefits realisation and increased innovation
- On-going investment into Advance Retail Intelligence team
- Short-term focus: establishing firm infrastructure foundation
- Medium/long-term focus: Shift energy & delivery onto innovation



Technology to receive R1.3bn in capex over the next 5 years

SUSTAINABILITY

OBJECTIVE

We aim to be recognised by our stakeholders as a relevant, ethical & sustainable Proudly South African company

PROGRESS

1. Reported first stand alone sustainability report in June 2022
2. Investor ESG engagement planned for February 2023
3. Reported by Investec Securities as one of four 'ESG Leaders'
4. Further independent recognition on pg 54

HIGHLIGHTS

Only fashion-value retailer in the FTSE/JSE Responsible Investment Top 30 Index

80m units sourced in SA in FY2022. On track to achieve 100m target for CTFL Master Plan

40 new SA suppliers on-boarded in H1 FY2023

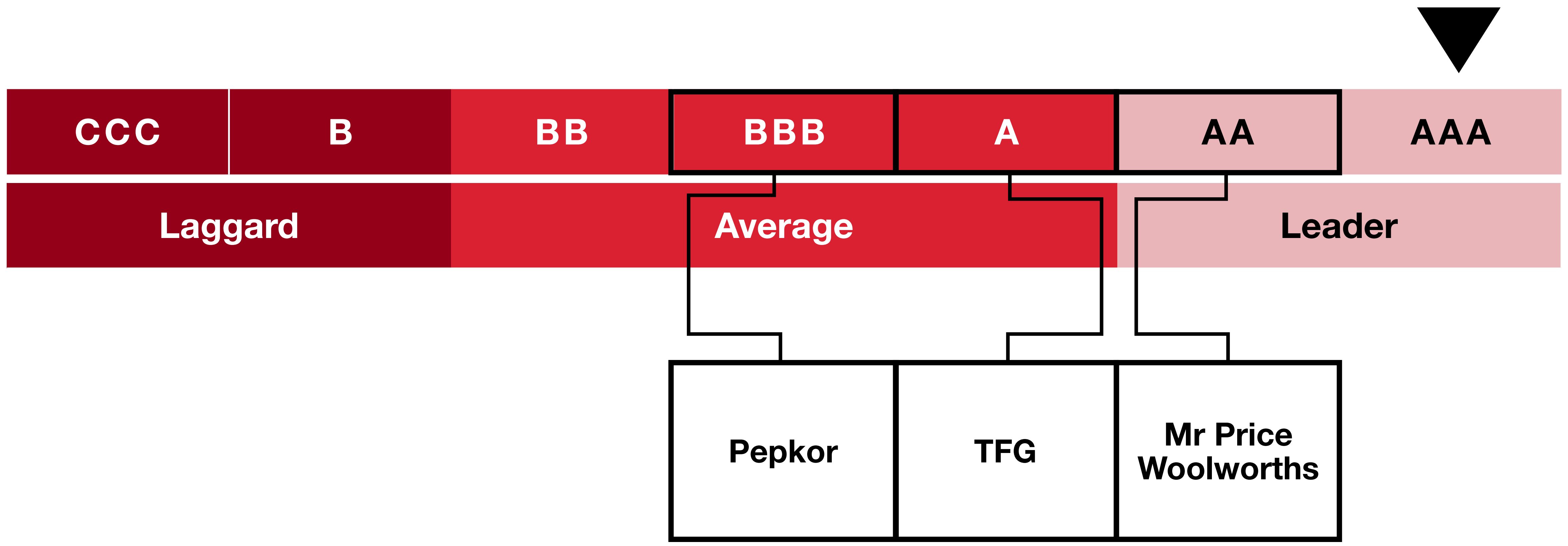
~20% of units contain sustainable materials

INDEPENDENTLY RECOGNISED

across the most credible international ratings

MSCI

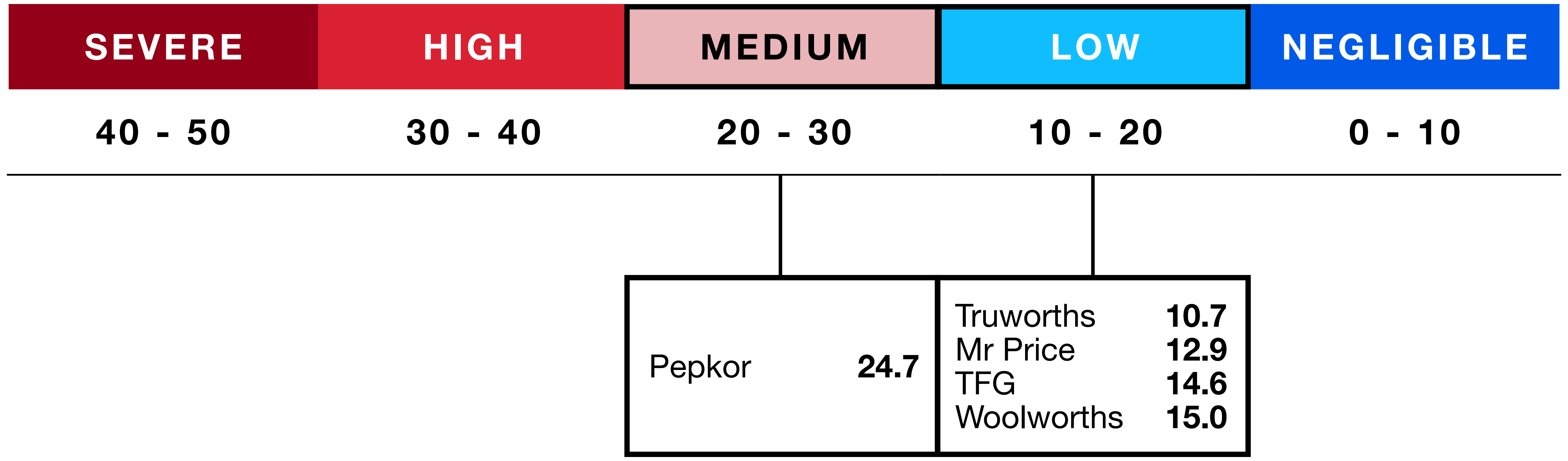
MSCI ESG Ratings aim to measure a company's management of financially relevant ESG risks and opportunities.



MRPG proving that a value retailer can excel in sustainability

SUSTAINALYTICS

Measures the degree to which a company's economic value is at risk driven by ESG factors, i.e. the magnitude of a company's unmanaged ESG risks.



MRPG ranks in the top 5% of the global Sustainalytics universe

CLOSING COMMENTS

- Tough H1 trading period with high levels of disruption
- H2 expected to be equally challenging, with emphasis on consumer financial health and competitor dynamics. Will benefit from S88 inclusion
- Will continue with our focused long-term plans and fiscal discipline despite the short-medium term challenges
- Remain excited about the potential opportunities locally
- Voluntary trading update expected 20 January 2023

04

Appendix

Detailed supporting information

REVENUE

R'M	H1		
	FY2023	FY2022	% growth
Retail sales	12 590	11 879	6.0%
Other income	536	458	17.1%
Financial services & Telecoms	473	400	18.1%
Other	63	58	10.1%
Total retail sales, interest & other income	13 126	12 337	6.4%
Finance income	128	108	18.3%
Total revenue	13 254	12 445	6.5%

EBITDA RECONCILIATION

R'M	H1		
	FY2023	FY2022	% growth
Profit from operating activities	1 932	1 709	13.0%
Total depreciation & amortisation	972	951	2.2%
EBITDA	2 904	2 660	9.2%

EARNINGS & DIVIDEND PER SHARE

	H1		
	FY2023	**FY2022**	**% growth**
Profit attributable to shareholders (R'm)	1 287	1 135	13.3%
W. Avg shares in issue (000)	257 304	258 041	
Basic earnings per share	500.1c	440.0c	13.7%
Addbacks (R'm)	(10.6)	21.6	
Headline earnings (R'm)	1 276	1 157	
Headline earnings per share	496.0c	448.3c	10.6%
Shares for diluted earnings (000)	262 553	263 723	
Diluted headline earnings per share	486.1c	438.7c	10.8%
Dividend per share	312.5c	282.4c	10.6%

REST OF AFRICA

Total % of Group sales

7.2%

FY22: 7.5%

No. of stores

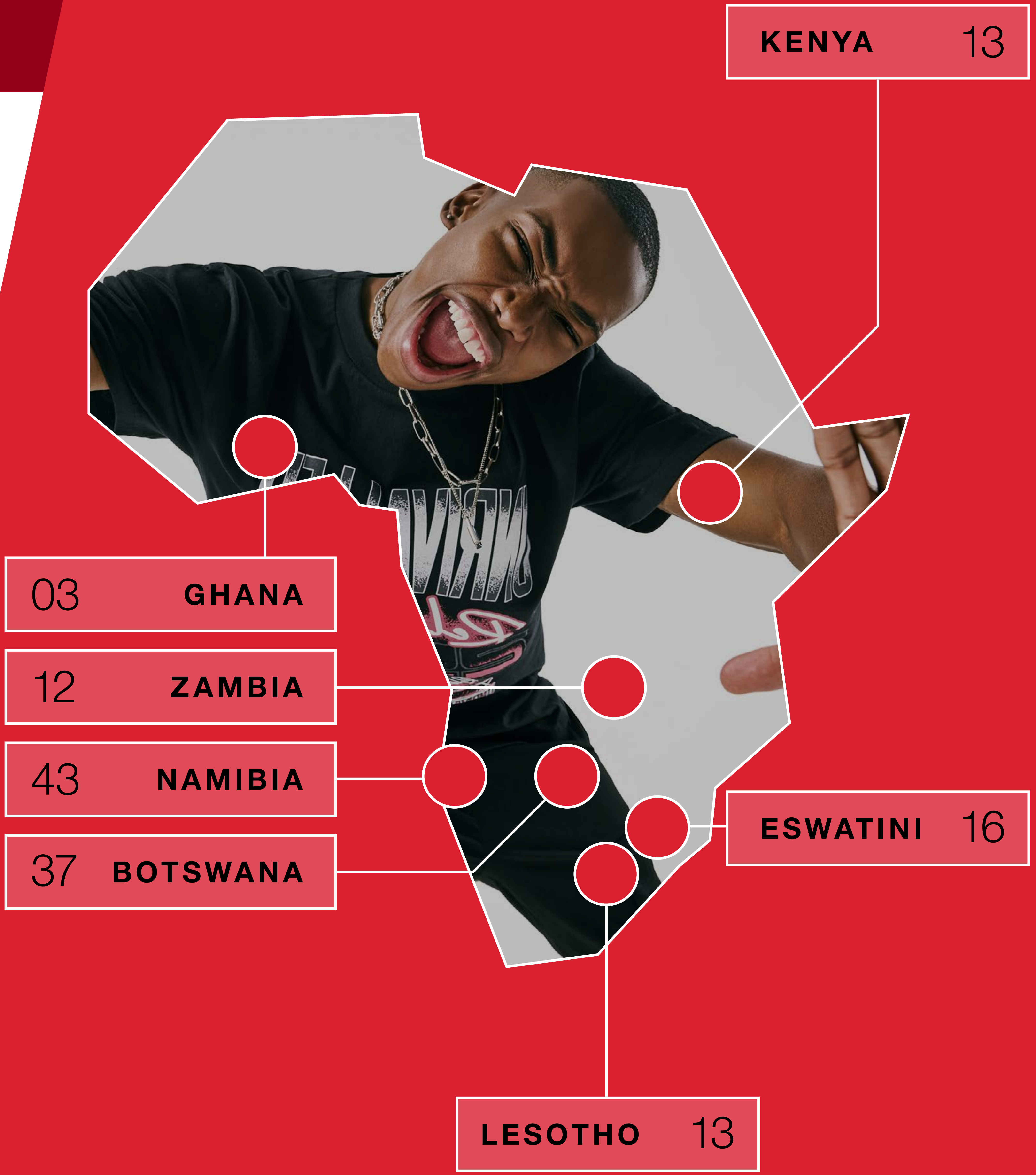
145

Corporate owned stores: 137

Sales growth (ZAR)

2.4%

FY22: 37.3%



THANK YOU