Annual Results

to 1 April 2023

2023

mr price group limited

Group results & operating environment

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Group results & operating environment

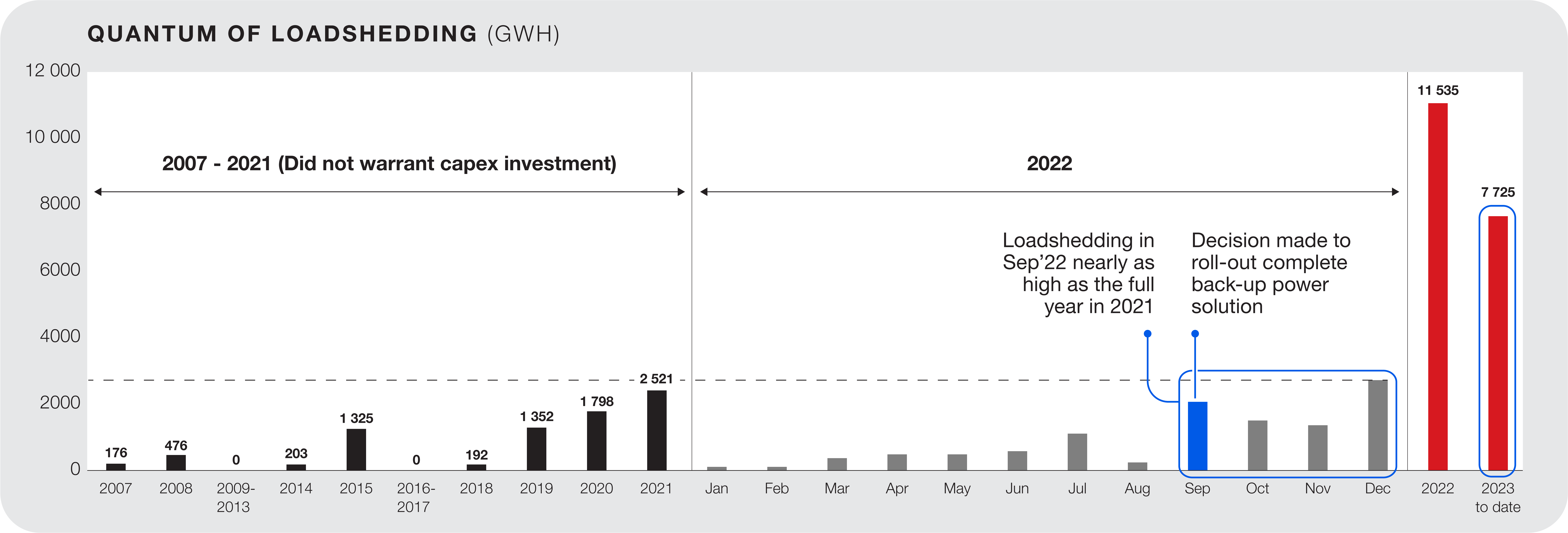
By Mark Blair - CEO

01

Loadshedding Historical context

Historically loadshedding existed at manageable levels:

- As a value retailer material investments were not made under these circumstances.
- Sep 22 to Mar 23: cumulative quantum of loadshedding was greater than the previous 15 years combined
- Loadshedding days: 71 in 2021, 208 in 2022



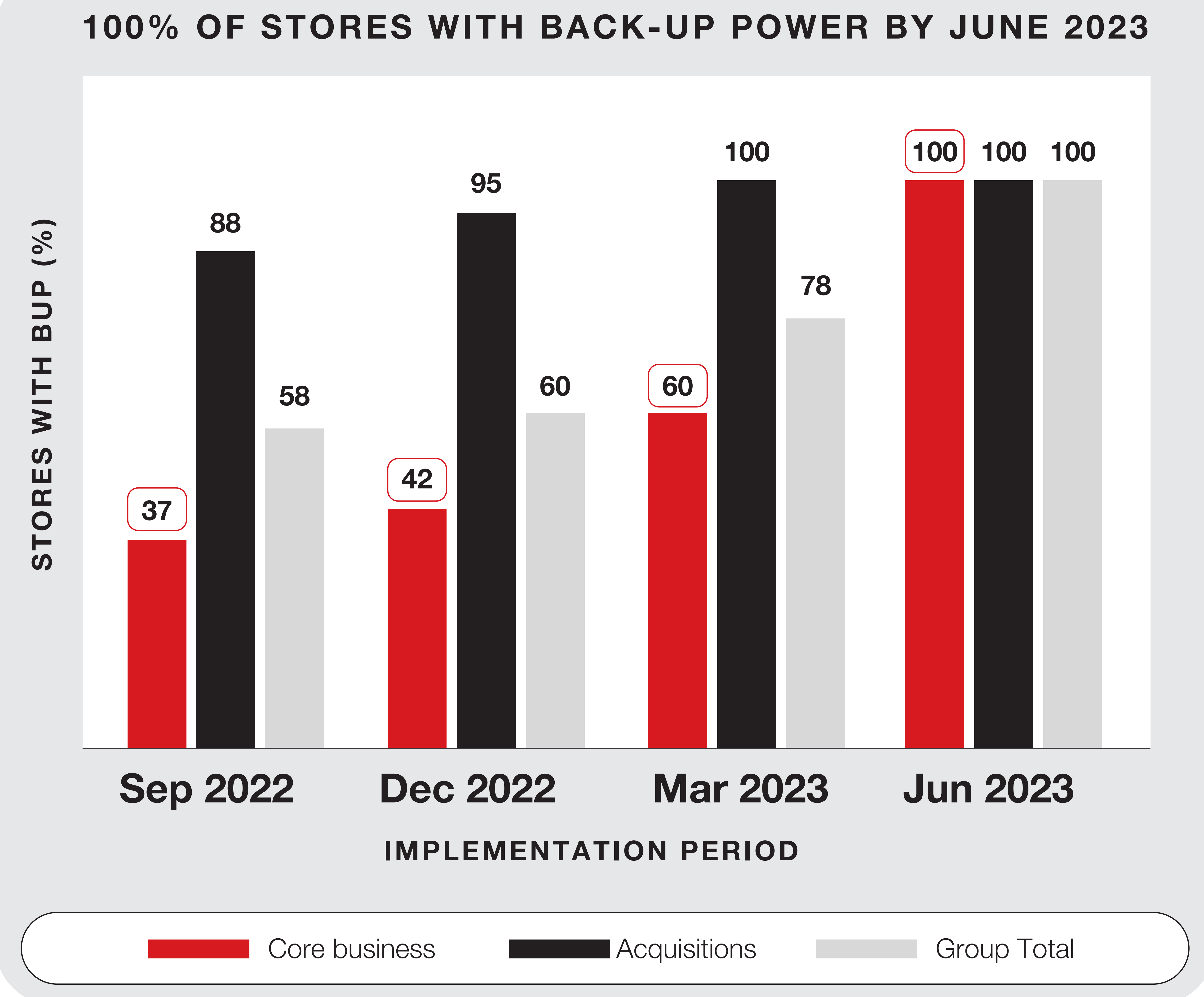
Source: Eskom | Absa

Loadshedding Quantifying the cost

Estimated opportunity lost:
- 318 000 trading hours and ~R1bn of sales
- Negative impact on customer shopping behaviour
- Lower levels of consumer confidence

Back-up power installation:
- Majority inverter & battery solutions
- Increasing lighting levels in all stores to 70%
- Reliable solution up to stage 8*. Can increase battery capacity if needed
- DC and head office limited risk of disruption

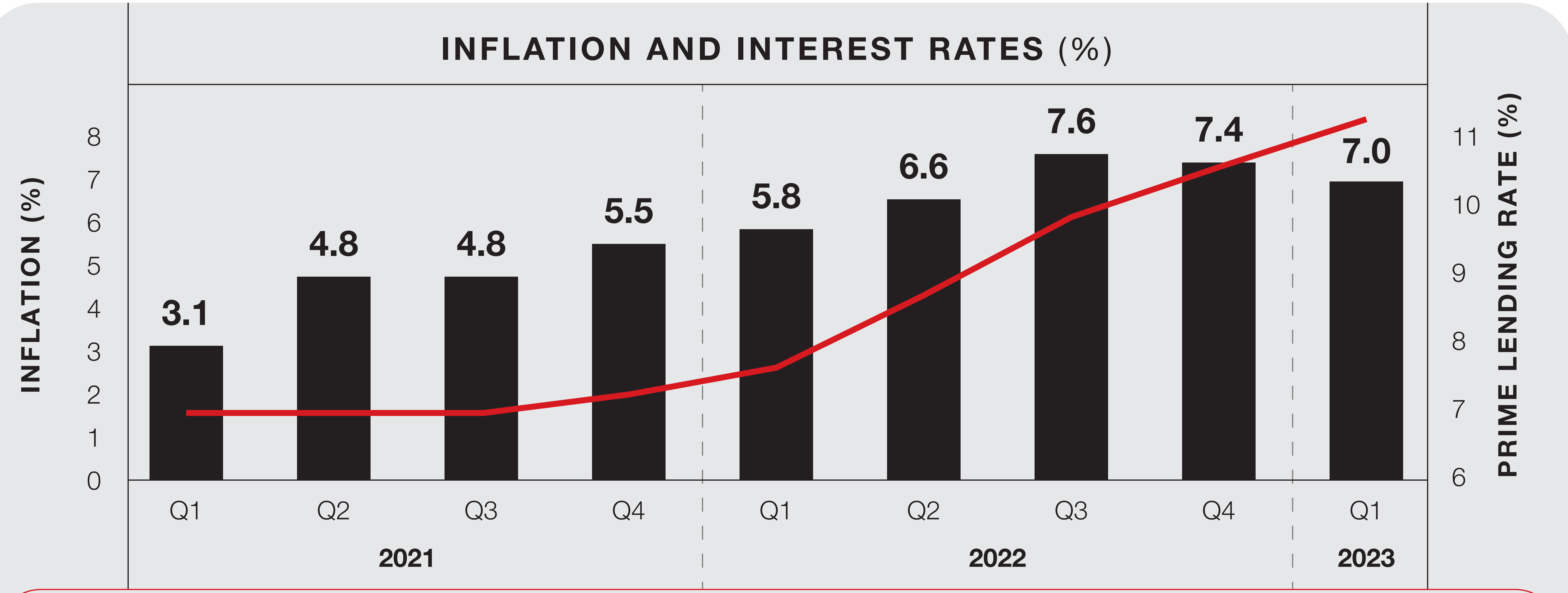
~R220m capex investment
(FY2023: R68m | FY2024: R157m)



5% average sales growth differential in stores pre vs post back-up power

*Subject to battery re-charge

Rising inflation and interest rates have negatively impacted discretionary consumer spending



Prime lending rate: increase of 350bps in FY2023. Additional 50bps increase to 11.75% post year-end

INFLATION

Food: **+13.7%**

Public transport: **+16.1%**

Q1 2023

REAL WAGE GROWTH

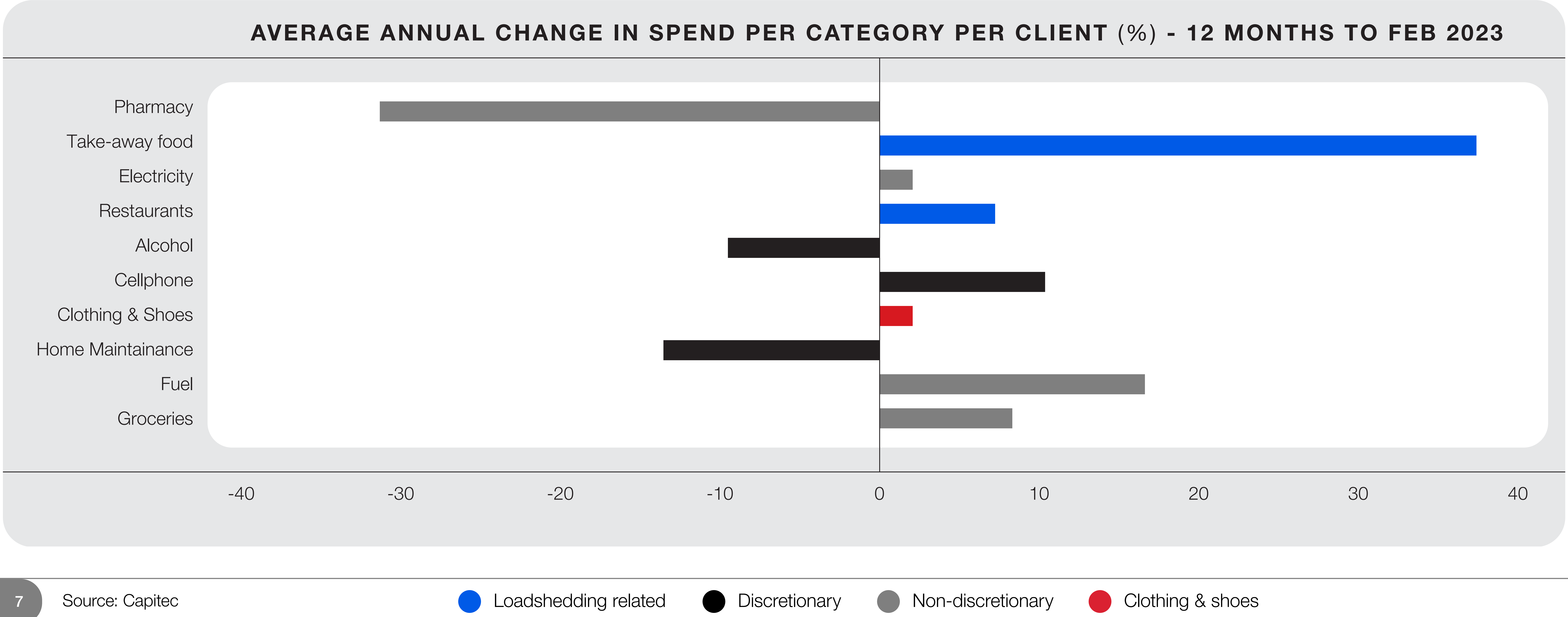
-3.3%

Q4 2022

Source: Stats SA | SARB

Capitec data - the economy of 20 million clients:

- Significant increase in cost of living affects lower-to-middle-income clients the most
- Shift in share of wallet between discretionary, non-discretionary & loadshedding induced purchases



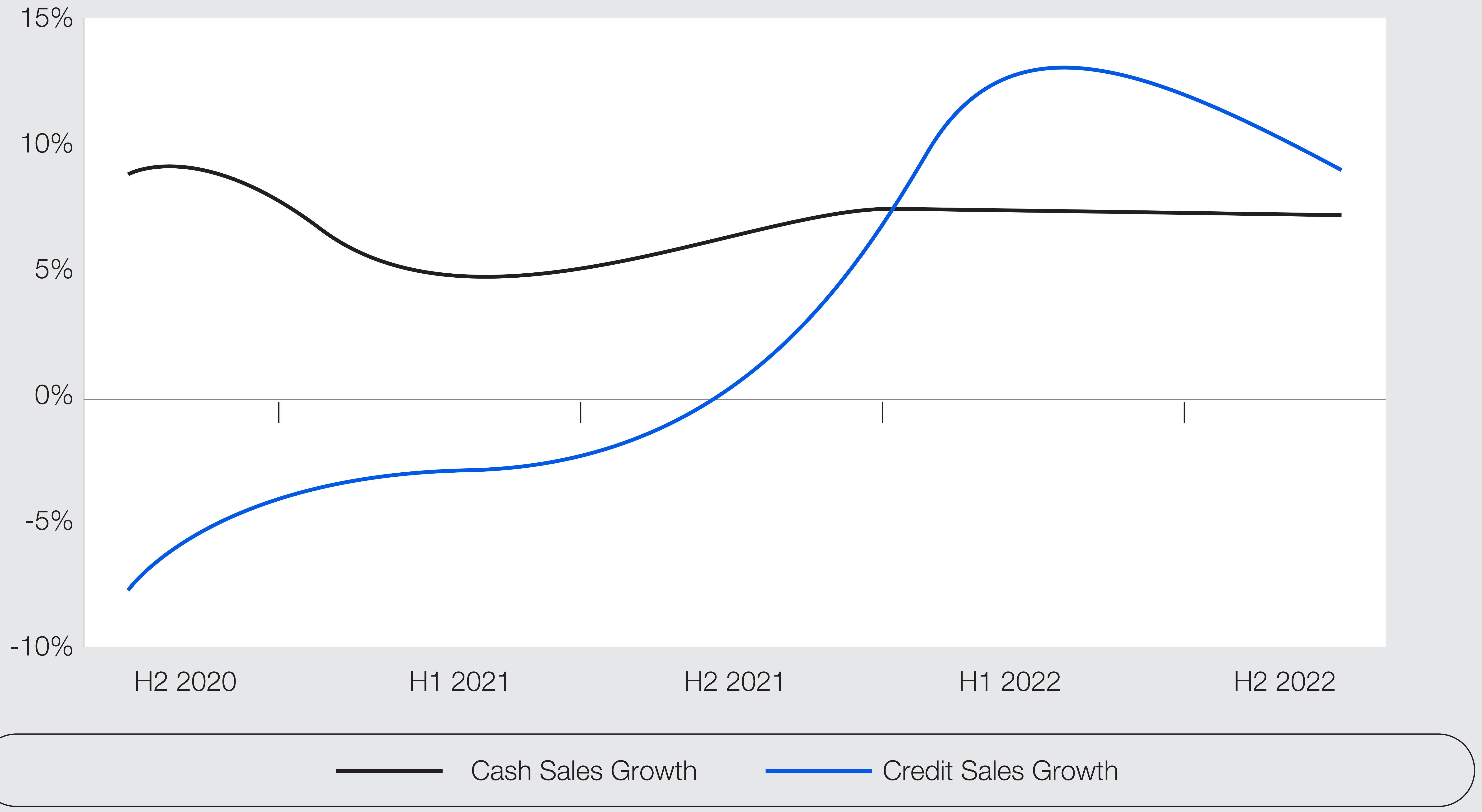
Source: Capitec

External operating environment Credit

Consumer credit cycle:

- Over the last 12 months, consumer credit appetite has grown to support standard of living

SA FASHION RETAILERS: CASH VS CREDIT SALES GROWTH



"...South Africans are increasingly turning to credit to survive the relentless onslaught of cost-of-living increases..."

NEIL ROETS, CEO DEBT RESCUE

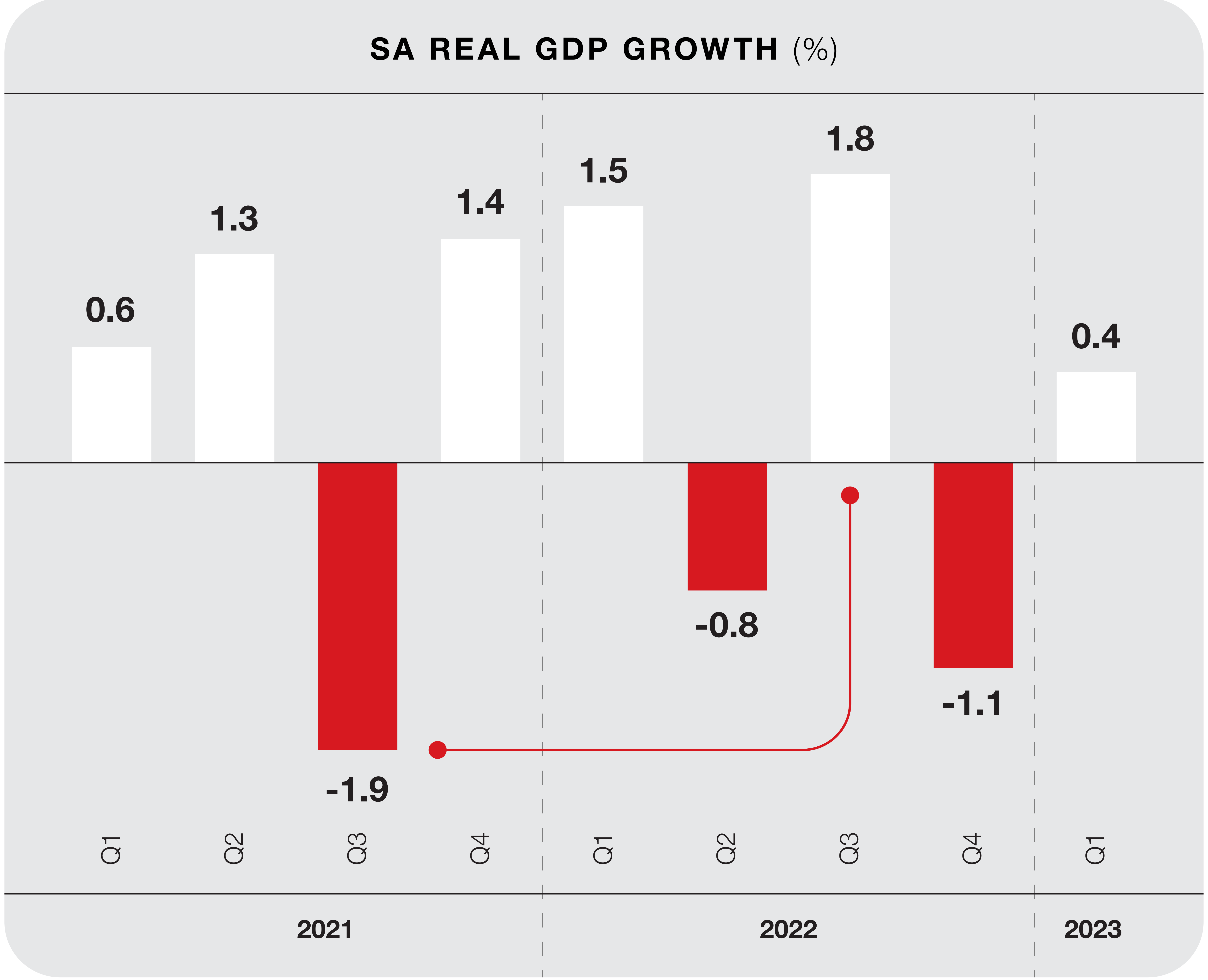
MRPG:

- Cash based: low credit contribution to sales at 12.7%
- Small and manageable book at R2.5bn
- Low NBD:book at 8.4%

Won't chase short-term market share at the expense of profitability - learned from experience

Source: RMB Morgan Stanley

External operating environment Macro-economic



FACTORS IMPACTING SA GROWTH:

- Slowing global growth reduces demand for SA exports
- Growing concern over SA government crisis response, execution and accountability
- Weakening ZAR/$ exchange rate:
  - Unfavourable for imported goods and services
  - Favourable for exports, however relations with second highest export partner (USA) compromised
- High domestic unemployment rate

Source: Eskom | SARB

External operating environment Competitors

Heightened focus on value segment:

- Largest consumer segment in SA
- Increased M&A activity post COVID-19 - improved performance by existing competitors
- Increased competition from traditionally premium focused players and non-apparel retailers

Homeware segment:

- Rise in competition post COVID-19 as global home improvement trend emerged
- Low barriers to entry
- Significant increase in new space driving non-comparable growth across competitors

Internal operating Environment

MRPG navigated extreme market conditions :

- Continued focus on execution of differentiated fashion-value positioning
- Disrupted apparel segment value positioning in response to sector wide markdowns
- Repositioning of Sheet Street and broader homeware segment defensive strategy

Leadership changes:

- Group exco expanded to build capacity to support execution and growth strategy
- Several leadership changes, particularly in acquisitions and resultant rotation in core business

Completed Studio 88 acquisition:

- Acquired 70% controlling interest
- H2 high contribution trading months at lower margin than group. Double-digit sales growth achieved

Oracle merchandise ERP implementation:

- Material project landed: compromised unique ability to trade in-season and execute certain merchandise processes - impacted sales
- All issues resolved by year end. Project closed 15 March 2023

Loadshedding response plan

Impact of external factors on trading

Impacted value segment the most

- Grant payments have been irregular and eroded by inflation
- Discretionary income re-directed into necessities – cost of living increases
- Transport costs increased significantly – customers reducing shopping trips
- Store footprint not weighted to locations where landlords provide backup power

Escalated at the worst possible time

- Going into peak trading months
- Low levels of power back-up

Significantly impacted our ability to trade

- Excess inventory across market - high levels of discounting and promotions
- EDLP and differentiated fashion-value not as evident when market is exceptionally promotional; stores cluttered
- We do not have 'product' issues

What we said in November 2022:
"H2 expected to be equally challenging, with emphasis on consumer financial health and competitor dynamics. Will benefit from S88 inclusion."

Group Results

FY2023

REVENUE	EBITDA*	OPERATING PROFIT^
+17.0% R32.9bn	+5.4% R7.2bn	-0.5% R4.9bn

OPERATING MARGIN	DILUTED HEPS#	DIVIDEND PER SHARE
15.1% -260bps	-6.0% 1 178.4c	63% pay-out ratio maintained 759.6c

*EBITDA reconciliation on pg 45 | #HEPS reconciliation on pg 46 | ^Incl non controlling interest share in S88

Group Performance

Demanding base
Heavily impacted in H2

REVENUE

	FY22		FY23
	R28.1bn		R32.9bn
	25.9%	Annual	17.0%
	35.2%	H1	6.5%
	19.3%	H2	25.3%

EBITDA

	FY22		FY23
	R6.9bn		R7.2bn
	27.7%	Annual	5.4%
	33.6%	H1	9.2%
	24.5%	H2	3.0%

PROFIT AFTER TAX

	FY22		FY23
	R3.3bn		R3.2bn
	32.8%	Annual	(3.6%)
	50.7%	H1	13.3%
	25.2%	H2	(12.4%)

OPERATING MARGIN

	FY22		FY23
	17.7%		15.1%
	+100bps	Annual	-260bps
	+120bps	H1	+80bps
	+130bps	H2	-550bps

DILUTED HEPS

	FY22		FY23
	1 254.0c		1 178.4c
	25.3%	Annual	(6.0%)
	33.5%	H1	10.8%
	20.7%	H2	(15.1%)

DIVIDEND PER SHARE

	FY22		FY23
	807.3c		759.6c
	25.9%	Annual	(5.9%)
	34.4%	H1	10.6%
	21.2%	H2	(14.8%)

Detailed Financial Performance

By Mark Stirton - CFO

02

Group Income Statement

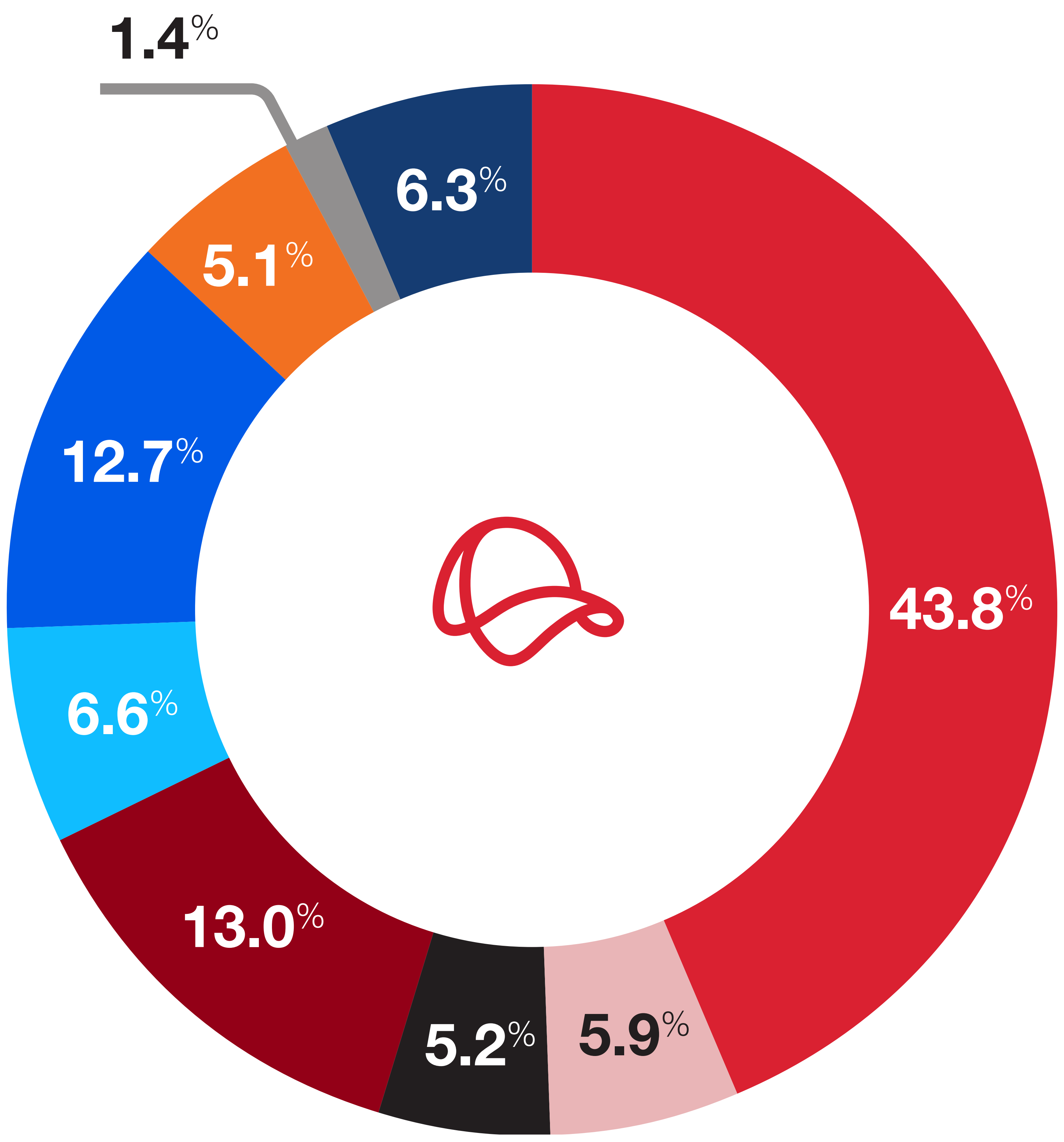
R'M	FY2023	FY2022	% change
Retail sales & other income (pg 44)	32 668	27 865	17.2%
Gross profit (pg 18)	12 501	10 999	13.7%
Expenses (pg 19)	8 604	7 099	21.2%
Profit from operating activities*	4 920	4 946	(0.5%)
Net finance (expense)	(517)	(323)	60.7%
Profit before taxation	4 403	4 623	(4.8%)
Taxation	1 177	1 276	(7.7%)
Profit after taxation	3 226	3 347	(3.6%)
Profit attributable to non-controlling interests	111		
Profit attributable to equity holders of parent	3 115	3 347	(6.9%)

*Profit before finance income and costs

Segmental Performance

Diversifying reliance on single biggest division

DIVISIONAL CONTRIBUTION (RSOI)#



SEGMENT ANALYSIS

Contribution FY2023

Segment	Contribution	Measure	FY2023
Apparel Segment: MR PRICE APPAREL, MR PRICE SPORT, MILADYS, STUDIO 88, POWER FASHION	74.5% (LY: 69.9%)	RSOI	+24.6%
		RSOI excl S88	+2.8%
		RSOI base	+30.9%
		OP Profit	+4.6%
		OP Margin %	15.9%
Home Segment: MR PRICE HOME, SHEET STREET, YUPPIECHEF	19.2% (LY: 23.4%)	RSOI	(3.8%)
		RSOI base	+15.6%
		OP Profit	(35.9%)
		OP Margin %	13.7%
Financial Services & Telecoms: MR PRICE MONEY	6.3% (LY: 6.7%)	RSOI	+9.9%
		RSOI base	+22.1%
		OP Profit	(7.1%)
		OP Margin %	23.9%

#Retail sales & other income

Space Growth

Store and space growth insights

- 1 000 new stores:
  - Core business: +171
  - S88: +778 acquired, +51 opened
- New w.avg space growth of 17.6% (6.4% excl S88)
- Net w.avg space growth of 16.9% (5.7% excl S88)
- Group trading density of R36 678m²
- New store returns remain well in excess of WACC

Divisions	Closures	Reductions	Expansions	New Stores	Acquired	Closing stores	W.avg net growth (m²)
mr price		5	7	37		595	3.8%
MILADYS	4	3	1	8		255	1.4%
mr price sport	1	6		13		169	3.6%
studio 88	4			51	778	825	
POWER FASHION	2		2	55		262	22.2%
mr price home	3	4	6	14		216	5.6%
sheet street	5	7	7	26		354	4.6%
YUPPIECHEF				7		14	162.8%
mr price money				11		12	2097.8%

Total store movements

	Closures	Reductions	Expansions	New Stores	Acquired	Total	Net growth
Stores	19	25	23	222	778	2 702	16.9%

1 000 new stores added to the group. New stores continue to deliver excellent returns

Gross Profit Analysis

Total GP		Merchandise GP		Telecoms GP	
2022	2023	2022	2023	2022	2023
41.0%	39.5%	42.1%	40.3%	17.3%	19.3%

Factors affecting GP margin

- Total GP margin down 150bps
  - Increased contribution from high growth acquisitions (lower margin than group)
  - Excluding acquisitions GP margin decreased 120bps
- Merchandise:
  - Higher markdowns required to clear excess inventory (ERP, competitor action & loadshedding)
  - Not all input inflation passed onto consumer in H2 (maintain EDLP leadership)
- Telecoms:
  - Increased contribution (lower margin than group). Favourable terms with networks as scale grows
- Other factors:
  - Rand depreciation of 18.5% placed pressure on input inflation
  - Favourable contracted freight rates partly off-setting other higher input costs

Overhead Expenses

Excluding acquisitions expenses grew well below average CPI

Total expenses: Selling expenses 73.5%; admin expenses 26.5%

R'M	FY2023	FY2022	% CHANGE	% CHANGE EXCL S88
Depreciation* and amortisation	2 251	1 873	20.2%	2.4%
Employment costs	3 499	3 012	16.2%	1.6%
Occupancy costs	732	576	27.0%	10.6%
Other operating costs	2 122	1 638	29.5%	19.8%
Total expenses	8 604	7 099	21.2%	6.7%
Net w.avg space growth			16.9%	5.7%

- Excluding acquisitions expenses increased 6.7%
  - Employment costs:
    - Flexible remuneration with company performance
    - Excluding IFRS2 LTI (non vesting credit in base) costs declined 2.1%
  - Occupancy costs:
    - Higher contribution of month to month rentals from S88 (not included in IFRS 16)
- Other: Bad debt write-offs increased 29.4%

Group expenses as a % of RSOI:

- 26.3% including S88
- 40bps lower than pre-acquisition level

*Includes right of use asset depreciation

Balance Sheet

R'M	MAR 2023	SEP 2022	MAR 2022
Non-current assets[1]	17 003	11 707	11 296
Current assets	11 778	11 850	11 381
Inventories	**7 321**	4 843	3 956
Trade & other receivables[2]	2 733	2 983	2 551
Cash & cash equivalents	**1 442**	3 315	4 612
Reinsurance assets	219	260	190
Other	63	449	72
Total	**28 781**	**23 557**	**22 677**
Shareholders equity	13 928	12 345	12 056
Non controlling interest	914		
Equity attributable to shareholders	13 014		
Non-current liabilities[3]	7 466	6 410	6 002
Current liabilities[4]	7 387	4 802	4 619
Total	**28 781**	**23 557**	**22 677**

[1]S88 PPE & intangibles raised. ROUA growth due to new stores & higher rental renewals
[2]Increased debtors' book due to higher credit sales. Avg debtors days in line with PY. Book adequately provided
[3]S88 lease liability raised & higher rental renewals
[4]Inclusion of S88. Improved creditor terms & trade creditor payment timing

INVENTORY: **IMPACTED BY S88 ACQUISITION & LOST TRADING HOURS**

- Inventory up 85.1% due to S88 acquisition
- Excluding S88, inventory increased 18.6% (incl GIT):
  - Lost trading hours impacted clearances
  - Higher input inflation (double digit forex movement)
  - Weighted average space up 5.7%
  - Stock freshness* (0-3 months ageing) of 83.4%

CASH: **REBUILDING BALANCE POST ACQUISITION**

- Cash balance of R1.4bn
  - Payment of S88 acquisition of R3.6bn in H2
  - Dividend payment of R1.2bn to occur in July 2023
  - Cash conversion ratio of 82.0% to support cash generation
  - Cash contributes 87.3% of sales

*Excludes YC & S88

Working Capital & Cash Generation

INVENTORY

Stock management materially impacted by lost trading hours due to loadshedding, competitor markdown activity and ERP disruption

ACTION PLAN

- Normalise inventory holding through appropriate sales call
- Planned higher clearance targets - "chase" with strategic near sourcing supply base
- Stable Merchandise ERP will enhance stock productivity

TRADE RECEIVABLES

- New account growth & higher debtors book absorbing working capital - higher bad debts rates experienced
- Rising interest rates placing pressure on affordability
- Loadshedding disrupted collections (store remains primary customer channel)

ACTION PLAN

- Retain tighter credit criteria for next 12 months
- Explore alternate tender types for rejected applicants to convert to cash sale channel
- Improving contribution of good paying customers in >12 months on book - lower cost to serve & higher profitability
- Focused collections strategy at stores including new digital channels

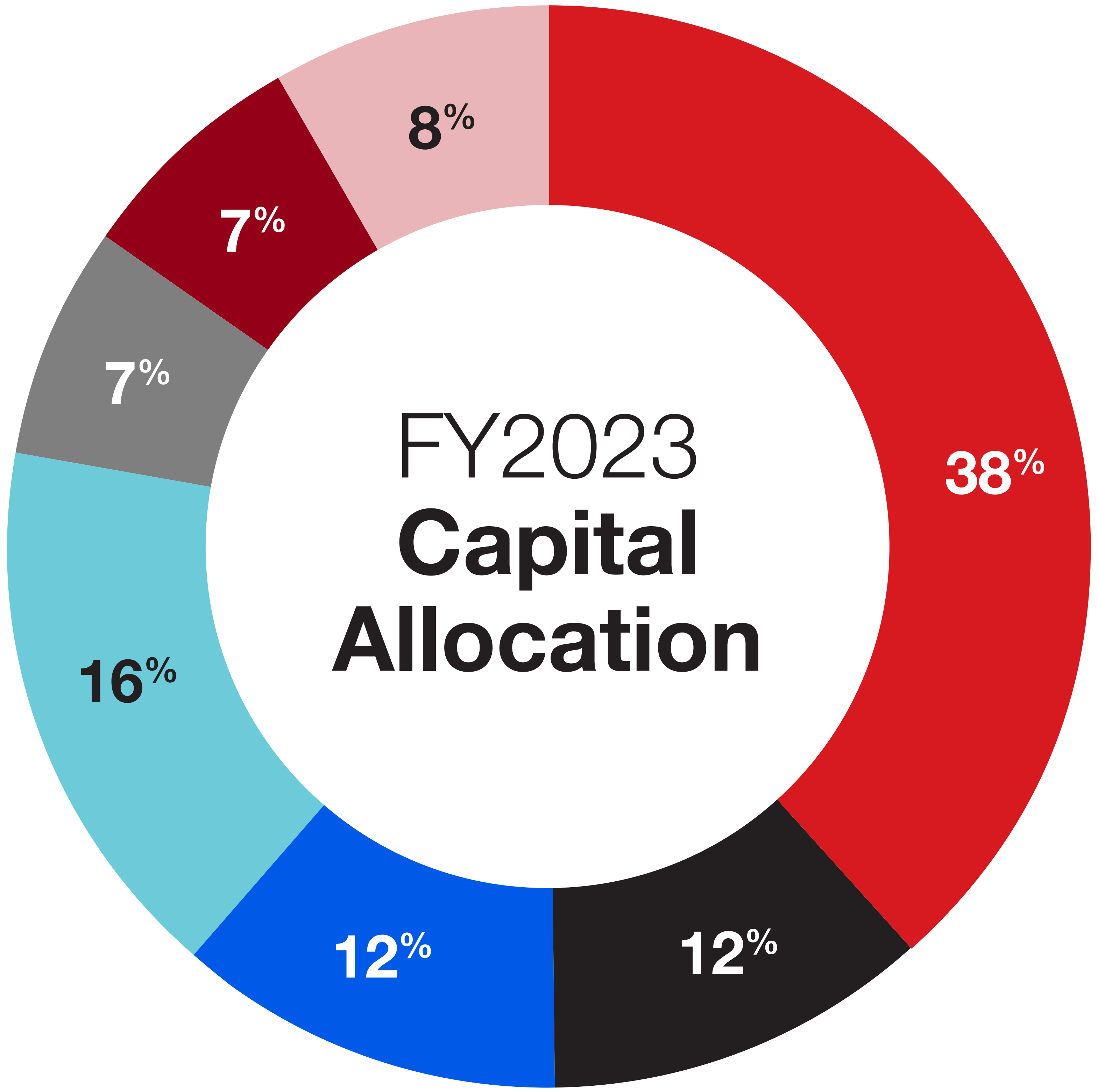
Supply chain finance program unlocked R900m to date. +R500m target for FY2024

Allocation of CAPEX

Funded wholly from cash reserves

Capex spend lower than budgeted due to:

- Re-allocation towards load shedding back-up solutions
- Certain new stores and revamps rolled into FY2024



CAPITAL EXPENDITURE FY2023	
H1	R336m
H2	R609m
Total	R945m

KEY

- New Stores
- Expansions
- Revamps
- Technology
- Logistics
- Back-up power
- Other

Credit Growth Performance

Credit contributes 12.7% of sales

Mr Price Group trends

- Credit sales growth of 8.3% could have been higher if risk appetite was greater
- Growth driven by existing base spending more, up 9.9%
- New account sales decreased 6.4% in line with responsible group credit philosophy
- Account approval rate decreased from 33.1% to 23.0% to reduce risk of defaults from risker applicants
- Interest and fees up 24.2% due to 350bps interest rate change, book performance and credit growth

Applications and Approvals

CREDIT SALES	CREDIT APPLICATIONS	APPROVAL RATE
R4.0bn	1.2m	23.0%
+8.3%	+30.9%	-1 010bps

Purposely curtailed credit growth in accordance with risk appetite as evidenced by materially lower approval rate

Trade Receivables

R'M	MAR 23	SEP 22	MAR 22	% CHANGE MAR/SEP	% CHANGE MAR/MAR
Total gross debtors' book	2 475	2 324	2 265	6.5%	9.3%
NBD: book (excl collection costs)	8.4%	7.2%	6.0%		
Impairment provision	10.0%	7.9%	9.1%		

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	**8.0**	3.8
% 4+ Cycles Balances	**3.9%**	11.8%

- Book performance:
  - Higher bad debts due to deterioration in customer roll rate performance - particularly customers booked in last 12 months
  - Economic pressures on disposal income adversely impacted debt serviceability
  - Strained collections & recoveries performance on outstanding accounts
  - Book at 74.9% current which remains industry leading
- Adequate impairment provision in place

- Mr Price continues to hold a premium to the industry's ratios
- Scorecard has responded to deteriorating credit environment

Source: Principa - Feb 2023

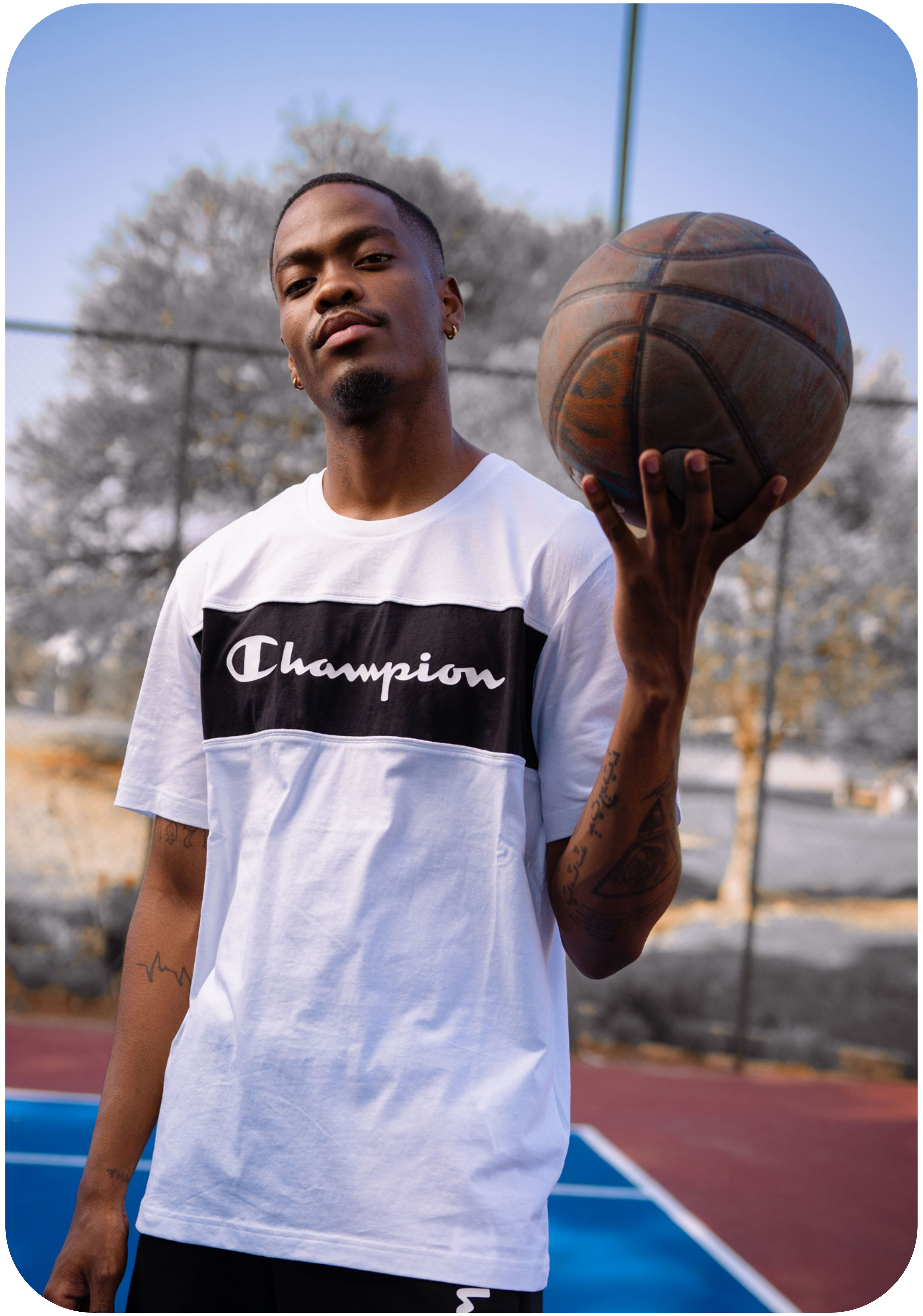
Financial Outlook

Macroeconomic and consumer

- Elevated inflation and interest rates expected to persist for remainder of 2023
- Consumer behaviour to continue to be impacted: non-discretionary items growing share of wallet and increased promotional shopping
- Potential higher stages of loadshedding through winter threaten to extend disruptive retail cycle
- Sector high inventory levels likely to lead to ongoing discounting during H1

MRPG

- GP margin:
  - H1 pressure due to exchange rate and high winter promotions in sector
- S88 will not support results as it did in H2 FY2023 - historical trend
- Strong internal focus on inventory management, cash generation and expense control
- FY2024 targets:
  - New stores: 260-280 including S88. S88 90-100
  - W.avg space growth: 15%-17% incl S88. 5%-7% excl S88
  - Input inflation: double digits due to currency depreciation



Strategy & outlook

By Mark Blair - CEO

03

Strategic Progress

Executing in line with strategy while navigating short-term disruption

- Foundational activity and investment: revenue growth of 43% over the period
- Confident that profit delivery will continue to gain momentum

SUSTAINABILITY
- Group ESG Director appointed
- 106m units procured locally
- MRPG ranks Top 5% of global Sustainalytics universe

TECHNOLOGY & INNOVATION
- MRP Advance established
- ERP go live

BRAND PROMISE
- Continually recognised as SA's most shopped and most valuable fashion value brand (Kantar Brand Z, Brand Finance, MAPS & Nielsen Reports)

GROWTH
- R&D of new group strategy
- Launch of new strategy
- POWER FASHION
- YUPPIECHEF
- mrp BABY
- sheet•street Re-positioning
- studio 88

PEOPLE
- Launched new LTIP scheme
- Appointed new CPO
- Org Design Implementation
- Met EE targets

STAKEHOLDER ENGAGEMENT
- Established Stakeholder Engagement Function
- Group average SE score of 80.8%
- #1 ranked investors relations

COVID-19 Lockdown Level 5

Civil unrest

KZN Flooding

Intensified loadshedding

Mar-20 | Mar-21 | Mar-22 | Mar-23

Strategic Progress

Committed to long-term strategy

- **To diversify customer and segment exposure**
- **Execute planned reduction in concentration risks of portfolio**

2020/2021	2023	2023 & Beyond
56% Mr Price Apparel's contribution to group revenue	45% Mr Price Apparel's contribution to group revenue	Exploit scalable opportunities in diversified customer and product segments
86% Fashion-Value merchandise contribution to group revenue	70% Fashion-Value merchandise contribution to group revenue	Deliver growth plans of acquired businesses
6 trading divisions: largely positioned toward fashion value customers & merchandise	**9 trading divisions:** PF as entrant to price value market. YC & S88 introduces aspirational value customer & merchandise to the mix	Continue to differentiate our leading fashion-value and EDLP models
86% Cash sales as % total sales	87% Cash sales as % total sales	Private label expected to contribute ~80% of sales

Performance Core Business

MARKET SHARE

- Stats SA (Type D retailers) market share increased 70bps – measures all divisions
- RLC market share down 110bps (mainly Homeware segment)
  - High exposure to value seeking customer with increased competition in the value segment
  - Exposed to ERP challenges, and limited back up power going into H2
- Ensuring appropriate, sustainable and profitable market share targets are met

STORES

- Pace potentially constrained by availability of quality locations and not balance sheet
- Medium term opportunity to open ~130 stores p.a. excl. acquisitions (60% apparel, 20% homeware, 20% cellular)
- Revamp program will recommence to ensure customer experience is well executed

Source: RLC | Stats SA | MAPS | Nielsen | Kantar

Performance Core Business

COMP GROWTH

Apparel segment

(CONTRIBUTION: 74.5% OF RSOI)

- Short-term market share (RLC performance) temporary not structural
- Mr Price Apparel affected more by headwinds: low to mid income customer base, predominantly cash customer
- Mr Price Apparel maintains highest brand equity in the apparel market with largest customer base (4.6m)
- Confident that we have clear and executable strategy to grow market share

Homeware segment

(CONTRIBUTION: 19.2% OF RSOI)

- Market has experienced structural change
- Group had high market share pre COVID-19 (~40%) in a small segment (14.7% of total RLC) with low barriers to entry
- Significant store openings by competitors driving non-comp performance
- Confident of consumer segmentation strategy delivery

Financial Services & Telecoms

(CONTRIBUTION: 6.3% OF RSOI)

- Successful organic concept launch of stand-alone cellular stores. Excellent returns
- >800 000 cellular handsets and accessories sold - 70bps market share gain (GfK)

Source: RLC | Stats SA | MAPS | Nielsen | Kantar | GfK

Performance Core Business

CONTINUED

MARGINS

- Medium term GP margin target remains – SA retailers are used to navigating currency volatility and supply chain disruptions
- Synergy project underway to ensure efficiencies are extracted and cost management discipline is maintained
- Operating margins in homeware will likely settle below COVID-19 peak

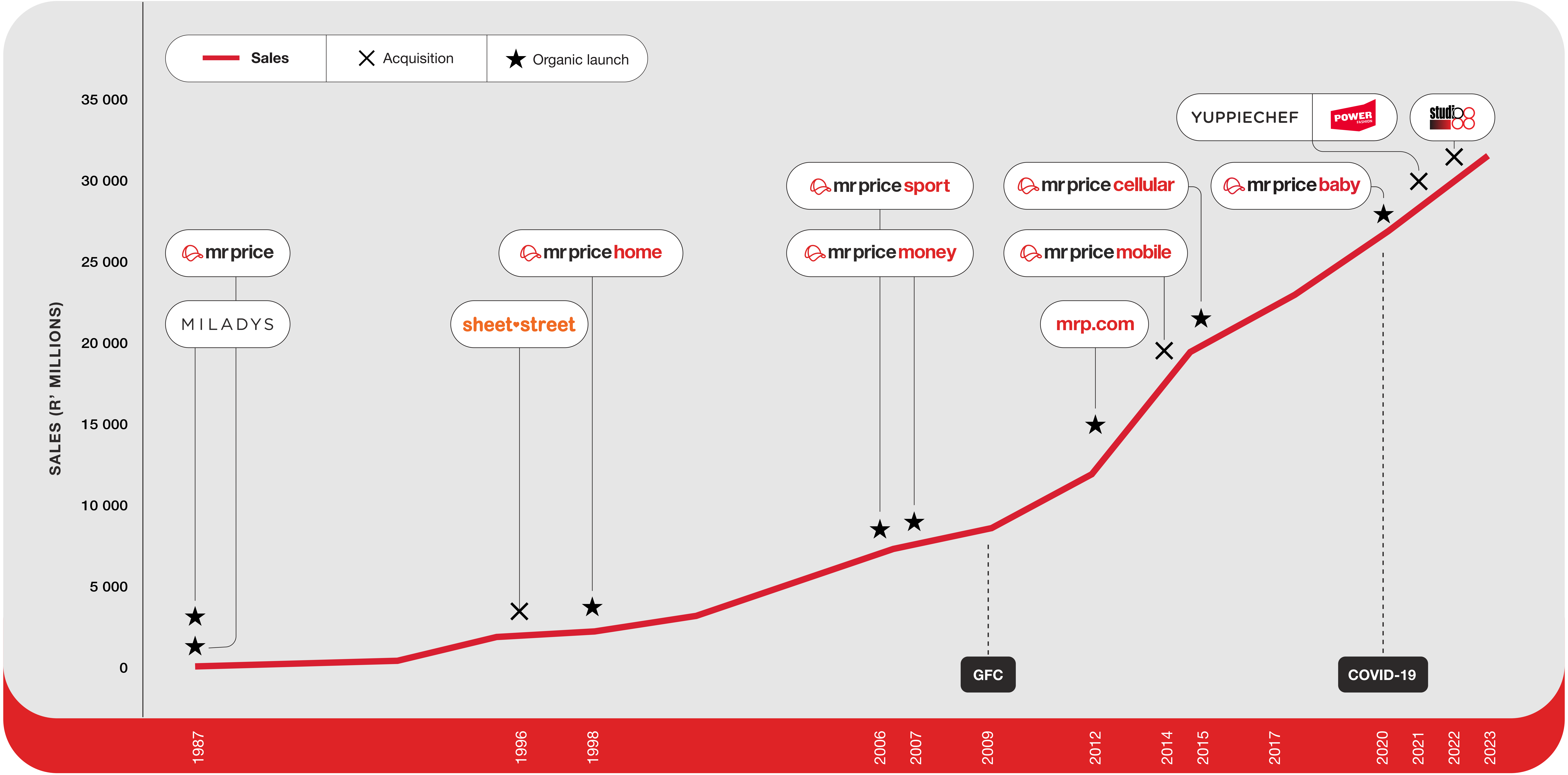
NEW OPPORTUNITIES

- Research leads our experimentation to continue delivering on customer expectations
- Current opportunity set greater in apparel than homeware. Significant growth opportunity identified (pg 34)
- Proven ability to launch and scale organic growth concepts

A History of Building Brands

37 YEAR SALES CAGR

+17.5%



mr price baby

- Introduced baby apparel in late 2020
- Research and customer engagement underpinned initial test of expanded baby concept in 2022 – formats, product mix, locations, standalone vs instore concept

mr price kids | mr price

INTRODUCTION OF A NEW MODEL

- Positive historical performance and test outcomes - clear way forward:
  - **Evolved a new model combining Mr Price Baby and Mr Price Kids into a Mr Price Kids standalone concept (close proximity to Mr Price Apparel)**
  - Extraction of Kids from Mr Price gives absolute clarity to the adult fashion-value focused customer (not planning to reduce the Mr Price Apparel store footprint)
  - Kids category has a lower GP% but operating margin will benefit from existing and experienced management and merchant teams - growing off existing infrastructure base
  - Opportunity to maximise market share in kids and adults – test showed outperformance in both segments when customer experience is improved through clarity of offer and wider assortment
  - First 300 Mr Price Kids locations identified

Summary and key learnings

Extremely satisfied with the businesses acquired - correct allocation of capital

Collective earnings of acquisitions are accretive - operating profit generated nearly double foregone interest

Strategic plans are clear and teams are focused on execution

Biggest learning - creating capacity for exponential growth requires time and the right team

- Studio 88 model of management retaining ownership working well
- Made changes to Yuppiechef and Power Fashion management teams. Full confidence that they will deliver

Growing to scale off a fixed cost base will raise margins and increase contribution to group profitability

Studio 88

POWER FASHION

YUPPIECHEF

Studio 88 | Side Step | Skipper Bar | JOHN CRAIG | SPECIALITY

REASON FOR ACQUISITION:

- Gain access to the aspirational value segment within the apparel sector. The largest independent retailer (multi-chain) of branded leisure, lifestyle and sporting apparel and footwear in South Africa

FOCUS SINCE ACQUISITION:

- Strategic alignment, integration of team, financial reporting
- Store network expansion
- Ongoing introduction of key exclusive brands

KEY EFFICIENCIES TO INCREASE MARGINS:

- Scale store network by 'division' according to target market
- Exploring potential logistics synergies and credit opportunities
- Introduction to Mr Price supply base for private label merchandise

KEY FOCUS AREAS FOR FY2024 AND BEYOND:

- Further entrench preferred partner status with brands
- Additional exclusive brand licenses
- Marketing and online presence
- Capital allocation principles applied to new store openings

FY2023 **performance**

(6 MONTHS)

- Opened: **51 new stores**
- Total stores: **825**
- Sales growth: **10.2%**

Strong operating profit performance

Scaling and gaining market share in new customer segment

REASON FOR ACQUISITION:

- Unlock growth opportunity in the price value segment of the apparel sector

FOCUS SINCE ACQUISITION:

- Grow 174 acquired store base to scale and achieve phase 1 of 500 stores
- Build capacity and skills to support growth ambitions

KEY EFFICIENCIES TO INCREASE MARGINS:

- Transform sourcing strategy to maximise differentiation and better margins
- Introduce Mr Price merchandise planning & buying process
- Transitioned Power Cell into Mr Price Money
- Process improvements in DC, shortening delivery time to stores

KEY FOCUS AREAS FOR FY2024 AND BEYOND:

- Further roll-out of new stores
- Fanatical execution of comparable store growth
- Deliver differentiated product assortment via sourcing capability

FY2023 **performance**

- Opened: **55 new stores**
- Total stores: **262**
- Sales growth: **+21.5%**
- Market share: **+20bps. Gained in 11/12 months**
- Trading density: **R30 941/m²**

Double digit operating profit growth

YUPPIECHEF Expanding into a profitable, national, omni-channel retailer

REASON FOR ACQUISITION:

- Excellent sector opportunity given group high market share in value segment
- Gain access to a higher LSM customer base within homeware, enabling growth of its share-of-wallet through aspirational value spending

FOCUS SINCE ACQUISITION:

- Accelerate omni-channel brand vision by opening new format stores and expanding the footprint
- Broaden the merchandise offering beyond kitchenware into other strategic departments
- Launch concept store pilot with expanded range

KEY EFFICIENCIES TO INCREASE MARGINS:

- Continue to scale store network
- Increase contribution of higher margin private label brands
- Continued growth from wholesale division
- Access to Mr Price Group Centres of Excellence and supply base

KEY FOCUS AREAS FOR FY2024 AND BEYOND:

- Further roll-out of new stores
- Gain market share from other omni-channel competitors
- Continued refinement of new departments and softs offer
- Identifying niche and exclusive brands

FY2023 **performance**

- Opened: **7 new stores**
- Total stores: **14**
- Sales growth: **+60.8%**

Significant investments impacted profitability in short term but will be foundation for future growth

Capital Allocation

Our confidence in the future will see us investing through the cycle

In the last two financial years we have invested ~R5.5bn in acquisitions, R1.7bn in capex and paid R4bn in dividends. Closing cash balance is R1.4bn with an unencumbered balance sheet

New stores and revamps are generating required returns – in the current climate we have increased thresholds and shifted capex to best performing divisions, removing risk of introducing marginal stores

New stores remain an excellent capital light investment opportunity for the group – payback period remains ~24 months

No significant acquisitive activity planned – still to acquire 30% of S88

Potential new concepts – conceptual phase of business cases complete; not for introduction in FY24

Avoid shareholder surprises:
- Balance sheet supports maintaining the dividend policy
- Do not expect to incur debt to deliver current plans

mr price
mr price home
mr price sport
mr price cellular
mr price money
mr price baby
mr price kids
MILADYS
YUPPIECHEF
sheet street
studio 88
POWER FASHION

Prospects

- Challenging H1 FY24 expected :
  - Sectoral inventory carry and allied markdowns and promotions
  - Intensified loadshedding not in the base – could have a significant impact on winter trade
  - Cost of living pressures will not abate

- Anticipating improved H2:
  - Significantly reduced disruption - ERP change and loadshedding in the base
  - Sectoral inventory levels and promotional activity moderating, internal improvement of clarity of offer
  - EDLP model – sell more full priced, differentiated fashion-value merchandise
  - Expectant of positive impact of merchandise initiatives and opportunities identified across divisions
  - Subject to no further deterioration in macro environment

- Actively involved at local and central government levels and business forums in interest of RSA's future

- Execution of plans is critical – focus on comp sales and proven concepts
- Thinking about the future with caution, but confidence:
  - Resilient business model
  - Unencumbered balance sheet
  - Talented team and a great culture

Appendix

05

Group Sales Growth Drivers

FY2023

Total retail sales growth	+18.1%
Total retail sales growth excl S88	+2.2%
Comparable stores sales growth	(3.4%)

GEOGRAPHY

RSA
18.1%
% of sales 92.8%

Rest of Africa
18.6%
% of sales 7.2%

CHANNEL

Bricks
18.5%
% of sales 97.5%

Online
3.2%
% of sales 2.5%

Cash
87.3%
of sales

TENDER TYPE

Cash
19.7%
Excl S88: 1.2%
% of sales 87.3%

Credit
8.3%
% of sales 12.7%

MERCHANDISE

Units
2.7%
283m

RSP inflation
15.0%
Excl S88: 4.3%
CPI: 7.4% Mar'23

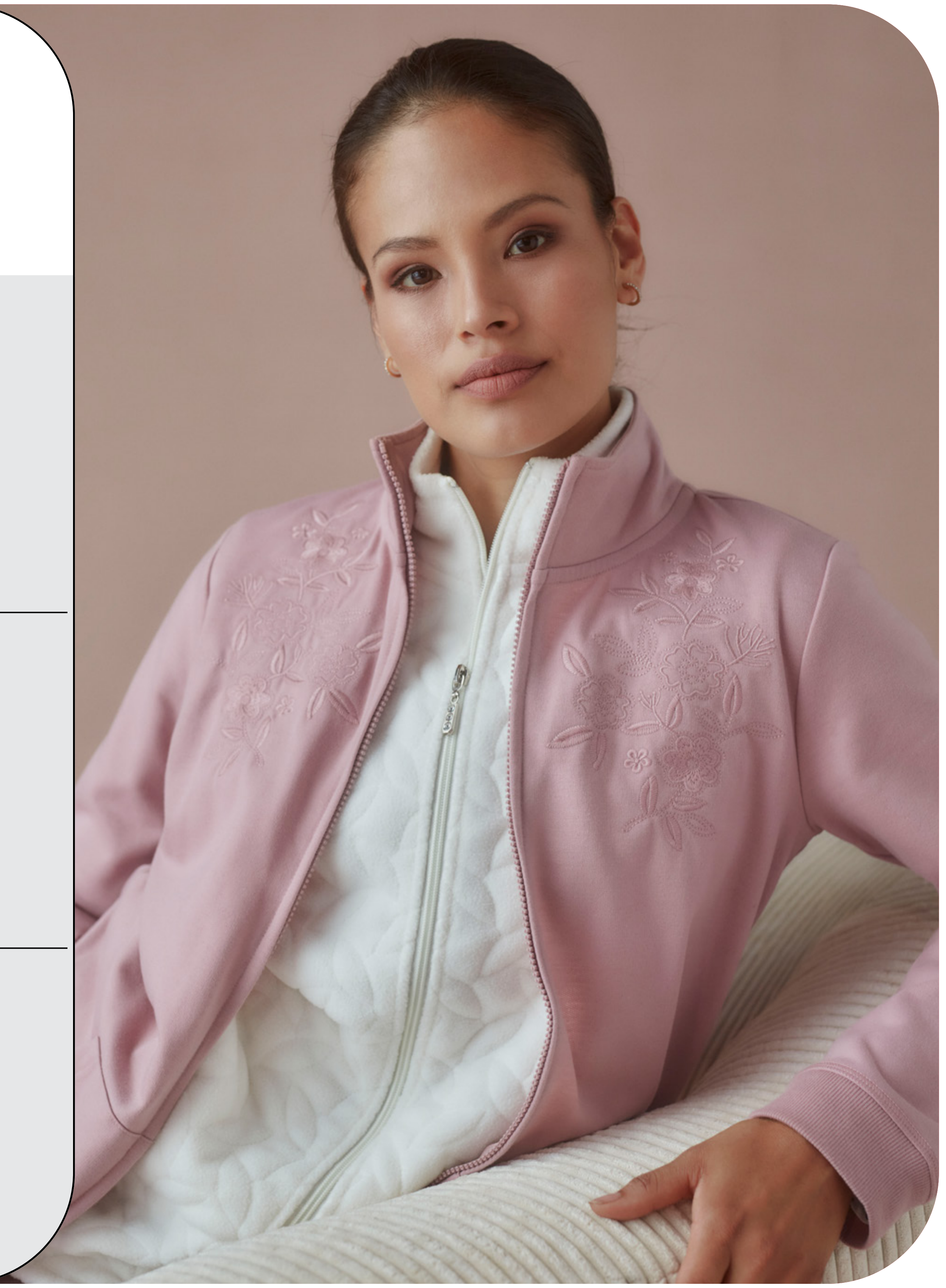
Metrics exclude franchise

Revenue

	FY2023	FY2022	% GROWTH
Retail sales	31 498	26 683	18.0%
Other income	1 170	1 182	(1.0%)
Financial services & Telecoms	1 146	1 012	13.2%
Other	24	170	(85.8%)
Total retail sales, interest & other income	32 668	27 865	17.2%
Finance income	185	218	(15.1%)
Total revenue	32 853	28 083	17.0%

Ebitda Reconciliation

	FY2023	FY2022	% GROWTH
Profit from operating activities	4 920	4 946	(0.5%)
Total depreciation & amortisation	2 251	1 873	20.2%
EBITDA	7 246	6 877	5.4%



Earnings & dividend per share

	FY2023	FY2022	% GROWTH
Profit attributable to shareholders (R'm)	3 115	3 347	(6.9%)
W. Avg shares in issue (000)	257 274	257 778	
Basic earnings per share	1 210.7c	1 298.6c	(6.8%)
Addbacks (R'm)	(13)	(42)	69.6%
Headline earnings (R'm)	3 102	3 305	(6.1%)
Headline earnings per share	1 205.7c	1 282.1c	(6.0%)
Shares for diluted earnings (000)	263 234	263 564	
Diluted headline earnings per share	1 178.4c	1 254.0c	(6.0%)
Dividend per share	759.6c	807.3c	(5.9%)

Cash Flow Movements

R'M			
Mar 2022	4 612		
Cash from operations before working capital changes	6 970	Operating R5 940bn	Cash from operations supported by S88 acquisition
Working capital	(710)		Impacted by higher inventory & retail debtors
Net interest received	531		Impacted by increased debtors book, 350bps increase in repo rate & acquisition outflows
Taxation	(851)		Reduction due to change in effective tax rate to 26.7%
PPE & intangibles	(838)	Investing (R4 270bn)	PPE additions: R756m; Intangible additions: R82m. PPE insurance proceeds: R22m
Studio 88 acquisition	(3 464)		S88: R3.6bn less R156m settled in shares
Dividends	(2 192)	Financing (R4 841bn)	FY2022 final dividend: 524.9c paid in July 2022. Interim dividend of 312.5c paid in Dec 2022
Treasury shares	(380)		Share scheme purchases, hedging costs & instruments. S88 shares
Repayment of lease liabilities	(2 278)		Rental payments under financing cash flow
Other	42		
Mar 2023	1 442		

Rest of Africa

Total % of Group sales

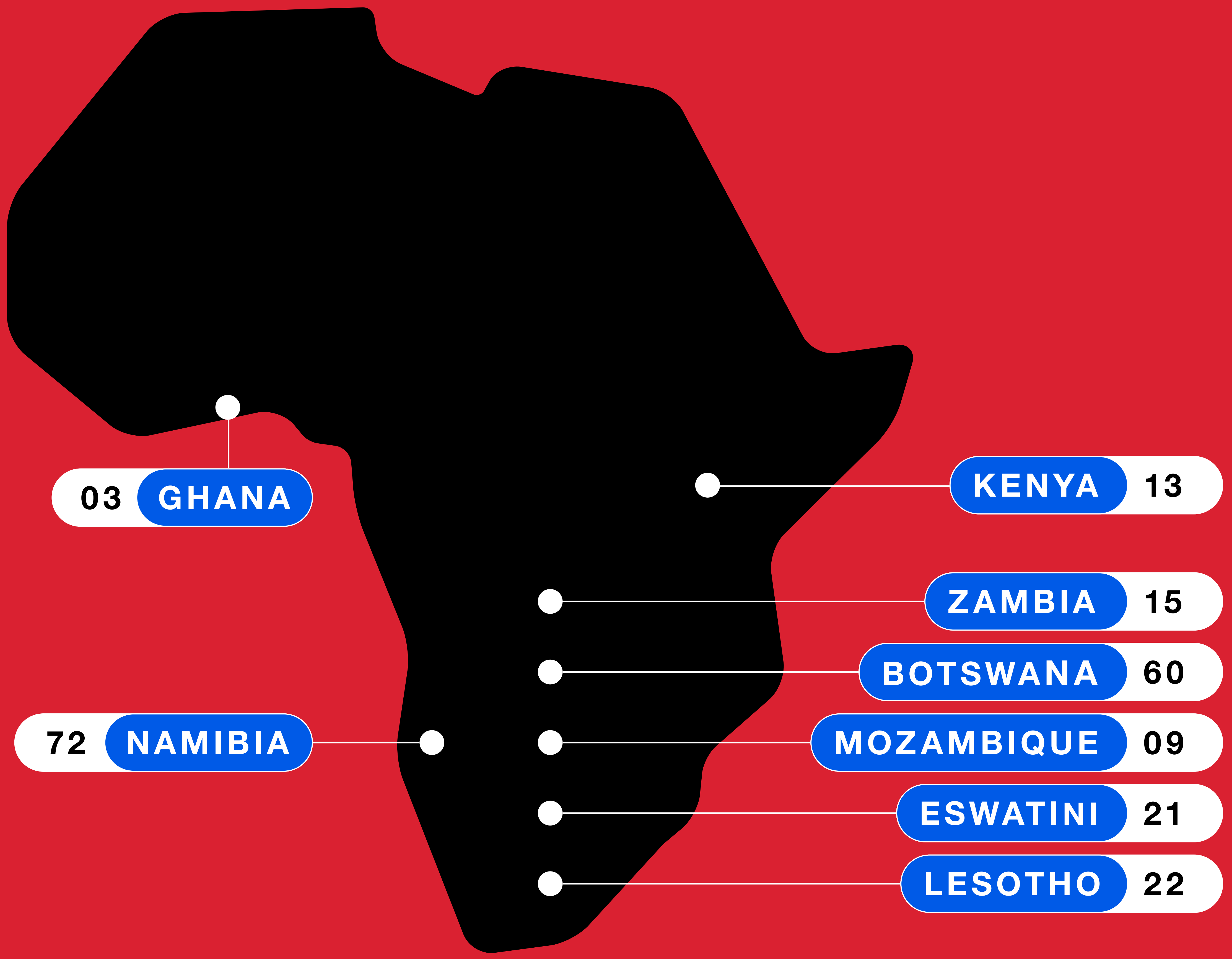
7.2% FY22: 7.2%

No. of stores

223 Corporate owned stores: 215

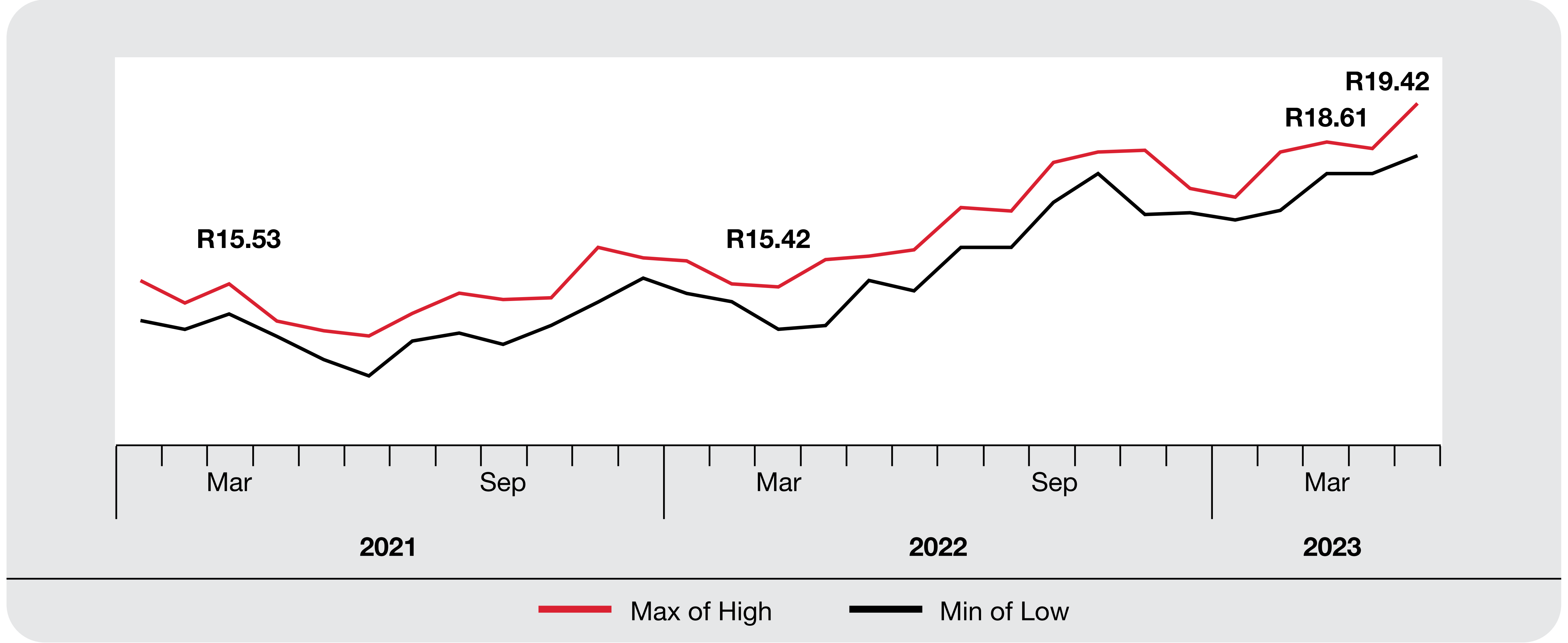
Sales growth (ZAR)

18.6% FY22: 22.0%

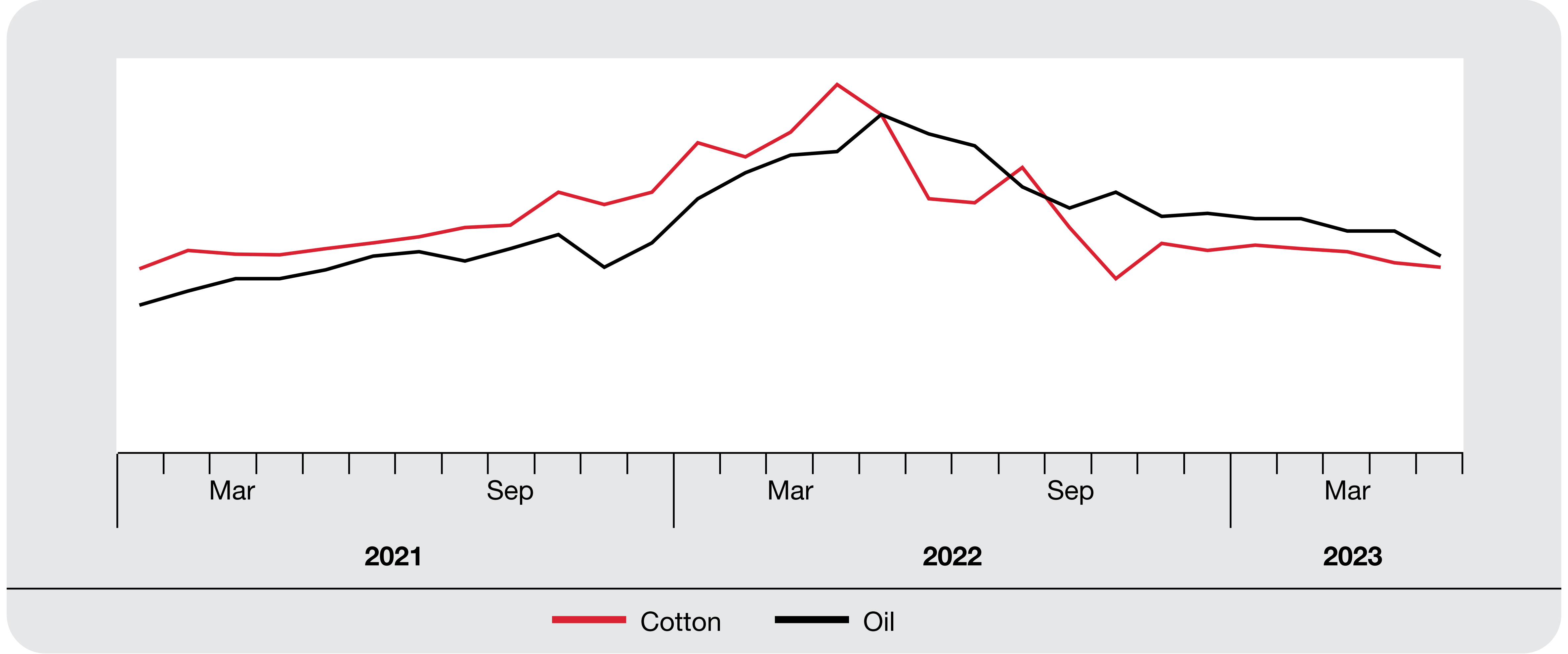


Input Costs

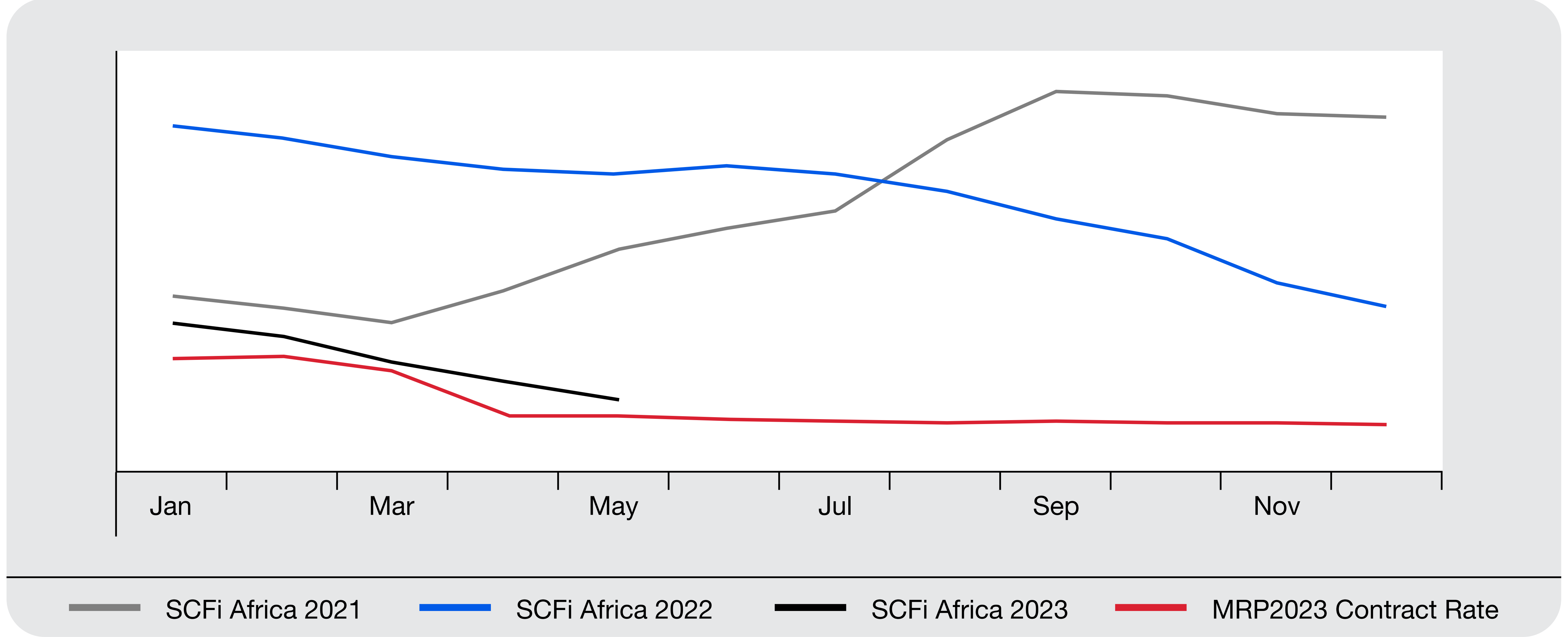
ZAR/$ exchange rate



Cotton and oil prices



Shanghai Container Freight Index Rate - Africa Route



SUMMARY

- ZAR/$ depreciation of 18.5% in FY2023. Worsened to 19.6% in May 2023
- Consensus view: macro instability remains a concern for return to fair value
- Cotton and Oil prices have decreased from the recent peak but still ahead of 2 years ago
- Shipping rate index continues to reduce. Contracted below index rate
- Shipping rates offsetting some of the other input price increases but pressure remains on margins

mr price group limited

Thank You