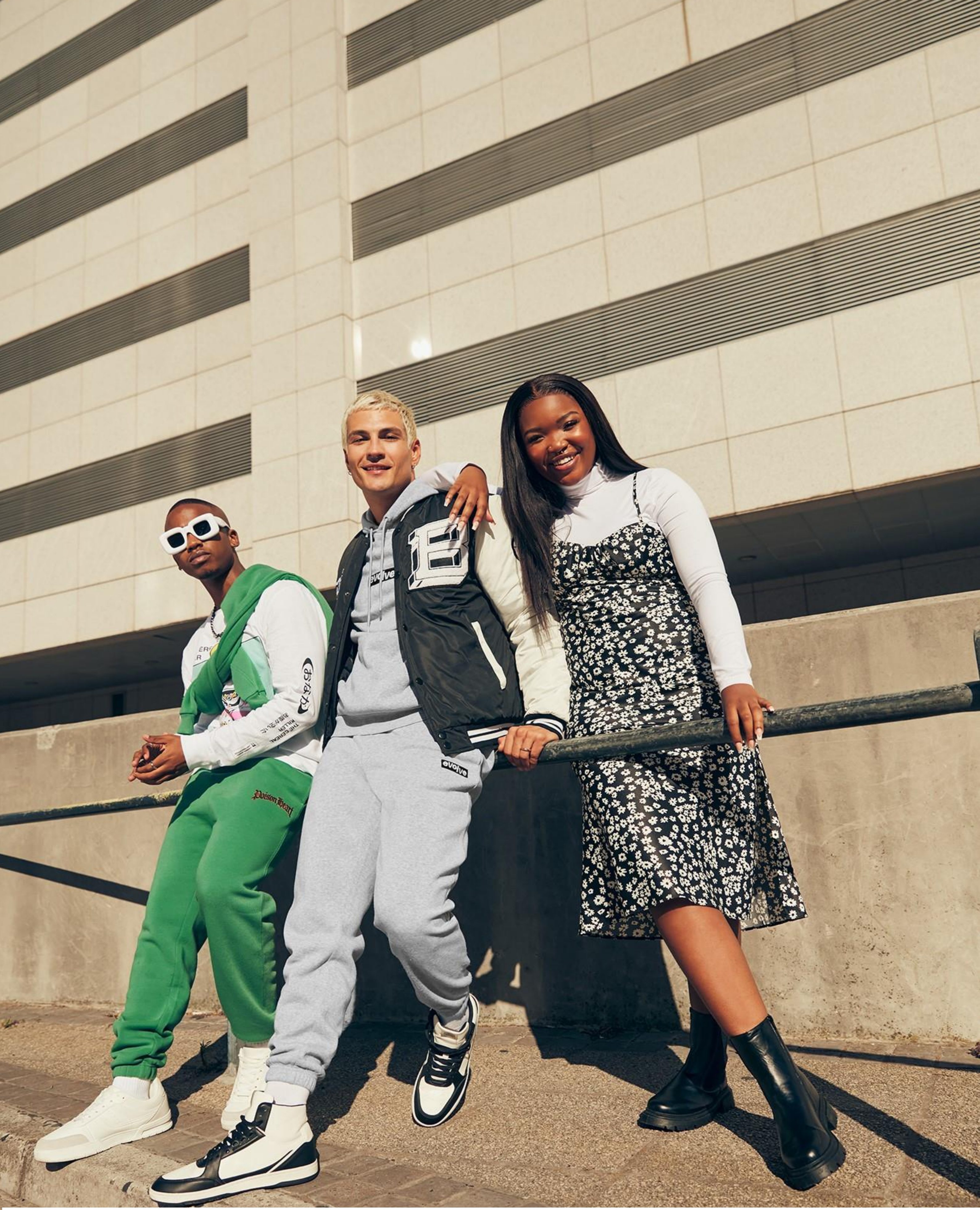

mr price group limited

Preliminary Results – Condensed Consolidated Financial Statements
52 weeks ended 1 April 2023

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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
Upper Level, North Concourse
65 Masabalala Yengwa Avenue
Durban, 4001

PO Box 912, Durban, 4000

Website
www.mrpricegroup.com

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
Private Bag X9000, Saxonwold, 2132

Auditors
Ernst & Young Inc.
1 Pencarrow Park, La Lucia Office
PO Box 859, Durban, 4000

mr price group limited

Preliminary results
For the 52 weeks ended 1 April 2023

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/2023/JSE/ISSE/MRPE/22062023.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

Revenue	EBITDA	Operating profit*
R32.9bn	R7.2bn	R4.9bn
+17.0%	+5.4%	(0.5%)

HEPS	Cash resources	Final dividend per share
1 205.7c	R1.4bn	447.1c
(6.0%)	Free of financing debt	63.0% pay-out ratio

*Profit before finance income and costs

FINAL CASH DIVIDEND DECLARATION

A final dividend of 447.1 cents per share (357.68 cents net of dividend withholding tax of 20% for shareholders who are not exempt) was decalred. The dividend has been declared from income reserves. The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Tuesday	11 July 2023
Date trading commences 'ex' dividend	Wednesday	12 July 2023
Record date	Friday	14 July 2023
Payment date	Monday	17 July 2023

Note:
Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 12 July 2023 and Friday, 14 July 2023, both dates inclusive.

COMMENTARY: Weathered multiple storms in the second half. Healthy balance sheet supports growth strategy

Mr Price today released its FY2023 year end results for the 52 weeks ended 1 April 2023 ("Period"). Group revenue was up 17.0% to R32.9bn aided by the inclusion of the acquisition of 70% of the Studio 88 Group (S88), effective 4 October 2022, which brought the total number of stores in the group to 2 702. The three recent acquisitions grew sales at double-digit levels and were earnings accretive to the group. A significant increase in loadshedding heavily impacted the most important festive trading months, resulting in an annual EBITDA increase of only 5.4% to R7.2bn.

Basic and headline earnings per share of 1 210.7 cents and 1 205.7 cents were down 6.8% and 6.0% respectively. Diluted headline earnings per share decreased 6.0% to 1 178.4 cents against a demanding base of 19.5%. A final dividend of 447.1 cents per share was declared, maintaining the 63% pay-out ratio.

Loadshedding

The group's core trading divisions were materially impacted in H2, particularly over the key festive season period. At the end of September 2022, back-up power was only available in 37% of the core business (58% including acquisitions). As a value retailer, the group had been conservative in its back-up power investment, as the historical implementation of loadshedding was manageable until September 2022, after which date it escalated to unprecedented levels. The cumulative quantum of loadshedding from September 2022 to March 2023 was greater than the previous 15 years combined, resulting in an estimated annual loss of 318 000 trading hours, equivalent to approximately R1bn in revenue. The indirect impact of loadshedding on changing customer shopping behaviour and lower levels of consumer confidence, coupled with the need to markdown higher levels of unsold stock, additionally weighed on the group's H2 performance.

The group accelerated its energy continuity roll-out plans and an investment of R220m in back-up solutions will result in 100% store coverage by end June 2023. This has had a positive effect with a 5% average sales growth differential in stores pre vs post back-up power installation.

Consumer and Competitor Environments

Rising inflation which averaged 6.9% in FY2023 (FY2022: 4.5%) and interest rate increases totalling 350 basis points, proved to be significant headwinds for consumers. Real wage growth decreased 3.3% in Q4 2022 and has particularly impacted the group's low-to-middle income, cost-conscious customer base. Consumers are under considerable pressure resulting in a diversion of spending towards non-discretionary items.

These conditions together with loadshedding, contributed to forecast sales calls not materialising across the sector, resulting in a highly promotional trading environment. Retailers actively managed the build-up of inventory levels and higher than anticipated markdowns across the industry cut into H2 gross margins. The heavy discounting in the market undermined the group's everyday low-price positioning and compromised its ability to showcase its relative value.

Oracle ERP system

The implementation of a new Oracle Merchandise Enterprise Resource Planning system in April 2022 was a significant milestone for the group, de-risking its legacy, home-grown IT environment and building a firm platform for its growth ambitions. As noted in prior SENS announcements, post go-live stabilisation challenges were encountered, which are typical in such large company-wide installations and resulted in disruption and significant distraction to merchant activities. An internal diagnostic performed by management revealed that the system cut over impacted the group's competitive advantage of in-season trade and the execution of key sales, stock and margin management planning activities over the year. The project was successfully closed on 15 March 2023.

Results summary

Group retail sales grew 18.0% to R31.5bn (comparable stores decreased 3.4%). Excluding S88 retail sales grew 2.1% but decreased 0.9% in H2 FY2023 due to the above detailed factors. Other income decreased 1.0% to R1.2bn, impacted by the insurance proceeds in the prior period predominantly from the civil unrest claims. Excluding insurance proceeds, other income grew 18.0%.

Total store sales which contribute 97.5% to retail sales, increased 18.5% (excluding S88: 2.2%). Online sales increased 3.2% (excluding S88: 1.8%), off a strong growth of 48.2% in the prior period. Total unit sales increased 2.7% (excluding S88: -2.0%). Group RSP inflation rose to 15.0%, impacted by higher price point merchandise in S88. Excluding S88, inflation of 4.3% was well contained below CPI.

The store footprint increased by 1 000 stores during the Period as a result of 171 new stores from the core business, 51 from S88, and 778 acquired S88 stores. The total store footprint at the end of the Period was 2 702. Trading space increased 16.9% on a weighted average basis and 28.0% on a closing basis (excluding S88: weighted average 5.7%; closing 5.8%).

The group's core customer typically prefers to transact with cash, which contributed 87.3% of group retail sales during the Period. Cash sales growth of 19.7% was boosted by the inclusion of S88 (up 1.2% excluding S88). In comparison, credit sales grew 8.3%.

The gross profit margin declined by 150 basis points to 39.5%. Higher markdowns, increased input prices due to global inflation effects, currency depreciation and the inclusion of high growth, lower margin acquisitions impacted the gross profit margin. Total expenses increased 21.2%, driven by the inclusion of S88. Excluding S88, expenses were contained below CPI and increased 6.7% driven by new weighted average space in these divisions up 6.4% and a higher-than-normal movement in net bad debts. Profit from operating activities decreased 0.5% to R4.9bn and the operating margin decreased 260bps to 15.1% of retail sales and other income (RSOI).

The debtors' book grew 9.3%, supported by strong credit sales and a 350 basis points increase in the repo rate over the Period. The net bad debt to book percentage increased to 8.4% (FY2022: 6.0%), adequately covered by the impairment provision of 10.0% (FY2022: 9.1%).

Inventory growth of 85.1% was inflated by the introduction of Studio 88, excluding which the increase was 18.6% (including goods in transit) outside the group's targeted plan due to the trade disruption factors noted above. Stock freshness (0-3 months ageing) at the end of the Period was 83.4% and acute focus is being placed on stock management at improved stock turns.

The group ended the Period with available cash of R1.4bn, having settled the S88 acquisition of R3.6bn in H2. Capital expenditure of R945m was primarily allocated towards new store development and store revamps, and R67.8m was redirected towards the installation of back-up power solutions.

Outlook

The trading circumstances detailed earlier are expected to continue throughout H1 FY2024. However a recovery from September 2023 should start to be seen - power outages will be in the base, inventory levels should be at desired levels, and hopefully inflation and interest rates start abating. The group is confident in its business model and ability to execute its plans in the absence of the significant disruption experienced in FY2023.

CEO Mark Blair said "Despite a challenging environment, we are a resilient, motivated team, and can still see many opportunities, within our existing businesses and in the market. In the last two financial years, we have invested approximately R5.5bn in acquisitions, R1.7bn in capex and paid R4bn in dividends. This was funded wholly with cash and we have ended this year with an unencumbered balance sheet."

Management and the Board wish to express its gratitude to all the wonderful people in the Mr Price family and to shareholders for their continued support.

mrprice | mrpricehome | mrpricesport | mrpricemoney | sheet•street | MILADYS | POWER FASHION | YUPPIECHEF | studio88

Mr Price Group Limited	Registration Number: 1933/004418/06 - Incorporated in the Republic of South Africa - ISIN: ZAE000200457 - JSE/A2X code: MRP
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
Sponsor	Investec Bank Limited
Transfer Secretaries	Computershare Investor Services (Pty) Ltd

PRESS RELEASE

MR PRICE REPORTS RESULTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

Mr Price today released its FY2023 year end results for the 52 weeks ended 1 April 2023 ("Period"). Group revenue was up 17.0% to R32.9bn aided by the inclusion of the acquisition of 70% of the Studio 88 Group (S88), effective 4 October 2022, which brought the total number of stores in the group to 2 702. The three recent acquisitions grew sales at double-digit levels and were earnings accretive to the group. A significant increase in loadshedding heavily impacted the most important festive trading months, resulting in an annual EBITDA increase of only 5.4% to R7.2bn.

Basic and headline earnings per share of 1 210.7 cents and 1 205.7 cents were down 6.8% and 6.0% respectively. Diluted headline earnings per share decreased 6.0% to 1 178.4 cents against a demanding base of 19.5%. A final dividend of 447.1 cents per share was declared, maintaining the 63% pay-out ratio.

Loadshedding

The group's core trading divisions were materially impacted by loadshedding in H2, particularly over the key festive season period. At the end of September 2022, back-up power was only available in 37% of the core business (58% including acquisitions). As a value retailer, the group had been conservative in its back-up power investment, as the historical implementation of loadshedding was manageable until September 2022, after which date it escalated to unprecedented levels. The cumulative quantum of loadshedding from September 2022 to March 2023 was greater than the previous 15 years combined, resulting in an estimated annual loss of 318 000 trading hours, equivalent to approximately R1bn in revenue. The indirect impact of loadshedding on changing customer shopping behaviour and lower levels of consumer confidence, coupled with the need to markdown higher levels of unsold stock, additionally weighed on the group's H2 performance.

The group accelerated its energy continuity roll-out plans and an investment of R220m in back-up solutions will result in 100% store coverage by end June 2023. This has had a positive effect with a 5% average sales growth differential in stores pre vs post back-up power installation. The solutions implemented are predominantly inverter and battery which can handle loadshedding up to a stage 8 level while maintaining a lighting level in all stores of 70%. The solutions are scalable should loadshedding worsen. The primary distribution centre and group head office are able to fully maintain continuity during power disruptions.

Consumer and Competitor Environments

Rising inflation which averaged 6.9% in FY2023 (FY2022: 4.5%) and interest rate increases totalling 350 basis points, proved to be significant headwinds for consumers. Real wage growth decreased 3.3% in Q4 2022 and has particularly impacted the group's low-to-middle income, cost-conscious customer base. Consumers are under considerable pressure resulting in a diversion of spending towards non-discretionary items.

These conditions together with loadshedding, contributed to forecast sales calls not materialising across the sector, resulting in a highly promotional trading environment. Retailers actively managed the build-up of inventory levels and higher than anticipated markdowns across the industry cut into H2 gross margins. The heavy discounting in the market undermined the group's everyday low-price positioning and compromised its ability to showcase its relative value to its customers.

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Group retail sales grew 18.0% to R31.5bn (comparable stores decreased 3.4%). Excluding S88 retail sales grew 2.1% but decreased 0.9% in H2 FY2023 due to the above detailed factors. Other income decreased 1.0% to R1.2bn, impacted by the insurance proceeds in the prior period predominantly from the civil unrest claims. Excluding insurance proceeds, other income grew 18.0%.

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The store footprint increased by 1 000 stores during the Period as a result of 171 new stores from the core business, 51 from S88, and 778 acquired S88 stores. The total store footprint at the end of the Period was 2 702. Trading space increased 16.9% on a weighted average basis and 28.0% on a closing basis (excluding S88: weighted average 5.7%; closing 5.8%).

The trading period was characterised by an extended consumer credit cycle as household disposable income experienced pressure due to rising inflation. The group's core customer typically prefers to transact with cash, which contributed 87.3% of group retail sales during the Period. Cash sales growth of 19.7% was boosted by the inclusion of S88 (up 1.2% excluding S88). In comparison, credit sales grew 8.3%. A rise in credit demand in line with the industry trend was experienced with resultant credit applications up 30.9%. A conscious decision to curb this attractive credit sales opportunity was elected despite this demand. A more conservative credit posture into the second half of FY2023 resulted in account approval rates dropping to 23.0% from 33.1% in the prior period.

The gross profit margin declined by 150 basis points to 39.5%. Higher markdowns, increased input prices due to global inflation effects, currency depreciation and the inclusion of high growth, lower margin acquisitions impacted the gross profit margin. Total expenses increased 21.2%, driven by the inclusion of S88. Excluding S88, expenses were contained below CPI and increased 6.7% driven by new weighted average space in these divisions up 6.4% and a higher-than-normal movement in net bad debts. Profit from operating activities decreased 0.5% to R4.9bn and the operating margin decreased 260bps to 15.1% of retail sales and other income (RSOI).

The Apparel segment (76.8% contribution to retail sales) increased RSOI 24.6% to R24.3bn (excluding S88: +2.8%) and comparable retail sales decreased 1.4% against a base of +17.4%. The group's largest division, Mr Price Apparel (43.8% contribution to RSOI), was more impacted by loadshedding than other divisions due to its far-reaching store footprint, as well as the nature of its value focused customer base. Management is satisfied with the performance of Miladys and Mr Price Sport, while the double-digit sales growths in Studio 88 (now the second largest division in the group) and Power Fashion were pleasing.

Mr Price Apparel completed the test of its Baby and Kidswear concepts in 2022 and has evolved a new model which combines these two departments into a Mr Price Kids standalone concept which it plans to roll out rapidly in the coming years. These stores, many of which will be located near high volume Mr Price apparel stores will create space in those stores for better presentation of adult apparel, while giving the customer an expanded assortment of kidswear in the Mr Price Kids stores. The sales achieved in test stores in a number of locations suggest that Mr Price Kids could be another highly successful chain under the well recognised Mr Price brand. Approximately 300 potential Mr Price Kids locations have so far been identified.

In the Homeware segment (19.9% contribution to retail sales) RSOI decreased 3.8% to R6.3bn and comparable retail sales decreased 9.9% against a base of +6.1%. During COVID-19 lockdowns, home improvement sales grew rapidly and attracted a number of new competitors into this space where the group previously had a dominant share for several years. Given that many products are readily comparable this put pressure on sales and profits in the home businesses. The group is adjusting its business models to the new, more competitive environment and remains confident that both Mr Price Home and Sheet Street will continue to be important growth and profit vehicles in its future. Yuppiechef continues to make good progress against its strategic objectives, doubling its store base to 14 stores, with there being a long list of potential locations to build this brand into a true omni-channel, national retailer in the higher income customer segment.

In the Telecoms segment (3.3% contribution to retail sales) revenue increased 4.5% to R1.2bn. The instore cellular merchandise presence increased to a total of 465 stores and the 12 standalone stores continue to perform strongly. Over 800 000 cellular handsets and accessories were sold during the year, resulting in market share gains of 70bps according to Growth for Knowledge.

The Financial Services segment revenue increased 18.9% to R829m. Debtors' interest and fees increased 24.2% due to a higher average debtors' book and a 350 basis points increase in the repo rate over the Period. Despite the group's strict credit granting criteria, the collections and recoveries environment was challenged by the tough economic conditions. Bad debt write-offs increased 29.4% resulting in the net bad debt to book percentage increasing to 8.4% (FY2022: 6.0%), adequately covered by the impairment provision of 10.0% (FY2022: 9.1%). Insurance premium income grew 6.8%.

Inventory growth of 85.1% was inflated by the introduction of Studio 88, excluding which the increase was 18.6% (including goods in transit) outside the group's targeted plan due to the trade disruption factors noted above. Stock freshness (0-3 months aging) at the end of the Period was 83.4% and acute focus is being placed on stock management at improved stock turns.

The group ended the Period with available cash of R1.4bn, having settled the S88 acquisition of R3.6bn in H2. Capital expenditure of R945m was primarily allocated towards new store development and store revamps, and R67.8m was redirected towards the installation of back-up power solutions. Forecast capital expenditure for FY2024 is anticipated to be approximately R1.2bn. This will be primarily allocated to approximately 260 new stores, taking the group to nearly 3 000 stores by year-end, as well as to store revamps and back-up power solutions. Net asset value per share increased 15.6% to 5 415 cents.

Outlook

Further interest rate increases post year-end have not meaningfully reduced inflation, resulting in consumers continuing to shift their spend to a greater share of non-discretionary items. Compounding the challenges in the retail sector are the elevated inventory levels which continue to result in a highly promotional retail environment. The trading circumstances detailed earlier are expected to continue throughout H1 FY2024. However an anticipated improved performance from September 2023 should start to be seen – power outages will be in the base, inventory levels should be at desired levels, and hopefully inflation and interest rates start abating. The group is confident in its business model and ability to execute its plans in the absence of the significant disruption experienced in FY2023.

The potential higher stages of loadshedding throughout winter threaten to extend this disruptive retail cycle. Loadshedding has become a permanent and tiresome obstacle to businesses in South Africa and the cost of doing business has materially increased, stifling economic growth.

The group is continually evaluating its capital allocation framework, and is pleased to report that its investment into new stores is delivering good returns. Given the retail climate and the limited availability of good trading locations, it has pulled back on budgeted store openings slightly in the new year, and allocated capex in line with historical performance. It has also raised its ROCE threshold to ensure that only highly attractive opportunities are approved.

CEO Mark Blair said, “Despite a challenging environment, we are a resilient, motivated team, and can still see many opportunities, within our existing businesses and in the market. In the last two financial years, we have invested approximately R5.5bn in acquisitions, R1.7bn in capex and paid R4bn in dividends. This was funded wholly with cash and we have ended this year with an unencumbered balance sheet.” To create the necessary capacity for leadership to focus on the execution of its various businesses, and to maintain a clear view of future growth plans, the group’s executive team was expanded. Experienced sectoral heads were appointed from within, with the primary goals of improving like for like store sales and extracting efficiencies across the group.

Management and the Board wish to express its gratitude to all the wonderful people in the Mr Price family and to shareholders for their continued support. Mark Blair continued, “Times are difficult, but cycles are not permanent. The group has an experienced team, who have seen cycles come and go. Now is not the time for negativity–we have a great business, a strategy that is clear, and most importantly, talented people and a strong culture.”

ENDS

FINAL CASH DIVIDEND DECLARATION

Notice is hereby given that a final gross cash dividend of 447.1 cents per share was declared for the 52 weeks ended 1 April 2023. The group maintained its historic 63% dividend payout ratio of headline earnings. As the dividend has been declared from income reserves, shareholders, unless exempt or who qualify for a reduced withholding tax rate, will receive a net dividend of 357.68000 cents per share. The dividend withholding tax rate is 20%.

The issued share capital at the declaration date is 256 791 496 listed ordinary and 6 792 786 unlisted B ordinary shares. The tax reference number is 9285/130/20/0.

The salient dates for the dividend will be as follows:

Last date to trade 'cum' the dividend	Tuesday	11 July 2023
Date trading commences 'ex' the dividend	Wednesday	12 July 2023
Record date	Friday	14 July 2023
Payment date	Monday	17 July 2023

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 12 July 2023 and Friday, 14 July 2023, 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 21 June 2023.

DIRECTORS

SB Cohen* (Honorary Chairman), NG Payne* (Chairman), MM Blair (CEO), MJ Stirton (CFO), MJ Bowman*, JA Canny*, M Chauke*, SA Ellis*, K Getz*, D Naidoo*, LA Swartz*, NA Abrams^

* Non-executive director ^ Alternate director

PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 1 APRIL 2023

PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'm	2023 1 Apr Reviewed	2022 2 Apr Audited
Assets		
Non-current assets	17 003	11 296
Property, plant and equipment	3 598	2 518
Right-of-use asset	7 737	6 315
Intangible assets	5 245	2 039
Long-term receivables and other assets	47	50
Defined benefit fund asset	85	77
Deferred taxation assets	291	297
Current assets	11 778	11 381
Inventories	7 321	3 956
Trade and other receivables	2 733	2 551
Derivative financial instruments	51	64
Reinsurance assets	219	190
Taxation	12	8
Cash and cash equivalents	1 442	4 612
Total assets	28 781	22 677
Equity and liabilities		
Total equity	13 928	12 056
Equity attributable to shareholders	13 014	12 056
Non-controlling interests	914	-
Non-current liabilities	7 466	6 002
Lease liability	7 028	5 951
Deferred taxation liabilities	362	28
Interest-bearing loans	56	1
Post retirement medical benefits	20	22
Current liabilities	7 387	4 619
Trade and other payables	4 877	2 895
Derivative financial instruments	31	150
Current portion of interest-bearing loans	33	-
Reinsurance liabilities	44	43
Current portion of lease liability	2 093	1 460
Taxation	309	71
Total equity and liabilities	28 781	22 677

PRELIMINARY CONDENSED CONSOLIDATED INCOME STATEMENT

R'm	1 Apr 52 weeks Reviewed	2 Apr 52 weeks Audited	% change
Revenue	**32 853**	28 083	17.0
Retail sales	**31 498**	26 683	18.0
Other revenue[1]	**1 170**	1 182	(1.0)
Retail sales and other revenue	**32 668**	27 865	17.2
Costs and expenses	**27 748**	22 919	21.1
Cost of sales	**19 144**	15 820	21.0
Selling expenses	**6 323**	5 049	25.2
Administrative and other operating expenses	**2 281**	2 050	11.3
Profit before finance costs and finance income[2]	**4 920**	4 946	(0.5)
Finance interest income	**185**	218	(15.1)
Finance costs	**702**	541	29.9
Profit before taxation	**4 403**	4 623	(4.8)
Taxation	**1 177**	1 276	(7.7)
Net profit for the period	**3 226**	3 347	(3.6)
Profit attributable to non-controlling interests	**111**	-	100.0
Profit attributable to equity holders of parent	**3 115**	3 347	(6.9)
Weighted average number of shares in issue	**257 274**	257 778	(0.2)
Earnings per share (cents)			
- basic	**1,210.7**	1,298.6	(6.8)
- diluted basic	**1,183.3**	1,270.1	(6.8)
Dividends per share (cents)	**759.6**	807.3	(5.9)
Dividend payout ratio	**63.0**	63.0	

Headline earnings per share (cents)			
- headline	**1,205.7**	1,282.1	(6.0)
- diluted headline	**1,178.4**	1,254.0	(6.0)

[1]Included in other revenue is interest charged on debtors of R402m (2022: R312m)

[2]The subtotal profit from operating activities has been changed to profit before finance costs and finance income for more concise disclosure.

PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'm	2023 1 Apr 52 weeks Reviewed	2022 2 Apr 52 weeks Audited
Profit attributable to shareholders	3 226	3 347
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss:		
Currency translation adjustments	4	(28)
Gain on hedge accounting	61	161
Deferred taxation thereon	(17)	(45)
Items that may not be reclassified subsequently to profit or loss:		
Defined benefit fund net actuarial gain/(loss)	2	(1)
Deferred taxation thereon	-*	-*
Total comprehensive income	3 276	3 434

* Less than R1 million

Total comprehensive income attributable to:		
Owners of the parent	3 165	3 434
Non-controlling interest	111	-
	3 276	3 434

PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'm	2023 1 Apr 52 weeks Reviewed	2022 2 Apr 52 weeks Audited
Total equity at beginning of the period	12 056	10 838
Total comprehensive income for the period	3 276	3 434
Treasury share transactions	(187)	(344)
Shares issued	157	-
Shares cancelled	(167)	-
Recognition of share-based payments	182	87
Dividends to shareholders	(2 192)	(1 959)
Acquisition of non-controlling interest	803	-
Total equity at end of the period	13 928	12 056

Total equity at end of the period		
Owners of the parent	13 014	12 056
Non-controlling interest	914	-
	13 928	12 056

PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'm	2023 1 Apr 52 weeks Reviewed	2022 2 Apr 52 weeks Audited
Cash flows from operating activities		
Operating profit before working capital changes	6 970	6 764
Working capital changes	(710)	(1 059)
Cash generated from operations	6 260	5 706
Interest on trade receivables	418	312
Finance costs	(51)	(3)
Finance income received	164	195
Taxation paid	(851)	(1 402)
Net cash inflows from operating activities	5 940	4 807
Cash flows from investing activities		
Decrease/(increase) in respect of long-term receivables	11	(15)
Payment for acquisition of Yuppiechef, net of cash acquired	-	(326)
Payment for acquisition of Studio 88, net of cash acquired	(3 465)	-
Payment for intangible assets acquired		
- replacement	-	(8)
- additions	(82)	(92)
Payment for property, plant and equipment (PPE) acquired		
- replacement	(272)	(259)
- additions	(484)	(321)
Receipts from proceeds on disposal of PPE	1	10
Proceeds from insurance relating to PPE	21	86
Net cash outflows from investing activities	(4 270)	(925)
Cash flows from financing activities		
(Decrease) in interest-bearing loans	4	(2)
Repayment of capital portion of lease liability	(1 586)	(1 298)
Repayment of interest portion of lease liability	(692)	(538)
Receipts relating to sale of shares by staff share trusts	39	25
Payment relating to purchase of shares by staff share trusts	(42)	(203)
Payments relating to purchase of shares	-	(53)
Payment relating to share buyback	(167)	-
Deficit on treasury share transactions	(16)	(13)
Payment relating to share hedging costs and instruments	(189)	(166)
Dividends paid to shareholders	(2 192)	(1 959)
Net cash outflows from financing activities	(4 841)	(4 207)
Net decrease in cash and cash equivalents	(3 171)	(325)
Cash and cash equivalents at beginning of the year	4 612	4 949
Exchange gains/(losses)	1	(12)
Cash and cash equivalents at end of the year	1 442	4 612

SEGMENTAL REPORTING

For management reporting purposes, the group has reported business units based on how the group's chief decision makers operate the business.

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.

The five reportable segments are as follows:

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories. This segment includes the following divisions: Mr Price Apparel, Mr Price Sport, Miladys, Power Fashion and the Studio 88 group.
- The Home segment retails homewares and furniture. This segment includes Mr Price Home, Sheet Street and Yuppiechef.
- 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 shared services costs which is done in proportion to their relative sales contribution to the group. All remaining center of excellence costs (corporate and governance services) which are not directly related to the running of the segments are not charged out. Segments are managed on a targeted operating margin percentage basis sufficient to cover the demand of unallocated service costs relating to these centers. Net finance income and income taxes are managed at a group level and are not allocated to operating segments.

R'm	**2023 1 Apr 52 weeks Reviewed**	2022 2 Apr 52 weeks Audited	% Change
Retail sales and other revenue			
Apparel	**24 250**	19 456	24.6
Home	**6 256**	6 506	(3.8)
Financial Services	**829**	697	18.9
Telecoms	**1 213**	1 160	4.5
Central Services	**120**	46	160.9
Total	**32 668**	27 865	17.2
Profit from operating activities			
Apparel	**3 848**	3 678	4.6
Home	**859**	1 341	(35.9)
Financial Services	**403**	465	(13.5)
Telecoms	**85**	60	42.2
Central Services	**(275)**	(598)	(53.9)
Total	**4 920**	4 946	(0.5)
Segment assets			
Apparel	**16 066**	9 358	71.7
Home	**3 317**	2 822	17.5
Financial Services	**2 506**	2 308	8.6
Telecoms	**251**	172	46.5
Central Services	**6 641**	8 017	(17.2)
Total	**28 781**	22 677	26.9

SUPPLEMENTARY INFORMATION

	2023 1 Apr 52 weeks Reviewed	2022 2 Apr 52 weeks Audited
Total number of shares issued (000)	**263 584**	263 634
Number of Ordinary shares (000)	**256 791**	256 842
Number of B Ordinary shares (000)	**6 793**	6 793
Less: shares held by share trusts	**6 390**	6 370
Net number of shares in issue (000)	**257 194**	257 264
Weighted average number of shares in issue (000)	**257 274**	257 778
Net asset value per share (cents)	**5 415**	4 686

Reconciliation of headline earnings (R'm)		
Attributable profit	**3 115**	3 347
Loss on disposal and impairment /reversal of impairment of property, plant, equipment (PPE), intangible assets and right-of-use assets and insurance proceeds on PPE	**(18)**	(59)
Taxation adjustment	**5**	17
Headline earnings	**3 102**	3 305

Notes:

1. The preliminary condensed consolidated financial statements, for which the directors take full responsibility, were approved by the directors on 21 June 2023 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.

2. 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 the preliminary condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

3. The disaggregated revenue is as follows:

R'm	2023 1 Apr Reviewed	2022 2 Apr Audited
Revenue from contracts with customers	31 875	27 035
Retail sales	31 498	26 683
Insurance premiums	230	216
Telecoms income (non-retail)	147	136
Interest and charges on trade debtors	598	482
Sundry income	195	348
Finance income	185	218
Revenue	32 853	28 083
Tender type Retail sales*	31 498	26 683
Cash sales	27 494	22 982
Credit sales	4 004	3 701

*Retail sales has been disaggregated to reflect the cash and credit sales portions for improved disclosure.

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.

4. Effective 4 October 2022, the group acquired 70% of the equity of Blue Falcon Trading 188 (Pty) Ltd ("Studio 88 Group"). 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 primarily through its 825 stores. 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 remaining 30% equity is held by management and will be acquired over the next three years ensuring that business continuity is maintained. This period can be extended my mutual agreement between the parties.

   The transaction closed on 3 October 2022 with the effective date of 4 October 2022. Results have been consolidated from this date into the group's results.

   The group has measured the fair value of identifiable assets and liabilities of Studio 88 at their acquisition date.

   The at-acquisition values are presented below.

	R'm
Assets	
Property, plant and equipment	579
Intangible assets	1 505
Right-of-use asset	759
Trade and other receivables	272
Inventories	2 530
Other	9
Liabilities	
Long-term loans	(62)
Deferred tax liability	(244)
Trade and other payables	(1 748)
Short-term liabilities	(30)
Bank overdraft	(23)
Taxation	(23)
Lease liability	(848)
Total identified net assets at fair value	2 676
Goodwill attributable to acquisition	1 726
Total consideration	**4 402**
NCI portion	803
Cash paid	3 442
Shares issued at fair value	157
Total consideration	**4 402**
Cash on hand at date of acquisition	(23)
Cash paid	(3 442)
Net cash outflow on acquisition	**(3 465)**

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

   IFRS 3 allows an accounting policy choice, available on a transaction by transaction basis, to measure non-controlling interests (NCI). Management have elected to measure Studio 88's non-controlling interests (NCI) at the NCI's proportionate share of the net assets per IFRS 3.19.

   Studio 88 contributed R4 243.3m in revenue, R368.42m in net profit after tax since acquisition (NCI portion of revenue is R1 273.0m and net profit after tax is R110.5m respectively). Reporting 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 Studio 88 has a different financial year end to the group, and reporting is based on a calendar month compared to the group which follows a retail calendar.

5. During the 2021 financial year, the company received assessments from SARS relating to the disallowance of certain deductions claimed in the 2015 to 2017 years of assessment. In June 2022, SARS raised assessments disallowing certain deductions, 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 opinion, is in the process of legally 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.

6. Management has evaluated the year end provisioning amounts for inventory and trade receivables taking into account the effects of the current economic environment.

   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 of R632m represents 7.9% 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 10.0% of the trade receivables balance. The gross trade receivables balance at year end increased 9.3% to R2 475m.

7. The fair value of foreign exchange contracts (FECs), synthetic forwards, options and Oil hedge options as calculated by the banks is measured using a forward pricing model. The significant inputs into the Level 2 fair value of FECs, synthetic forwards and options are yield curves, market interest rates and market foreign exchange rates. The significant inputs into the Level 2 fair value of the Oil hedge Options are volume (litres), daily ZAR price per litre, market foreign exchange rates and the average month/calculation period. The estimated fair values of recognised financial instruments approximate their carrying amounts.

8. The group has assessed right-of-use assets, intangibles and goodwill for impairment and no further impairments were required to be recognised.

9. IFRS 17 – Insurance Contracts is effective for annual reporting periods beginning on or after 1 January 2023. The group engaged with an external party to assess the impact of IFRS 17 on the group and based on the shareholders' agreement with respect to the cell captive arrangements, the in-substance reinsurance contracts issued will consist of initial and subsequent contract boundaries of one year. Based on the contract boundary, the group is eligible to apply the simpler Premium Allocation Approach (PAA). It is not anticipated that there will be any liability for remaining coverage as premiums are accounted for monthly. The IFRS 17 liability will therefore relate to a Liability for Incurred Claims (LIC) with a corresponding Risk Adjustment (RA). The estimated LIC and RA is expected to increase marginally on transition to IFRS 17, with a corresponding limited impact on the cell's net asset value.

10. The directors and management have reviewed the group's budget and cash flow forecasts, and related solvency and liquidity ratios. They have also considered the current trading environment. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern in FY2024 and beyond and have continued to adopt the going concern basis in preparing the condensed annual financial statements.

Durban
21 June 2023