

2022



# Integrated Report

4 APRIL 2021 – 2 APRIL 2022

 **mr price group limited**

START HERE



# Contents





VISION

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**To be the most  
valuable retailer  
in Africa**

PURPOSE

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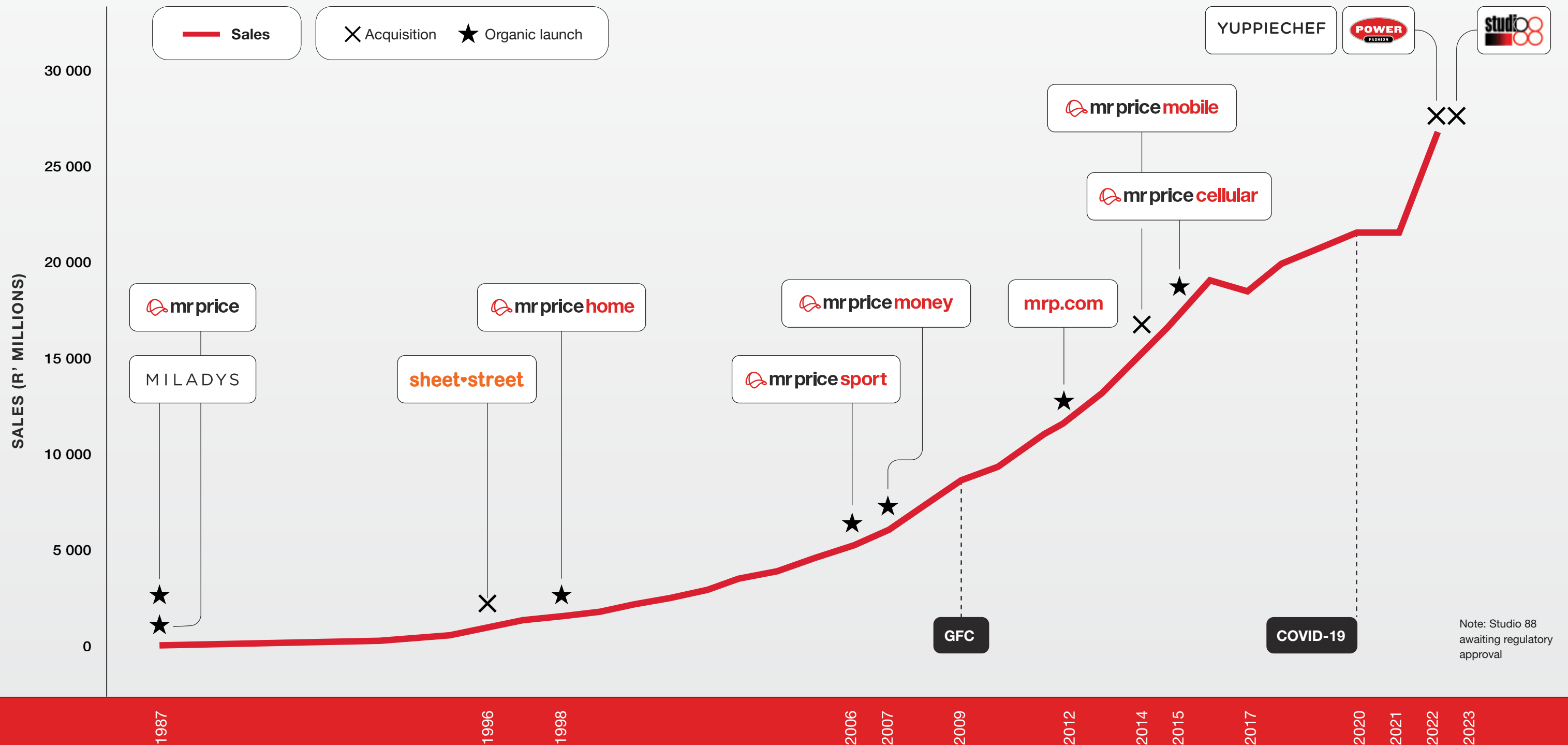
**Your Value  
Champion**



# A History of Building Brands

36 YEAR SALES CAGR

+17.5%





# Our Integrated Report



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# Our Integrated Report

We have pleasure in presenting the 2022 integrated report (this report) for Mr Price Group Limited and its subsidiaries (the group). The purpose of this report is to provide our stakeholders with a complete overview of our business, including how we work towards achieving the group’s purpose of being Your Value Champion.

## Scope

This report provides a consolidated view of the group’s performance for the 52-week period ended 2 April 2022. It includes the financial results of Mr Price Group Limited trading in South Africa, Botswana, Ghana, Lesotho, Namibia, eSwatini, Zambia, and Kenya, as well as Mr Price Foundation, and income received from franchise operations trading elsewhere in Africa. It additionally includes the newly acquired operations of Yuppiefchef which became effective on 1 August 2021. Our reporting complies with International Financial Reporting Standards, the Companies Act of South Africa (71 of 2008) and the JSE Listings Requirements.

This report aligns with the requirements of the King IV™ Report on Corporate Governance for South Africa 2016 and the International <IR> Framework (“Framework”). The Framework contains the six forms of capital that impact on value creation and diminution in a business. These comprise financial, manufactured, intellectual, human, social and relationship, and natural capital as outlined on the following page.

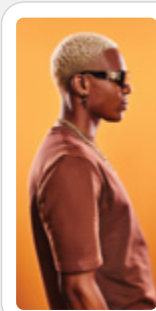
The group’s activities and performance relating to these capitals are covered throughout the report. The information contained in this report is consistent with the indicators used for our internal management and board reports, and is comparable with previous integrated reports. We have strived to provide useful information that enables stakeholders to make informed decisions. The outputs contained within this report are the result of a focused and considered process by both senior management and the board and its committees.

The Framework requires organisations to report on the resources and relationships that it utilises or affects, and the critical interdependencies between them. These resources and relationships are referred to as “the capitals” (as seen on the right hand side of the page). The group is committed to integrated reporting and, as such, has adopted the Framework. In the **business model** on pages 44 - 48, we create value through the use of the six capitals. The group considers the trade-offs between the capitals when allocating capital resources and seeks to maximise positive outcomes.


## Reporting Suite

This report is aimed at all stakeholders and is supported by detailed reports for specific key stakeholder groups available through the Integrated Reporting Suite at [www.mrpricegroup.com](http://www.mrpricegroup.com). These reports include:


- Our Integrated Report
- Annual Financial Statements
- Governance Report
- Remuneration Report
- Sustainability Report
- The Notice of AGM will be available on the group’s website, [www.mrpricegroup.com](http://www.mrpricegroup.com), and sent to shareholders by no later than 25 July 2022
- Supporting documents and information not included in the reports can be accessed on our corporate website, [www.mrpricegroup.com](http://www.mrpricegroup.com)



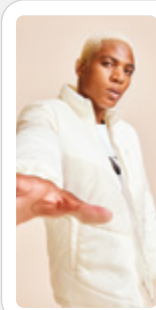
**Integrated Report**  
2022




**Remuneration Report**  
2022




**Sustainability Report**  
2022



**Governance Report**  
2022



**Annual Financial Statements**  
2022



**Notice of Annual General Meeting**  
2022

## Value Creation through the Capitals

**H**

**HUMAN**  
The skill and experience vested in our associates that enables us to deliver our products and services and implement our strategy, creating value for our stakeholders.

**I**

**INTELLECTUAL**  
The intangibles that constitute our brand, product, processes, proprietary systems and service offerings which provide our strategic differentiation and competitive advantage.

**M**

**MANUFACTURED**  
The stores, warehousing, infrastructure and distribution network throughout Southern, East and West Africa, which enables us to source, import, deliver and sell our products and services.

**F**

**FINANCIAL**  
The group’s pool of funds is predominately cash based (low gearing), generated from operations, interest income and funds reinvested.

**S**

**SOCIAL AND RELATIONSHIP**  
The key relationships cultivated with customers, suppliers, associates, shareholders, government and community.

**N**

**NATURAL**  
The natural resources used throughout our product and packaging supply chains, and in fixed capital formation.



Materiality

The board has approved a materiality framework which determines the process to identify **material matters** (refer pages 70 - 75). Our report focuses on issues which the board and management believe are material to the group and could impact the group's ability to create and sustain value including the six capitals over the short, medium and long term. We have aimed to demonstrate the connectivity between these material matters and our business model, strategy, risks, key performance indicators, remuneration policies and prospects. The material matters are reviewed on an ongoing basis to ensure that they remain relevant and management assumes the responsibility for the approval of these material matters, which are then endorsed by the board. All matters that are considered material to the business have been included in this report. These matters have been identified and prioritised after taking into consideration:

- Our business model, culture and values
- External factors that impact on the group's ability to create value in the short, medium and long term
- The retail industry cycle and its dependence on GDP, employment and credit growth
- Strategic objectives and key business risks arising from the group's strategic planning framework
- Items that are top-of-mind to the board and executive management
- Issues derived from key stakeholder engagement
- South Africa's sovereign rating, political landscape and rule of law
- Volatility in key input cost drivers being commodities and exchange rates

Additional Information

This report aims to focus on material matters only. Where additional or ancillary information is available, this has been separately published on the group's website: [www.mrpricegroup.com](http://www.mrpricegroup.com).

Boundary

The boundary extends beyond the group to include the risks, opportunities and outcomes attributable to or associated with other organisations independent of the group, that have a significant impact on its ability to create value for its stakeholders over the short, medium and long term.

Assurance

The board is satisfied with the integrity of the report and the level of assurance applied. The group's consolidated annual financial statements have been audited by the independent external auditor, Ernst & Young Inc. The disclosures within the **sustainability report** (pages 112 - 143) were verified by KPMG. The board is satisfied with the level of assurance on the integrated report and does not believe that it should be subject to further external assurance. Any forecast financial information contained herein has not been reviewed and reported on by the group's external auditors.

Approval

The audit and compliance committee has reviewed this report and recommended these to the board for approval. The board has collectively applied its mind to the preparation process and reviewed and assessed the report in accordance with the Framework. The board acknowledges its responsibility for ensuring the integrity of the 2022 integrated report and collectively reviewed and assessed the content thereof.

The 2022 integrated report was approved for release to stakeholders by the board on 30 June 2022.

NG Payne  
Chairman

MM Blair  
CEO

MJ Stirton  
CFO

YOUR VALUE CHAMPION





# Value Creation Process

How our report describes our value creation process

Sustainable value creation relies on an evolving and sustainable business model through which the group is able to execute its strategy. This depends on the efficient utilisation of the six capitals in optimising business activities to create outcomes that meet the needs and expectations of our stakeholders. Fundamental to this process is the effective trade-offs made while maximising outputs to create stakeholder value and minimise the impact of waste on our communities. The group's strategy is influenced by its operating environment, its stakeholder engagement processes and the material matters, key risks and opportunities identified. Strong execution of the group's strategy is required in order for the group to deliver consistent financial returns and create long term, sustainable value for its stakeholders. This is guided by the group's robust governance framework and supported by King IV™ principles.

**Vision** To be the most valuable retailer in Africa



Guided by our Governance Framework



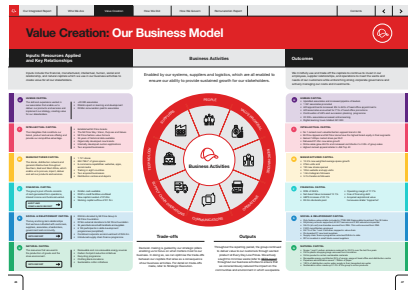
Supported by King IV™ Principles



01

## The Mr Price Way

The connection between the group's vision, purpose and its guiding values of passion, value and partnership.



02

## Value Creation through the Business Model

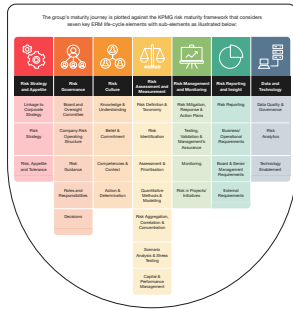
Value creation, preservation or erosion over time contributes to the increase, decrease or transformation of the group's capitals through its business activities and outputs.



03

## Stakeholder Value Creation

The group's processes, activities and products sold are not done in isolation, but in a sustainable connection to a wide group of stakeholders.



04

## Risk Approach and Material Matters

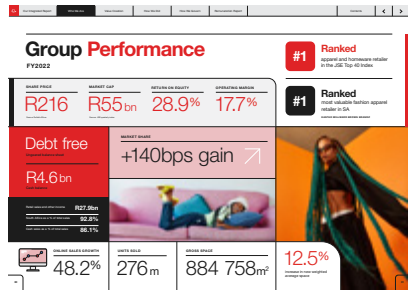
The group's enterprise risk function identifies, develops mitigation activities and alerts executives to elevating risks beyond its appetite and tolerance to reduce impact on value creation. Material matters are the top of-mind current and future challenges, risks and opportunities that have the most significant impact on the group's ability to enhance value to all stakeholders.



05

## Strategic Execution

The group's value creation is led by the successful development and execution of its strategy, which is measured against six key pillars.



06

## Performance and Results

Summary of performance demonstrating how the group's financial capital has been increased, utilised, and transformed through its operating, financing and investing activities during the financial reporting period.

Building a sustainable business measured by Sustainable Development Goals





# Who We Are



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YOUR VALUE CHAMPION





# Mr Price Way

## VISION

To be the most valuable retailer in Africa

## PURPOSE

Your Value Champion

## VALUES

-  Passion
-  Value
-  Partnership



# Who We Are








Cash-Based

Omni-Channel



Fashion-Value



OUR DIVISIONS	 <b>mrprice</b>	MILADYS
	 <b>mrprice sport</b>	
	 <b>mrprice home</b>	<b>sheet•street</b>
	 <b>mrprice money</b>	YUPPIECHEF

## ORGANISATIONAL OVERVIEW



RETAIL SALES & OTHER INCOME (RSOI)	APPAREL SEGMENT	HOME SEGMENT	FINANCIAL SERVICES & TELECOMS
<b>R27.9 bn</b>	<b>70%</b>	<b>23%</b>	<b>7%</b>
 <b>SOUTH AFRICA</b> <b>93%</b>	 <b>AFRICA</b> <b>7%</b>	<b>1 721 stores</b>	
		<b>+20 000 associates</b>	



# Where **We Are**



## Stores

TOTAL OWNED STORES

1 721

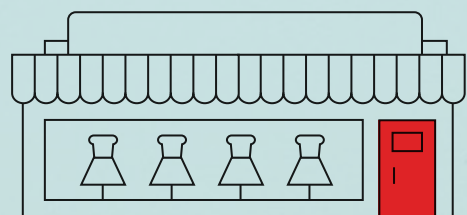
TOTAL GROSS TRADED AREA

884 758m<sup>2</sup>

BY GEOGRAPHY

SOUTH AFRICA

1 591



REST OF AFRICA

130



AFRICA BY  
COUNTRY:



33	Botswana	03	Ghana
11	Lesotho	13	Kenya
42	Namibia	16	Eswatini
12	Zambia		

## Online

DIGITAL FOOTPRINT



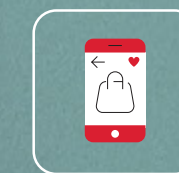
2.9%

contribution to total retail sales



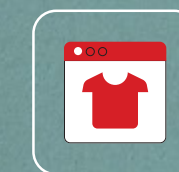
1st to market

launched online in 2012



87%

of traffic driven by mobile



65%

of Mr Price Apparel orders are click+collect








#1 ranked

omni-channel fashion app in SA



# Our Divisions

Selling predominately private label merchandise, Mr Price Group divisions provide customers with a diverse range of products, covering apparel, homeware, sportswear, financial and cellular services.

APPAREL	
	
	
MILADYS	
	
% contribution to Retail Sales and Other Income	69.9%
HOMEWARE	
	
sheet•street	
YUPPIECHEF	
% contribution to Retail Sales and Other Income	23.4%
FINANCIAL SERVICES & TELECOMS	
	
% contribution to Retail Sales and Other Income	6.7%



## APPAREL



## Who We Are

Mr Price is a fashion-leading clothing, footwear, cosmetics and accessories retailer that offers on-trend and differentiated merchandise at extraordinary value to ladies, men and kids.

Through constant innovation and product development, staying on the pulse of international fashion trends and diligent resourcing, we are able to make trend-led fashion accessible to customers at highly competitive prices.



## Where We Are

### STORES

558

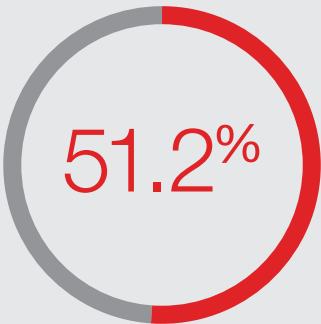
### ONLINE

Average Store Size  
728m<sup>2</sup>

Total Trading Area  
405 979m<sup>2</sup>

## Contribution

% group Retail Sales and Other Income



### Product Offering

Clothing, accessories, underwear, footwear and cosmetics.

### Customer & Positioning

Youthful customers who love fashion, appreciate extraordinary value and are primarily in the middle-income demographic.

### Sub Brands



over **2.8 million** fans across our social media platforms





APPAREL



Who **We Are**

Mr Price Sport makes an active, sport and outdoor lifestyle accessible to all of South Africa through its affordable sub brands below.

- Maxed:** Comprises equipment and apparel for fitness activities and key sport types.
- Maxed Elite:** Offers high-performance gear engineered to withstand intensive training and sport at the highest level.
- Maxed Terrain:** Encompasses everyday leisurewear, camping equipment and must-have outdoor gadgets.

Mr Price Sport’s competitive pricing makes the brands accessible and a good fit for the budget-conscious consumer.

Contribution

% group Retail Sales and Other Income



Where **We Are**

STORES

157

ONLINE

Average Store Size

553m<sup>2</sup>

Total Trading Area

86 867m<sup>2</sup>

APPAREL



Who **We Are**

We get women.

As a business, we employ over 1500 women. And as women, we know what’s important to our customers, so we interpret trends in a way that feels right for them.

From feminine dresses and versatile tops to good quality jeans that fit well and everything else a woman needs to build her wardrobe; all of our clothing is comfortable and carefully considered for real women.



Where **We Are**

STORES

251

ONLINE

Average Store Size

296m<sup>2</sup>

Total Trading Area

74 321m<sup>2</sup>

Contribution

% group Retail Sales and Other Income



Product Offering

Sporting, outdoor and fitness ranges - all comprising footwear, apparel, equipment and accessories.

Customer & Positioning

Our customer is the value-minded sports or outdoor enthusiast. With gear for infants, kiddies and adults, we aim to serve everyone who’s fit, fun and forever young. Our value-focused, authentic sports offering appeals to the middle-to-upper-income earner.

Sub Brands



Product Offering

Delighting customers with women’s smart and casual fashion, intimate wear, footwear and accessories, of exceptional quality and versatility at competitive prices, with clothing offered in extended size ranges.

For us fit is everything. We know the shapes that fit and flatter and we pay attention to every detail. We believe that fashion should be for all body types and should feel like it was made for you.

Customer & Positioning

We love that women can be confident in their own skin. We are the only local women’s retailer to offer size 32 to size 50 across all of our fashion. When you shop at Miladys you’ll always find your fit, no exceptions.

Sub Brands







## APPAREL



## Who We Are

Power Fashion is a low priced fashion retailer, serving the needs of the whole household. Located in the hearts of our communities, the Power Fashion team work hard to deliver a product offering and shopping experience that delights our price-focused customer.

## Contribution

% group Retail Sales and Other Income

6.4%

## Where We Are

### STORES

209

### ONLINE

Average Store Size

338m<sup>2</sup>

Total Trading Area

70 729m<sup>2</sup>

## Sub Brands



## Product Offering

Power Fashion: Clothing, accessories, babywear, schoolwear, footwear, underwear, cosmetics.  
Power Cell: Mobile devices and accessories, value added services including airtime, data, electricity, DStv and bus ticketing.

## Customer & Positioning

Power Fashion serves local communities throughout South Africa, Eswatini and Lesotho. We serve our purpose of helping people feel good about themselves, by working hard to deliver low priced fashion, directly to the people who need it most.

## HOMEWARE



## Who We Are

Mr Price Home's purpose is to make beautiful homes affordable and accessible to all homeware shoppers.

We inspire by always showing up with something new ... new colours, new trends, new looks, new prints, new patterns and new displays. We don't give our customers rules for interior design and décor, we give them tools to help create a home, a room, a space which reflects who they are, and what is important to them. We're passionate about creating and showcasing beautiful interiors which provide our customers with inspiration and ideas for their homes, while at the same time making choices that demonstrate our commitment to our people and our planet.

## Where We Are

### STORES

205

### ONLINE

Average Store Size

766m<sup>2</sup>

Total Trading Area

160 044m<sup>2</sup>

## Contribution

% group Retail Sales and Other Income

15.8%

## Product Offering

Home textiles, décor, accessories, kitchen, dining, furniture and kids merchandise.

## Sub Brands

kidshome

PREMIUMRANGE





HOMEWARE

sheet•street

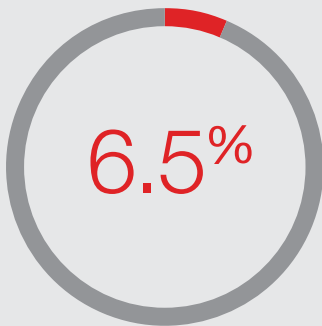
## Who We Are

Always there for you!

At Sheet Street we strive to be the Value Champion in home textiles, offering a wide range of tasteful, affordable and wanted homeware products at exceptional value; allowing our customers to create the home they love and are proud of on a budget they can afford.

### Contribution

% group Retail Sales and Other Income



## Where We Are

STORES

333

ONLINE

Average Store Size

192m<sup>2</sup>

Total Trading Area

63 923m<sup>2</sup>

HOMEWARE

YUPPIECHEF

## Who We Are

At Yuppiechef we believe that using the right product for the right task can make everyone's day a little better. Mornings are more rewarding if they start with crafting a perfect cup of coffee. Meal prep is more satisfying when armed with a chef's knife that balances beautifully in your hand. And there's peace to be found when collapsing into crisp bed linen at the end of a too-long day.

We're always hunting out exciting new kitchen and home finds locally and internationally, looking to inspire ourselves and our customers, and growing our ranges. From knives, appliances and hard-to-find ingredients, to bedding, rugs and furniture, we've sourced and tested the best quality we can find, from brands and makers that we love.

## Where We Are

STORES

8

ONLINE

Average Store Size

234m<sup>2</sup>

Total Trading Area

1 870m<sup>2</sup>



### Contribution

% group Retail Sales and Other Income



### Product Offering

A range of affordable home textile and décor products for bedroom, living room, bathroom, kitchen and dining room at exceptional value.

### Customer & Positioning

Middle income consumers, family focused and responsible, looking to co-ordinate their homes tastefully but responsibly.

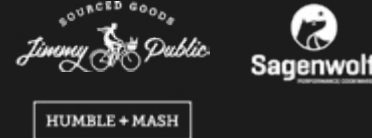
### Customer & Positioning

Yuppiechef's customers are those who know they deserve something more than average, and appreciate quality and detail. They are foodies, who consider their love for coffee or wine or a good braai as one of their hobbies, who are constantly learning and expanding their skills and collection of tools, and who love the status they get from owning the newest and the best. They are homemakers who show their love for their families by feeding them well. They are entertainers who take pride in how they present their kitchen and home to others. They are gift givers who appreciate the extra care and attention that a gift from Yuppiechef shows. Demographically they're most likely to be women in high-income households, aged 25 to 55.

### Product Offering

Kitchen, small appliances, table and barware, bed and bath, furniture and decor, outdoor, and specialist food and drink.

### Sub Brands







FINANCIAL SERVICES & TELECOMS



# Who We Are

We're all about providing convenient credit, insurance and cellular offerings to our highly engaged customers.

Our vision is to provide innovative and valuable ways of shopping and connecting for all our customers.

## Contribution

% group Retail Sales and Other Income



## Product Offering

Value, always! We deliver it through payment solutions that are relevant to our customers, insurance products that matter, all while keeping customers connected through a variety of cellular products at the best price in the market.

### Mr Price Money

Our aim is to offer customers a wallet filled with different payment types that will keep them on-trend and on-budget. Our six- or 12-month store card offering, and lay-by facility enable customers to access our fashion, home and sportswear when they want it. We also reward them for doing what they love - shopping on account with Insiders. Here, customers get extra benefits like free airtime, WhatsApp data bundles, shopping vouchers and more! What it comes down to, is creating a shopping experience that's meaningful and possible for everyone.

### Mr Price Cellular

Mr Price Cellular is the go-to destination for deal-seeking, tech-savvy customers whose way of life is keeping connected. We do it by offering value and creating an experience. We've got it all - devices, packages, data and airtime across networks as well as our very own Mr Price Mobile.

### Mr Price Insurance

What matters to our customers, matters to us. Our relevant and affordable insurance products are there to help put "peace of mind" within their reach and help settle their outstanding balances in the event of death, disability, retrenchment, or to replace their cellular devices in the event of theft, loss or damage, as well as a funeral plan and road accident cover.

## ONLINE

## Customer & Positioning

Just like us, our customers love the Mr Price Group retail brands. They love fashion and finding great value. With a bit of help from us, they shop a combination of credit, lay-by cash, and other tender types while being digitally savvy and staying connected via their smartphone devices.

## Sub Brands

- mr price cellular
- mr price insurance
- mr price mobile





# Group Performance

FY2022

SHARE PRICE

R216

Source: Refinitiv Eikon

MARKET CAP

R55<sub>bn</sub>

Source: JSE quarterly index

RETURN ON EQUITY

28.9%

OPERATING MARGIN

17.7%

#1

Ranked

apparel and homeware retailer  
in the JSE Top 40 Index

#1

Ranked

most valuable fashion apparel  
retailer in SA

KANTAR MILLWARD BROWN BRANDZ

Debt free

Ungeared balance sheet

R4.6<sub>bn</sub>

Cash balance

Retail sales and other income

R27.9<sub>bn</sub>

South Africa as a % of total sales

92.8%

Cash sales as a % of total sales

86.1%

MARKET SHARE

+140bps gain ↗



UNITS SOLD

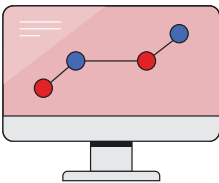
276<sub>m</sub>

GROSS SPACE

884 758<sub>m</sub><sup>2</sup>

ONLINE SALES GROWTH

48.2%



12.5%

increase in new weighted  
average space





# Sustainability Performance

FY2022

together  
we do  
good.



SOCIAL

R32.9 million

donated to  mr price foundation

850 000

items of clothing donated

R5 million

donated to disaster relief

99.7%

tier 1 and 2 factory visibility

more than

3 600

vaccines administered at  
head office vaccine site

ENVIRONMENTAL

29.2 million

plastic shopping bags removed  
from circulation

35.9 million

products contain  
sustainable materials

100%

DC water supply  
from harvested  
rainwater

25%

of energy used at  
head office and DC is  
renewable energy

zero

plastic shopping bags  
in Miladys stores

ECONOMIC

Only fashion-value retailer included in

**FTSE/JSE Responsible  
Investment Top 30 Index**

Only RSA retailer that is a **member of  
Ethical Trading Initiative (ETI)**

**10 sustainability indicators** included as senior  
management KPIs for long-term incentives



Member of  
**Proudly South African**



**R4.3 billion** spent on  
RSA procured products  
representing 38.2% of all  
procurement cost

**R21.3 million** invested  
in support of small black-  
owned suppliers

# Sustainability Approach

The 2022 financial year was key in maturing the group's ESG and sustainability approach. The Mr Price Group strategy was launched, with sustainability as the sixth strategic pillar. This has elevated the importance of sustainability matters within the group's operations and is a clear indication that Mr Price is intentional in building a sustainable business. The company secretary, reporting to the CEO and who already managed governance activities, was promoted to ESG director, to formally lead and oversee the group's existing sustainability and social investment (Mr Price Foundation) functions to support group strategy delivery. The period was one of reassessment, recalibration and refocusing. The concepts of sustainability and ESG are interchangeably used by different stakeholders in different contexts. Mr Price's broader sustainability activities are well entrenched across its business operations. However, these activities required improved measurement and specific disclosure based on ESG criteria to provide stakeholders necessary relevant information to assess, among other things, business performance and risk to make investment decisions.

## Sustainability strategy together we do good.

Together We Do Good is the centre of Mr Price's sustainability strategy, which supports the group's business strategy to be the most valuable retailer in Africa. By working together to do good, environmental, social and economic value for stakeholders is created, enabled and protected in a sustainable way. The group's sustainability strategy is focused on material sustainability issues which have the most significant impact in the context of its apparel and homeware retail operations in South Africa and across Africa (see the image on page 35 for a visual representation of the strategy and its pillars and objectives). Under the environmental pillar, the primary objectives are to preserve natural resources and reduce and stabilise environmental impact. The main social objectives are associate wellbeing and development, quality education, youth development and social development in the value chain. The key economic objective is economic value chain development.

The social, ethics, transformation and sustainability (SETS) committee of the board monitors and oversees achievement of the sustainability strategy. Further detail on each of the strategy elements can be found in the [sustainability report](#) on pages 112 to 143.

### Regulatory and reporting frameworks

Having regard to the group's retail operations across Africa, the primary applicable regulatory sustainability obligations are derived from:

- The 10 principles of the United Nations Global Compact
- The OECD recommendations regarding corruption
- The South African Constitution and Bill of Rights
- The South African Employment Equity Act
- The South African Broad-Based Black Economic Empowerment Act

- South Africa's King IV™ Code on Corporate Governance (King IV™)

The reporting frameworks which guide Mr Price's disclosure of sustainability activities are:

- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- Sustainable Development Goals (SDG) Disclosure Recommendations
- FTSE/Russell ESG Ratings and data model indicators
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Value Reporting Foundation's Integrated Reporting Framework
- King IV™

The group is also monitoring disclosure developments following the formation of the International Sustainability Standards Board (ISSB) announced at COP26 in November 2021, and locally, the Sustainability and Climate Change Disclosure Guidance published by the JSE in June 2022. Other areas of progress that the group is observing include the Taskforce on Nature-related Financial Disclosures (TNFD).

### Key sustainability activities

In maturing Mr Price's ESG approach, key strategic sustainability activities during the year include:

- Appointed ESG officer to focus on reporting and disclosure
- Review of the various ESG reporting and disclosure frameworks
- Assessing and selecting appropriate indicators to measure and report on in the context of Mr Price's primary activities and impact as an apparel and homeware retailer in Africa
- Formulating a roadmap to mature indicator measurement and disclosure in the short and medium term
- Developing an internal indicator reporting dashboard to track quarterly progress of sustainability targets
- Mapping and aligning primary sustainability activities to group strategy, group risks, and ESG indicators to ensure activities are prioritised to support business strategy delivery and stakeholder disclosure expectations
- Setting, measuring and reporting specific group and divisional sustainability targets and progress for the period
- Further development of bespoke systems for capturing, measuring and reporting operational sustainability performance
- Conducting gap analysis on TCFD to inform areas requiring focus
- Updated environmental policy to include climate change commitment statements
- Setting and implementing defined "SETS scorecard" measures (comprising various material sustainability targets) which contribute 20% in respect of executive conditional rights under the LTIP (refer to the [remuneration report](#) on pages 144 - 171)
- Increasing stakeholder disclosure (primarily in the 2022 Integrated Report) to cover 19 quantitative and nine qualitative ESG indicators

The group is pleased that its consistent sustainability efforts were acknowledged during the year by inclusion on the FTSE/JSE Responsible Investment **Top 30 Index** (which recognises the top ESG rated companies in South Africa). Mr Price is the only fashion-value retailer on this index.

Notable outcomes of these activities are:

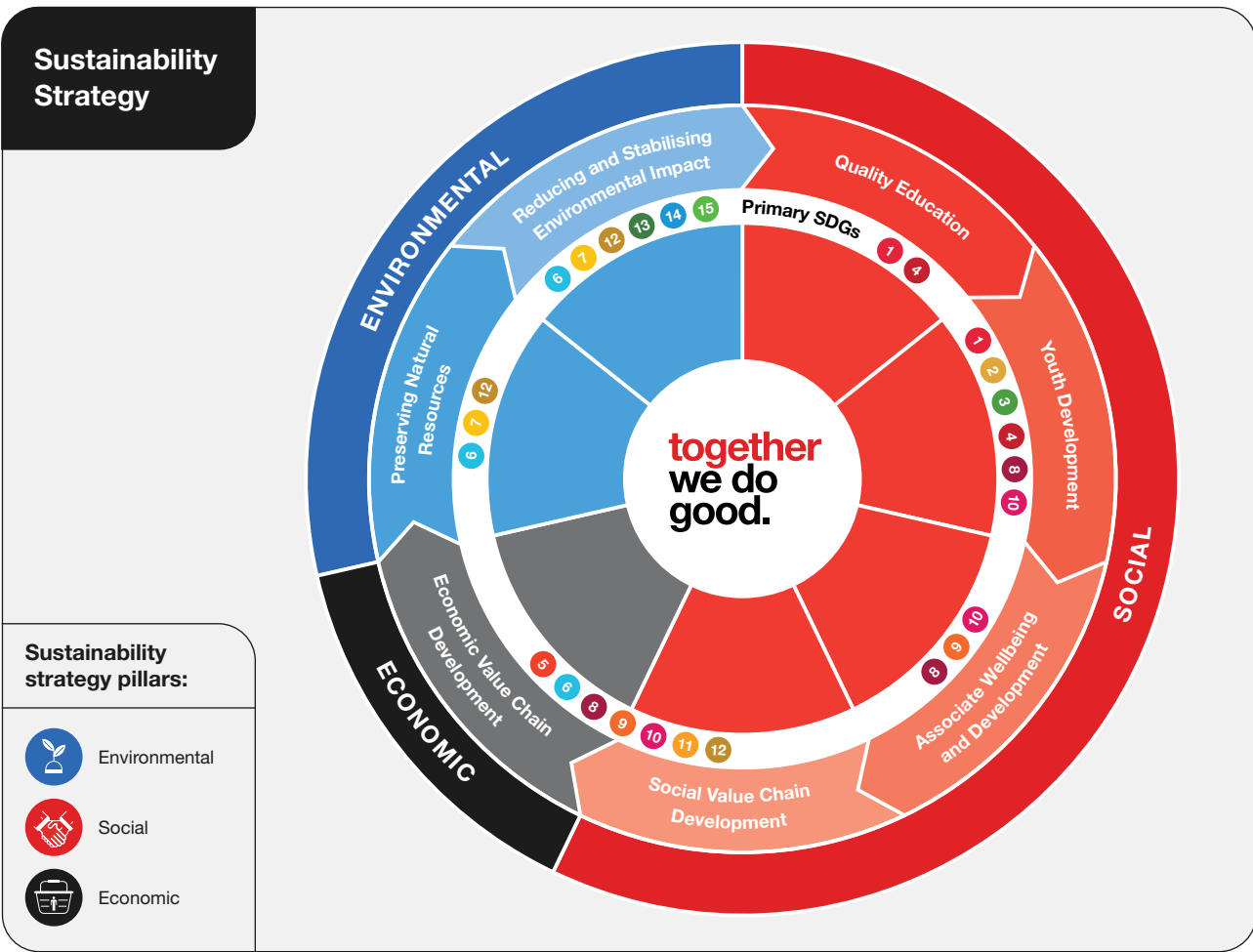
- 29.2m single-use plastic bags removed from circulation
- R21.3m invested in supporting small, black-owned companies
- 35.9m products made using sustainable materials
- 26.3m products manufactured using sustainable cotton
- Distribution centre's (DC) water supplied entirely from harvested rainwater
- ~1.4million kwh of head office and DC energy generated by renewable energy (being 25% of all energy consumption)
- 850 000 items of clothing donated to support approximately 1200 entrepreneurs
- 78.6m units procured locally amounting to a local spend of R4.3bn (being 38.2% of total procurement cost)
- Yuppiechef and Power Fashion integrated into whistleblower services (Faircall)
- R17.1m invested in youth development through Mr Price Foundation's JumpStart programme
- R12.5m invested in providing quality foundational education (Mr Price Foundation's EduRise programme)
- R5m donated to disaster relief organisations to support community needs following widespread civil unrest in the group's home province of KwaZulu-Natal in July 2021

- Maintained gender diversity target on the board
- More than 3 600 vaccines administered at head office vaccine site

Refer to further sustainability performance highlights for the 2022 reporting period on pages 32 and 33.

### Looking forward

In the 2023 financial year the group aims to expand its measurement and reporting to include 22 additional ESG indicators, and address key gaps to facilitate TCFD reporting. A project to assess opportunities to further reduce scope 1 and scope 2 emissions and measure scope 3 emissions will be undertaken. Mr Price is intentional in the setting and achievement of targets and will formulate realistic science-based targets (SBTi). Again, divisional and group targets to improve 2022's delivery of key sustainability objectives will be set and monitored, and will be linked to short- and long-term remuneration through defined KPIs at executive and senior management levels and the SETS scorecard for conditional rights per the LTIP. An investor session on the group's ESG activities will also be held during the 2023 financial year and the group will work towards publishing a separate sustainability report in the medium term.





# Value Creation



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YOUR VALUE CHAMPION





# Operating Environment

The retail environment and the state of the consumer is significantly impacted by the stability of global and domestic markets.

## Global Economy

Uncertainty in the global economy prevailed in FY2022 as COVID-19 remained a central challenge to global markets. Economic growth rebounded from the unprecedented lows of 2020, however, prolonged and disruptive periods of economic growth persisted as a result of recurring waves of infection and additional secondary implications.

The anticipated secondary economic effects of the pandemic materialised during the year and were evident through erratic capital markets, constrained global supply chains and continued travel restrictions which were enforced globally. Prevalent monetary policy implementation through consumer relief measures were present across markets. Additionally, constrained distribution and logistics in international supply chains increased the risk of delivery disruption and the probability of elevated inflation across most sectors in 2021 and beyond. As a result, rising input prices across sectors remain a concern and have increased the cost of doing business, which will have a negative effect on business and consumer confidence.

The geo-political conflict between Russia and Ukraine and the extended lockdown in China has exacerbated the challenges mentioned. This has further increased the risk of a prolonged period of global instability and elevated inflation levels.

The outlook is sobering as global economic growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022 and slow further to 3.8% in 2023, according to the World Bank.

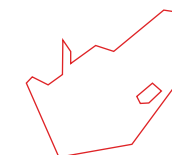


**... rising input prices across sectors remain a concern and have increased the cost of doing business, which will have a negative effect on business and consumer confidence.**

## South Africa

REVENUE CONTRIBUTION

92.8%



STRATEGIC APPROACH

**Primary market. Capital allocation to drive growth opportunities**

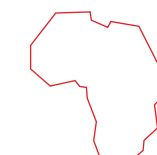
STRATEGIC PILLARS



## Africa

REVENUE CONTRIBUTION

7.2%



STRATEGIC APPROACH

**Maintain portfolio and invest only in scalable opportunities**

STRATEGIC PILLARS



## South African Economy

The South African economy is significant to the group as 92.8% of its sales are derived from this market. The economy remains fragile despite the most damaging COVID-19 restrictions falling away by the end of the financial year as the National State of Disaster concluded. Material economic and social challenges remain, which include a high unemployment rate, lack of infrastructure development, inadequate service delivery and a growing and considerable gap between the rich and poor.

To help aid in the short-term recovery of the country, various government relief measures were implemented during the height of the COVID-19 pandemic. The implementation of the COVID-19 relief grant continues to remain in place, and while providing some respite to those most in need, it has added an additional burden to rising government expenditure. Any continuation of social grant provision (past the budgeted 2022 grant) will need to be supported by permanent government spending reductions.

The 6.4% GDP growth decline reported in 2020 created a low base from which to recover in 2021. Steady progress had been made as the declining GDP growth rate improved to minus 3.2% in Q1 2021. However, the complex social factors documented above have always been potential catalysts to underlying tension in the country, which showed its hand in July 2021, when civil unrest was experienced throughout the prominent provinces of KwaZulu-Natal and parts of Gauteng. This resulted in widespread looting and vandalism causing untold damage to property, business continuity and livelihoods. The result of this was a setback in economic recovery and significant damage to retail infrastructure across these regions.

Despite these challenges, Absa Bank forecast an improved GDP growth of 2.0% for 2022 from the previously guided 1.7%.

South Africa's economic recovery from the pandemic has been stronger than expected but a weaker global backdrop and domestic supply shocks are likely to slow the growth momentum.

Recent commodity price surges and ongoing supply chain constraints are exerting increasing pressure on inflation, which will likely generate second-round effects. Headline CPI inflation is beginning to breach the upper limit of the Reserve Bank target range, as forecasts report average CPI of 5.9% in 2022 and 5.4% in 2023.

Adding to an expected constrained consumer environment is the likelihood of interest rate hikes throughout the remainder of 2022 as monetary policy normalisation ensues. Increases of 150bps in 2022 and a further 50bps in 2023 have been forecast.

The South African Rand has felt the impact of increasing pressure from global market forces. In Q1 2022 it was the best performing emerging market currency, however it slipped back in Q2.

Despite what may appear to be a bleak outlook, there have been some encouraging signs almost halfway through 2022 calendar year. Commodity prices delivered better than expected fiscal outcomes, and tax receipts reflect corporate earnings and consumer spending remaining relatively robust. Additionally, government reform momentum is growing, based on economic policy proposals leaning towards more collaboration with the private sector.

On the balance of factors the outlook remains highly uncertain due to a variety of international and domestic events. However, despite its own domestic challenges, South Africa appears to be a relatively safer investment destination in comparison to other emerging markets and is likely to see increased capital flows as the balance of power shifts internationally.



Retail Environment

The retail environment has been challenging due to the impact of COVID-19 on household income and expenditure, exacerbated by record high levels of unemployment. There were encouraging signs of recovery in the consumer environment by the end of 2021, with employment recovering by 262 000 jobs in Q4 2021. This is despite the set-back caused by the civil unrest in July 2021 when 660 000 jobs were lost during that quarter. South African Reserve Bank (SARB) data showed a strong improvement in household disposable income, which approached its pre-pandemic peak in real terms in Q4 2021. SARB data also show an improving consumer balance sheet, with a fall in household indebtedness during this period while net assets increased.

COVID-19 brought several fundamental changes to the retail sector in South Africa. One of the primary changes was the rise in digital adoption resulting in higher permanent conversion to online channels, with online as a percentage of sales increasing across the sector. There remain barriers to entry in e-commerce in the form of high data costs, last mile logistics challenges and social behaviour patterns centred around the mall as a shopping destination. Online will be a strategic part of the future of South African retail; however the physical store environment remains the dominant channel for revenue generation and a strong omni-channel offering is therefore required to succeed in the short to medium term.

A secondary impact arising from COVID-19 was the changing dynamics of the competitive landscape. The pandemic was a catalyst for large retailers with strong balance sheets, or

significant debt funding, to acquire smaller or financially vulnerable targets. This has accelerated the growth plans of high performing smaller retailers or given impetus to larger, ailing businesses who required a capital injection or consolidation and refocus of strategic plans. The result of this activity has been an increase in competitive intensity among existing retail businesses, particularly in the value segment. An additional impact on the retail environment in South Africa is the supply chain disruption caused by global container supply imbalances and the subsequent material increases in shipping freight rates. This impacted the timing of physical flow of merchandise during the peak summer trading months and a delayed impact on product inflation is expected due to increasing input costs. The increase in load shedding hours has weighed on the retail sector, disrupting trading patterns.

The outlook for consumers will be one of rising prices and a squeeze on disposable incomes as interest rates and inflation impact household expenditure. Despite aggregate household incomes recovering faster than expected in 2021, a combination of real income erosion from higher inflation and further likely interest rate hikes in 2022 will be headwinds against the consumer. Consumers are willing to spend, however their sensitivity to price and quality is high, requiring retailers to provide strong offerings of value that reward customers.

Impact On Mr Price Group

- Supply chain disruption causing delays in product delivery
- Higher costs across most raw materials, key manufacturing inputs and supply chain processes
- Elevated global inflation levels cascading into the local economy and impacting household spending
- Exchange rate volatility
- Infrastructure damage and loss of revenue from the civil unrest
- Power instability causing a loss in retail trading hours and impacting planning

Response

- Agile supply chain based on partnership which proved successful during height of COVID-19 challenges. Increase in local sourcing to 38.2% and 27 new suppliers onboarded in South Africa
- Negotiated competitive rates on key input costs through long term contracts and use of high order volume
- Balance strategic value positioning with margin management to continue delivering customers value and shareholders return
- Execution of hedging policies to achieve better rates than prior year, helping to offset rising input costs and ease the impact of short-term shocks
- Insurance claims covering physical damage, stock and revenue losses following civil unrest have been submitted, with R296.1m paid out in FY2022. Of 111 stores closed due to damage, 96 had been re-opened by the end of the year

Civil Unrest

Impact and Response

Store Impact

PREVIOUSLY REPORTED

- 539 temporarily closed during the week
- 111 closed due to damage (~7% of opening space)
- 96 re-opened by the end of FY2022

UPDATE

- 5 to re-open in FY2023
- 10 to re-open in FY2024

Extensive shopping centre damage

Insurance Claims

- SASRIA: received payment of R296.1m for stock, cash and PPE losses
- PPE replacement claim net of book value added back for HEPS
- Business Interruption: profit loss under assessment. Received gross interim payment of R92m. Total claim to be recognised in FY2023 due to timing

Insurance claim payments recognised under other income

Note: insurance proceeds include VAT



The resilience of the group has been tried and tested in the past and it has prevailed due to the incredible partners and people that make up Mr Price Group.

Mark Blair, CEO



Supporting Our Communities

As a proud KZN business, we launched an extensive relief package.

#RebuildSA

together we do good.

- R5 million donated to disaster relief organisations
- Food parcels delivered to affected associates and factory workers in our supply chain
- Mr Price Foundation raised R750k to support relief efforts
- R710k donated to Mr Price Foundation for medals won at the Olympic and Paralympic games to support relief efforts



# Business Activities

Our business activities are enabled by our systems, suppliers and logistics, and are all focused on providing sustainable growth for our stakeholders. Decision making is guided by our strategic pillars enabling us to focus on what matters most to our business. In doing so, we can optimise the trade-offs between our capitals (refer page 9) that arise as a consequence of our business activities. The outcomes of our business activities include the internal and external consequences for our stakeholders and our resources, acknowledging that these can be positive or negative, and collectively result in the value that we create over time.



### People

- **Passionate**
- **Energised organisational culture**
- **Partners who act as business owners**

At the heart of the business is the group's highly passionate and committed people. Share schemes and an incentive remuneration philosophy encourage them to act as part-owners and participate in the group's success.

CAPITALS

H

I


F

S

STRATEGIC PILLARS







### Value Proposal

- **Best price for quality and fashion offered**
- **Every Day Low Prices**
- **The way the group serves the business, stakeholders and each other**

The group retails differentiated private label assortments that are dominant in the wanted fashion items of the season. By remaining a cash-driven retailer, the group can fund future growth without incurring debt.

CAPITALS


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STRATEGIC PILLARS







### Merchandise

- **Style, fashion and assortment**
- **Merchandise intensity and quality**
- **Ethical and sustainable**

The group satisfies its customers' needs for fashionable items through specialist trend teams and thorough research. International retailers and local and international street styles offer inspiration and opportunities to stay in touch with what customers are wearing. The merchandise teams identify key commercial looks for their customers with test programmes managing business risks.

CAPITALS

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STRATEGIC PILLARS











### Operations

- **Store size and location**
- **Layout and design**
- **Omni-channel**

The group retails apparel, homeware and sportswear through physical stores and online channels. Retail operations are located primarily in South Africa, with a presence in several other African markets. The group builds stores at a cost aligned to its value model while delivering an appealing store experience to customers. The group's e-commerce platform and mobile app provide strategic channels to interact with customers and continues to increase in importance.

CAPITALS

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STRATEGIC PILLARS









### Communication

- **Positional**
- **Promotional**
- **Aligned to brand personality**

Product presentation, together with its visual support material, provides customers with a consistently clear offering of what the brand stands for. Transparent and frequent communication with all stakeholders supports the group's value of Partnership.

CAPITALS

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STRATEGIC PILLARS









### Supply Chain Operations

- **Warehousing**
- **Distribution centres**
- **Transportation**

Supply chain operations have been developed with the core focus being placed on customers to ensure that product is shipped, fulfilled, distributed and delivered to the right place, at the right time and at the right cost. This includes getting product to stores and fulfilling online orders to customers' preferred delivery location. The division is committed to continuously evaluate, innovate, and upgrade technology and processes, ensuring sustained gains in operational efficiency.

CAPITALS

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STRATEGIC PILLARS









### Technology

- **Customer-centric solution design**
- **Critical enabler for all business processes**
- **Central to innovation and automation**

The technology (systems) division provides agile and innovative solutions to enable the effective execution of omni-channel business processes and the delivery of strategic projects, to ultimately assist the group in achieving its strategic vision.

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STRATEGIC PILLARS











### Suppliers

- **Customer-centric solution design**
- **Critical enabler for all business processes**
- **Central to innovation and automation**

The group continues to focus on enhancing its sustainable competitive value chain and interacts with suppliers according to high professional and ethical standards.

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STRATEGIC PILLARS











# Value Creation:

## An Integrated Business Model

### Strategic Execution

The group achieves its strategic objectives through the successful development and execution of a series of strategies. These strategies are underpinned by sound financial, information and operating systems, as well as people and governance processes. The group delivers on these strategies through short-term action plans and projects, which are developed and implemented each year.

STAKEHOLDER  
ENGAGEMENT



PEOPLE



GROWTH



BRAND  
PROMISE



TECHNOLOGY  
AND INNOVATION

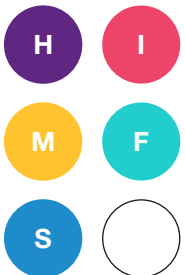
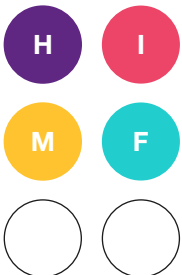
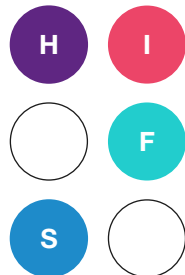


SUSTAINABILITY



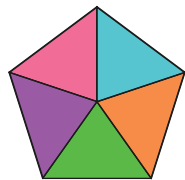
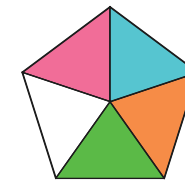
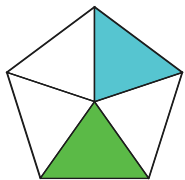
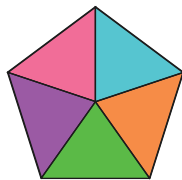
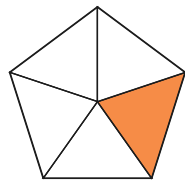
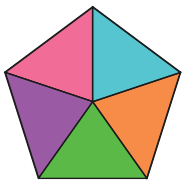
### The Capitals of Value Creation

Value creation, preservation or erosion over time contributes to the increase, decrease or transformation of the group's capitals through its business activities and outputs. We are always guided by our Business Model, through good and bad times, which directs our consistent focus on long-term value creation.



### Stakeholders

Our ability to create value for our shareholders is inextricably linked to the value we create for our customers and employees, as well as other stakeholders including suppliers, regulators, landlords, governments and the broader society in which we trade, as illustrated in the accompanying value-creation mode.



#### Capitals

H

HUMAN

I

INTELLECTUAL

M

MANUFACTURED

F

FINANCIAL

N

NATURAL

S

SOCIAL & RELATIONSHIP

#### Stakeholders



SHAREHOLDERS



CUSTOMERS



SUPPLIERS



ASSOCIATES



GOVERNMENT  
& COMMUNITY



# Value Creation: Our Business Model



## Inputs: Resources Applied and Key Relationships

Inputs include the financial, manufactured, intellectual, human, social and relationship, and natural capitals which we use in our business activities to create value for all our stakeholders.

## Business Activities

Enabled by our systems, suppliers and logistics, to ensure our ability to provide sustained growth for our stakeholders.

## Outcomes

We mindfully use and trade off the capitals to continue to invest in our employees, supplier relationships, and operations to meet the wants and needs of our customers while entrenching strong corporate governance and actively managing our costs and investments.

**H HUMAN CAPITAL**  
The skill and experience vested in our associates that enable us to deliver our products and services and implement our strategy, creating value for our stakeholders.

- +20 000 associates
- R56.8m spent on learning and development
- R2.9bn remuneration paid to associates

**I INTELLECTUAL CAPITAL**  
The intangibles that constitute our brand, product and service offering and provide our competitive advantage.

- Established Mr Price brands
- The Mr Price Way: Vision, Purpose and Values
- Mr Price fashion-value formula
- 36 years of historical data available
- Organically developed new brands
- Internally developed custom applications
- Two acquired businesses

**M MANUFACTURED CAPITAL**  
The stores, distribution network and general infrastructure throughout Southern, East and West Africa, which enable us to procure, import, deliver and sell our products and services.

- 1 721 stores
- 884 758m<sup>2</sup> of gross space
- E-commerce capabilities: websites, apps, social media
- Trading in eight countries
- Two acquired businesses
- Distribution centres and depots

**F FINANCIAL CAPITAL**  
The group's pool of funds consists of cash generated from operations, interest income and funds reinvested.

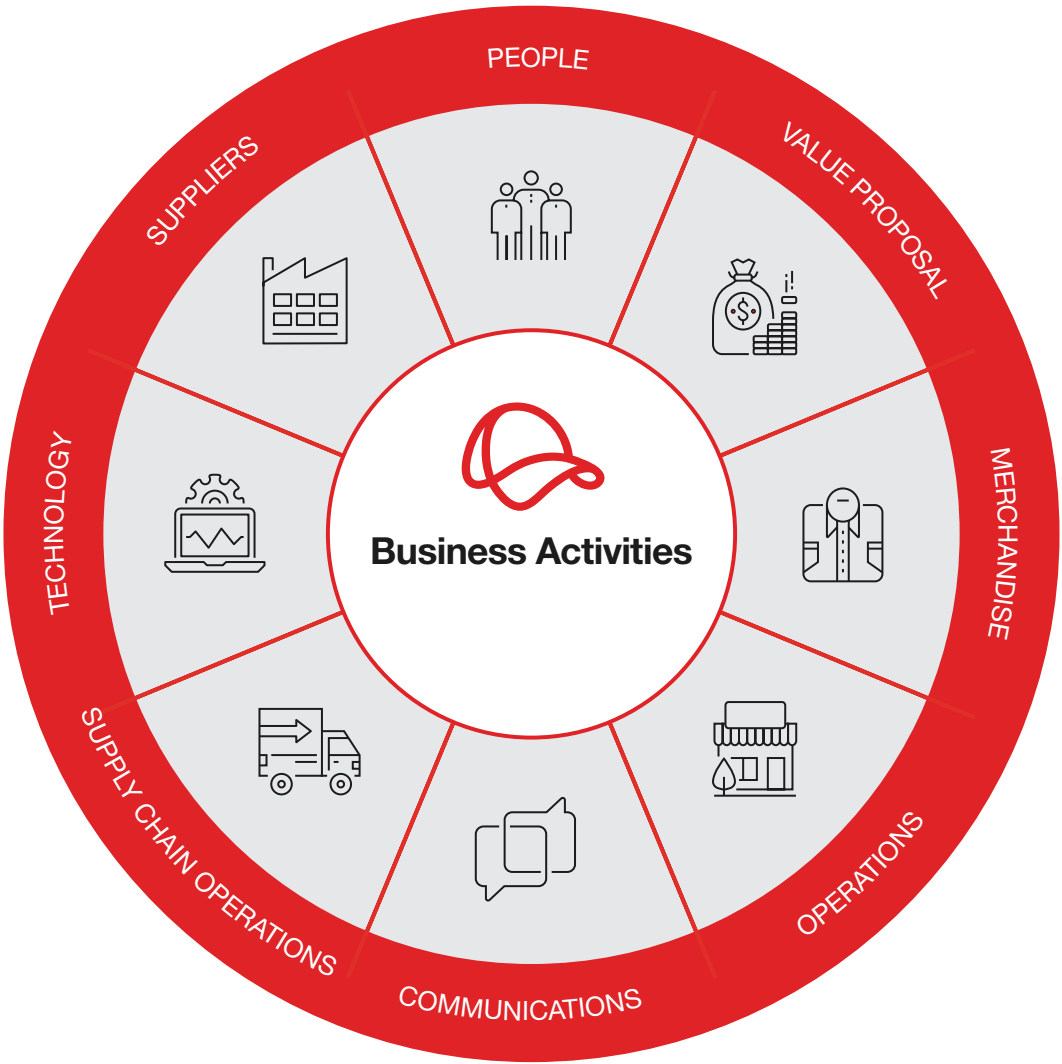
- R4.6bn cash available
- R537m credit facilities unutilised
- New capital invested of R0.9bn
- Working capital outflow of R1.1bn

**S SOCIAL & RELATIONSHIP CAPITAL**  
The key and long-term relationships that we have cultivated with customers, suppliers, associates, shareholders, government and community.

- R32.9m donated by Mr Price Group to Mr Price Foundation
- R7.8m external donations to Mr Price Foundation
- 36 year track record with landlords and suppliers
- 6 149 participants in skills development programmes (JumpStart)
- Combined corporate social investment of R45.0m
- Introduced supply chain finance programme

**N NATURAL CAPITAL**  
The resources that are used in the production of goods and the store environment.

- Renewable and non-renewable energy sources
- Carbon footprint reduction initiatives
- Recycling programme
- Clothing Bank donations
- Sustainable cotton initiatives
- Sustainable materials used in products



## Trade-offs

Decision making is guided by our strategic pillars enabling us to focus on what matters most to our business. In doing so, we can optimise the trade-offs between our capitals that arise as a consequence of our business activities. For detail on trade-offs made, refer to **Strategic Execution**.

## Outputs

Throughout the reporting period, the group continued to deliver value to our customers through wanted product at Every Day Low Prices. We actively sought to minimise waste (refer to **sustainability report**) throughout our business activities to ensure that we conscientiously reduced the impact on the communities and environment in which we operate.

**H HUMAN CAPITAL**  
Upskilled associates and increased pipeline of leaders

- 1 391 associates promoted
- ACI appointments increased 8% to 84% of head office appointments
- ACI associates accounted for 71% of head office promotions
- Continuation of HiPo and succession planning programme
- 20 000+ associates accessed online learning
- Digital learning hours totalled 281 000

**I INTELLECTUAL CAPITAL**  
No.1 ranked most valuable fashion apparel brand in SA

- Mr Price Apparel and Mr Price Home have the highest brand equity in their segments
- Gained 140bps market share per RLC
- Delivered R1.2bn through organic new departments launched
- Online sales grew 48.2% and increased contribution to 2.9% of group sales
- Highest ranked apparel retailer in JSE Top 40

**M MANUFACTURED CAPITAL**  
12.5% new weighted average space growth

- 276m units sold
- 130 new stores opened
- 105m website and app visits
- 1.9m Instagram followers
- 3.7m Facebook followers

**F FINANCIAL CAPITAL**  
ROE of 28.9%

- Net Asset Value increased 11.6%
- HEPS increase of 20.1%
- R2.0bn dividends paid
- Operating margin of 17.7%
- Free of financing debt
- Acquired aspirational value homeware retailer Yuppiechef

**S SOCIAL & RELATIONSHIP CAPITAL**  
Only fashion-value retailer included in FTSE/JSE Responsible Investment Top 30 Index

- 98 primary schools supported, 63 927 learners and 3 500 educators impacted
- 38.2% (at cost) merchandise sourced from RSA. 78.6m units sourced from RSA, totalling R4.3bn
- 2 902 JumpStarters employed
- 99.7% of tier 1 and 2 factories mapped in value chain
- On-boarded 27 new local suppliers
- Supply chain finance programme unlocked R454m to date
- R21m invested in small black-owned suppliers

**N NATURAL CAPITAL**  
Scope 1 and 2 carbon emissions reduced by 20.2% over the last five years

- 29.2m plastic shopping bags removed from circulation
- 35.9m products contain sustainable materials
- Renewable energy contributes 25% of energy usage at head office and distribution centre
- Paperless administration saved 1 786km of paper
- 100% of distribution centre water supply is from harvested rain water
- Sustainable cotton made up 51.2% of the group's cotton products





# Stakeholder Value Creation

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

STRATEGIC  
PILLAR



STAKEHOLDER  
ENGAGEMENT

## The Role of Stakeholder Engagement

The group's processes, activities and products sold are not done in isolation, but are sustainably connected to a wide group of stakeholders. The ability to deliver value depends on these relationships and the contributions and activities of all stakeholders. By providing for their needs and meeting their expectations, value is created for stakeholders and the group itself.

Understanding its role in society greatly influences its approach to stakeholder engagement. The group's success links to thriving communities and a healthy environment, compelling it to take a more transformative approach that creates shared and sustainable value for all stakeholders.

When the group launched its new 10-year vision to become the most valuable retailer in Africa at the beginning of FY2021, it identified Stakeholder Engagement as one of the six strategic pillars. The group set the objective for stakeholder relationships to be based on the true spirit of partnership and aims to be ranked as the leading retailer in 'engagement and delivery'.

In order to achieve this, key results were identified that need to be reached:

### Objectives

- Establish an expanded and dedicated stakeholder engagement group function
- Develop a more formal stakeholder engagement strategy:
  - Assess stakeholder needs and develop plans to improve performance on the areas prioritised and adopted
  - Conduct an annual assessment on progress in meeting the needs of and creating value for stakeholders
- Be recognised by stakeholders as having the best two-way communication in the industry



Intellidex Investor Relations Awards

### Key focus areas in FY2022

- The group expanded the Investor Relations function to be responsible for all stakeholder engagement and appointed a group director of Investor Relations and Stakeholder Engagement
- A formal engagement plan was developed with a measurement framework adopted to support the group's ambition to measure stakeholder engagement
- Establishing baseline scores for each stakeholder group, to provide the group with knowledge and insight into the current engagement level. This will determine areas for improvement and increased engagement to ensure that needs and expectations are met
- The group has launched engagement surveys with suppliers, associates and investors to date

### FY2023 focus areas

- The group plans to continue its high level of engagement with its stakeholders and use the baseline scores established in FY2022 and FY2023 as a reference point to where improvements are needed.

### Awards

The group was rated in the inaugural Intellidex Investor Relations awards across the Johannesburg Stock Exchange as follows:

- 9th overall for Best Investor Relations
- 3rd for Best Market Communications
- 3rd for Best Annual Integrated Report

The board has ultimate responsibility for the group's stakeholder engagement efforts. The process of engaging with stakeholders is decentralised to form part of its various divisions and support function operations. Stakeholder engagement is guided by the values of Passion, Value, Partnership. Each business area is required to report regularly on its stakeholder engagements to the board.





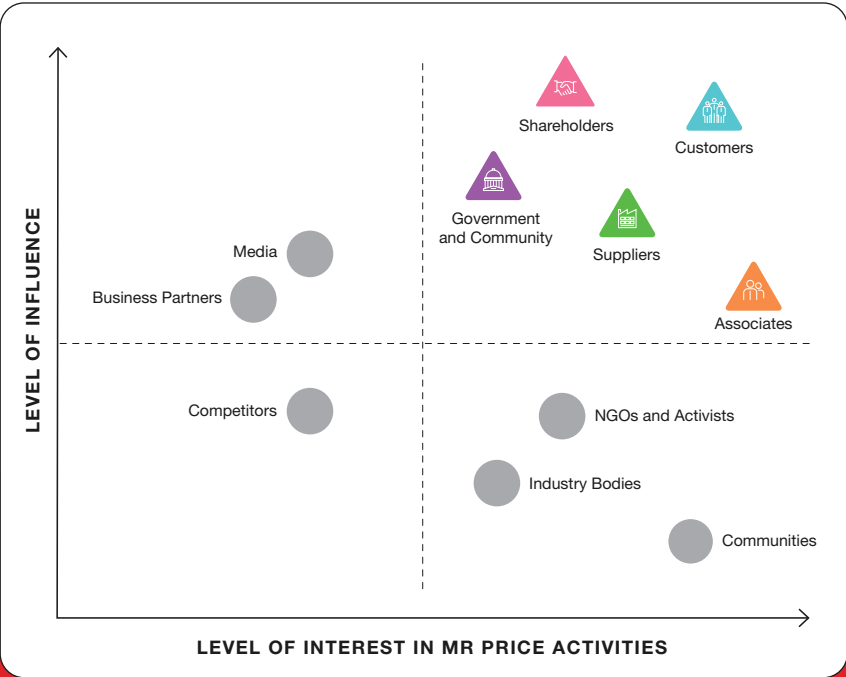
# Our Stakeholders

Getting to know and collaborating with stakeholders and understanding and responding to their expectations are key elements of the group’s strategy. Frequent dialogue and transparency allows the group to fulfil the goal of creating sustainable value and is key to facing the challenges and opportunities in its business activities. To determine the specific relationship strategy with each stakeholder and to establish the objectives and communication channels to be used, the group continually identifies and reviews its relationship with each one.

The quality of relationships with each stakeholder is assessed on both their performance and feedback given to the group. The group is committed to continue to live out its value of Partnership and improve the quality of these relationships.

## Stakeholder Matrix

The group’s stakeholders, their interests, and their level of influence in its operations vary according to geographical location, business area, and the nature of their interest. The manner, level and extent of engagements are driven by their influence, interests, expectations and concerns. The graph below depicts these relationships.



### Shareholders

**Shareholders provide the essential sources of capital to further the businesses’ objectives and are direct recipients of the value created by the group during any year.**

The interests of investors are considered as part of the board’s decisions throughout the year including with regard to the interim and final dividends and the anticipated return on any form of capital allocation. They account for the ownership of 259 million shares. Shareholders are 93% institutional and 7% retail. The shareholder base is well balanced between local and offshore.



### Customers

**Without customers retail businesses cannot exist. All businesses must understand and respond to the needs of their customers. The group aims to grow brand value by surprising and delighting its customers with the wanted item at great value and a satisfying all-round experience.**

The group’s key strength is providing value-conscious consumers with affordable fashion. The group’s cost-conscious DNA means that it does not allocate material advertising budgets. Rather, as a value retailer, it relies on its customers to talk about its products and its business. The group’s reputation is an important asset and it focuses on responding to its customers’ concerns as well as their needs. Living up to its Value Champion purpose is key in customer engagement.



### Suppliers

**The group relies on its >500 suppliers to make and distribute its products, provide the real estate through which its stores operate and sells its merchandise, and provide essential services needed to operate the business.**

The group’s Partnership value is critical to its business model and it recognises the importance of creating win-win commercial relationships that can endure. Nurturing supplier relationships requires dedicated and invested engagement. The group aims to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for its investors and the desired quality and service levels for its customers.



### Government and Community

**The group works closely with key government bodies to ensure that it maximises its positive impact on the communities in which it operates. The group has strategic targets and initiatives aimed at reducing the adverse impact of its business on the environment and the communities in which it operates.**

The ways in which the group engages with the communities in which it operates are set out in more detail in the [sustainability report](#). During the reporting period the group considered its alignment with various international frameworks as it progresses and increases disclosure on its sustainability strategy of “together we do good”.



### Associates

**Value is created and the business delivers profit as a result of over 20 000 associates living out the values of Passion, Value and Partnership.**

All associates share in the success of the business through the company’s share incentive schemes, encouraging them to act with an owner’s mindset and to think about the long-term value creation of the business. In a thriving growth business, there will be career opportunities for all who perform. The energised environment and unique culture of the group drives performance and positions it to be the most sought-after retail employer in South Africa.





Stakeholder Engagement

Stakeholders

Identified material stakeholders and how the group has understood their different needs and expectations, the engagement process and the measured value creation. This sits alongside the actual shared value creation over the reporting period. In order to ascertain how the group has strategically responded to each stakeholder's unique needs and expectations, the relevant strategic pillar has been highlighted.

Needs and expectations

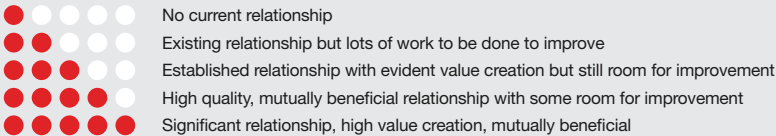
How we engage

Strategic pillars

How we measure value and value created

	<div><b>Shareholders</b></div>	<div><b>Customers</b></div>	<div><b>Suppliers</b></div>	<div><b>Associates</b></div>	<div><b>Government and Community</b></div>
	<div>RELATIONSHIP QUALITYMAINTAINED</div> <div><div><div></div><div></div><div></div><div></div><div></div></div><div></div></div>	<div>RELATIONSHIP QUALITYMAINTAINED</div> <div><div><div></div><div></div><div></div><div></div><div></div></div><div></div></div>	<div>RELATIONSHIP QUALITYMAINTAINED</div> <div><div><div></div><div></div><div></div><div></div><div></div></div><div></div></div>	<div>RELATIONSHIP QUALITYMAINTAINED</div> <div><div><div></div><div></div><div></div><div></div><div></div></div><div></div></div>	<div>RELATIONSHIP QUALITYMAINTAINED</div> <div><div><div></div><div></div><div></div><div></div><div></div></div><div></div></div>
	<ul style="list-style-type: none"><li>Consistently delivered short and long term returns from the business</li><li>Regular dividend payout</li><li>Transparent and timeous disclosure of group performance, investments and strategy</li><li>Responsible management ensuring sustainable long-term performance</li><li>Education on retail market trends and issues</li><li>Strong delivery on sustainability outcomes from the business</li><li>An adequate free float of shares for trade</li><li>Responsible capital allocation, balancing growth and shareholder return</li></ul>	<ul style="list-style-type: none"><li>Quality product at affordable prices meeting expectations for a strong fashion-value offering</li><li>Customer service reflecting value of Passion</li><li>Responsibly sourced product</li><li>Sustainable approach to plastic use</li><li>Opportunity to give back to the community</li><li>Provide feedback to the group on product and experience</li><li>Access to affordable credit</li><li>Convenient online platform</li><li>Experience and convenience as additional measures of value</li></ul>	<ul style="list-style-type: none"><li>Understanding the group strategy, vision and values</li><li>Timeous planning and forecasting of seasonal orders</li><li>Products of the required price, quality and ethical standard</li><li>Sharing information and knowledge building</li><li>Compliance with the code of conduct and B-BBEE</li><li>A-C grade performance</li><li>Disclosure of factory name and location</li><li>Increased speed, agility and quick response</li><li>Manage value chain risks</li><li>On Time In Full (OTIF) performance</li></ul>	<ul style="list-style-type: none"><li>Market-related compensation</li><li>Long-term career growth opportunities as the business develops</li><li>Training and development programmes to increase skill sets</li><li>Clear vision and direction from management regarding the business trajectory</li><li>Acknowledgement of diversity through fair opportunities and compensation</li><li>Feedback on areas for workplace and performance improvement</li><li>Frequent communication from management</li></ul>	<ul style="list-style-type: none"><li>Positively impacting on the sustainable development goals (SDGs) and national priorities</li><li>Job creation and retention</li><li>Contributing to achieving the objectives of the Retail-CTFL Master Plan 2030</li><li>Reducing environmental impact</li><li>Commitment to transformation</li><li>Fulfil legislative requirements</li></ul>
	<ul style="list-style-type: none"><li>Direct engagement on proposed resolutions prior to the annual general meeting (AGM)</li><li>AGM</li><li>Full-year and half-year results presentations and roadshows</li><li>One-on-one meetings with investors, analysts and fund managers</li><li>Attendance at investor conferences</li><li>Annual integrated report</li><li>SENS announcements and trading updates</li><li>Dedicated investor relations function and investor website page:</li><li><a href="http://www.mrpricegroup.com/mr-price-group-investor-relations">www.mrpricegroup.com/mr-price-group-investor-relations</a></li></ul>	<ul style="list-style-type: none"><li>Traditional and social media marketing</li><li>Store windows</li><li>Customer surveys through dedicated channels</li><li>Inbound and outbound call centres</li><li>Advertising campaigns and competitions</li><li>Live chat feedback on e-commerce sites</li><li>Mystery shopper programme</li><li>Club publications</li><li>Store account brochures</li></ul>	<ul style="list-style-type: none"><li>Supplier workshops and focus groups</li><li>Surveys</li><li>Meetings and electronic communication</li><li>Performance reviews</li><li>Supplier portal</li><li>Factory visits</li><li>Whistleblower hotline</li><li>Factory audits (quality, compliance and capability)</li><li>Industry body engagement</li></ul>	<ul style="list-style-type: none"><li>Induction programmes</li><li>Performance reviews and career planning discussions</li><li>Training and development</li><li>Culture and climate surveys</li><li>Internal media and intranet</li><li>Team meetings</li><li>Associate results presentations</li><li>Divisional events including awards events</li><li>Whistleblower hotline</li><li>Staff share schemes</li><li>Group communications platforms</li></ul>	<ul style="list-style-type: none"><li>Industry and government engagement and task teams (NCRF, Retail-CTFL Master Plan, KZN CTC, ETI, WWF, DTIC, SARS, DOL, NCR, W&amp;R Seta, RA, BUSA)</li><li>Partners and programmes implemented by Mr Price Foundation</li></ul>
	<div></div>	<div></div>	<div><div></div></div>	<div><div></div></div>	<div></div>
	<ul style="list-style-type: none"><li>ROE: 28.9%</li><li>ROA: 27.3%</li><li>Dividend paid: R2bn</li><li>TSR: 11.3% (10 year CAGR)</li><li>Number of investor engagements: 319 meetings and conference calls</li><li>9th overall for Best Investor Relations</li><li>3rd for Best Market Communications</li><li>3rd for Best Annual Integrated Report</li></ul>	<ul style="list-style-type: none"><li>Mr Price Apparel and Mr Price Home have the highest brand equity in their respective segments</li><li>No.1 ranked most valuable fashion apparel retailer</li><li>Instagram followers: 1.9m</li><li>Facebook fans: 3.7m</li><li>Website visits: 105m</li><li>Donations to Mr Price Foundation: R3m customer donations</li><li>Credit accounts and usage: 13.9% of sales through 1.4m active accounts</li></ul>	<ul style="list-style-type: none"><li>Supplier grading tool to measure and report supplier performance updated</li><li>78.3% A-C Grade suppliers</li><li>99.7% tier 1 and 2 factory visibility</li><li>R21m invested in small black-owned suppliers</li><li>280 tons of RSA cotton procured</li><li>On-boarded 27 new local suppliers</li><li>Improvement in OTIF scores</li><li>Ethical compliance scores</li></ul>	<ul style="list-style-type: none"><li>Associate engagement survey re-launched</li><li>Senior leadership programme: 80 participants</li><li>Mr Price Foundation: 6 149 participated in skills development (JumpStart) programmes. 2 902 participants employed</li><li>Learning and development investment: R56m</li><li>Number of hours allocated to formal learning: 385 000 hours</li></ul>	<ul style="list-style-type: none"><li>R32.9m donation to Mr Price Foundation</li><li>R5m donated to disaster relief</li><li>850k items of clothing donated</li><li>6 149 youth upskilled through JumpStart</li><li>R1 402m taxes paid</li><li>B-BBEE level 8 (FY2021, FY2022 score pending)</li><li>38.2% (at cost) merchandise sourced from RSA representing R4.3bn</li><li>35.9m products contain sustainable materials</li><li>29.2m plastic shopping bags removed</li><li>Only fashion-value retailer included in FTSE/JSE Responsible Investment Top 30 Index</li><li>Renewable energy contributes 25% of energy usage at head office and distribution centre</li><li>Sustainable cotton made up 51.2% of the group's cotton products</li></ul>

**QUALITY OF RELATIONSHIP**  
The quality of our relationship with our stakeholders is determined by the feedback mechanisms in place to help us understand their needs and expectations. This in turn enables us to deliver increased value creation. The adjacent key represents our internal grading on the quality of our relationships with each one, which is determined by a robust feedback tool that is currently used to engage with each respective stakeholder.





# How We Did



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YOUR VALUE CHAMPION





INTRODUCING THE

# CEO's Report



## Mark Blair

Financial results and long-term clarity aside, one of our most significant achievements in the last few years has been our culture – with Passion, Value, Partnership being truly lived by our teams.



YOUR VALUE CHAMPION

Dear Stakeholders,

Had it been me making that famous quote in 1909, it would have been: “Any customer can have a car painted any colour that he wants so long as it’s RED.” It is no secret that my three favourite teams are red – Mr Price, Liverpool and Ferrari ... in that order!

The Mr Price Group team closed out the previous fiscal year (FY2021) somewhat fatigued, but at the same time relieved that our exhaustive efforts in a tumultuous year resulted in good execution of our new strategy, positive growth in earnings and R4bn in the bank (after funding an acquisition in cash). We significantly outperformed many companies in a year that included a COVID-19 induced month-long lockdown when we were unable to trade. We followed that robust performance in FY2022 with earnings (HEPS) growth in excess of our 36 year compound annual growth rate of 19.5%.

“We are not here by any kind of magic, we deserve this,” said Jurgen Klopp, Liverpool manager, after leading the team to three Champions League finals in five years. Likewise, our group results did not just happen. We have more than three decades’ experience in fanatically focusing on our fashion value model and the needs of our target customers. A key feature of these results is that they were achieved despite COVID-19 waves, looting and civil unrest, global supply chain challenges and a stuttering local economy. The discipline, tenacity and confidence of our associates was heart-warming to experience.

Mattia Binotto, team principal at Scuderia Ferrari, said: “To win, or to create a great group with a winning mentality, you need first stability, but serenity as well. And it’s only by creating an internal and mutual trust that you can achieve it.” Financial results and long-term clarity aside, one of our most significant achievements in the last few years has been our culture – with Passion, Value, Partnership being truly lived by our teams. I am delighted about the positive feedback we are receiving from our associates, property owners, merchandise suppliers and other stakeholders and I thank them all for their support during a testing period. We launched our new DNA project to reinforce our values and ways of working and conducted a group-wide

engagement survey. The response rate was phenomenal, being completed by 89% of our associates, but the most satisfying aspect was that 77% of respondents indicate they are engaged, well ahead of the international benchmark of 15%. Pleasingly, the recently acquired Power Fashion team scored higher than the overall group score. It really is a special RED team thriving in a unique culture.

During periods of upheaval, which chips away at people’s vulnerabilities and uncertainty, every bit of communication helps. We doubled our efforts off a high base and were rewarded in the Intellidex Investor Relations Awards – placing 9th on the JSE overall for Best Investor Relations, 3rd for Best Market Communication and 3rd for Best Annual Integrated Report.

The skills of our merchant, marketing and operations teams continue to be recognised by our customers, evidenced by both our financial results, but also externally:

- Per the Retailers’ Liaison Committee, the group increased market share by 140 basis points
- The trading divisions achieved improved brand equity and net promoter scores and increased their brand value
- Per the Kantar BrandZ survey, Mr Price was voted No.1 most valuable fashion apparel retailer in South Africa
- In the latest MAPS survey, Mr Price was the most shopped fashion retailer in South Africa in the last three months
- Highest ranked omni-channel fashion app on the Google Play store

Our results and accolades would not have been possible without valued support from all our store, head office and distribution centre associates, and the thought leadership from our Centres of Excellence.

Our technology team worked tirelessly on our Retail Modernisation Project, which included inter alia, upgrading our ecommerce platform and completing a complex, multi-year journey to transition the group from our homegrown systems to an Oracle ERP system. Our retail intelligence team, Mr Price Advance, implemented a best-in-class data warehouse solution to aid analysis and decision making.







With these two significant platforms in place, attention will now focus on other elements of the Retail Modernisation Project, as well as benefits realisation and increased innovation.

The sustainability team has been at the forefront of our contribution to build a more sustainable company and country, either directly or by co-ordinating our divisional efforts. We are proud to have stood by our partners, suppliers and communities during these trying times. Our efforts resulted in Mr Price Group being the only fashion value retailer included in the FTSE/JSE Responsible Investment Top 30 Index, and being the only RSA retailer that is a member of Ethical Trading Initiative (ETI). We offered much support to the local economy by supporting the Retail-CTFL Master Plan 2030 by procuring merchandise to the value of R4.3bn, increasing direct employment by 2 892 associates, and further improving our employment equity scores. Notable achievements were the removal of 29.2m plastic shopping bags from circulation, and 35.9m units sold that contain sustainable materials.

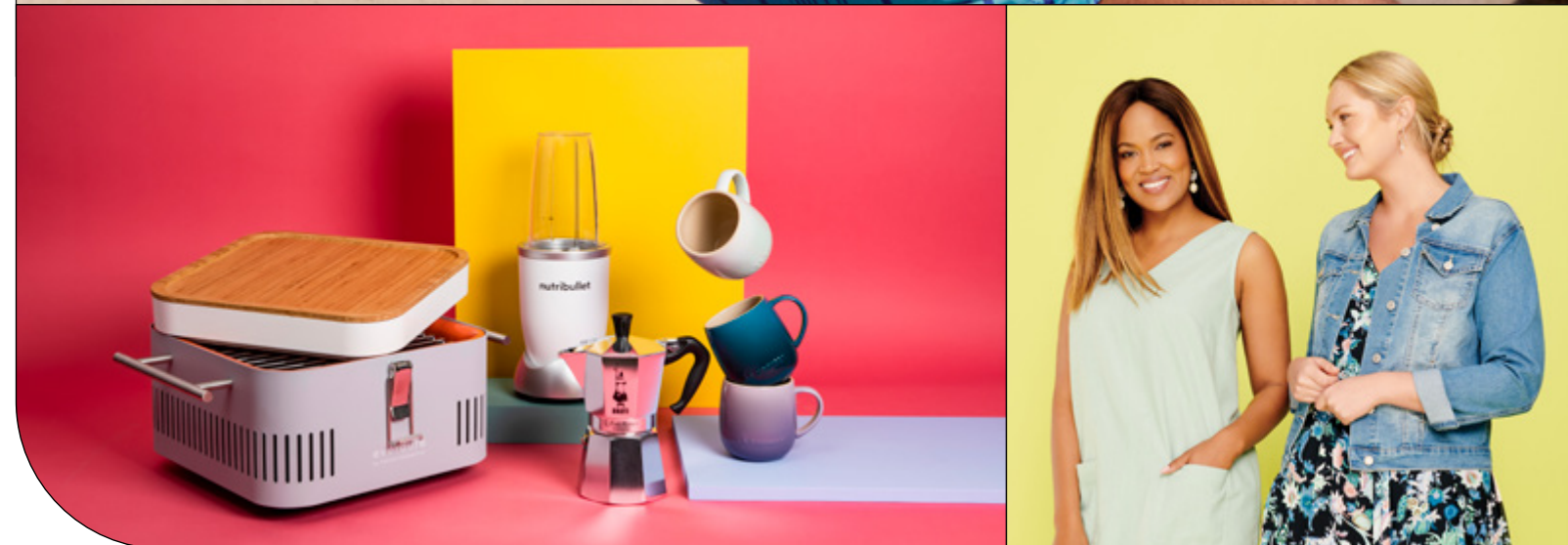
Thank you to our 'Kopites', our 'Tifosi', our 20 000 plus 'Red Cappers'. The senior management team and the board of directors are once again in awe of your tenacity, drive and commitment to the company. For this, we say a heartfelt Ngiyabonga! Passion, Value, Partnership is alive and thriving at Mr Price.

A special word of gratitude is warranted to our chairman Nigel Payne and our founders Stewart Cohen and Laurie Chiappini, as well as our board of directors. I and the company have benefitted enormously from your support, insight and accessibility. If ever there was a period where a set of results was truly a team effort, then these last two years have been such a time.

A clear vision is now in place to be the most valuable retailer in Africa, and our culture is strong. We have introduced new long-term incentive plans throughout the business to support our remuneration philosophy and to retain and incentivise our talent. In the new year, we initiated an organisational design review with assistance from external advisors. The objectives are to ensure we are clear on which principles to base decision making and run the company, and to ensure we have the necessary structure to execute our bold strategy. We are also looking forward to welcoming the Studio 88 group and all their people once acquisition conditions precedent have been fulfilled – hopefully by September 2022. This is the biggest acquisition, or partnership as we like to call it, in our history, and is expected to have a significant positive impact on our group.

Global citizens are in for a tough time with increasing inflation, and South Africans will not be spared. Mr Price Group will continue to do everything possible to ensure we live up to our purpose of being “your value champion”, thereby shielding consumers from some of the economic pressure. As always, we will continue to keep our eyes on the long game, while navigating the short- to medium-term bumps as best as possible.

**Mark Blair**  
Chief executive officer







# Strategy and Performance



VISION

**To be the most valuable retailer in Africa**

While management spent most of the 2021 financial year successfully navigating the COVID-19 pandemic, it also spent a significant amount of time researching, crafting and preparing to launch the new group strategy, vision and purpose.

While the execution of the strategy commenced in late 2020 (the second half of FY2021), the group started FY2022 with the formal launch of the new vision, purpose and strategy across the business, and the celebration of its first acquisition in over 20 years – Power Fashion.

The group’s new long-term vision, “to be the most valuable retailer in Africa”, is bold and brings focus to every associate’s actions and daily decisions. It has been a key focus of the engagement agenda this year to ensure that the strategy has been well communicated and fully understood by all associates, to ensure that there is alignment and a common goal.

The group acknowledges that it operates in a dynamic, fast-paced and competitive environment which means it is not only competing against itself to achieve its vision in the next 10 years, but will need to remain agile and calibrate its approach continuously. The strategy has been mapped with short-, medium- and long-term results to drive focus and performance. However, no strategy is ever executed exactly as envisioned, and this means that the group will often need to make trade-offs as unexpected events such as looting occur or opportunities are presented sooner than expected. The group wants to be in a position to reward great performance and great progress every year.

While the primary short-term objectives of the strategy were to reignite sustainable and profitable growth across all identified growth channels, it does not chase earnings growth in isolation. The strategy is broader than simply one of increased topline growth. The growth pillar of the strategy is the most substantive in its measurement criteria, as can be seen in **“How we are measured”** on page 66, yet five other pillars are equally critical to our success.

The Six Pillars of the Strategy



STAKEHOLDER ENGAGEMENT



PEOPLE



GROWTH



BRAND PROMISE




TECHNOLOGY AND INNOVATION



SUSTAINABILITY

# Execution and Growth

The growth strategy is multifaceted and reviewed and adjusted continuously to respond to achieved targets or changing trends. In the short term, the group will remain focused on growing profitable market share in Southern Africa, removing the distraction of unknown international markets while ensuring that local opportunities are exploited and maximised. In the short term, our preference is to focus on those opportunities that deliver attractive shareholder returns, balanced by investments which will take longer to reach desired profitability and returns. The graphic below highlights the various elements of the new growth strategy.

Comparative Growth	Non-Comparative Growth
<ul style="list-style-type: none"><li>Focused on SA and gaining market share</li><li>Retail science applied to maximise densities and margins</li><li>Omni-channel focus (e-commerce contribution in SA of 2.9%, doubled since 2019)</li><li>Store rejuvenation to protect and support brands</li><li>Focused on value, customer research, branding, marketing, trends and testing</li></ul>	<ul style="list-style-type: none"><li>New store growth. All divisions, store footprint can extend to the whole country</li><li>&gt;20 new departments/categories launched since 2019</li><li>New departments account for ~4.5% of sales</li><li>Maximising acquired businesses</li></ul>
	
<ul style="list-style-type: none"><li>Target:<ul style="list-style-type: none"><li>- new customers and new segments</li><li>- under-potentialised, high-growth opportunities</li></ul></li><li>Attractive longer term growth prospects</li><li>Test first to ensure appropriate capital returns can be achieved</li></ul>	<ul style="list-style-type: none"><li>Target new customers and new segments</li><li>Invest for the long term in the most attractive opportunities - returns and scalability</li><li>Disciplined approach applied to filter opportunities</li></ul>
New Concepts (Organic)	Acquisitions

Research conducted in 2020 highlighted opportunities for the group to increase its presence in new customer segments (price-value and aspirational-value) as well as new concepts and product categories across the chosen customer segments. It will continue to pursue identified opportunities into FY2023.



# Opportunities Matrix

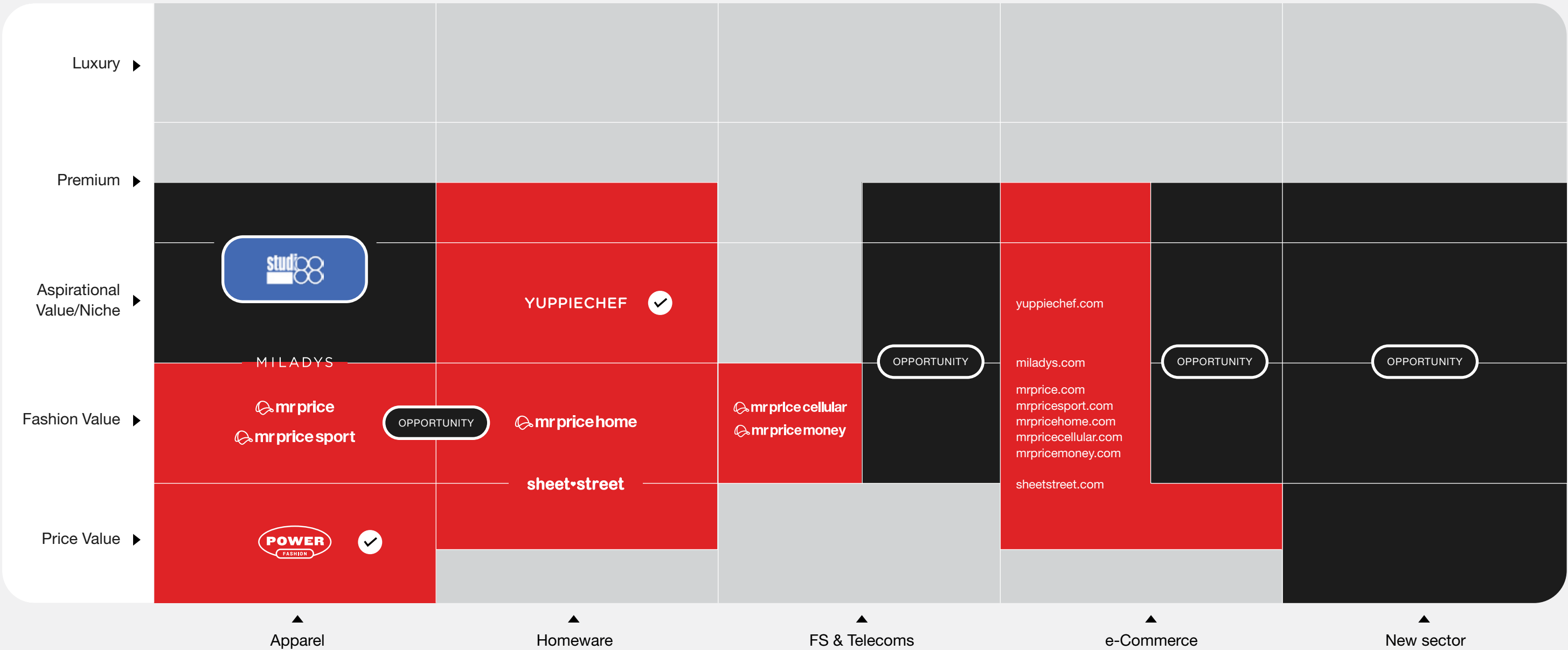
The aspirational value segment within the apparel sector was identified as an attractive investment area in which the group is currently under-represented. In early FY2023 the group announced that it would acquire a 70% stake in the Studio 88 group, which would give the group a meaningful entrance into the aspirational value, apparel segment. The deal remains subject to suspensive conditions and regulatory approval.

Identified opportunities

Existing categories

Awaiting conditions precedent

Recently acquired



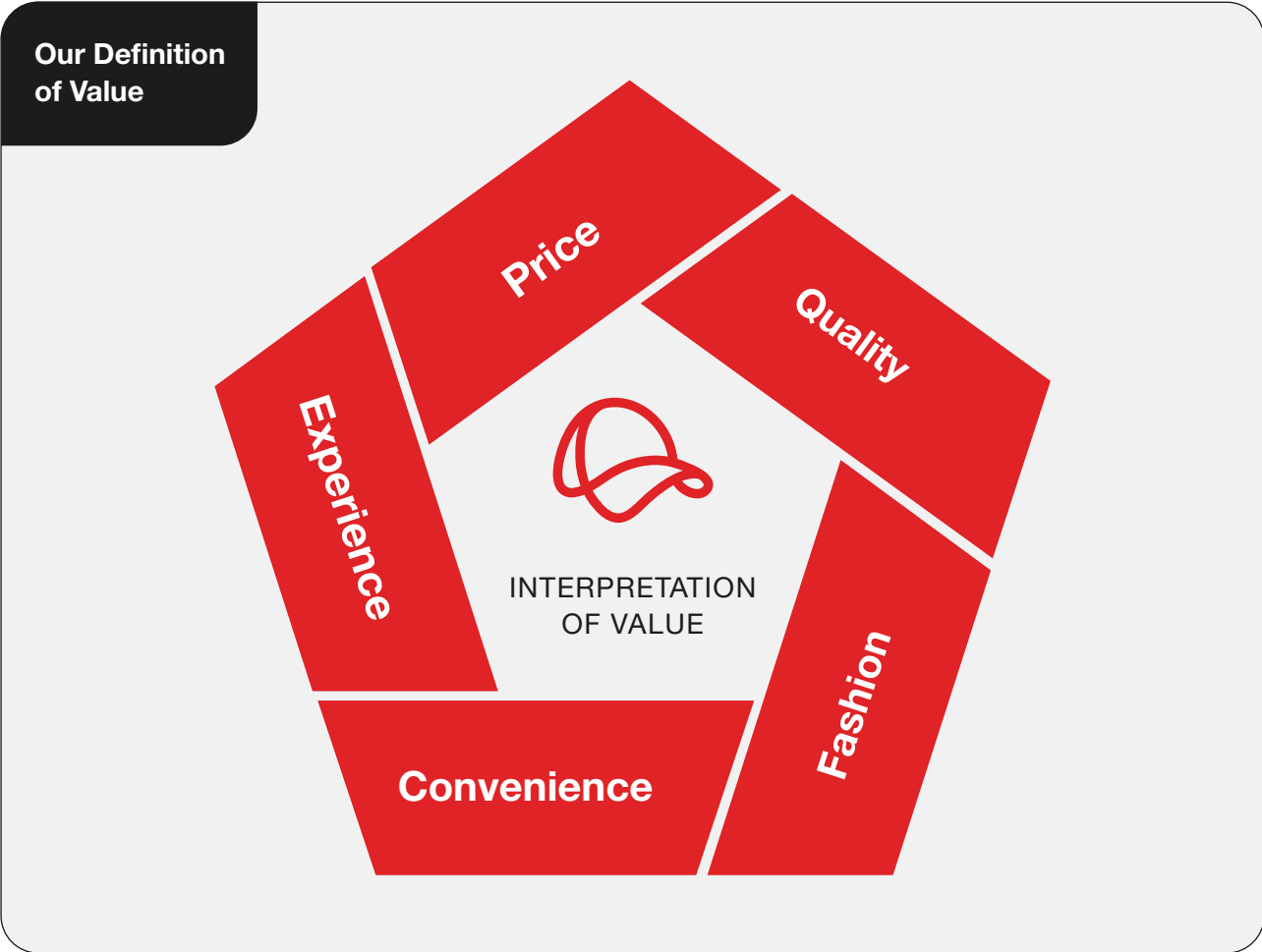
While the group focus is on maximizing growth opportunities, it will remain vigilant regarding capital allocation decisions and cost management to ensure that the profit wedge is protected. It continues to pride itself on its best-in-class operating metrics. Looking forward to FY2023, more executive time will be spent on integration of recently acquired businesses, ensuring that their strategies are aligned to those of the group and that the expected returns can be extracted. The group’s growth plans will be calibrated to take into account opportunities that it believes are attractive, changing trends in the industry, available capital and management capacity.

Delivering the growth agenda is not possible without strong relationships with all stakeholders. It is for this reason that Stakeholder Engagement is a key pillar of the strategy.

It is impossible to achieve the group’s vision without attracting, developing and retaining the best talent pool in the retail industry. The group has a unique and special culture that it continues to invest in and protect. This year’s results are testament to its excellent talent. As it executes the strategy, it will need to ensure that the group is correctly structured to manage the complexities of growth, launching new divisions and integrating acquisitions. Trading division managing directors will continue to execute the strategies as agreed for each of the divisions, leveraging the centralised thought leadership that exists in the Centres of Excellence.



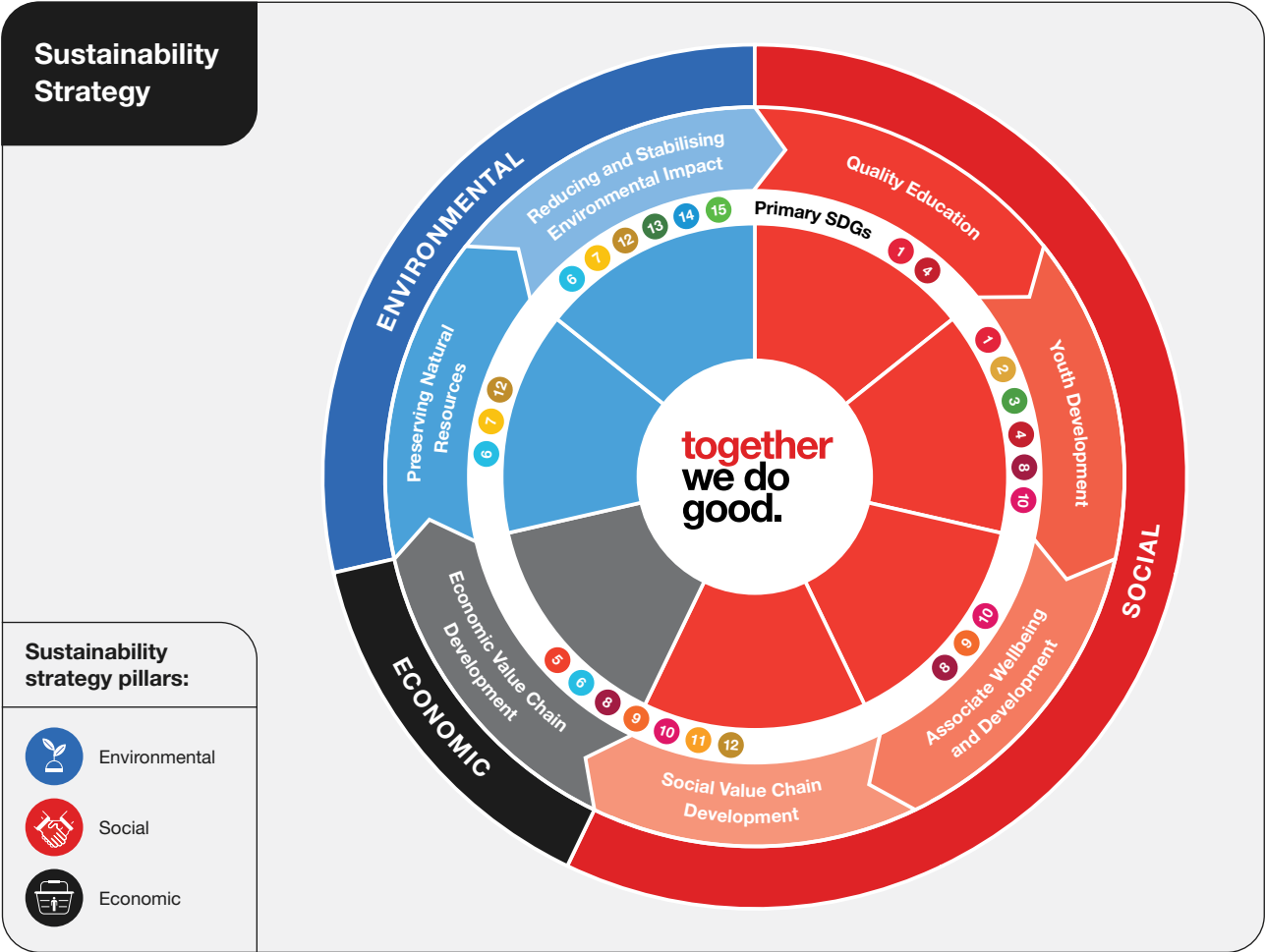
As the business evolves, so will the meaning of brand promise (the group's fourth strategic pillar). Historically, the group's interpretation of value (Price + Fashion + Quality) was very focused on price. While it strives to be the Value Champion for all customers, the interpretation of value has been updated to include convenience and experience. As customers move up and down the value spectrum over their shopping and economic lifetime, the group is mindful that for some customers, price will drive their decision-making, while for others, their equation is weighted toward quality, experience or convenience. Delivering against these strategic targets is evidenced in the increase in our brand value according to Kantar.



The group strategy has a foundation in **technology and innovation** . Over the next three to five years, it will continue to deliver market-leading customer-facing innovation and cement its position as a leading omni-channel retailer. It continues to research and adopt those trends and practices that delight customers and meet its capital allocation criteria. It will also move to be a more technologically-enabled and insight-driven business. The war for scarce talent is expected to continue in the technology space and as such the technology and innovation pillar relies heavily on the successful execution of the people strategy. The group believes that technology and retail are becoming synonymous and is focused on embedding technology and innovation in everything it does. It is not the group's intention to separate the two functions from each other.

The group believes strongly that the environmental, social and governance (ESG) strategy plays a key role in protecting and influencing its brand reputation, its ability to attract and retain key talent and investors, and that building a sustainable value chain will positively impact the socio-economic landscape.

























The final pillar of the strategy is centred on the group's desire to be recognised by its stakeholders as a relevant, ethical and sustainable company.



**Strategy Execution and Management**  
FY2022 was the start of the group's strategy management function maturing. During the year a lot of time was spent aligning group and divisional priorities and ensuring the correct trade-offs are made to deliver on its' vision. The group expects to see further maturing of the function into FY2023, supported by the Organisational Design Project that commenced in May 2022.



## How do we measure success and how did we do this year?

 <b>Stakeholder Engagement</b>	 <b>People</b>	 <b>Growth</b>	 <b>Brand Promise</b>	 <b>Technology and Innovation</b>	 <b>Sustainability</b>
<b>Objective</b> Stakeholder relationships are based on the true spirit of partnership and the group is ranked as the leading retailer in 'engagement and delivery'.	<b>Objective</b> The group's energised environment and unique culture drive performance and position the group as the most sought-after retail employer.	<b>Objective</b> To be the top performer in total shareholder returns in the retail sector.	<b>Objective</b> Grow brand value by surprising and delighting customers with the wanted item at great value and a satisfying all-round experience	<b>Objective</b> Entrench group culture and differentiation by leading with technology and innovations	<b>Objective</b> To be recognised by stakeholders as a relevant, ethical and sustainable proudly South African company
<b>Key Results</b> <ul style="list-style-type: none"> <li>Establish a centralised Stakeholder Engagement Function</li> <li>Develop a more formal Stakeholder Engagement Strategy</li> <li>Assess stakeholder needs and develop plans to improve performance where necessary</li> <li>Conduct annual assessments on progress in meeting the needs of and creating value for stakeholders</li> <li>Be recognised by stakeholders as having the best communication in the industry</li> </ul>	<b>Key Results</b> <ul style="list-style-type: none"> <li>Cultural DNA, Guiding Principles and Values are clearly defined, widely understood and lived out, and the group's personality is communicated at all touchpoints</li> <li>Strong organisational health and no material breaches of code of conduct</li> <li>A transformed and relevant South African business - improved employment equity score</li> <li>Talent is engaged, developed and retained</li> <li>The workplace and ways of working are innovative and mutually satisfying</li> <li>A well-developed and implementable succession plan</li> </ul>	<b>Key Results</b> <ul style="list-style-type: none"> <li>Sector leading sales growth (relative to Stats SA and peers) and increased market share</li> <li>Consistently achieve top quartile earnings growth</li> <li>Capital allocation policies consistently applied</li> <li>Increased PE Ratio (Maintain premium PE Rating in the sector)</li> <li>Predictable and consistent dividend policy</li> </ul>	<b>Key Results</b> <ul style="list-style-type: none"> <li>The group has a clear understanding of its customers and their needs</li> <li>Increase market share growth from 13.1% to 20% by 2026</li> <li>Increased brand equity scores</li> <li>Improved ranking in BrandZ Most Valuable South African Brands from 21st to 15th by 2026</li> <li>Evaluation and feedback mechanisms developed for measuring frontline performance</li> </ul>	<b>Key Results</b> <ul style="list-style-type: none"> <li>Strong, agile, secure platforms and systems to support group strategic needs</li> <li>Transition technology focus from infrastructure and applications to innovation</li> <li>Become a technology-enabled, insight-driven business</li> <li>Retail innovation</li> </ul>	<b>Key Results</b> <ul style="list-style-type: none"> <li>Inclusion in FTSE/JSE Responsible Investment Top 30 Index</li> <li>Environmental strategy executed and scorecard improved annually</li> <li>Social strategy executed and scorecard improved annually</li> <li>Governance strategy executed and scorecard improved annually</li> </ul>
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<b>Progress</b> <ul style="list-style-type: none"> <li>Appointed Director of Investor Relations and Stakeholder Engagement and established a centralised Stakeholder Engagement function</li> <li>Strategy was developed, approved and early stages were implemented, including surveying three of the five stakeholder groups</li> <li>Launched new group strategy, vision and purpose internally and externally</li> <li>Recognised by Intellidex – 9th overall for Best Investor Relations and 3rd for Best Market Communications</li> </ul>	<b>Progress</b> <ul style="list-style-type: none"> <li>Reinforced strategy, vision and purpose while launching DNA project</li> <li>Engagement survey launched – results well ahead of international benchmarks</li> <li>Appointed new CPO in January 2022</li> <li>LTIP's aligned to succession, retention and reward</li> <li>R32m paid to associates in dividends on Partner Share Scheme</li> <li>Further developed HiPo programme</li> <li>Prepped for Organisation Design project to support execution of strategy</li> <li>Achieved Employment Equity targets – 71% of head office promotions were ACI candidates</li> <li>Integration of acquired business tracking to plans</li> </ul>	<b>Progress</b> <ul style="list-style-type: none"> <li>Sales increased 23.6%</li> <li>Market share increased 140bps</li> <li>High impact organic launches, 4.5% contribution to sales since launch</li> <li>Capital allocated to higher yielding acquisitions</li> <li>R541m capital allocated to stores; weighted average space growth of 12.5%</li> <li>Maintained industry leading metrics</li> <li>Dividend restored – 20.1% increase in FY2022</li> </ul>	<b>Progress</b> <ul style="list-style-type: none"> <li>Market share: RLC increased 140bps and 100bps (Stats SA Type D retailers)</li> <li>15% market share (Stats SA Type D retailers)</li> <li>Limited markdown activity</li> <li>Net Promoter Score increased across all trading formats</li> <li>Brand equity scores increased</li> <li>Kantar Brand Z survey – No.1 most valuable fashion apparel retailer</li> <li>Introduced store card which increased credit sales by R280m</li> <li>Social media stats:                             <ul style="list-style-type: none"> <li>105m website visits</li> <li>1.9m Instagram followers</li> <li>3.7m Facebook fans</li> </ul> </li> </ul>	<b>Progress</b> <ul style="list-style-type: none"> <li>Roadmap in place to ensure strategic needs can be met and acquisitions can be integrated.</li> <li>Spent R152m on IT systems in FY2022.</li> <li>New ERP implemented</li> <li>Modernisation programme in place – best in class cloud data warehouse landed in FY2022</li> <li>Mr Price Advance team improved data visualisation, augmented processes with robotic process automation, aided decision making by machine learning and artificial intelligence</li> <li>Foundations in place with implementation of Magento 2, Oracle and Snowflake</li> </ul>	<b>Progress</b> <ul style="list-style-type: none"> <li>R32.9m donated to Mr Price Foundation</li> <li>R5m donated to disaster relief</li> <li>Tier 1 and tier 2 factory visibility at 99.7%</li> <li>Removed 29.2m plastic shopping bags</li> <li>35.9m products sold contain sustainable materials</li> <li>100% of the DC water supply comes from harvested rainwater</li> <li>Only RSA retailer that is a member of ETI</li> <li>Only fashion-value retailer included in FTSE/JSE Responsible Investment Top 30 Index</li> <li>Locally procured 38.2% of merchandise (at cost, being 78.6m units) representing R4.3bn</li> </ul>
<b>Trade-offs</b> <ul style="list-style-type: none"> <li>Trade-offs agreed upon in terms of the rollout of assessing stakeholder needs, measurement criteria and performance targets</li> <li>Delayed offshore investor roadshows and other in-person events due to COVID-19 concerns</li> </ul>	<b>Trade-offs</b> <ul style="list-style-type: none"> <li>Focused on associate wellbeing during civil unrest, deferring longer term projects to FY2023</li> <li>Key strategic projects deferred to allow CPO input and approval</li> </ul>	<b>Trade-offs</b> <ul style="list-style-type: none"> <li>Continual trade-off of choosing highest impact and strongest return growth vehicles. The group needs to actively limit the number of new initiatives to ensure successful launch or integration</li> </ul>	<b>Trade-offs</b> <ul style="list-style-type: none"> <li>Focused on repairing and reopening looted stores, deferring revamps</li> <li>CRM programme deferred while ensuring successful re-platforming to Magento 2</li> <li>Continue to look for cost-effective single source of divisional brand equity scoring</li> </ul>	<b>Trade-offs</b> <ul style="list-style-type: none"> <li>FY2022 was a year of ensuring backbone was in place prior to launching innovation</li> <li>Significant resources were dedicated to preparing for the implementation of the new ERP and the re-platforming to Magento 2</li> </ul>	<b>Trade-offs</b> <ul style="list-style-type: none"> <li>Division under new leadership – much of the year was spent agreeing new Sustainability philosophy, adopting new policies and ensuring the group was equipped to measure and deliver on new sustainability targets</li> <li>Continually balancing the group's sustainability journey while protecting against remaining Your Value Champion</li> </ul>
<b>Performance Rating</b> 	<b>Performance Rating</b> 	<b>Performance Rating</b> 	<b>Performance Rating</b> 	<b>Performance Rating</b> 	<b>Performance Rating</b> 

Note: The performance rating is an indication of the overall achievement of the group KPIs.





# Enterprise Risk Management

## Approach and Philosophy

The group appreciates that the delivery of its strategic objectives requires varying levels of risk-taking that must occur through robust enterprise risk management (ERM) frameworks and processes that are embedded in all decision-making throughout the organisation.

The board is ultimately accountable for effective risk management, agreeing the key risks, including emerging risks facing the group and ensuring that these are successfully managed. The group's philosophy of autonomy and freedom empowers leaders to identify, evaluate and manage the risks faced on an ongoing basis.

Key risks facing the group have been identified through a dynamic risk assessment that not only identified risks in terms of impact and likelihood, but further emphasised the connectedness and aggregation impact of each key risk. Movements of each risk are identified using key risk indicators, aggregated impacts and the identification of emerging events reported through a robust quarterly assessment.

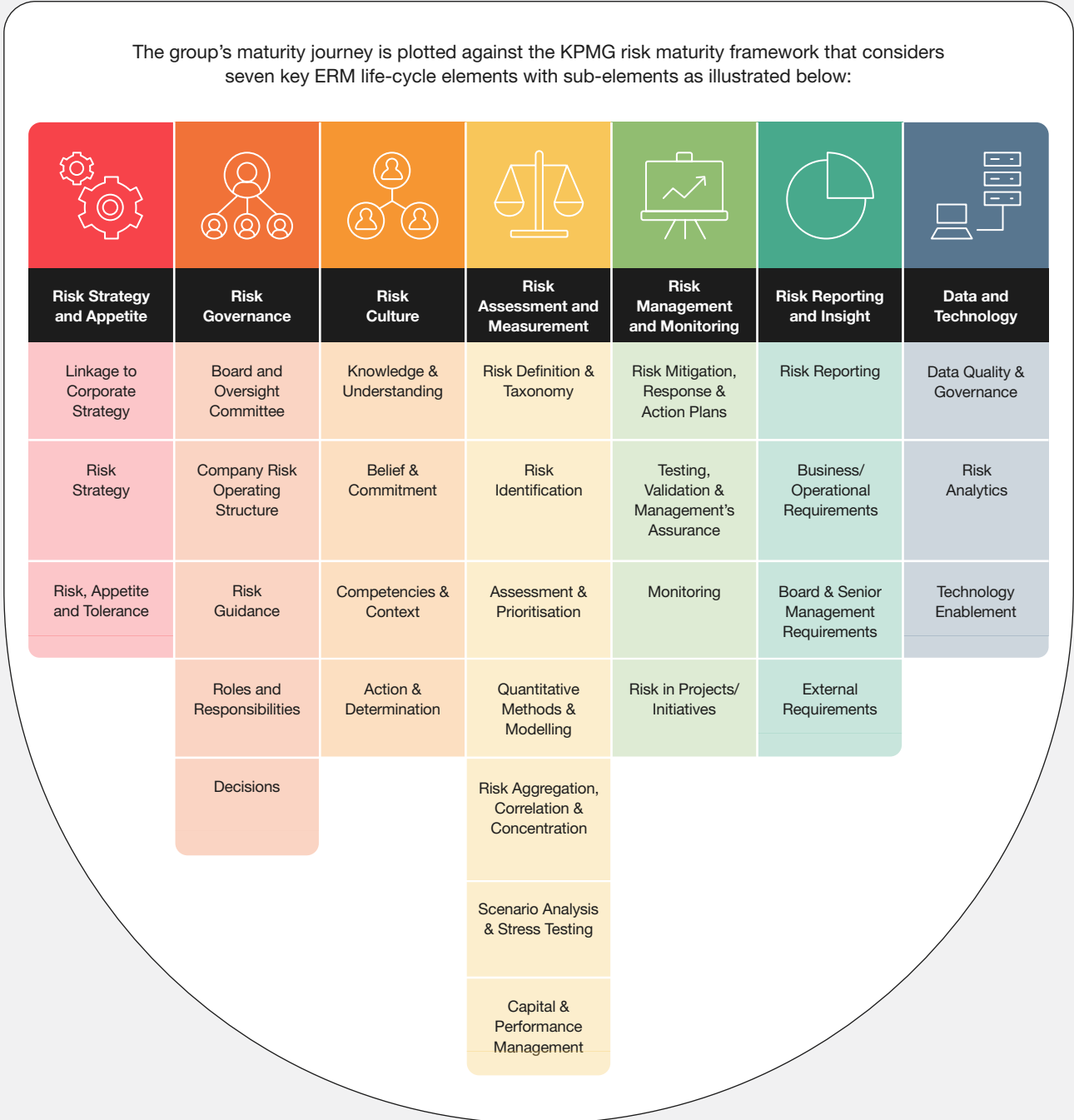
Each division also performs annual risk assessments which consider materiality, risk controls and specific local risks relevant to the segments in which they operate. Executive management monitors the group's exposure to risks as part of their performance reviews conducted at each quarterly divisional board meeting.

ERM processes and outcomes are guided, overseen and reported on by the group risk director.

## Key areas of focus

### 1. ERM Methodology Enhancements

While management focuses their efforts on the real risks and opportunities facing the group, attention is equally placed on continuously improving risk management capabilities through the adoption of robust processes. The journey towards achieving this imperative commenced on 1 July 2020, where a risk maturity assessment was performed. This was to assist in understanding the group's current level of risk maturity and the desired state through a scoring mechanism and actions that are required to achieve the desired state. Emanating commitments and actions are reported to the risk committee on a quarterly basis, resulting in the achievement of the desired maturity score by 31 March 2022. All committed actions have been completed and independently assured, with the technology enablement of the process requiring more time, as the group evaluates its wider prioritised IT investment.



Source: KPMG Risk Maturity report

### 2. Integrated Assurance

Recognising that the advancement of a reliable integrated assurance model is a journey, efforts in the year have been focused on specific deliverables in understanding and confirming assurance processes and respective assurance providers that are in place to assure the management of key risks identified. Further detail on this imperative can be found on page 8 of the Audit and Compliance Committee report in the [Annual Financial Statements](#).

### 3. Risk Appetite and Tolerances

The group aspires towards higher and sustainable growth opportunities, and in doing so accepts that it will face increased levels of risk exposure due to the changing external

environment and volatility. To this end, the group's risk appetite and tolerances have been re-assessed to serve as a guide on strategic and tactical decisions and escalation processes that will allow leaders to make decisions within acceptable boundaries of risk.

### 4. Resilience and Crisis Management

The group continues to focus efforts on improving resilience and the ability to manage crisis events. With the civil unrest experienced in July 2021, COVID-19, increased cyber-attacks and disruptive supply chains, the group's actions were focused on appropriate responses while strengthening risk mitigations and constantly improving the overall resilience of the group.

# Material Matters

## Focus Areas and Mitigation

The group's Enterprise Risk Management (ERM) approach seeks to integrate risks identified on a dynamic, aggregated and interconnected basis with strategy and material matters facing the organisation. Risks that are beyond the group's risk appetite and not fully controllable, culminate into a material matter that threatens its ability to achieve its strategy. These matters are identified as a result of careful analysis of the ecosystem and external environment in which the group operates.





## Risk Adjusted Approach to the Group's Strategy


Post the comprehensive reassessment and relaunch of the group's strategy in May 2021 and the resultant level of clarity, every decision taken aligns to the strategic intent of the organisation resulting in the positive movement of the strategy risk theme previously identified. The group accepts that changes to the external operating environment requires ongoing strategic calibration to achieve its vision. A risk adjusted approach to the group's strategy is therefore essential and driven by movements of threats and opportunities facing the group. While the group's strategic response to these forces occurs on a structured basis within approved risk appetites and tolerances, the volatility and uncertainty over the last two years has required responses that have been unprecedented. The changing external environment continues to challenge the group's strategic response at the right time, rendering it a material matter to the group.

STRATEGIC PILLAR

  
Brand Promise

  
Growth

  
People

  
Stakeholder Engagement

GROUP STRATEGIC RISK THEME

**The risk that the lack of a clearly articulated strategy will result in the group's inability to achieve desired growth.**

**Interconnected Potential Risks/Impacts**

- Overreaction/Underreaction to changes in strategic landscape
- Inability to identify forces of change
- Diversionary efforts
- Incorrect decision-making
- Investment in non-value adding activities


**Response**

- Alignment of group strategic priorities clearly disseminated into each of the trading divisions and Centres of Excellence (COE)
- Key Performance Indicators (KPI) to ensure execution with absolute clarity driven by individual targets
- Quarterly assessments of KPI progress for all divisions and timely responses

## South African Trading Environment

The fragility of the South African (SA) economy and directly connected social impacts continue to intensify the trading environment in which the group operates. High levels of fiscal debt, increased deficit and unemployment levels compounded by energy shortages, ongoing pandemic effects and the July 2021 civil unrest has brought about aggravated and unique levels of risks to the achievement of the group's goals. These adverse trading conditions directly impact discretionary consumer spend, especially in the homeware and apparel categories in which the group operates.

STRATEGIC PILLAR

  
Growth

GROUP STRATEGIC RISK THEME

**The risk that adverse political actions, social unrest, declining economic conditions and onerous legislative requirements impacts growth imperatives.**

**Interconnected Potential Risks/Impacts**

- Concentration of risk due to focus and size of SA operations
- Constrained consumer spending
- Volatility of ZAR potentially impacting the value model
- Credit collection due to low disposable income
- Increased competition due to retail consolidation and discounting by competitors
- Potential discontinuation of COVID-19 social relief grant


**Response**

- Enhanced business resilience through the group's:
  - Robust business model
  - Market positioning
  - Brand loyalty
  - Fashion value differentiation
  - Every Day Low Pricing
- Progress towards diversification of customer segments through acquisitions and category extensions or reductions
- Cash-based and less reliant on credit
- Government engagement
- Treasury policy

## Leadership and Organisational Agility

The rapid pace of change and uncertainty in the external environment requires leaders to adopt a transformational mindset and embedded processes supporting everything the organisation does. Innovative and unprecedented decision making is required to successfully differentiate and transform the organisation. Awareness of the need to avoid historical bias places the business in a position of strength and advantage. The group's inability to adapt during uncertain times does pose a material matter to the future success of the organisation.

STRATEGIC PILLAR

  
People

GROUP STRATEGIC RISK THEME

**The risk that leadership behaviour and resultant impact on the organisational health, impacts the group's ability to achieve its goals.**

**Interconnected Potential Risks/Impacts**

- Resistance to change
- Bureaucratic and cumbersome processes that impact business agility
- Lack of a structured change management process
- Entrenched thinking and inability to adapt to a new way
- Inappropriate organisational design

**Response**

- Infusion of new leadership thinking through acquisitions and external appointments
- Review of organisational design
- Lateral transfers of leadership teams
- Various leadership and mentorship programmes



Supply Chain

Logistics

As the group continuously seeks to optimise the supply chain and diversify the supplier base, subsequent pandemic effects (both locally and globally) continue to have a material impact on the group. The last year has been impacted by COVID-19 disruptions, civil unrest, port congestion, container shortages, increased demand and strained capacity which brought about record-breaking spot and long-term shipping contract rates. Furthermore, the N3 corridor that is a key distribution route for the group in South Africa is at constant risk of disruption and threat. Other factors such as load shedding and container capacity constraints due to pent up demand, have driven supply chain risks to be a material matter.

Sourcing

The group’s purpose is to be “Your Value Champion”, and it is essential that prices offered to the customers are at the lowest cost while delivering the targeted returns to shareholders. The increased cost of doing business in all aspects of the value chain are at unprecedented levels. Increased costs associated with product manufacturing, raw materials, shipping and delivery, security, compliance, insurance and skills are threatening the group’s ability to offer affordable merchandise to customers. Proportional increases in customer spending is not occurring, exasperated by elevated fuel and energy prices and overall cost of living. This scenario threatens a key lever being price value of the group.

STRATEGIC PILLARS



SustainabilityGrowth

GROUP STRATEGIC RISK THEME

**The risk of an inefficient, ineffective and unreliable supply chain that will result in poor inventory management that will impact the group’s competitive advantage.**

Interconnected Potential Risks/Impacts

- Increased input costs impact on price value offering
- Failure of key suppliers to meet their order obligations
- Stock availability
- Disruptions in movement of stock from source to store


Response

- Alternative distribution centre (DC) facilities
- Enhanced security mechanisms at key strategic and concentrated locations
- Resourcing strategy in the third year of execution, thereby reducing over-reliance on territories or key suppliers
- Responsible sourcing incorporated into the resourcing strategy
- Partnerships and collaboration with suppliers
- Increased lead times to allow for response strategies
- Quick response strategies
- Strategic supplier partnerships/building feedback loops/collaboration
- Supplier performance measurement and visibility of production cycles
- Procurement of locally manufactured products to increase agility and flexibility

Transformation and Diversity

The group embraces the value in diversity and the need to represent the local and national demographics of SA at all levels and remains committed to employing and developing partners in line with employment equity (EE) targets. The succession pipeline is key to addressing transformation imperatives.

STRATEGIC PILLAR



People

GROUP STRATEGIC RISK THEME

**The risk that slow pace of transformation will result in adverse reputational and commercial damage.**

Interconnected Potential Risks/Impacts

- Slow rate of EE and gender transformation at senior and professional qualified levels


Response

- The group EE plan
- Transformation strategy
- Transformation targets
- KPI measurables

Talent Attraction and Retention

The group is cognisant of the fact that its success is highly dependent on a disciplined and experienced team with retail, technology and leadership skills that carries an entrepreneurial mindset. A shortage of local retail specific skills, fuelled by a local and international demand for talent, poses risk to all SA retailers and is hence deemed a material matter. The group’s human capital is sought after locally. New hybrid and remote working models are increasing the ease for talent to operate more flexibly and explore global opportunities.

STRATEGIC PILLAR



People

GROUP STRATEGIC RISK THEME

**The risk that the inability to attract and retain key skills impacts the group’s capacity to execute its strategy.**

Interconnected Potential Risks/Impacts

- Skills shortage
- Competition to attract and retain specific skills
- Inability to respond to the new retail landscape
- Low growth environment impacting structure and limiting career progression
- Loss of homegrown talent
- Impact on leadership succession
- Appropriateness of retention mechanisms in a new retail landscape
- Remote talent management
- Cost of required skills impacting the value model
- Overworked associates impacting mental health, more especially key decision makers


Response

- New long-term incentive (LTI) and short-term incentive (STI) schemes in second year of operation
- Wellness programmes
- Flexible working arrangements
- Attractive business with stability and large growth opportunities
- Infusion of new talent with new acquisitions
- Identification and nurturing of high potential associates

Brand Reputation

The group’s brand is well entrenched among the customers it proudly serves. Every attempt and decision made considers and capitalises on the opportunity to further strengthen this strategic asset. The scale of the business and constant interactions between partners and varying stakeholders does however pose ongoing risk of brand damage or disrepute. Risk to the group’s reputation and the ability to respond are elevated due to the span of information or misinformation transfer with social media. Although there is progress in risk mitigation steps through ethics awareness, crisis response, social compliance processes and quality control standards attested by the group’s growth in market share in many categories over the year, it does accept that there are scenarios that are beyond its control, thereby rendering the risk of brand disrepute as a material matter.

STRATEGIC PILLAR



Brand Promise

GROUP STRATEGIC RISK THEME

**The risk that associates, or parties with whom the company transacts, conduct themselves in a manner that damages the reputation of its image.**

Interconnected Potential Risks/Impacts

- Enhanced consumer and social awareness
- Speed of information transfer via social media

Response

- Group code of conduct
- Ethics awareness and training
- Social media screening
- Social media policies
- Escalation guidelines
- Group communication function

Culture and Values

As the group faces times of uncertainty, volatility and ambiguity and the corresponding need to respond with agility, empowerment of all its partners drives correct decision making. Right values and behaviours will engender the group’s organisational health that supports and influences these decisions by all its partners. The ‘Mr Price’ way of doing things and interacting with each other is unique and a differentiator that must be preserved in its growth trajectory. The group culture and the potential impact of its success is viewed as a material matter that is fluid, requires ongoing attention and most importantly displays leadership by example.

STRATEGIC PILLAR

People

GROUP STRATEGIC RISK THEME

**The risk that culture and behaviours do not engender the right values, behaviours to engender organisational health.**

**Interconnected Potential Risks/Impacts**

- Loss of entrepreneurial mindset
- Dilution of culture
- Reputation risks
- Agility


**Response**

- Organisational health assessments
- Adaptability/Constant improvement of values
- DNA project activation and implementation
- New group vision, purpose and strategy

Competitor Landscape and Changing Shopping Behaviours

The group’s performance attests to the success of its model and associated ongoing and entrenched risk management capabilities. However, increased discounting, promotional activities and aggressive store rollouts by competitors (especially in the apparel and homeware offerings and in particular the value segment) have become more prevalent. Increased acquisitive activity in the competitor landscape has also been prevalent. Beside the force of local competition, competition with accelerated offerings of global retailers to SA consumers is now being observed. The accelerated ongoing change of retail relative to previous decades accentuates this material matter. The post-pandemic world is being shaped by convenience shopping and preferences experienced, offered and appreciated during the pandemic. The gap between customer expectations and retail offerings continually widens from a price, product, interaction and convenience perspective. The availability of real time product information such as prices and range of assortment offerings, both on local and international platforms, is a material matter in the group’s ability to remain relevant in the new retail playing fields. These forces place customers in a position of choice of product, access to fashion trends and the ability to substitute products that are limited locally. The group is hyperaware of competitor activities, consumer behaviours and competitor responses. It views these changes and actions as a threat to its goals and hence as an ongoing material matter.

STRATEGIC PILLAR

Growth

GROUP STRATEGIC RISK THEME

**The risk that actions of competitors or new entrants to the market threaten the organisation’s competitive advantage**

**Interconnected Potential Risks/Impacts**

- Crowded value segment
- Inability to respond to “freshness” offered by global competitors
- Inability to maintain leading metrics
- Leadership agility
- Inability to innovate
- Loss of group’s entrepreneurial strength

**Response**

- Growth strategy executed organically and acquisitively
- Financial resilience and differentiation with strength of balance sheet
- Diversified targeted customer segment
- The strength and value of the brand
- Strong retail skills in the value retailing segment

Systems and Technology

The transactional nature of the business operations and reliance on systems poses a risk of business continuity. Systems are constantly at risk of damage and interruption, especially with the increase in power outages, telecommunication failures and elevated cyber security risks that continue to escalate. Any form of sustained interruption to the information systems will have an adverse impact on the group.

The group recognises that effective future-fit systems, processes and common IT platforms are critical to mitigating risks, reducing costs, increasing flexibility and driving efficiency and productivity. The rapidly changing digital landscape is accentuating the need for a digital capability including data analytics, e-commerce, omni-channel and automation to drive value, and poses broader challenges in terms of speed of delivery relative to changing customer shopping expectations and efficiencies sought.

STRATEGIC PILLAR

GrowthTechnology

GROUP STRATEGIC RISK THEME

**The risk that IT systems lack capability and capacity to support operations and future growth.**

**Interconnected Potential Risks/Impacts**

- Information security
- Reliance on information generated to base key decisions
- Business interruption
- Failure to keep pace with technological advances that will enhance business value model


**Response**

- Robust information security roadmap with agility in response
- Digital transformation by leveraging data and digital asset investment
- Improved robust cloud-based IT disaster recovery strategies
- Informed IT leadership and an innovative mindset, as well as a robust technology modernisation roadmap

Integration of New Acquisitions

As the group integrates newly acquired businesses, it anticipates integration-specific risks that need to be carefully managed. The potential risk of a lack of capacity and distraction to leaders and support staff will need to be carefully managed through structured and well thought out integration plans. There is a need to ensure appropriate organisational design to support existing and newly acquired businesses for the preservation of strengths and differentiators and the value proposition of acquisitions to ensure that anticipated opportunities are exploited and return on investments is achieved. The cost and effort to ensure compliance to the group and listing standards will be prioritised while ensuring that the value expected from these acquisitions is eroded.

STRATEGIC PILLAR

Growth

GROUP STRATEGIC RISK THEME

**The risk that newly-acquired businesses do not deliver the desired return on investment.**

**Interconnected Potential Risks/Impacts**

- Loss of entrepreneurial mindset
- Dilution of culture
- Reputation risks
- Cost of compliance

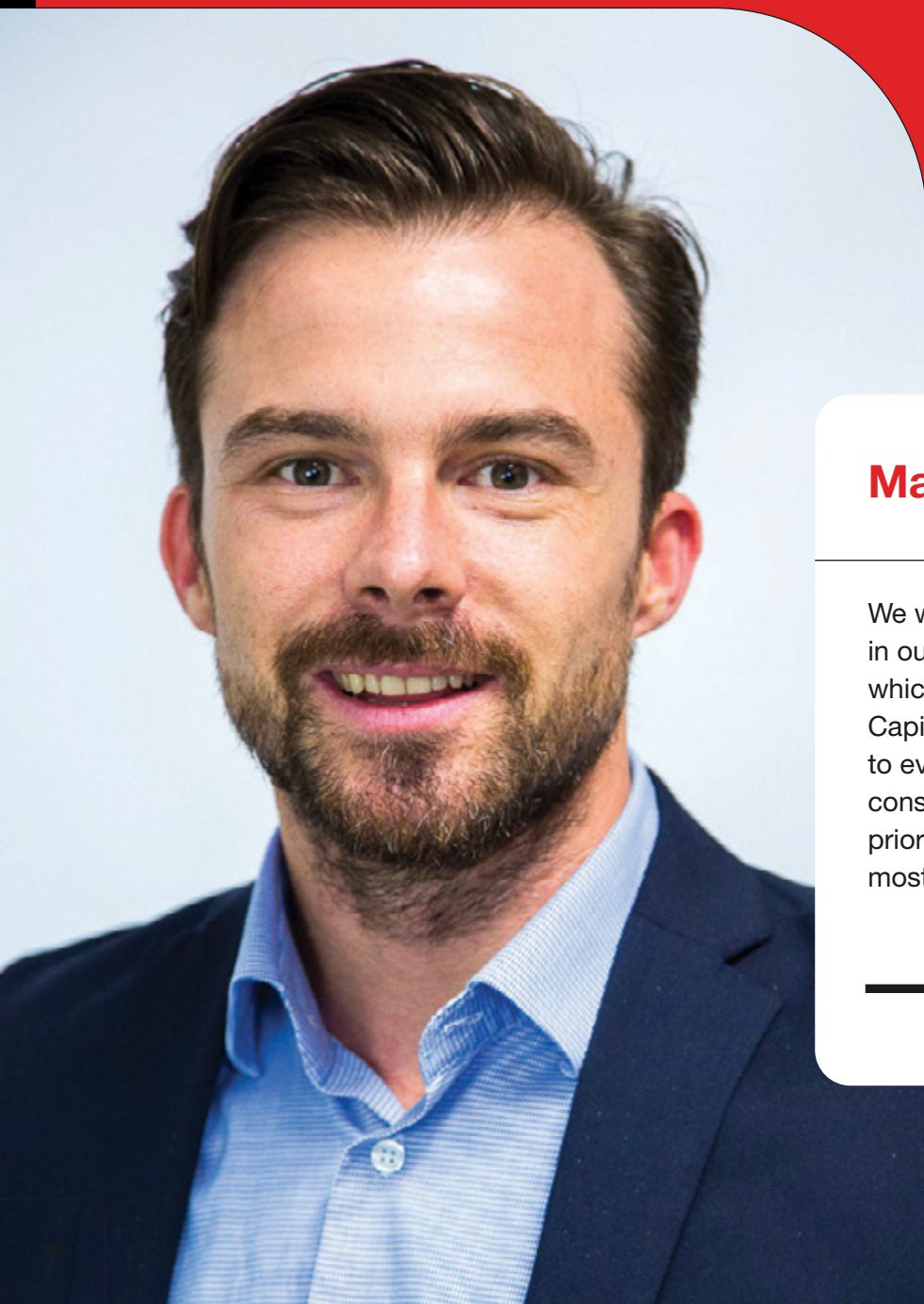
**Response**

- Structured integration plan
- Organisational design review
- Executive oversight
- Retention mechanisms
- Group Code of Conduct



INTRODUCING THE

# CFO's Report



## Mark Stirton

We will continue to anchor ourselves in our core retail and fiscal disciplines which have shaped our past success. Capital allocation will remain central to every investment discussion, considering all stakeholder needs prior to deploying capital into the most fertile opportunities.



YOUR VALUE CHAMPION



## FY2022 Reflection

The following summary of the group's financial performance demonstrates how the group's financial capital has been increased, utilised and transformed through its operating, financing and investing activities in the 2022 financial reporting period.

This financial period saw the group confidently emerge from the turmoil of FY2021. While COVID-19 is not an event we would wish upon ourselves again, it did force us to zero base our strategic thinking and activities which catalysed exciting growth opportunities. I am extremely proud of how our business model performed under trying circumstances. Our financial performance this year was again delivered in tumultuous conditions which stretched our people, resources and resolve. This feat can only be accomplished if one's culture, values and beliefs are well established.

Renowned business leader Peter Drucker said: "Culture eats strategy for breakfast." Our clear **vision and strategy** coupled with our **DNA (culture)**, has allowed the group to weather and capitalise on the current trading conditions. The additions of Power Fashion and Yuppiechef into the group's results this year have given it access to exciting new segments which we are confident will compliment and contribute to our proven track record of shareholder value creation. The group's pending purchase of a controlling stake (70%) in the Studio 88 group, South Africa's largest independent branded leisure, lifestyle and sporting apparel and footwear chain, is scheduled to be concluded in September 2022 (subject to conditions precedent). This deal offers the group an on-ramp into new merchandise categories and brands, areas in which we are currently underrepresented. A tough but exciting year lies ahead.

As a group, we are proud to be acknowledged in the inaugural Intellidex Investor Relations Awards for our stakeholder engagement activities, achieving 3rd Best Market Communication, 3rd Best Annual Integrated Report and 9th overall for Best Investor Relations. This is testament to our concerted efforts to ensure our **stakeholders** are delivered rich, meaningful information on which to make investment and partnering decisions.

## Situational Analysis

The conditions under which the group executed its FY2022 financial and operating performance need to be contextualised, in order to give weight to the agile and resilient way in which they were delivered. This should provide investors with confidence in management's ability to navigate further uncertainty anticipated in FY2023.

It has never been more crucial for organisations to invest in a well-developed Enterprise Risk Management strategy to guard their strategic objectives. Our investment into a dynamic risk methodology supported by KPMG, has allowed us to actively survey the risk landscape and shape our combined assurance efforts. This will help guide the executive team towards the strongest actions required to mitigate risks that impinge on our ability to execute our strategic plans.

This report is best supplemented by the **Enterprise Risk Management** and **Material Matters** sections of this integrated report to fully grasp the direct challenges faced.

## Global

For the second year in a row, the group's financial year has been subject to extreme events outside of its direct control. Globalisation – which has taken decades to establish and has accelerated economic growth, particularly in emerging economies – has never been more under threat. This shifting balance of power has resulted in high levels of uncertainty, polarisation and change across global supply chains, which directly impacts the group's operations.

The whipsaw effect which disrupted supply chains came post the release of the significant liquidity that washed through the global economy. This stimulus achieved the desired effect, invigorating demand to extreme levels. COVID-19 restrictions created further shipping and container imbalances across the globe. This became most evident prior to the group's festive trade period which resulted in container prices soaring to some of the highest on record. These conditions made merchandise buying and planning extremely difficult. The addition of extra days into lead times lengthened the working capital cycle but was necessary to avoid stock outs. This strategy served us well, allowing us to reflow stock into key trading weeks in order to make sales forecasts.

Rising inflation and resultant interest rate hikes to dull its effects are anticipated to continue to place pressure on consumers worldwide. Please refer to our **Operating Environment** section of this integrated report for more detail on our view of the state of the global and South African economies, together with the macro and micro environmental factors pertinent to our business.


The impact of COVID-19 seems to be abating in most of the world, with variants diminishing in severity and length. Most nations are reducing restrictions with a meaningful drive to get societies and economies back to pre-pandemic normality. The customer journey looks different in a post-pandemic world and we as an organisation constantly revisit what this new path looks like, in order for our formats to remain relevant.

## South Africa

Locally, global demand for commodities has had the positive effect of bolstering export prices for most of 2021 and 2022, creating buoyancy to GDP. Consequently, higher than forecast tax receipts were collected, the Rand strengthened against major currencies and fiscal space was created within the budget for National Treasury. Unfortunately, unemployment remains unacceptably high at 35.3% (Q4 2021) which continues to elevate social risk concerns. Much like the rest of the world, inflation has started to tick upwards briskly, which has been met with interest rate hikes from the central bank. Both these economic factors exert pressure on the consumer basket, negatively impacting disposable income and household savings, two essential elements for discretionary retail growth. Positively, credit granting has started to loosen post COVID-19, providing positive stimulus to retail sales, but this is likely to abate into FY2023.





The South African retail landscape continues to be aggressively contested as old and new competitors battle for customer share of wallet. Market share gains are harder to achieve as competitors employ aggressive price-focused strategies, often at the expense of margin; a strategy the group has avoided. Instead, it chooses to place trust in its fashion and **value**  differentiation, combined with its convenient omni-channel footprint, to compete under these competitive conditions. This has proven to be a fruitful approach.



The financial commentary below will be on a 52-week on 52-week basis to aid comparison. Reference to the group's 52-week on 53-week performance will be limited to headline and diluted headline earnings per share and to instances where its inclusion will enhance understanding.

\*On a continuing operations basis

Credit sales flourished, growing 23.6% as the group experienced increased demand for its credit offering post its self-imposed credit limit and new accounts restrictions. Applications received rose 54.2% on the prior year with a notable increase from higher calibre customer credit profiles which supported credit lending. Despite this positive change, the group remains resolute in its credit granting criteria, approximating its prior year approval rate at 33.1%. Interest earned on the credit book and insurance premiums charged performed well, growing 4.9% and 6.9% respectively. Interest earned will receive a further lift into the new financial year as the Reserve Bank raises interest rates to curb inflation.

Retail sales and other income increased to R28.1bn, up 25.8% for the financial period. Retail sales increased 26.0% to R26.7bn (comparable stores 14.1%), which resulted in the group gaining 140 basis points (bps) of market share according to the Retailers Liaison Committee (RLC). The inclusion of the group's recent acquisitions of Power Fashion (PF), effective 1 April 2021, and Yuppiefchef (YC), effective 1 August 2021, additionally supported these results. Sales in the first half grew 37.6% as the group rebounded from a weak April and May in the base due to enforced government trading restrictions, as well as the non-comparative inclusion of acquisitions. This performance was forecast to be stronger but was tempered by the civil unrest which weighted on second quarter results. The second half performed strongly, growing 18.0% (excluding acquisitions 7.3%) supported by the core business performing against its high base.

The group's retail selling price (RSP) inflation for the period was -6.4%, impacted by the inclusion of Power Fashion whose high unit weighting and low average RSP is significantly below that of our traditional retail trading divisions. Excluding acquisitions, RSP inflation grew 5.5%, a commendable result when one considers the significant input cost headwinds that the group experienced from commodity and shipping costs escalations. The group was largely able to shield the customer from this inflation through strong supplier negotiations, hedging instruments and operational agility. Units for the period grew 35.3% to a significant sum of 276m.

Online sales, bolstered by the inclusion of Yuppiechef, constitute 2.9% (2.3% excluding acquisitions) of retail sales and increased 48.2% against the high base growth of 64.1%. The group's replatformed e-commerce channel experienced suboptimal performance due to implementation challenges. However, the group maintained high customer engagement which was best reflected by its online traffic market share increasing 70bps to 13.3% (Similar Web: April 2021-March 2022) and its loyal 5.9m social media followers growing by double digits. The Mr Price mobile app remains the highest ranked South African fashion shopping app on Google Play store, with customer usage up 27.3% (Similar Web). Gross margin decreased 150bps to 41.0%, impacted by the R159.3m inventory write-off from the civil unrest and the

Cash sales grew 26.4%, increasing the cash contribution to 86.1% of retail sales, aided by the inclusion of Power Fashion and Yuppiefchef.



inclusion of the two lower margin acquisitions not previously in the base. Excluding these non-comparative elements, gross margin was only 30bps lower than the prior year. Input price pressures experienced from global volatility were the main contributors to this drop, which we forecast to be transitory in nature and therefore should revert over the medium term.

Overheads have been well contained, growing behind that of Retail Sales and Other Income (RSOI) and gross profits at 16.4%. Excluding acquisition overheads, total expenses grew 6.2% despite carrying the costs and related fixture write-offs relating to the civil unrest, and on a two-year CAGR basis increased 4.6%. What is most pleasing is the 210bps improvement in overheads as a percentage of RSOI to 25.6%. The group changed the useful life estimate of its store assets in October 2020 to reflect its current view on the enduring value of its prospective store assets, the value of which did not materially impact the quality of earning and is sustainable in nature.

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

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

The Telecoms segment exceeded R1bn in revenue for the first time, increasing 34.4% to R1.2bn. Mr Price Cellular launched in 2017 and has reported exponential growth since inception. It is now available in 370 stores with promising growth opportunities, most notably the rollout of standalone stores. Cellular handsets and accessories gained 130bps of market share according to GfK (190bps including Powercell), a significant gain considering the disruption caused by global supply chain challenges and the civil unrest during the period.

The austerity measures during FY2021, which temporarily curtailed certain overhead categories such as travel, have emerged albeit at a slower pace. The imposed expenditure constraint enforced during the prior period allowed the group to truly re-baseline its costs and cut waste, stretching what it previously thought possible. This discipline has been maintained to date. Various "future fit" initiatives have started to take traction. The business has started a process of re-engineering its processes and systems to support growth as well as reset legacy ways of working. It has employed robotic and analytical process automation toolsets to modernise and challenge what and how we execute, with the objective of modernising the organisation and aggressively eliminating waste – which is the true enemy of value.

Interest income earned on the group's cash reserves over the period declined 20.2%, primarily due to the acquisition of Yuppiechef in August 2021 at a R402m purchase price (inclusive of shares purchased for part of the consideration offset by cash on hand at take-on of R27m in cashflow statement) and the short-term tactical change in working capital cycle which absorbed operating cash flows.

The group's operating profit exceeded R4bn for the first time, growing to R4.9bn, an increase of 27.2% on the prior year. Positive operating leverage was achieved which resulted in the group's operating margin improving 100bps to 17.7%.

Tax Matters

The only notable tax matter continues to relate to the multi-year assessment raised by the South African Revenue Service (SARS) relating to the disallowance of a deduction claimed by the group. The group successfully defended the 2014 dispute which SARS conceded due to procedural irregularities. The company, supported by senior council and senior tax practitioners, continues to believe that the deduction is valid and within the bounds of the Income Tax Act. We continue to remain optimistic in our ability to defend the assessments raised by SARS therefore no specific tax provision has been raised. Dialogue and accompanying legal proceedings are ongoing. The very nature of legal matters will always present the adverse risk of a judgment being handed down against the company. Should this occur, it would impact on the tax rate for the financial period in which the dispute is ruled. The current exposure, should the group receive an adverse judgment, is estimated at R59m.

The group continues to pursue clarity and predictability on tax matters across the various jurisdictions in which it operates. It seeks to protect shareholder value in line with its broader fiduciary duties. The group will not seek to establish artificial arrangements but will pursue only those linked to genuine business requirements that will stand up to scrutiny by the relevant authorities. It will not artificially transfer profits from one jurisdiction to another to minimise tax payments or pay more tax than is properly due under a reasonable interpretation of the law and on receipt of a lawful demand.



Statement Of Financial Position

	2 April 2022	3 April 2021
Non Current Assets	11 296	9 288
Current Assets	11 381	10 587
Inventories	3 956	3 298
Trade and other receivables	2 551	2 155
Cash and cash equivalents	4 612	4 949
Other assets	262	185
Total Assets	22 677	19 875
Shareholders equity	12 056	10 838
Total Liabilities	10 621	9 037
Total equity and liabilities	22 677	19 875

The group's market capitalisation at the reporting date closed at R55bn, making the group the highest ranked apparel and homeware retailer in the JSE Top 40 Index. The group's net asset value increased by 11.6% to 4 686 cents for the financial period, positively growing its intrinsic value. The group's returns remain market leading within the retail sector: return on equity (ROE) and return on assets (ROA) were 28.9% and 27.3% respectively.

The group's solvency and liquidity remain strong at 2.5:1 and 1.6:1 respectively, a testament to the sound business model which the group operates. The group has performed a rigorous going concern assessment in accordance with the accounting standards and I am pleased to report there is no indication of going concern risk.

A notable shift in the financial position has been the inclusion of the Yuppiechef group of companies, consolidated from 1 August 2021. The outflow from cash reserves was R402m (inclusive of shares purchased for part of the consideration) and the commensurate net assets (fair valued take on) of R110m, including intangible assets raised for brands, and goodwill of R292m for the balance of the purchase price consideration.

A full assessment has been performed on the carrying value of all assets in use to ensure they are fairly valued at the reporting date. In particular, tests were performed on the intangibles assets raised as a result of the Power Fashion and Yuppiechef acquisitions. The group carries material right of use assets which were also reviewed for impairment, particularly after the civil unrest. I am pleased to report that no impairment indicators were noted by this period end.

The group invested R734m in capital projects during the year, up 62.3% on the prior period. Capital allocation has received increased due diligence as the organisation accelerates its growth ambitions. Over and above various external growth avenues the group is evaluating, we are encouraged that every trading division within the group has organic growth opportunities, several of which are under consideration. The major asset class to which capital was applied this period continues to be new and expanded store growth followed by

our investment into IT platforms which contributed 20.8% of capital invested for the period. This allocation forms the basis of our simultaneously strategic objective to perform and transform. Fiscal discipline is applied rigorously to capital projects with new projects requiring high investment thresholds to qualify. This helps us prioritise the demand on capital from multiple projects.

Working capital management in a growing business is challenging and a difficult tension to strike. Management has allowed some inefficiency to exist to understand sales potential in certain divisions, while ensuring the key financial and retail metrics the group is so well known for, do not drift. The group continues to target opportunities to improve its cash cycle to fund its growth ambitions internally. The most notable project is the supply chain finance programme with our supply base, which supports their growth and unlocks terms extensions for the group. The early fruits of this programme are starting to come through, as noted by the increase in trade creditors days. The full impact of this programme should be experienced in FY2023.

Inventory for the period increased 17.2% to R4.2bn with an impairment provision of 6.7% which management deems appropriate in relation to inventory health, currently at productive ageing levels. The group chose to hold higher inventory levels due to ongoing volatility within global supply chains and the go live of its retail ERP. This is a short-term strategy to mitigate non-delivery risk and to avoid the potential negative impact of broken assortments, affecting its curated merchandise offering. As a result, goods in transit (GIT) inventory increased R204m, which impacted inventory turn at 4.4 times. Excluding GIT, inventory turn of 5.2 times was achieved. The non-comparative inclusion of Yuppiechef, new merchandise categories and store growth of 8.1% further elevated inventory levels. Excluding both acquisitions and GIT, gross inventory at year end was up 6.1% in line with the previously communicated target.

Trade and other receivables increased 19.4% on the prior year. Trade debtors expanded due to the resurgence in customers appetite for credit as noted above and upward interest rate moves of 75bps. This was a strong rebound from



the cautious credit stance adopted in the prior year due to COVID-19 uncertainties. Group net bad debt declined 38.7% as a stable credit book emerges from the prior period. This has allowed the group to onboard new credit this period. The group's strict credit granting criteria and strong collections and recovery performances positively impacted the portfolio and lowered bad debts. As a result, the group's impairment provision as a percentage of the debtors' book was 9.1%.

R'm	FY2022	FY2021
Cash balance at the beginning of the year	4 949	4 726
Cash inflow from operating activities	4 807	4 767
Cash outflow from investing activities	(925)	(1 945)
Cash outflow from financing activities	(4 207)	(2 550)
Foreign exchange gain/(loss)	(12)	(49)
Cash balance at end of year	4 612	4 949

The group's cash reserves remain robust, closing at R4.6bn. Free cash flows of R3.9bn were generated for the period (including rentals of R1.8bn) with a free cash conversion of 30.9%. As noted in the group's cash flow statement, net cash and cash equivalents declined R325m. The lower cash generation this period emanates from the temporary increase in working capital requirement (inventory and debtors) as noted above of R0.9bn, the Yuppiechef acquisition and the increase in the dividend outflows for the period of 354.9%, due to a full year inclusion (FY2020 final dividend not declared paid in FY2021). The movement in these three elements created R1.5bn of additional outflows compared to the prior year.



Outlook

The retail landscape for the forthcoming fiscal year will be highly contested with a very tough macro environment providing limited support. To maintain our value positioning and to champion fashion value for South Africans, we will have to work extremely hard to fight merchandise input inflation. The group will continue to pursue its fit for growth initiatives to alleviate pressure on the model by extracting operating cost efficiencies and improving process effectiveness to ensure sustainability over the long term and maintain the group's leading metrics.

The consumer, who has just begun to heal from the scars of COVID-19, is scheduled to experience elevated levels of inflation. Key contributors to the consumer basket for the majority of South Africans will be transport, food and energy, all of which have already and will continue to rise sharply in 2022. Household cost pressure is anticipated to drive more consumers to seek value merchandise to meet their constrained wallets. This is the group's primary market positioning. We forecast demand for apparel merchandise to rise as entertainment, travel, leisure and restaurant lifestyles re-emerge together with return to workplaces, which in this climate should favour value retailers more.

Corporate culture and leadership remain top of mind as the best determinant of our future prospects. The group truly believes the mindset of its people is its competitive advantage. The future of work is a key topic which will shape how we operate and compete. Hybrid working will place new challenges on our organisation and its people, all necessary to forge ahead into the new world of work. We as a group are excited about how this can support our vision and increase our attractiveness as an employer of choice.

We will continue to anchor ourselves in our core retail and fiscal disciplines which have shaped our past success. Capital allocation will remain central to every investment discussion, considering all stakeholder needs prior to deploying capital into the most fertile opportunities. We remain focused on the pursuit of our group strategy and vision, while simultaneously maintaining acute awareness and holding in tension the risks that come with organic and inorganic growth.

I would like to thank our board and all our stakeholders for their invaluable support. As executive management, we always endeavour to maximise the creation of value for our shareholders, while holding in tension the resultant impacts our business model has on society and the environment in which we operate.

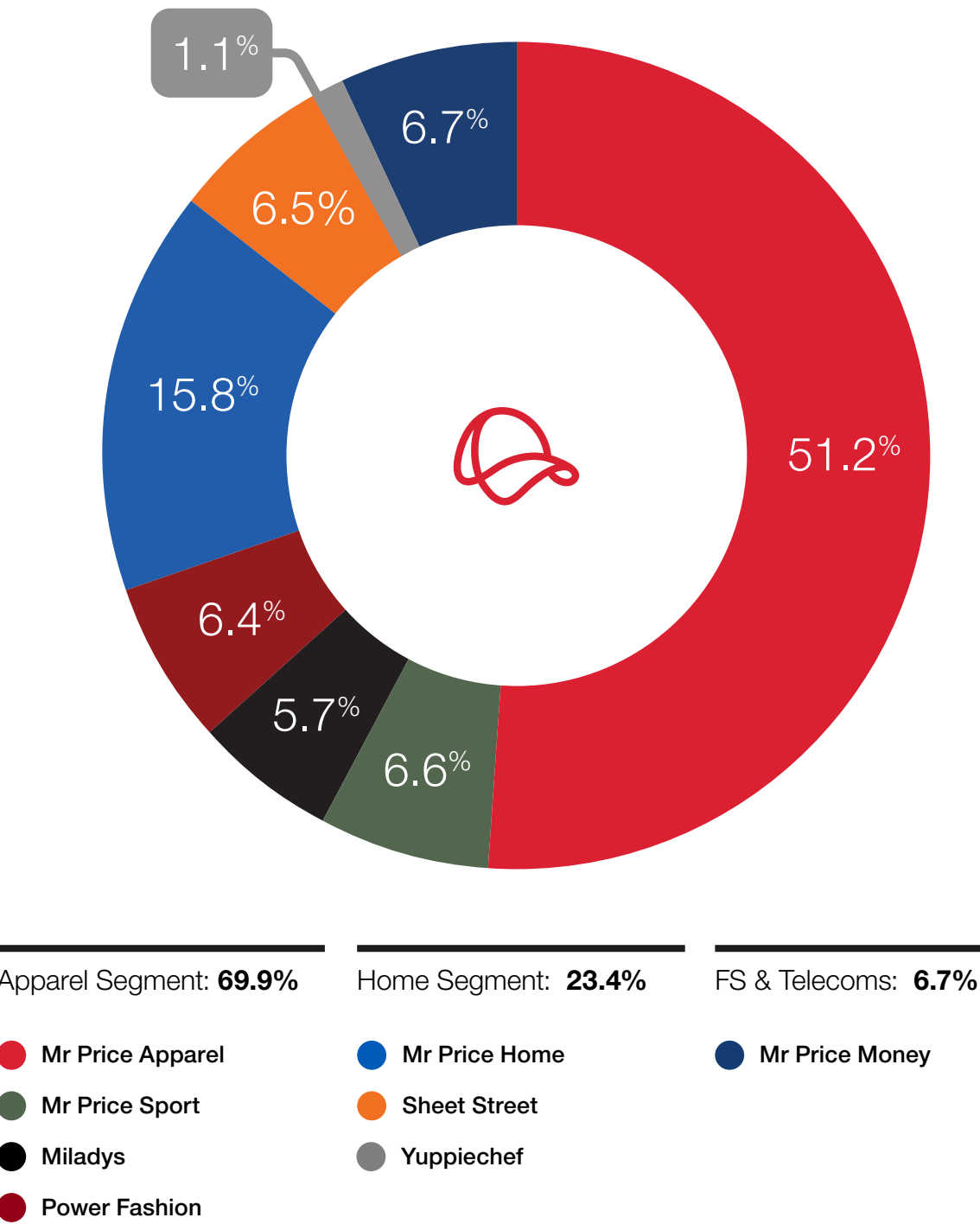
Mark Stirton  
Chief financial officer





# Segmental Performance

Divisional contribution (RSOI)\*



\*Retail sales & other income

Segment growth

RSOI		FY2022	H2	H2 FY2021
Apparel	RSOI	30.9%	23.1%	5.9%
	OP Profit	33.7%	28.3%	31.5%
Home	RSOI	15.6%	7.3%	14.5%
	OP Profit	14.6%	(0.9%)	39.2%
Financial Services and Telecoms	RSOI	22.1%	30.0%	(5.3%)
	OP Profit	85.3%	46.8%	(7.0%)



# Six-Year Review

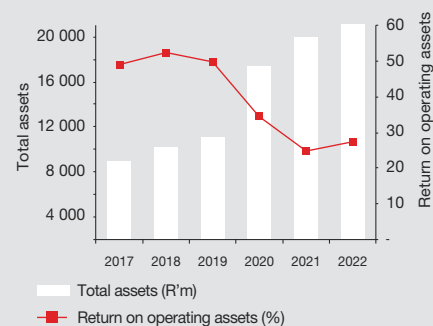


## Abridged statements of financial position, cash flows and income

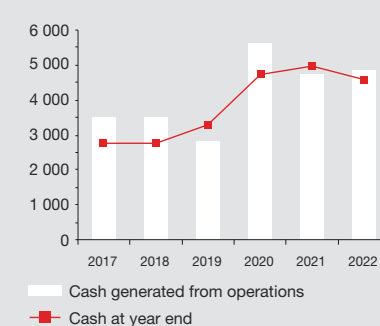
R'm	36 year compound growth %	Five year compound growth %	2022	2021	2020	2019	2018	2017
<b>Statement of financial position</b>								
<b>Assets</b>								
Non-current assets			11 296	9 288	6 950	2 664	2 628	2 577
Property, plant and equipment			2 518	2 236	2 137	2 126	2 092	2 130
Right-of-use assets			6 315	5 000	4 202	-	-	-
Other			2 463	2 052	611	538	536	447
Current assets			11 381	10 587	10 244	8 481	7 491	6 338
Inventories			3 956	3 298	2 719	2 692	2 215	2 102
Trade and other receivables			2 551	2 155	2 268	2 179	2 370	2 221
Re-insurance asset			190	154	182	304	146	129
Cash			4 612	4 949	4 726	3 275	2 756	1 823
Derivative financial instruments			64	24	342	27	-	-
Taxation			8	7	7	4	4	63
			22 677	19 875	17 194	11 145	10 119	8 915
<b>Equity and liabilities</b>								
Equity attributable to shareholders			12 056	10 838	9 428	8 682	7 455	6 729
Non-current liabilities			6 002	4 800	4 032	289	257	335
Lease liability			5951	4 776	4 014	-	-	-
Other non-current liabilities			51	24	18	289	257	335
Current liabilities			4 619	4 237	3 734	2 174	2 407	1 851
Trade and other payables			2 895	2 542	2 136	1 920	2 115	1 744
Current portion of lease liability			1 460	1 164	1 027	-	-	-
Re-insurance liabilities			43	45	46	46	38	41
Other			221	486	525	208	254	66
			22 677	19 875	17 194	11 145	10 119	8 915
<b>Statement of cash flows</b>								
Net cash inflows from operating activities			4 807	4 767	5 661	2 857	3 502	2 574
Net cash outflows from investing activities			(925)	(1 945)	(472)	(451)	(455)	(809)
Net cash outflows from financing activities			(4 207)	(2 550)	(3 655)	(2 002)	(2 053)	(1 338)
Net (decrease)/increase in cash and cash equivalents			(325)	272	1 534	404	994	427
Cash and cash equivalents at beginning of the year			4 949	4 726	3 150	2 720	1 784	1 419
Exchange (losses)/gains			(12)	(49)	42	26	(58)	(62)
Cash and cash equivalents at end of the year			4 612	4 949	4 726	3 150	2 720	1 784
<b>Income Statement</b>								
Retail sales	17.5%	7.5%	26 683	21 690	21 686	20 850	19 994	18 575
Retail sales and other income	17.6%	7.2%	27 865	22 553	22 707	22 334	21 185	19 679
Profit from operating activities	20.3%	10.2%	4 946	3 864	3 979	3 965	3 732	3 048
Profit attributable to shareholders	22.6%	8.1%	3 347	2 648	2 704	2 982	2 781	2 263
Headline earnings attributable to shareholders	22.6%	7.2%	3 305	2 762	2 716	3 026	2 842	2 331

Notes:  
1. 2021 was a 53 week period.  
2. The 36 year compound growth rates are calculated from the date of acquiring joint control in 1986.  
3. FY2019 and FY2020 income statements were re-presented for discontinued operations

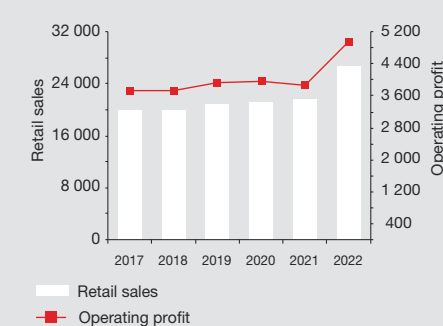
**Total assets (R'million)  
and return on operating assets (%)**



**Cash generated and cash  
at year end (R'million)**



**Retail sales and operating  
profit (R'million)**





Stores and Productivity Measures

R'm	36 year compound growth %	Five year compound growth %	2022	2021	2020	2019	2018	2017
<b>Operating statistics</b>								
Depreciation as a % sales <sup>a</sup>			1.2%	1.5%	1.5%	1.4%	1.4%	1.1%
Employment costs as a % sales <sup>b</sup>			11.0%	10.3%	10.7%	11.0%	11.1%	10.4%
Occupancy costs as a % sales <sup>c</sup>			7.9%	7.9%	8.1%	7.5%	7.6%	7.5%
Total expenses as a % sales <sup>d</sup>			28.6%	30.6%	29.4%	29.2%	29.4%	28.3%
<b>Number of stores by segment</b>								
Mr Price Apparel			558	538	532	512	481	470
Mr Price Sport			157	136	124	112	105	92
Power Fashion			209					
Miladys			251	239	232	214	207	202
Total Apparel Stores			1 175	912	888	838	793	764
Mr Price Home			205	183	177	179	171	168
Yuppiechef			7					
Sheet Street			333	322	313	306	294	284
Total Home stores			545	505	490	485	465	452
Mr Price Cellular			1					
Total Cellular stores			1					
Franchise			8	8	9	18	23	21
Total group stores	8.0%	6.9%	1 729	1 426	1 387	1 341	1 281	1 237
<b>FT associates <sup>e</sup></b>								
			20 443	17 831	17 986	18 983	18 536	17 822
<b>Trading area</b>								
- weighted average net m <sup>2</sup>			733 569	651 875	641 246	627 367	618 684	605 979
- closing average net m <sup>2</sup>	9.0%	4.0%	752 044	657 763	649 700	633 813	621 512	616 934
Total sales (R'm)	17.5%	7.5%	26 683	21 690	21 686	20 850	19 994	18 575
Traditional comparable sales growth %			14.1	-5.1	-1.4	1.6	5.6	-3.6
Retail selling price inflation %			(6.4)	5.3	1.4	5.1	1.7	10.7
Cash sales %			86.1	86.4	84.3	84.2	83.7	83.3
Credit sales %			13.9	13.6	15.7	15.8	16.3	16.7
Sales per store (R'm)			16	15	16	16	16	15
Sales per full time associates (Rand) <sup>f</sup>			1 305 227	1 216 396	1 205 739	1 098 361	1 078 678	1 042 276
Sales density excluding sales to Franchise (Rand per weighted average net m <sup>2</sup> )			36 316	31 346	32 958	33 201	32 238	30 654

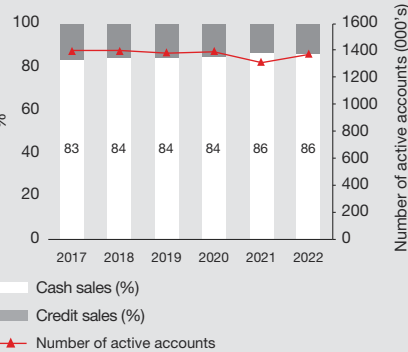
Notes:  
1. 2021 was a 53 week period.  
2. The 36 year compound growth rates are calculated from the date of acquiring joint control in 1986.  
a Depreciation on property, plant and equipment only.  
b Employment costs include salaries, wages & other benefits, share based payments, restraint of trade expenses, defined contribution pension fund expense, defined benefit pension fund net expense and post retirement medical aid benefits.  
c Occupancy costs include depreciation on right of use asset and interest on lease liability from FY2020. Occupancy costs include land and building lease expenses, including straight line lease adjustments prior to 2020.  
d From FY2020, total expenses includes interest on lease liability  
e FT: Full time.

Returns, Profitability and Share Information

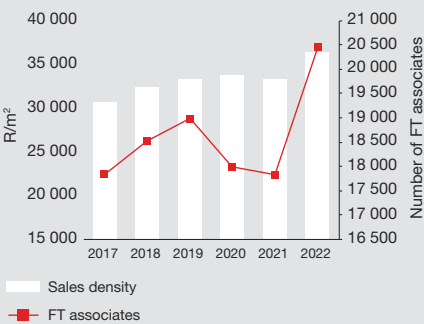
R'm	36 year compound growth %	Five year compound growth %	2022	2021	2020	2019	2018	2017
<b>Productivity ratios</b>								
Net asset turn			2.2	2.0	2.3	2.4	2.7	2.8
Gross margin (%)			40.7	42.6	40.7	42.9	43.3	38.8
Operating margin (%) <sup>3</sup>			17.7	17.1	17.5	17.8	17.6	15.5
EBITDA margin (%)			25.8	25.5	25.9	20.8	20.3	17.8
<b>Profitability and gearing ratios</b>								
Return on net worth (%)			27.8	24.4	28.7	34.3	37.3	33.6
Return on average shareholders equity (%)			28.9	27.3	30.0	37.5	40.1	37.8
Return on capital employed (%)			23.7	22.1	30.9	54.2	57.0	49.3
Return on operating assets (%)			27.3	24.7	34.4	49.7	52.5	49.3
<b>Solvency and liquidity ratios</b>								
Current ratio			2.5	2.5	2.7	3.9	3.1	3.4
Quick ratio			1.6	1.7	2.0	2.7	2.2	2.3
Inventory turn			4.4	4.2	4.8	5.0	5.4	5.3
Total liabilities to total shareholders equity			0.9	0.8	0.8	0.3	0.4	0.3
<b>Per share performance (cents)</b>								
Headline earnings	19.5%	7.1%	1 282.1	1 067.9	1 047.0	1 168.6	1 100.1	911.4
Diluted headline earnings	19.4%	7.1%	1 254.0	1 049.0	1 029.4	1 142.3	1 075.4	887.9
Dividends	20.8%	3.9%	807.3	672.8	311.4	736.2	693.1	667.0
Operating cash flow			1 898.2	1 843.0	2 182	1 103	1 355	1 006
Net worth			4 686.2	4 199.7	3 636	3 345	2 885	2 602
Dividend payout ratio (%)			63.0	63.0	29.7	63.0	63.0	73.2
<b>Stock exchange information</b>								
Number of shares in issue ('000)			257 264	258 067	259 309	259 588	258 982	258 589
Number of shares on which earnings based ('000)			257 778	258 671	259 419	258 922	258 375	255 793
Shares traded ('000)			282 496	361 695	392 932	317 866	426 089	427 817
Percentage of shares traded (%)			109.6	139.8	151.5	122.8	164.9	167.3
Earnings yield (%)			5.9	5.4	8.8	6.2	3.9	5.7
Dividend yield (%)			3.7	3.4	2.6	3.9	2.4	4.2
P:E ratio			16.6	19.3	11.0	16.2	25.9	17.5
Market capitalisation (R'm)			55 475	50 672	31 008	48 696	73 187	40 806
Share price (cents)								
- high			24 498	19 811	25 001	29 910	29 307	23 973
- low			18 066	11 092	10 374	18 050	14 395	13 000
- closing	21.6%	6.2%	21 599	19 798	11 848	18 952	28 500	15 990
Foreign shareholding at year end (%)			41.0	44.4	51.5	48.4	50.7	43.2

Notes:  
1. 2021 was a 53 week period.  
2. The 36 year compound growth rates are calculated from the date of acquiring joint control in 1986.  
3. Operating margin calculated as operating profit/retail sales and other income.  
4. Market capitalisation is calculated based on number of shares in issue and closing share price.

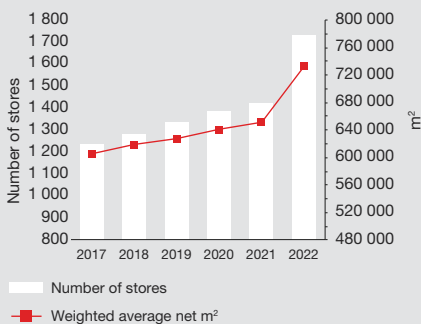
Credit sales and group number of active accounts



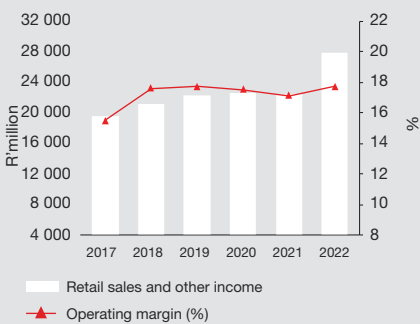
Sales density and number of FT associates



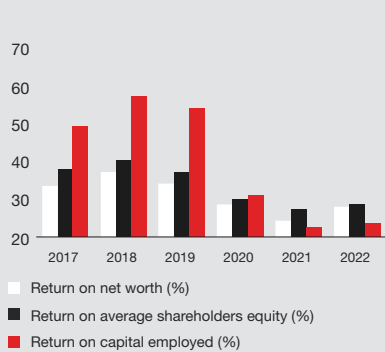
Number of stores and trading area



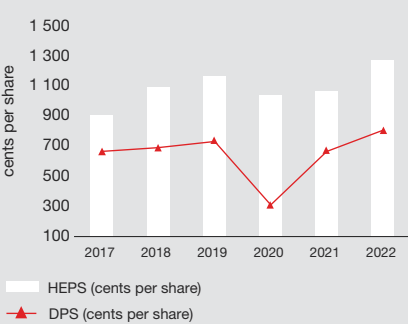
Retail sales and other income and operating margin



Return on net worth equity and capital



Headline earnings and dividend per share





# Administration and Contact Details

	Address	Phone	Fax	Websites
Corporate Mr Price Apparel Mr Price Home Mr Price Sport Sheet Street Mr Price Foundation	Upper level, North Concourse, 65 Masabalala Yengwa Avenue, Durban, 4001 Private Bag X04, Snell Parade, Durban, 4074	031 310 8000 031 310 8638  031 310 8809 031 310 8545 031 310 8300 031 310 8242	031 304 3725 031 304 3358  031 328 4138 031 306 9347 031 310 8317 031 328 4609	mrpricegroup.com mrp.com mrp.com/ng mrphome.com mrpricesport.com sheetstreet.co.za mrpricefoundation.org
Miladys	30 Station Drive, Durban, 4001 PO Box 3562, Durban, 4000	031 313 5500	031 313 5620	miladys.co.za
Yuppiechef	2 Tifosa Park, 5 Bell Crescent, Westlake Business Park, Westlake, 7945	021 702 4969		yuppiechef.com
Power Fashion	350 Umhlangane Road, Riverhorse Valley, Redhill, 4071	031 570 8400		powerfashion.co.za
Mr Price Money Mr Price Mobile	380 Dr Pixley KaSeme Street, Durban, 4001 PO Box 4996, Durban, 4000	031 367 3311 0800 000 430	031 306 0164	mrpmoney.co.za mrpmobile.com
KPMG Faircall	BNT 371, PO Box 14671 Sinoville, 0129	0800 00 6465		www.thornhill.co.za/ kpmgfaircallreport/ques- tionnaire/main/
Customer Care		0800 212 535		
Account Services		0861 066 639		

## Company Secretary and Registered Office

Janis Cheadle  
Upper level, North Concourse, 65 Masabalala  
Yengwa Avenue, Durban, 4001.  
PO Box 912, Durban, 4000.  
Tel: 031 310 8000

## Investor Relations

Matthew Warriner  
Upper level, North Concourse, 65 Masabalala  
Yengwa Avenue, Durban, 4001.  
PO Box 912, Durban, 4000.  
Tel: 031 310 8000

## Transfer Secretaries

Computershare Investor Services (Pty) Ltd,  
Rosebank Towers, 15 Biermann Avenue,  
Rosebank, 2196  
Private Bag X9000, Saxonwold, 2132  
Tel: 011 370 5000

## Domicile and Country of Incorporation

Republic of South Africa

## Sponsor

Investec Bank Limited

## Registration Number

1933/004418/06

## Independent Auditor

Ernst & Young Inc.