mr price group limited

Interim Results - Supplementary Information
26 weeks ended 26 September 2020

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

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

PO Box 912, Durban, 4000

Website
www.mrpricegroup.com

Sponsor
Rand Merchant Bank (a division of FirstRand Bank Limited)

Transfer Secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132

Auditors
Ernst & Young Inc.

mr price group limited

Interim Results

FOR THE 26 WEEKS ENDED 26 SEPTEMBER 2020

This short-form announcement is the responsibility of the Mr Price Group Limited board of directors and is a summary of the information in the detailed results announcement available on https://senspdf.jse.co.za/documents/2020/JSE/ISSE/MRPE/26112020.pdf and https://www.mrpricegroup.com and does not contain full or complete details. These documents and the results presentation to the investment community are available on the group's website at www.mrpricegroup.com and copies may be requested from the company secretary (jcheadle@mrpg.com or +27 31 310 8000) at the company's registered office. Any investment decision in relation to the company's shares should be based on the full announcement.

Summary

Revenue	Market share	HEPS
R9.2bn (14.4%) *Post Lockdown: +3.2%	**+100bps** Source: RLC	**333.5c** (24.8%) *Post Lockdown: +5.9%
Total diluted HEPS	**Cash resources**	**Dividend per share**
328.5c (24.6%) *Post Lockdown: +6.0%	**R6.4bn** +35.1%	**210.1c** Resumed at 63.0% pay-out ratio

*Post Lockdown: Pro forma information presented for May to Sep 2020

Interim Cash Dividend Declaration

The interim gross dividend of 210.1 cents per share (168.08 cents net of dividend withholding tax of 20% for shareholders who are not exempt), a decrease of 32.5%. The dividend has been declared from income reserves. The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Monday	14 Dec 2020
Date trading commences 'ex' dividend	Tuesday	15 Dec 2020
Record date	Friday	18 Dec 2020
Payment date	Tuesday	21 Dec 2020

Shareholders may not dematerialise or rematerialise their share certificates between Tuesday, 15 December 2020 and Friday, 18 December 2020, both dates inclusive.

Commentary

Despite COVID-19, the group gained market share and its debt free balance sheet puts it in a strong position to grow

H1 FY2020 was a period in which the group absorbed the full impact of the COVID-19 pandemic, both in terms of operational disruptions and erratic consumer demand. During April 2020, the group estimates that it lost approximately R1.8bn in sales as all its South African stores were forced to close. In May 2020, further restrictions on items permitted to be sold in the Home segment were enforced. Despite this, the group's cash-based, fashion-value business model has enabled a stronger performance than originally anticipated which has allowed management to continue its focus on growth opportunities.

For the 26 weeks ended 26 September 2020, basic earnings per share decreased 34.5% to 290.5c, headline earnings per share (HEPS) decreased by 24.8% to 333.5 cents and diluted headline earnings per share decreased by 24.6% to 328.5 cents. Excluding the April 2020 lockdown, HEPS and diluted HEPS grew 5.9% and 6.0% respectively.

Total revenue from continuing operations (discontinued operations in Nigeria) decreased 14.4% to R9.2bn with retail sales declining 14.8% (comparable stores -18.0%) to R8.6bn. Excluding April 2020, retail sales grew 3.2% (RSA up 3.7%). Other income decreased 13.6% to R433m, impacted negatively by the weak credit environment and repo rate cuts of 300bps this year. Interest earned on cash grew 12.1% to R149m. Cash sales declined by 12.5% but contribution to total sales increased to 85.4% of group retail sales. Retail selling price inflation of 3.9% was driven by more full priced items sold over the period.

Total group GP margin gains of 200bps were achieved with improvements across the group's Apparel, Home and Telecoms segments. Expenses were tightly controlled with growth of 2.2%. Excluding impairments and additional debtors' provision, expenses declined 4.5%. Profit from operating activities from continuing operations declined 32.0% to R1.1bn.

COVID-19 TRADING INSIGHTS

Following the lifting of the level 5 lockdown restrictions, in the period May to September 2020 ("Post Lockdown"), a range of relief mechanisms from government and the private sector aided consumer expenditure. The group gained market share over the period with market share levels in the months between June to September 2020, the highest in three years.

During the Post Lockdown period, the group has capitalised on several trends:

- Consumers' appetite for credit is low, preferring to transact in cash. The group's cash sales growth was 6.4%, accounting for 85.5% of total sales. Credit sales decreased by 12.1%.
- Consumers still prefer to shop convenient locations compared to large shopping centres. The group's diverse store footprint has been a competitive advantage.
- Due to less frequent visits to physical stores, consumer transactions have declined but basket spend per transaction has increased at double digit levels.
- Online sales grew 71.5% (PY 19.4%) and accounts for 2.5% (PY 1.5%) of the group's sales. Website traffic (web and app) increased 78.6% and according to Google trends, "Mr Price has been the most searched apparel retailer in South Africa over the last 5 years".
- Mr Price Apparel outperformed the market, gaining market share every month since March 2020. Miladys' and Mr Price Sport's respective customer bases were more negatively affected by COVID-19. The Home segment has grown by double digits and gained market share Post Lockdown.

CAPITAL ALLOCATION AND GROWTH

South Africa remains the group's primary market of focus. Post Lockdown, the group has traded strongly, and its highly cash generative model has added further liquidity. Cash and cash equivalents increased 35.1% from March 2020 to R6.4bn. The group remains debt free and its strong balance sheet supports its appetite for growth.

The group's strategic research has helped identify attractive opportunities for growth. Several new categories and extensions to existing categories were launched in the last year which collectively delivered approximately R400m in retail sales. The group will be launching three new categories in Mr Price Apparel in H2 FY21, namely, mrpBaby, mrpSchoolgear (uniforms) and mrp&co (novelty and gifting). These new high growth categories should provide additional market share growth and extend the group's exceptional value offering. Research undertaken has identified potential new retail concepts including opportunities in sectors that the group doesn't currently participate in. Detailed business cases are currently being developed.

Capital has been allocated to the repurchase of shares which commenced in September 2020. This was decided once trading had become more 'stable' (higher cash generation achieved) and the level of potential acquisition became clear. R165m has been purchased to date.

Dividend payments have been resumed at a 63.0% pay-out ratio, accordingly an interim dividend of 210.1 cents has been declared.

The group has considered several acquisition opportunities in the last year and has continued to be guided by its investment criteria. The group is pleased to announce that it has reached terms of agreement (subject to regulatory approvals and fulfilment of conditions precedent) to acquire a value apparel retailer. The transaction size is approximately 4% of the group's market capitalisation and the targeted effective date is April 2021.

OUTLOOK

The group continues to cautiously manage the ongoing challenges relating to COVID-19. The group will continue to respond with agility to the trading environment while remaining vigilant of its associates' and customers' safety.

Sales grew by double digits in the first six weeks of H2 FY21. However, sales growth was flat in the week prior to Black Friday week, indicating the extreme volatility in consumer purchasing behaviour. The group is expecting a challenging Black Friday week, due partly to COVID-19 store capacity restrictions as well as to the strong performance in the prior year. The group does however anticipate continued high online growth as customers switch channels.

Management are cautious about the trading environment for the remainder of H2, due to high levels of uncertainty relating to volatile consumer spending patterns and a potential shift in shopping trends prior to Christmas. The government and private sector relief mechanisms are coming to an end, placing increased strain on household disposable income. The resilience of the group's business model and its agile supply chain gives management comfort that it can balance the pursuit of additional market share while maintaining good fiscal discipline.

The group continues to keep its associates and family members who have been affected by COVID-19 in its thoughts. It acknowledges the incredible commitment of all its associates and particular mention must be made of those on the frontline, for their efforts in managing trade in very difficult circumstances. Despite this, the group is in a strong position to deliver growth and further shareholder return.

mr price | mr price home | mr price sport | mr price money | sheet street | MILADYS

Mr Price Group Limited	Registration Number: 1933/004418/06 - Incorporated in the Republic of South Africa - ISIN: ZAE000200457 - JSE/A2X code: MRP
Directors	SB Cohen* (Honorary chairman), NG Payne* (Chairman), MM Blair (CEO), MJ Stirton (CFO), N Abrams^, MJ Bowman*, M Chauke*, SA Ellis^, K Getz*, RM Motanyane-Welch*, D Naidoo*, B Niehaus*, LA Swartz*, * Non-executive director, ^ Alternate director
Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited)
Transfer Secretaries	Computershare Investor Services (Pty) Ltd

PRESS RELEASE

MR PRICE GROUP LIMITED REPORTS INTERIM RESULTS ENDED 26 SEPTEMBER 2020, DECLARES A CASH DIVIDEND AND ANNOUNCES A NEW GROWTH AGENDA

Mr Price today released its interim results for the 26 weeks ended 26 September 2020, a period in which the group absorbed the full impact of the COVID-19 pandemic, both in terms of operational disruptions (trading restrictions and port delays) and consumer behaviour impact (erratic demand). The group's cash-based, fashion-value business model has enabled a stronger performance than originally anticipated which has allowed management to continue its focus on growth opportunities. The key highlights from the period were:

- Post Lockdown*, diluted headline earnings per share grew 6.0%
- Market share gain for the full period as reported by the Retailers' Liaison Committee
- Online sales grew 71.5% from May 2020, accounting for 2.5% of sales
- Increased GP margins by 200bps to 42.0%
- High cash conversion raising the group's cash balance to R6.4bn
- Debt free balance sheet maintained
- Planned double-digit decrease in inventory on hand achieved
- Strong overhead management curtailing expense growth to below inflation
- Dividends declared of 210.1 cents per share, resumption of a pay-out ratio of 63.0%
- Share buybacks to the value of R85m (Additional R80m purchased in H2 to date)
- Agreement signed to acquire local value apparel retailer

*The impact of the April 2020 store closures due to COVID-19, distorts the performance comparison between the results of the current and prior periods. To provide a more meaningful assessment of the group's performance, pro forma information has been presented for the period May to September 2020 ("Post Lockdown").

FINANCIAL PERFORMANCE

The H1 period has been presented with significant challenges and uncertainty due to the COVID-19 pandemic. The government enforced lockdowns have had a material impact on the economy and on household income. Over two million jobs were lost during Q2 2020 and the unemployment rate rose to 30.8% in Q3 2020, its highest level in 17 years. During the month of April 2020, the group estimates that it lost approximately R1.8bn in sales as all its South African stores were forced to close. In May 2020, further restrictions on items permitted to be sold in the Home segment were enforced. As a result, management were anticipating the impact on earnings growth to be more substantial than what has transpired. The value of partnership has been displayed by all stakeholders, collectively embracing the call to action.

Basic earnings per share decreased 34.5% to 290.5 cents, headline earnings per share (HEPS) decreased by 24.8% to 333.5 cents and diluted headline earnings per share decreased by 24.6% to 328.5 cents. As disclosed in the trading statement released on the Stock Exchange News Service (SENS) on 4 November 2020, the difference between basic and headline earnings per share was the result of a R153.4m IT and right-of-use assets (store leases) impairment assessment. Excluding the April 2020 lockdown, HEPS and diluted HEPS grew 5.9% and 6.0% respectively.

Total revenue from continuing operations (discontinued operations in Nigeria) decreased 14.4% to R9.2bn with retail sales declining 14.8% (comparable stores -18.0%) to R8.6bn. Despite this, the group grew market share by 100 basis points over the period and excluding April 2020, retail sales grew 3.2% (RSA up 3.7%). Other income decreased 13.6% to R433m, impacted negatively by the weak credit environment and repo rate cuts of 300bps this year. Interest earned on cash grew 12.1% to R149m. Cash sales declined 12.5% (credit sales declined 27.3%) but contribution to total sales increased to 85.4% of group retail sales. Consumers continue to prefer to transact in cash as their capacity to take on higher levels of household debt has been further compressed. Retail selling price inflation of 3.9% was driven by more full priced items sold over the period.

The group's identified capex savings for FY21 resulted in 10 less stores opening in H1 than originally planned. Despite this, 17 new stores were opened, with the group expanding 2 stores, closing 9 and reducing the size of 12. This takes the total number of corporate owned stores to 1 386. Weighted average space growth was 2.2% and the group's store investment hurdles remain tightly managed. On an annualised basis, the number of loss-making stores remains immaterial, supporting the group's low right-of-use asset impairment charge. The group renewed 125 leases in the period, resulting in average escalations decreasing and targeted rental reversions being achieved.

Merchandise GP margin improved 240bps to 43.2% as a strong value assortment across divisions resulted in low markdown levels. Telecoms (Mobile and Cellular) GP margin increased 260bps driven by strategic mix changes in Mobile and significant sales growth in Cellular handsets and accessories. Total group GP margin gains of 200bps were achieved with improvements across the group's Apparel, Home and Telecoms segments. Excluding April 2020, gross profit Rands grew 9.4%.

Selling and administration expenses were tightly controlled with growth of 2.2% well below inflation. Excluding impairments and additional debtors' provision, expenses declined by 4.5%. This performance was supported by management's identified austerity measures as well as government support initiatives. Expenses were negatively impacted by the impairments detailed above. Profit from operating activities from continuing operations declined by 32.0% to R1.1bn with operating margin decreasing to 12.7% of retail sales and other income (RSOI). Excluding April 2020 and the above-mentioned impairments, the operating margin increased by 40bps to 16.0%.

As targeted, inventory on hand at the end of the period was 16.7% lower than the corresponding period (including goods on the water, total inventory was down 9.1%). Inventory levels decreased at a faster rate than sales, which is testament to a merchandise assortment that was in high demand. The group's sourcing strategy and its ability to respond quickly to changing trends within season is built on strategic relationships with its long-standing supply base. This partnership approach enabled the group to work closely with suppliers to exit low demand categories and increase stock levels in high demand categories, ending the first half with clean stock levels.

The credit environment remains under pressure. Transunion's Consumer Credit Index reported deteriorating consumer credit health again in Q2 2020. The National Credit Regulator (NCR) report noted a spike in account arrears as well as the rejection rates on new accounts reaching an all-time high. The group received 27.3% fewer account applications over the period and the approval rate decreased by 310bps to 30.1%. The total debtors' book decreased 7.7% as credit sales and write offs deteriorated in line with the market. The group has therefore raised its impairment provision from 10.4% at the end of FY20 to 15.2% at the end of H1 FY21, in response to its modelled expected losses. Collections channels were significantly impacted in April 2020 by store closures (approximately 80% of collections) but have subsequently improved monthly. Collections as a percentage of the debtors' book have recovered and are now in line with the prior year.

COVID-19 TRADING INSIGHTS

Following the lifting of the level 5 lockdown restrictions, in the period May to September 2020 ("Post Lockdown"), a range of relief mechanisms from government (additional social grants and repo rate cuts) and the private sector (bank payment holidays and retrenchment packages) aided consumer expenditure. Household discretionary income flowed into the food, drug, apparel and homeware categories as entertainment, travel and liquor were curbed by restrictions.

Post Lockdown, Mr Price Apparel, Mr Price Home and Sheet Street (divisions representing 83.1% of the group's retail sales) grew sales 4.5%. The group gained market share over the period with market share levels in the months between June to September 2020, the highest in three years.

During the Post Lockdown period, the group has capitalised on several trends:

- Consumers' appetite for credit is low, preferring to transact in cash. This has favoured the group's cash-based model, with cash sales growth of 6.4%, accounting for 85.5% of total sales. Credit sales decreased by 12.1%.

- Consumers still prefer to shop convenient locations compared to large shopping centres (although foot traffic has subsequently increased). The group's diverse store footprint has been a competitive advantage and its micro, small and medium stores continue to perform strongly.

- Due to less frequent visits to physical stores, consumer transactions have declined but basket spend per transaction has increased by double digit levels.

- Online sales grew 71.5% (PY 19.4%) and accounts for 2.5% (PY 1.5%) of the group's sales. Website traffic (web and app) increased 78.6% with the group holding the second highest share of traffic among its omni-channel competitors, according to Similarweb. This is a significant achievement considering the group only has six online brands. Further to this, according to Google trends, "Mr Price has been the most searched apparel retailer in South Africa over the last 5 years". Mobile is an increasingly important online channel and accounts for 65.7% of the group's online turnover. The group's mobile traffic grew 97.5% and received a new apparel order every 51 seconds (PY 1 min 39 secs), highlighting the importance of the group's continued investment into its digital capabilities.

- Mr Price Apparel outperformed the market, gaining market share every month since March 2020. Miladys has experienced headwinds due to its higher proportion of credit customers and its conservative customer base which has avoided shopping centre risks. Mr Price Sport initially benefited from a surge in demand for fitness apparel and equipment, but growth has subsequently been impeded by lower demand for seasonal sports merchandise as well as gym and school closures. Mr Price Sport online sales grew 170.1% (PY 37.7%) despite these challenges.

- The Home segment has grown by double digits as consumers have spent more time at home, either making improvements to their living environments or setting up home offices. Collectively the group's homeware divisions hold a high percentage of market share in South Africa and have continued to gain off this base, increasing share every month since June 2020, when homeware restrictions ended.

- Telecoms revenue also grew at double digit levels, driven by cellular handsets and accessories sold through 303 locations across the group. The Cellular division grew market share according to GFK.

CAPITAL ALLOCATION AND GROWTH

When the group reported its prior years interim results in November 2019, it communicated that it was in the process of undergoing strategic research to inform its capital allocation decisions. Despite the challenges of COVID-19, the group continued its research and has identified clear growth opportunities.

South Africa remains the group's primary market of focus where it believes it can deliver its strongest growth contribution, either organically or acquisitively. In June 2020, the group requested its shareholders to grant management the authority to issue shares for cash. It was made clear at the time that this request was to put it in a position to pursue acquisitive opportunities to support its growth ambitions, without changing the capital structure of its balance sheet during a very uncertain time. This authority was granted for a period of six months, ending in December 2020.

Subsequent to this process, the group has traded strongly, and its highly cash generative model has added further liquidity. Cash and cash equivalents increased 35.1% from March 2020 to R6.4bn. As planned, the R531m 'illiquid' component of this balance, due to cash held in non-RSA territories and share trusts, has reduced. After accounting for these factors, the accessible cash at the end of H1 FY21 was effectively R5.9bn and its free cashflow conversation ratio was 236.1%. The group remains debt free and its strong balance sheet supports its appetite for growth and differentiates it from the rest of the sector.

As a result of this stronger than anticipated cash position, the group hereby informs shareholders that it will not be funding its immediate growth opportunities with a capital raise, but instead will utilise its existing cash resources. Executive management and the board would like to thank shareholders for their overwhelming support and belief in the growth prospects of the group.

The group's strategic research has helped identify attractive opportunities for growth, some of which have already been pursued. The group launched several new categories and extensions to existing categories in the last year which collectively delivered approximately R400m in retail sales. The group is pleased to announce that it will be launching three new categories in Mr Price Apparel in H2 FY21, namely, mrpBaby, mrpSchoolgear (uniforms) and mrp&co (novelty and gifting). These new high growth categories should provide additional market share growth and extend the group's exceptional value offering. Lay-bys and other additional tender types were launched which will contribute to further growth. Research undertaken has identified potential new retail concepts including opportunities in sectors that the group doesn't currently participate in. Detailed business cases are currently being developed.

Capital has been allocated to the repurchase of shares which commenced in September 2020. This was decided once trading had become more 'stable' (higher cash generation achieved) and the level of potential acquisition became clear. R165m has been purchased to date. The group anticipated repurchasing a higher volume of shares but were unable to alter parameters during the closed period.

The group will resume dividend payments at a 63.0% pay-out ratio, accordingly an interim dividend of 210.1 cents has been declared.

The group has considered several acquisition opportunities in the last year but has not concluded on any transaction as it continued to be guided by its investment criteria. This deliberate approach has been rewarded as the group has reached terms of agreement (subject to Competition Commission approval and fulfilment of conditions precedent) to acquire a local apparel value retailer, which meets the group's hurdle rates and will be earnings accretive immediately. The effective date targeted is April 2021. The size of the transaction (approximately 4% of the group's market capitalisation) falls below the threshold for a Category 2 transaction and therefore does not require a JSE terms announcement. Further information on this acquisition will be made available in the presentation slides by management at 9am on 26 November 2020, as well as on the group website: https://www.mrpricegroup.com/mr-price-group-investor-relations.aspx.

OUTLOOK

The group continues to cautiously manage the ongoing challenges relating to COVID-19. The threat of the pandemic is by no means over and uncertainty regarding stricter lockdown levels remains. The group will continue to respond with agility to the trading environment while remaining vigilant of its associates' and customers' safety.

The group's sales grew by double digits in the first six weeks of H2 FY21. However, sales growth was flat in the week prior to Black Friday week, indicating the extreme volatility in consumer purchasing behaviour. The group is expecting a challenging Black Friday week, due partly to COVID-19 store restrictions which will limit footfall in stores, as well as to the strong performance in the prior year. The group does however anticipate continued high online growth as customers switch channels.

Management are cautious about the trading environment for the remainder of H2, due to high levels of uncertainty relating to volatile consumer spending patterns and a potential shift in shopping trends prior to Christmas. The South African government and private sector relief mechanisms are coming to an end, placing increased strain on household disposable income. Additionally, reduced private sector bonuses and a shift in school holidays (less days falling before Christmas than the prior year) could affect this key trading month. The resilience of the group's business model and its agile supply chain gives management comfort that it can balance the pursuit of additional market share while maintaining good fiscal discipline.

The group continues to keep its associates and family members who have been affected by COVID-19 in its thoughts. It acknowledges the incredible commitment of all its associates and particular mention must be made of those on the frontline, for their efforts in managing trade in very difficult circumstances. It has been a trying time, however, the group is in a strong position to deliver growth and further shareholder return.

The financial information above has not been reviewed and reported on by the company's external auditors.

ENDS

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INTERIM CASH DIVIDEND DECLARATION

Notice is hereby given that an interim gross cash dividend of 210.1 cents per share was declared for the 26 weeks ended 26 September 2020, a 32.5% decline against the prior year. As the dividend has been declared from income reserves, shareholders, unless exempt or who qualify for a reduced withholding tax rate, will receive a net dividend of 168.08 cents per share. The dividend withholding tax rate is 20%.

The issued share capital at the declaration date is 255 739 206 listed ordinary and 7 895 234 unlisted B ordinary shares. The tax reference number is 9285/130/20/0.

The salient dates for the dividend will be as follows:

Last date to trade 'cum' the dividend	Monday	14 December 2020
Date trading commences 'ex' the dividend	Tuesday	15 December 2020
Record date	Friday	18 December 2020
Payment date	Monday	21 December 2020

Shareholders may not dematerialise or rematerialise their share certificates between Tuesday, 15 December 2020 and Friday, 18 December 2020, both dates inclusive.

Shareholders should note that dividend payments will no longer occur by cheque and as permitted by the company's Memorandum of Incorporation, will only be paid via electronic transfer into the bank accounts of shareholders whose banking details are held by the company's transfer secretaries, Computershare Investor Services (Pty) Ltd. Shareholders whose bank account details are not held by Computershare are requested to provide such details to Computershare on 0861 100 950 to enable payment of the dividend and all future dividends. Where shareholders do not provide the transfer secretaries with their banking details, the dividend will not be forfeited, but will be marked as "unclaimed" in the share register until the shareholder provides the transfer secretaries with the relevant banking details for payout.

The dividend was approved by the Board in Durban.

DIRECTORS

SB Cohen* (Honorary Chairman), NG Payne* (Chairman), MM Blair (CEO), MJ Stirton (CFO), N Abrams*^, MJ Bowman*, M Chauke*, SA Ellis^, K Getz*, RM Motanyane-Welch*, D Naidoo*, B Niehaus*, LA Swartz*

* Non-executive director ^ Alternate director

UNAUDITED GROUP RESULTS FOR THE 26 WEEKS ENDED 26 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'm	**2020 26 Sep**	2019 28 Sep	2020 28 Mar
Assets			
Non-current assets	**7 076**	6 969	7 110
Property, plant and equipment	**2 009**	2 102	2 137
Right-of-use assets	**4 426**	4 245	4 362
Intangible assets	**379**	471	490
Long-term receivables and other assets	**31**	41	25
Defined benefit fund asset	**55**	64	55
Deferred taxation assets	**176**	46	41
Current assets	**11 211**	9 472	10 244
Inventories	**2 426**	2 669	2 719
Trade and other receivables	**1 985**	2 222	2 268
Derivative financial instruments	**166**	63	342
Reinsurance assets	**238**	202	182
Taxation	**8**	6	7
Cash and cash equivalents	**6 388**	4 310	4 726
Total assets	**18 287**	16 441	17 354
Equity and liabilities			
Equity attributable to shareholders	**10 019**	8 487	9 428
Non-current liabilities	**4 259**	4 024	4 032
Lease liabilities	**4 240**	3 982	4 014
Long-term liabilities	**-**	10	-
Post retirement medical benefits	**19**	32	18
Current liabilities	**4 009**	3 930	3 894
Trade and other payables	**2 648**	2 432	2 296
Derivative financial instruments	**9**	-	-
Reinsurance liabilities	**55**	53	46
Current portion of lease liabilities	**927**	879	1 027
Taxation	**370**	419	525
Bank overdraft	**-**	147	-
Total equity and liabilities	**18 287**	16 441	17 354

CONDENSED CONSOLIDATED INCOME STATEMENT

R'm	2020 26 Sep 26 weeks	2019 28 Sep* 26 weeks	% change	2020 28 Mar* 52 weeks
Continuing operations				
Revenue	**9 204**	10 757	(14.4)	22 964
Retail sales	**8 620**	10 120 ^	(14.8)	21 687 ^
Other income	**433**	502 ^	(13.6)	1 021 ^
Retail sales and other income	**9 053**	10 622	(14.8)	22 708
Costs and expenses	**7 905**	8 934	(11.5)	18 729
Cost of sales	**5 041**	6 133	(17.8)	12 856
Selling expenses	**1 993**	2 134	(6.6)	4 482
Administrative and other operating expenses	**871**	667	30.5	1 391
Profit from operating activities	**1 148**	1 688	(32.0)	3 979
Finance income	**150**	135	11.9	256
Finance costs	**(237)**	(223)	6.6	(456)
Profit before taxation	**1 061**	1 600	(33.7)	3 779
Taxation	**304**	452	(32.6)	1 052
Net profit from continuing operations	**757**	1 148	(34.1)	2 727
Discontinued operations				
Net profit/(loss) from discontinued operations for the period	**(4)**	(0)		(23)
Net profit for the period	**753**	1 148	(34.4)	2 704

* Re-presented for discontinued operations.
^ Cellular handsets, accessories and airtime re-presented into retail sales from other income.

Profit attributable to equity holders of parent	**753**	1 148	(34.4)	2 704
- From continuing operations	**757**	1 148	(34.1)	2 727
- From discontinued operations	**(4)**	-	>100.0	(23)
Weighted average number of shares in issue	**259 262**	258 881	0.1	259 419
Earnings per share (cents)				
- basic	**290.5**	443.6	(34.5)	1 042.4
- headline	**333.5**	443.2	(24.8)	1 047.0
- diluted basic	**286.2**	436.3	(34.4)	1 024.8
- diluted headline	**328.5**	435.9	(24.6)	1 029.4
Earnings per share from continuing operations (cents)				
- basic	**292.1**	443.6	(34.1)	1 051.4
- headline	**335.4**	443.5	(24.4)	1 054.5
- diluted basic	**287.8**	436.3	(34.0)	1 033.7
- diluted headline	**330.4**	436.2	(24.3)	1 036.7
Dividends per share (cents)	**210.1**	311.4	(32.5)	311.4
Dividend payout ratio	**63.0**	70.3		29.7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'm	**2020 26 Sep 26 weeks**	2019 28 Sep 26 weeks	2020 28 Mar 52 weeks
Profit attributable to equity holders of parent	**753**	1 148	2 704
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustments	**(15)**	(21)	(10)
(Loss)/gain on hedge accounting	**(179)**	36	315
Deferred taxation thereon	**50**	(10)	(88)
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit fund net actuarial loss	**(1)**	(2)	(2)
Deferred taxation thereon	**-***	1	1
Total comprehensive income	**608**	1 152	2 920

* Less than R1m

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'm	**2020 26 Sep**	2019 28 Sep	2020 28 Mar
Total equity attributable to shareholders at beginning of the period	**9 428**	8 682	8 682
IFRS 16 opening retained income adjustment, net of tax	**-**	(232)	(232)
Adjusted total equity attributable to shareholders at beginning of the period	**9 428**	8 450	8 450
Total comprehensive income for the period	**608**	1 152	2 920
Treasury share transactions	**-**	(52)	(60)
Share repurchase	**(85)**	-	-
Recognition of share-based payments	**68**	60	62
Dividends to shareholders	**-**	(1 123)	(1 944)
Total equity attributable to shareholders at end of the period	**10 019**	8 487	9 428

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'm	**2020 26 Sep 26 weeks**	2019 28 Sep 26 weeks	2020 28 Mar 52 weeks
Cash flows from operating activities			
Operating profit before working capital changes	**1 959**	2 394	5 166
Working capital changes	**980**	580	465
Interest received on trade receivables	**153**	184	373
Finance costs	**(2)**	(3)	(5)
Finance income received	**151**	135	272
Taxation paid	**(525)**	(82)	(610)
Net cash inflows from operating activities	**2 716**	3 208	5 661
Cash flows from investing activities			
Inflow/(outflow) in respect of long-term receivables	**-**	-	15
Acquisition of other assets	**(6)**	-	-
Intangible assets			
- replacement	**(9)**	(28)	(33)
- additions	**(60)**	(57)	(123)
Property, plant and equipment			
- replacement	**(18)**	(76)	(119)
- additions	**(34)**	(70)	(240)
- proceeds on disposal of PPE and non-current asset held for sale	**9**	12	28
Net cash outflows from investing activities	**(118)**	(219)	(472)
Cash flows from financing activities			
Payment of financial liability	**(2)**	(2)	(4)
Repayment of lease liabilities	**(820)**	(779)	(1 589)
Sale of shares by staff share trusts	**1**	8	19
Purchase of shares by staff share trusts	**-**	(57)	(65)
Deficit on treasury share transactions	**(1)**	(6)	(16)
Share repurchases	**(85)**	-	-
Share hedging cost	**-**	-	(56)
Dividends to shareholders	**-**	(1 123)	(1 944)
Net cash outflows from financing activities	**(907)**	(1 959)	(3 655)
Net increase in cash and cash equivalents	**1 691**	1 030	1 534
Cash and cash equivalents at beginning of the period	**4 726**	3 150	3 150
Exchange (losses)/gains	**(29)**	(17)	42
Cash and cash equivalents at end of the period	**6 388**	4 163	4 726

SEGMENTAL REPORTING

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

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories
- The Home segment retails homewares
- The Financial Services segment manages the group's trade receivables and sells financial services products
- The Telecoms segment sells cellular products and services
- The Central Services segment provides chargeable and non-chargeable services. The trading segments are allocated costs for information technology and other shared services and not charged for corporate expenditure in relation to running a listed company and internal audit.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Financial Services and Telecoms were previously presented as one segment (Financial Services and Cellular), however have been separated into two segments for a more meaningful breakdown as viewed by the chief decision makers as the Telecoms business grows. The comparative information has been restated. Segment performance is evaluated based on operating profit or loss. Net finance income and income taxes are managed at a group level and are not allocated to operating segments.

R'm	**2020 26 Sep**	2019 28 Sep*	% change	2020 28 Mar*
Retail sales and other income				
Apparel	**5 965**	7 345	(18.8)	15 723
Home	**2 323**	2 523	(7.9)	5 405
Financial Services	**328**	384 ^	(14.6)	772 ^
Telecoms	**425**	359 ^	18.6	781 ^
Central Services	**12**	11	11.2	27
Total	**9 053**	10 622	(14.8)	22 708
Profit from operating activities				
Apparel	**793**	1 078	(26.4)	2 693
Home	**382**	422	(9.5)	999
Financial Services	**81**	243 ^	(66.8)	408 ^
Telecoms	**24**	10 ^	137.7	35 ^
Central Services	**(132)**	(65)	(103.6)	(156)
Total	**1 148**	1 688	(32.0)	3 979
Segment assets				
Apparel	**5 872**	5 882	(0.2)	6 234
Home	**1 897**	2 022	(6.2)	2 036
Financial Services	**2 028**	2 285 ^	(11.2)	2 292 ^
Telecoms	**211**	182 ^	15.7	186 ^
Central Services	**8 279**	6 071	36.4	6 606
Total	**18 287**	16 442	11.2	17 353

*Re-presented for discontinued operations

^ Financial Services and Telecoms restated for change in basis of segmentation

SUPPLEMENTARY INFORMATION

	2020 26 Sep	2019 28 Sep*	2020 28 Mar*
Total number of shares issued (000)	**264 941**	264 941	264 941
Number of Ordinary shares (000)	**257 046**	257 046	257 046
Number of B Ordinary shares (000)	**7 895**	7 895	7 895
Less: shares held by share trusts	**6 329**	5 665	5 632
Net number of shares in issue (000)	**258 612**	259 276	259 309
Weighted average number of shares in issue (000)	**259 262**	258 881	259 419
Net asset value per share (cents)	**3 874**	3 273	3 636
Reconciliation of headline earnings (R'm)			
Attributable profit	**753**	1 148	2 704
Loss on disposal and impairment of property, plant, equipment, intangible assets and right-of-use assets	**155**	(1)	17
Taxation adjustment	**(43)**	-	(5)
Headline earnings	**865**	1 147	2 716
Reconciliation of headline earnings from continuing operations (R'm)			
Attributable profit	**757**	1 148	2 728
Loss on disposal and impairment of property, plant, equipment, intangible assets and right-of-use assets	**156**	-	11
Taxation adjustment	**(44)**	-	(3)
Headline earnings	**869**	1 148	2 736

* Re-presented for discontinued operations.

Notes:

1. The interim results at September 2020 and 2019, for which the directors take full responsibility, have not been audited. The condensed consolidated results at 28 March 2020, which are not itself audited, have been correctly extracted from the audited annual financial statements upon which Ernst & Young Inc. issued an unqualified opinion. The interim results were prepared under the supervision of Mr MJ Stirton, CA(SA), chief financial officer. The COVID-19 pandemic and resulting store closures in April 2020 has had an impact on the groups' performance and comparisons against the same period in the prior year. In order to provide a more meaningful assessment of the group's performance, pro forma information (May to September 2020 financial information) has been presented in the Annexure on page 16.

2. The accounting policies and estimates applied are in compliance with IFRS including IAS 34 Interim Financial Reporting, as well as the SAICA financial reporting guides and financial pronouncements as issued by the Financial Reporting Standards Council and are consistent with those applied in the 2020 annual financial statements, except for the adoption of new standards. All new and revised standards and interpretations that became effective during the period were adopted and did not lead to any material changes in accounting policies. The financial statements have been prepared in accordance with the Companies Act of South Africa (71 of 2008).

3. The impact of COVID-19 and the current economic environment on the basis of preparation of the unaudited condensed consolidated interim results has been considered. The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the interim results.

4. The disaggregated revenue is as follows:

R'm	2020 26 Sep	2019 28 Sep*	2020 28 Mar*
Revenue from contracts with customers	8 796	10 333	22 126
Retail sales^	8 620	10 120	21 686
Insurance premium	98	124	247
Other telecoms income^	78	89	193
Interest and charges on debtors	230	261	527
Other sundry income	28	28	54
Finance income	150	135	257
Revenue	9 204	10 757	22 964

*Re-presented for discontinued operations
^ Cellular handsets, accessories and airtime re-presented into retail sales from other telecoms income

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

5. During the 2018 financial year, the company received an assessment from SARS relating to the disallowance of certain deductions claimed in the 2014 year of assessment. The company, supported by senior counsel's opinion, appealed the decision of the Commissioner to disallow the company's objection to the assessment.

   The matter that remains under dispute amounts to R11.2m, including interest and penalties charged to September 2020 of R5.6m. The overall potential impact on the income statement amounts to R11.2m (March 2020: R10.9m). No adjustments have been made to the financial statements as the directors are of the opinion that the likelihood of the liability is remote.

6. As a result of the closure of the Nigeria operations, the group's prior years condensed consolidated income statement and condensed segment analysis have been re-presented to take into account the effects of the application of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. Prior year discontinued operations related to the closure of the operations in Australia and Poland.

R'm	**2020 26 Sep 26 weeks**	2019 28 Sep 26 weeks	2020 28 Mar 52 weeks
Revenue	**7**	42	70
Retail sales	**7**	42	70
Retail sales and other income	**7**	42	70
Costs and expenses	**11**	42	93
Cost of sales	**4**	23	42
Selling expenses	**6**	13	42
Administrative and other operating expenses	**1**	6	9
Loss from operating activities	**(4)**	(0)	(23)
Finance income	**-**	1	1
Finance costs	**-**	(1)	(1)
Loss before taxation	**(4)**	(0)	(23)
Taxation			
Net loss from operations	**(4)**	(0)	(23)
Discontinued operations			
Net loss from discontinued operations for the period	**4**	0	23

R'm	**2020 26 Sep 26 weeks**	2019 28 Sep 26 weeks	2020 28 Mar 52 weeks
Reconciliation of headline earnings from discontinued operations			
Attributable loss	**(4)**	(0)	(23)
(Profit)/loss on disposal and impairment of property, plant, equipment and intangible assets	**(1)**	(1)	6
Taxation adjustment	**-***	-*	(2)
Headline earnings	**(5)**	(1)	(19)

* Less than R1m

Earnings per share from discontinued operations (cents)			
- basic	**(1.6)**	(0.1)	(9.0)
- headline	**(2.0)**	(0.3)	(7.5)
- diluted basic	**(1.6)**	(0.1)	(8.9)
- diluted headline	**(2.0)**	(0.3)	(7.4)

The group's condensed consolidated statement of other comprehensive income, condensed consolidated statement of financial position and condensed consolidated statement of changes in equity are not required to be re-presented.

7. Management has evaluated the half year provisioning amounts for inventory and trade receivables taking into account the effects of COVID-19 on the economy.

   The provision for net realisable value of inventory represents management's estimate of the extent to which merchandise on hand at the reporting date will be sold below cost. The inventory provision of R281m has increased to 10.7% of the inventory balance, due to the inventory balance excluding goods in transit decreasing 16.7% against prior year. Inventory provision as a percentage of stock was 7.4% at September 2019 and 9.6% at March 2020.

   The provision for impairment of trade receivables represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered. In the first half, customer account write offs have increased and recoveries have decreased reflective of the deteriorating quality of the debtors' book and the financial health of customers. This has resulted in an increase in the impairment of total trade receivables provision to R309m (September 2019: R164m, March 2020: R239m). This represents 15.2% (September 2019: 7.5%, March 2020: 10.4%) of the trade receivables balance.

8. Management has also performed updated impairment assessments for property, plant and equipment, intangible assets and right-of-use assets. This has resulted in R142.8m impairment recognised relating to IT assets, and R10.6m impairment recognised for right-of-use assets.

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

10. Lucia Swartz was appointed as an independent non-executive director to the board of directors with effect from 1 August 2020.

11. Bobby Johnston resigned from the group as an independent non-executive director and as a member of the Audit and Compliance committee with effect from 27 August 2020. Bobby was associated with the group for over 26 years and was appointed to the board in February 1998

ANNEXURE

Pro forma information

Basis of preparation

The impact of COVID-19 distorts the performance comparison between the results of the current and prior periods. All the group's South African stores were closed during the month of April 2020 resulting in significantly lower sales compared to the corresponding period in the prior year due to the group's inability to trade. To provide a more meaningful assessment of the group's performance, pro forma information has been presented for the period May to September 2020 to exclude the impact of April store closures.

The directors of Mr Price Group Limited are responsible for compiling the pro forma financial information on the basis applicable to the criteria as detailed in paragraphs 8.15 to 8.33 of the JSE Limited Listings Requirements and the SAICA Guide on Pro Forma Financial Information, revised and issued in September 2014 and any relevant guidance issued by the Independent Regulatory Board for Auditors. The pro forma information does not constitute financial statements fairly presented in accordance with IFRS. The pro forma information has been prepared for illustrative purposes only and because of its nature may not fairly present the group's results of operations, financial position, changes in equity or cash flows. The pro forma information is based on the condensed consolidated statement of profit and loss for the 26 week period ended 26 September 2020. The adjustments are based on unaudited management accounts. The pro forma information has not been audited or reviewed by the group's external auditors.

PRO FORMA INFORMATION

R'm	**2020** **26 Sep** **26 weeks**	2019 28 Sep 26 weeks	% change
Revenue	**9 204**	10 757	(14.4)
Less: April revenue	**(303)**	(2 129)	(85.8)
May to September revenue	**8 901**	8 628	3.2
Retail sales and other income	**9 053**	10 622	(14.8)
Less: April retail sales and other income	**(282)**	(2 081)	(86.4)
May to September retail sales and other income	**8 771**	8 541	2.7
Gross profit	**3 660**	4 096	(10.6)
Less: April gross profit	**(50)**	(795)	(93.7)
May to September gross profit	**3 610**	3 301	9.4
Profit from operating activities	**1 148**	1 688	(32.0)
Less: April loss/(profit) from operating activities	**104**	(357)	(129.0)
May to September profit from operating activities	**1 252**	1 331	(5.9)
Headline earnings	**865**	1 147	(24.7)
Less: April headline earnings	**89**	(247)	(136.0)
May to September headline earnings	**954**	900	6.0
May to September headline earnings per share	**367.9**	347.5	5.9
May to September diluted headline earnings per share	**362.4**	341.9	6.0

Durban
26 November 2020