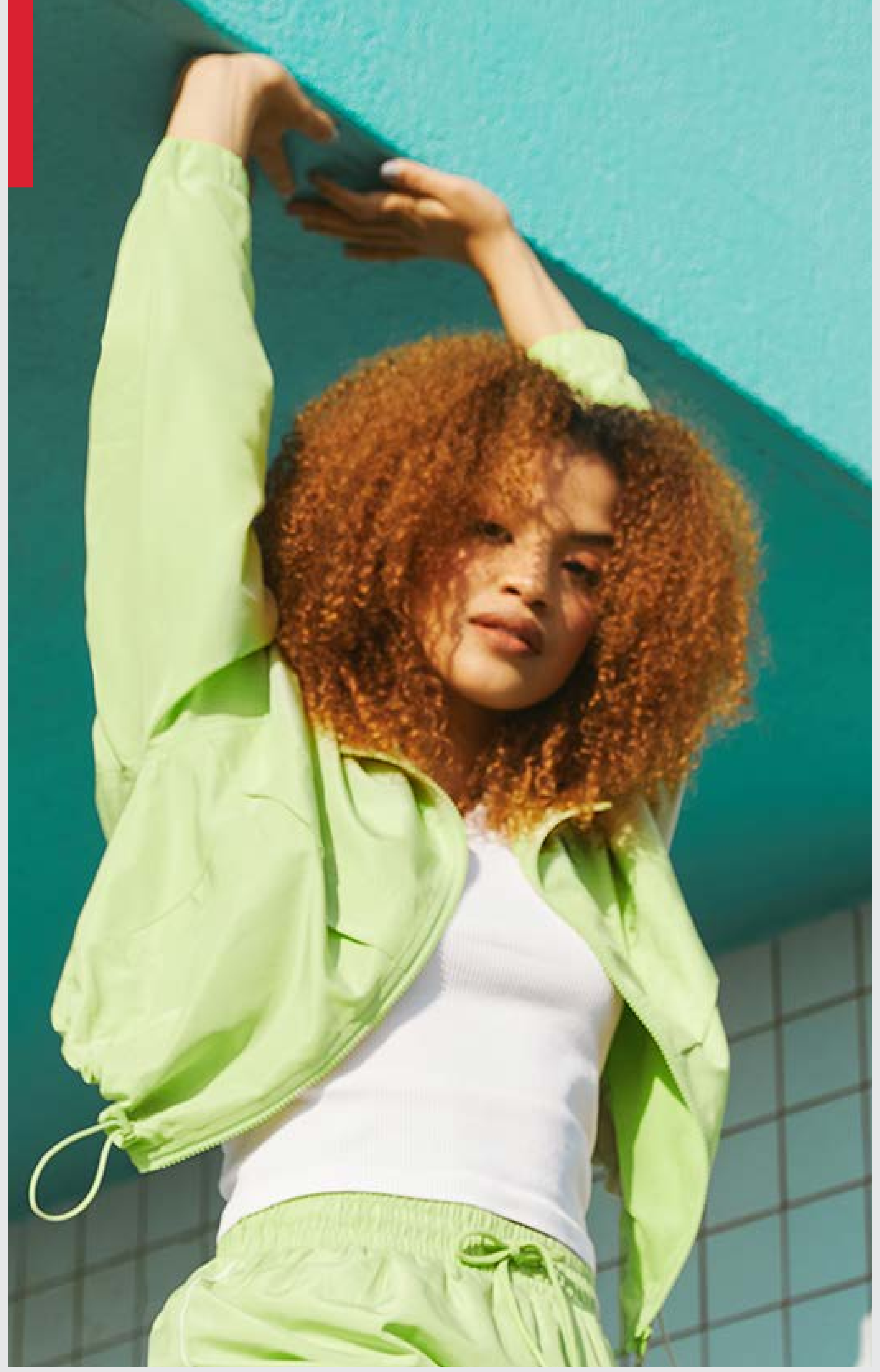
H1 FY2022

Interim Results to 2 October 2021

mr price group limited



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Backdrop

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01

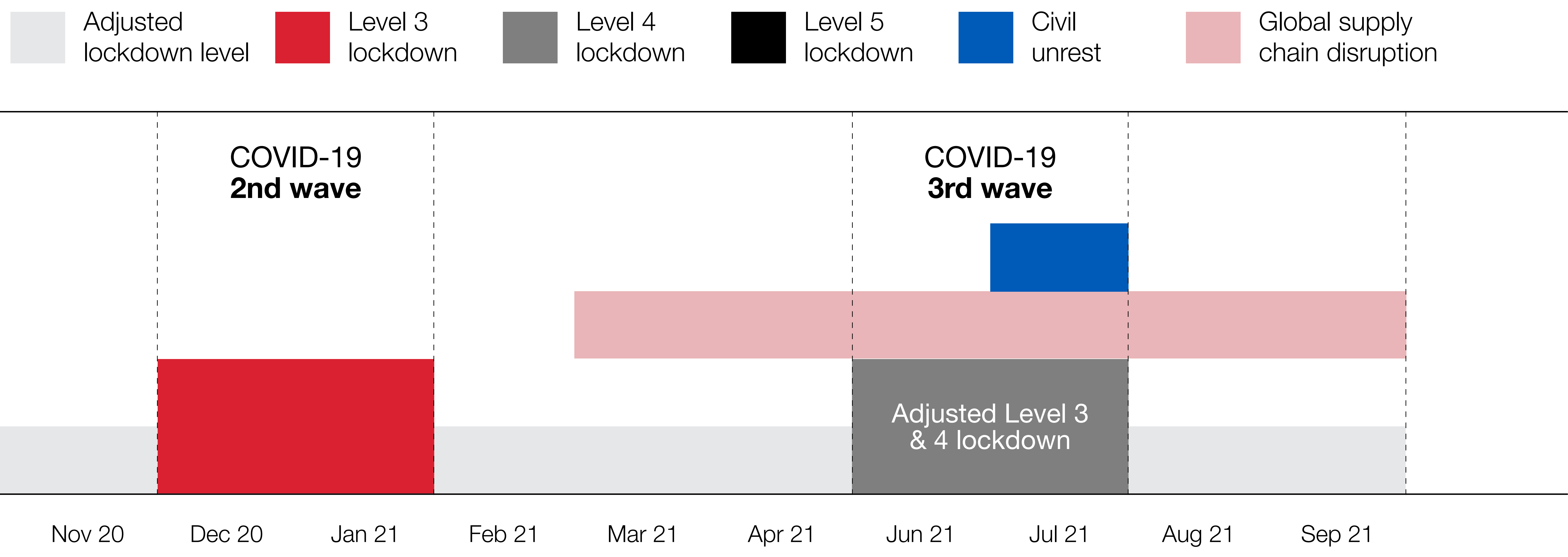
Backdrop

Retail Environment Overview and Group Performance

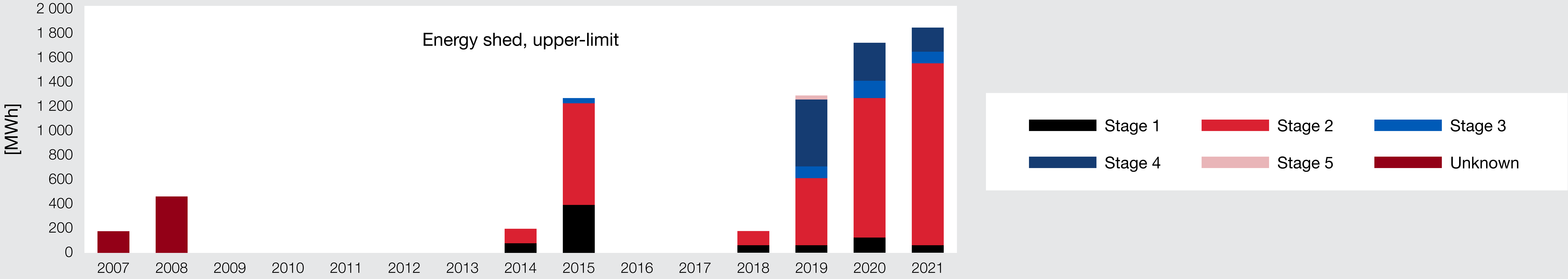
By Mark Blair - CEO

External challenges

COVID-19 and supply chain



Load shedding



Eskom | Jarrad Wright - independent analyst

Rising to the challenges

Multiple external headwinds during H1 FY2022

Consumer confidence at -10 index points

- COVID-19 third wave:
  lockdown restrictions impacting economic activity
- Highest loading shedding frequency in any year since inception
- Civil unrest - 111 stores looted
- Global supply chain disruption

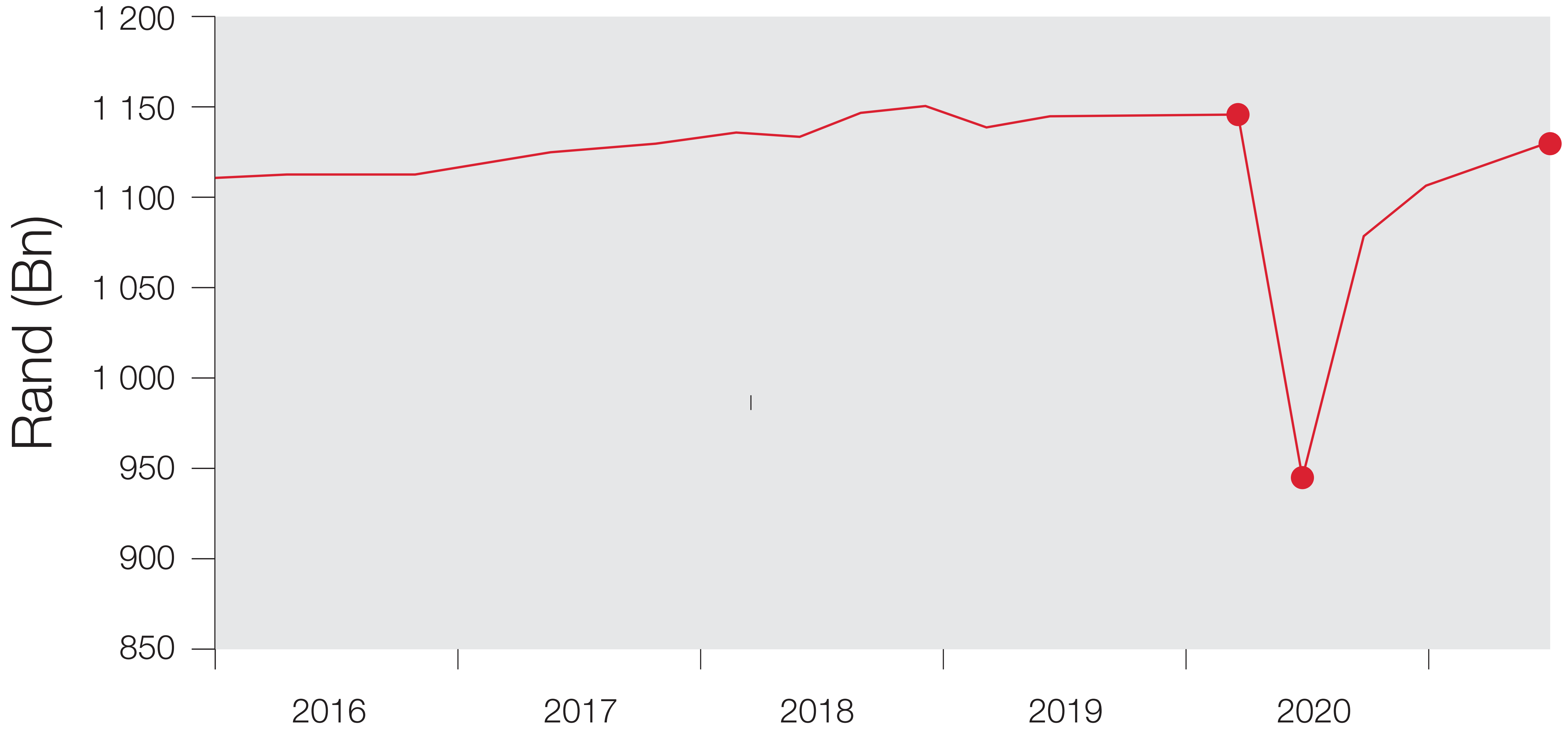
Source: FNB/BER | Eskom

Group H1 FY2022 response & performance

- Earnings per share exceed pre COVID-19 levels
- Gained 210bps of market share. 50bps excl acquisitions
- New departments collectively account for ~4% of group sales
- Online: sales doubled vs FY2020. Over 1m monthly app users
- 90% of stores re-opened after looting. 48 new stores opened
- Power Fashion acquisition effective 1 Apr 21; Yuppiechef 1 Aug 21
- Sourced 39.2% of merchandise from SA (Africa: 53.1%)
- Cash of R3.9bn available. Group remains debt free

SA economy showing signs of recovery...

SA GDP growth (constant 2015 prices, seasonally adjusted)



Source: SARB | BER

Economic activity recovering and moving back to pre COVID-19 levels

Nominal wage growth

+1.4% Q2 2021

Nominal household expenditure

+2.6% Q2 2021

Two consecutive periods of positive growth for the first time since the outbreak of the pandemic

Business confidence increasing

+15 index points Q2 2021

Prior to July 2021, business confidence rose to 50 index points

but COVID-19 third wave and the civil unrest in July 2021 slowed down momentum

Civil unrest

Impact and response

- **Stores impact:**
  - 539 temporarily closed during the week
  - 111 closed due to damage (~7% of opening space)
  - 96 re-opened by end of November 2021
  - Balance expected to be opened during FY2023
- **Financial impact:**
  - Estimated H1 FY2022 retail sales loss of R320m (~3.7% of sales growth lost)
  - Cash loss of R4.0m
  - PPE loss of R30.0m
  - Inventory loss of R151.5m

  R185.5m
  - Estimated profit losses under assessment - to be claimed through business interruption cover
- **Insurance claims*:**
  - SASRIA: received interim payments after period close of R235m (stock, cash & PPE). Additional payment expected in H2 FY2022 for remaining PPE losses
  - Business interruption: received gross interim payment of R92m after period close. Expecting additional payment to be received in H2 FY2022 / H1 FY2023

*Insurance claims & payments received include VAT

> "We extend our sincere gratitude to our associates and partners for their commitment to protecting and restoring group operations and our communities."

Supporting our communities

#RebuildSA

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

together we do good.

- R5 million donated to disaster relief organisations
- Food parcels delivered to affected associates & 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

mr price foundation | Cityhope DISASTER RELIEF | Robinhood FOUNDATION | DOMINO FOUNDATION | Gift of the Givers FOUNDATION

Group performance

		% change	
		vs H1 FY2021	vs H1 FY2020
Revenue	R12.4bn	**35.2%**	**15.7%**
Operating Margin	13.9%	**120bps**	**(200bps)**
Profit after tax	R1.1bn	**50.7%**	**(1.1%)**
Diluted HEPS	438.7c	**33.5%**	**0.6%**
Normalised diluted HEPS*	481.1c	**46.4%**	**10.4%**
Dividend per share	282.4c	**34.4%**	**(9.3%)**

* Excludes R185m asset write-off relating to civil unrest. No adjustment made for ongoing store costs, lost revenue & profit
Excludes insurance claims - interim payments received after period close

02

Performance

Detailed Group Results

By Mark Stirton - CFO

Unrivaled long-term returns

10 year average ROE

Mr Price Group	JSE Top 40
42.5%	13.8%

35 year HEPS CAGR

+19.4%

35 year dividend CAGR

+18.2%

25 year share price CAGR

Mr Price Group	JSE all share index
+16.3%	+9.8%

Source: Investec

Group Income Statement

R'M	FY2022	FY2021	% Change vs H1 FY2021	% Change vs H1 FY2020
Retail sales & other income (pg 54)	12 337	9 053	36.3%	16.1%
Gross profit (pg 17)	4 745	3 660	29.6%	15.9%
Expenses (pg 19)	3 428	2 864	19.7%	22.4%
Profit from operating activities	1 709	1 148	48.9%	1.3%
Net finance (expense)	(148)	(87)	70.4%	68.2%
Profit before taxation	1 561	1 061	47.1%	(2.4%)
Taxation	426	304	39.9%	(5.7%)
Net profit from continuing operations	1 135	757	50.0%	(1.1%)
Net loss from discontinued operations	-	(4)		
Profit attributable to shareholders	1 135	753	50.7%	(1.1%)
Normalised profit attributable to shareholders*	1 269	753	68.5%	10.5%

*Normalised: adjustments made for civil unrest write-offs

Strong trading performance driving healthy profit wedge

Firm base relative to sector

Group sales growth drivers

Total retail sales growth	+37.8%
Total retail sales growth excl. acquisitions	+27.8%
Comparable stores sales growth	+27.3%

Geography

H1 FY2022	
RSA	+37.6%
Non RSA	+37.3%
RSA % of sales ▶	92.7%

Continued focus on home market

Channel

H1 FY2022	
Bricks	+37.3%
Online (High base growth of 48.7%) (2.9% of retail sales)	+49.9%
Bricks % of sales ▶	97.1%

Super regional & urban centres recovering.
Online remains key to omni-channel growth

Note: performance vs FY2020 in appendix

Group sales growth drivers Continued

Tender type	
H1 FY2022	
Cash (Excl acquisitions cash +26.5%)	+38.2%
Credit (Acquisitions do not offer credit)	+34.2%
Cash % of sales ▶	85.7%

Strong cash sales & improving credit sales

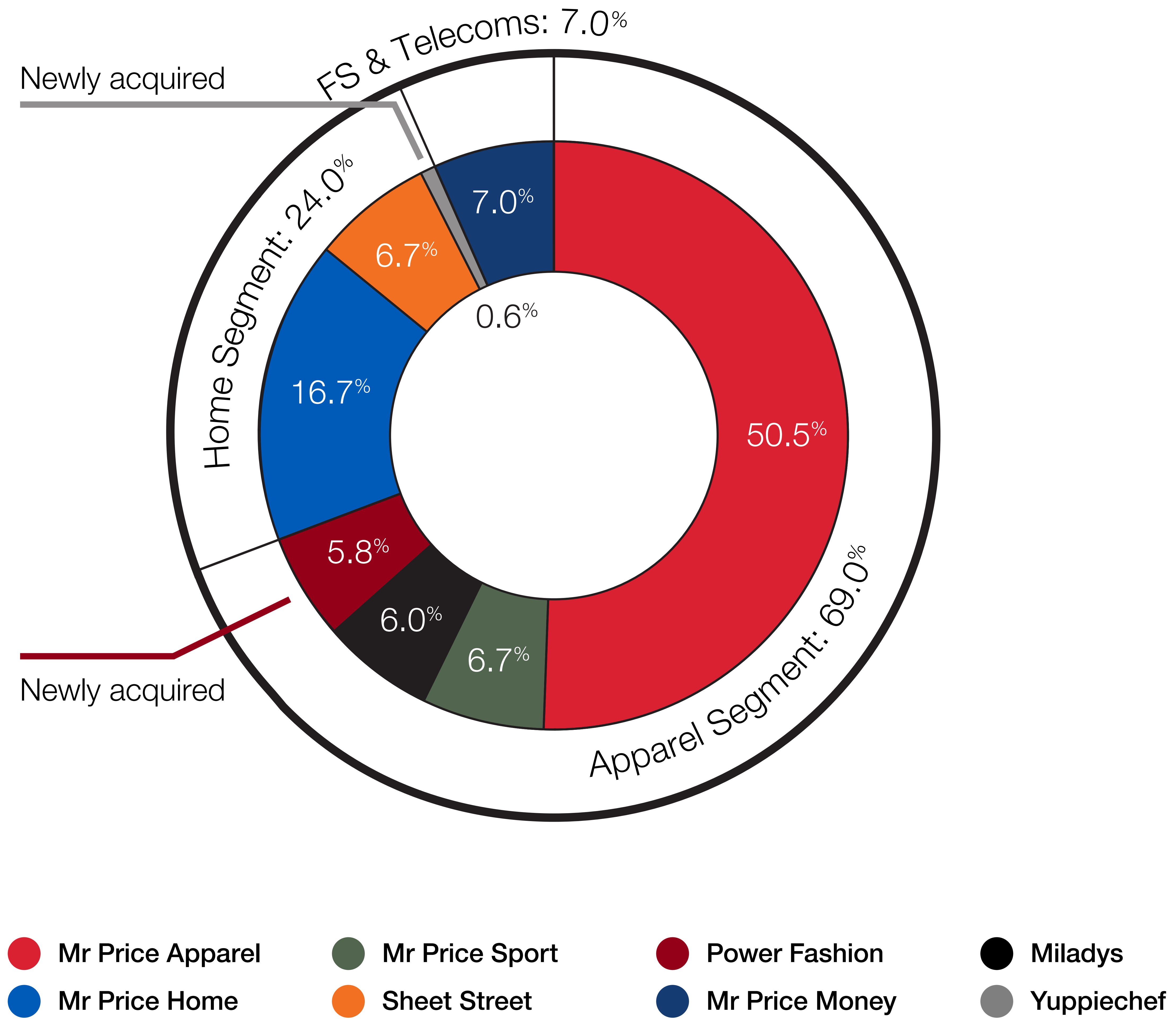
Merchandise	
H1 FY2022	
Unit growth (Excl acquisitions 21.7%)	+47.7%
RSP inflation* (Excl acquisitions +5.3%)	-6.0%
Units sold ▶	120m

Inflation carefully managed to drive customer value despite headwinds

*Average lower RSP in Power Fashion causing deflation due to no base

Segmental performance

Divisional contribution (RSOI)#



Segment

RSOI Growth		vs H1 FY2021	vs H1 FY2020
Apparel	RSOI OP Profit	+42. 6% +47.3%	+15.8% +8.4%
Home	RSOI OP Profit	+27.3% +46.6%	+17.2% +32.6%
Financial Services & Telecoms	RSOI OP Profit	+14.1% +149.9%	+15.7% +4.2%

#Retail sales & other income

Space growth

Weighted average space growth +11.1%

Total Group Owned

1 642 stores

Apparel segment		Home segment	
Mr Price	**547 stores**	Mr Price Home	**189 stores**
Miladys	**240 stores**	Sheet Street	**323 stores**
Mr Price Sport	**147 stores**	Yuppiechef	**7 stores**
Power Fashion	**189 stores**		

Total gross space

856 731m^{-2}

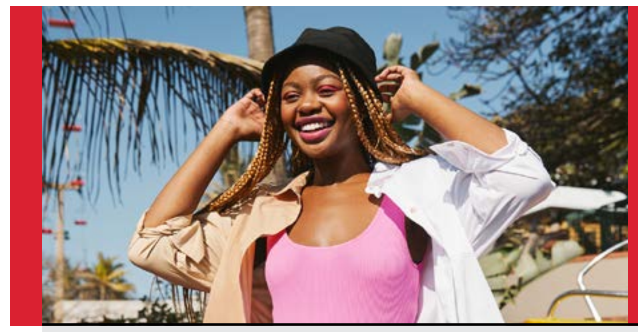
Store and space growth insights

(Refer pg 59 for detail)

- Opened 48 new stores and 96 of 111 looted stores will be operational by end of November 2021
- Annualised: 11.1% net growth (w.avg). Excl acquisitions net space growth (w.avg) 2.3%
- 176 new leases renewed. Lower annual escalations & base rental reversions
- All new space delivering strong returns - two year ROCE average >50% for new stores
- Strong recovery from super regional and large store locations. Convenience locations continue to perform well

Gross profit analysis:

Excluding inventory write-off of R151.5m & acquisitions, GP margin was down 40bps to 41.6%

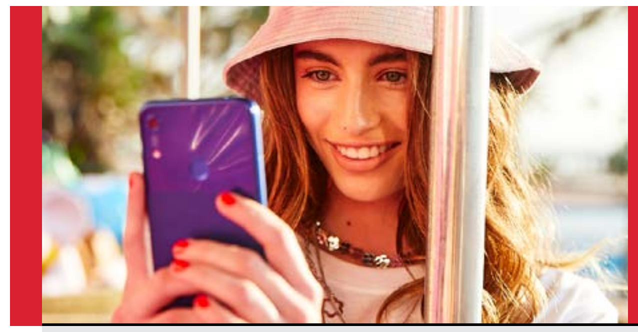


Total GP

2020	2021	2022
40.0%	42.0%	39.7%

Merchandise GP

2020	2021	2022
40.8%	43.2%	40.8%



Telecoms GP

2020	2021	2022
17.7%	20.3%	17.1%

Factors affecting GP margin

- Inventory write-offs of R151.5m due to the civil unrest. Recoveries from insurance claims will be accounted for under other sundry income in H2 FY2022
- Excluding these inventory write-offs, GP margin decreased 100bps to 41.0%
- Acquisitions of Power Fashion and Yuppiechef at lower margins than group

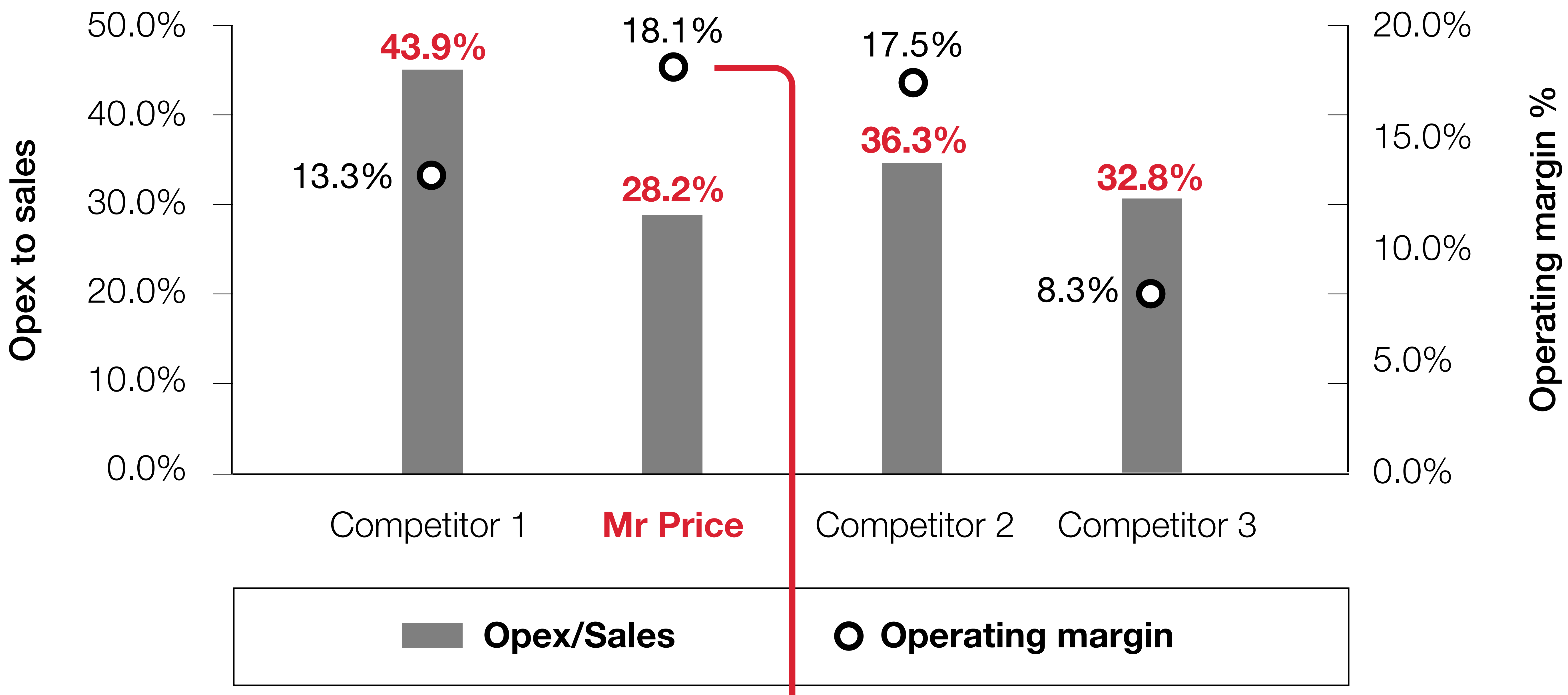
- Merchandise GP margin performance further impacted by:
  - Lower ingoing margin to ensure defense of strategic price points
  - Lower markdowns than historically low prior year levels
  - High market share gains in departments with a lower margin than group

- Inventory write-off due to civil unrest impacted margins by 150bps
- High growth channel - lower margins than group
- Strategic unwind of post-paid book impacting margins in the short-term (IFRS 15). Mix change to sim only offering expected to deliver higher long-term margins

Mr Price Group: a defensive, low cost model

Infrastructure fit for a value retailer

Strong operating leverage (2016 - 2021)



Mr Price Group has delivered the highest operating margin in SA over the last 5 years and has the lowest opex:sales ratio

Source: Bank of America Merrill Lynch | Refinitive Eikon FY21

How we compare (2016 - 2021)

mr price group limited	Competitors
5 year opex growth CAGR	
4.0%	5.4%
Total expenses as a % of sales	
28.2%	37.7%

Source: Bank of America Merrill Lynch FY21
Competitors: Average of WHL, TFG, TRU

Overhead expenses

Every decision made every day must support our value roots

Total expenses	+19.7%
Total expenses excl acquisitions	+10.3%
Total expenses excl acquisitions & non-recurring items	+6.5%

Total expenses (R'M): Selling expenses 71.1%; admin expenses 28.9%

	FY2022	FY2021	% Change PY	2 year CAGR (Excl acquisitions)
Depreciation and amortisation	**921**	817	12.7%	2.8%
Employment costs	**1 455**	1 062	37.0%	9.6%
Occupancy costs	**270**	122	120.6%	5.5%
Other operating costs	**781**	862	-9.4%	4.3%
Total expenses	**3 428**	**2 864**	**19.7%**	**6.2%**

- COVID-19 austerity measures in the base
- Non-recurring items: FY2021 rental relief, TERS & IT impairment; FY2022 civil unrest write-offs
- W.avg space growth of 11.1% (2.3% excluding acquisitions)
- Other operating costs down due to net bad debt improvements & lower non-current asset impairments

Total expenses as a % of **RSOI: 27.8%**

Strong balance sheet

R'M	Sep 2021	Mar 2021	Sep 2020
Non-current assets[1]	10 202	9 288	7 076
Current assets	10 140	10 587	11 211
Inventories	**3 487**	3 298	2 426
Trade & other receivables[2]	2 289	2 155	1 985
Cash & cash equivalents	**3 944**	4 949	6 388
Reinsurance assets	225	154	238
Other	195	31	174
Total	**20 342**	**19 875**	**18 287**
Shareholders equity	10 992	10 838	10 019
Non-current liabilities[3]	5 259	4 800	4 259
Current liabilities	4 091	4 237	4 009
Total	**20 342**	**19 875**	**18 287**

Inventory: fresh stock & higher stock-turn

- Inventory in base year was down 9.2% against H1 FY2020
- Power Fashion & Yuppiechef not in the base
- Non-comp categories & lay-bys impacted growth
- Strategic imperative to hold higher stock to account for possible supply chain disruption & support further market share gains
- Single digit stock increase forecast by year end

Cash: R3.9bn after acquisitions

- Allocated ~6.0% of opening cash to Yuppiechef acquisition
- Supply chain finance programme: unlocked ~R200m to date with additional ~R250m anticipated over the next 12 months
- Refer pg 35 for capital allocation plans

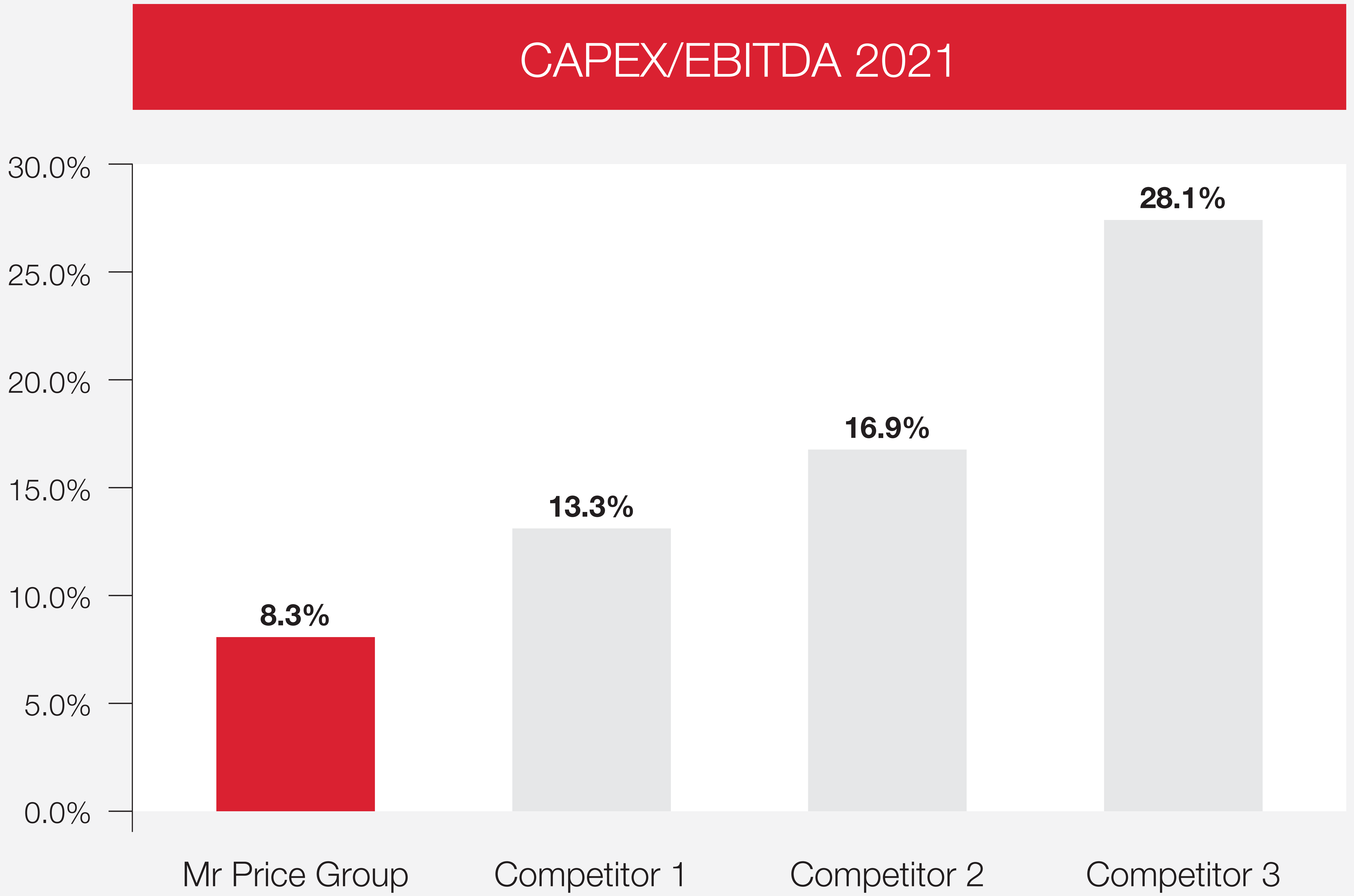
- [1]PF & YC goodwill of R1.4bn raised. Right of use asset increase due to new stores and lease renewals
- [2]Rental prepayments due to 2 Oct 2021 cut-off vs 26 Sept 2020
- [3]Predominantly driven by lease liabilities of R5.2bn due to new stores and lease renewals

Cash flow movements

R'M			
Mar 2021	4 949		
Cash from operations	2 719	Operating R1.7bn	Increased 38.8% due to improved trade vs PY
Working capital	(499)		Increased outflows: 2 Oct 2021 cut-off (rental prepayments & creditor timing) & higher inventory levels
Net interest received	252		Impacted by lower interest rates & acquisition outflows
Taxation	(727)		FY2021 top up paid in May 2021 impacting movement
PPE & intangibles	(275)	Investing (R0.6bn)	PPE additions: R237m; Intangible additions: R38m
Acquisitions*	(285)		Yuppiechef net of R26m cash acquired. R40m deferred payment outflow expected H2
Dividends	(1 218)	Financing (R2.2bn)	FY2021 final dividend: 462.7c paid in June 2021. No final dividend declared in FY2020
Treasury shares	(68)		Share scheme purchases, hedging costs & instruments
Repayment of lease liabilities	(905)		Rental payments under financing cash flow
Other	1		
Sep 2021	3 944		

*Balance of R49m paid in shares

Capex



Source: JP Morgan

FY2022

- Capex of R860m planned for the year
- 59.0% allocated to stores
  - Plan to open ~123 stores in FY2022 (H1: 48, H2: 75)
  - Closing space for year expected to increase by 14.2% (Excl acquisitions 4.1%)
- 27.0% allocated to technology
- Re-directed from store re-branding capex to store re-build after civil unrest
- Continued investment in IT infrastructure, supply chain & e-commerce to support growth ambitions

Credit performance

Credit market

TransUnion SA Consumer Credit Index (CCI)

- Despite falling in Q2 ‘21, the index remained strong, reflecting some sustained healthy signs in consumer credit repayment behaviour

Source: Transunion

Mr Price Group

Credit sales
R1.7bn
+34.2%

Credit applications
389k
+62.5%
Highest level since 2016

Approval rate
34.0%
+390bps
In line with FY2020

Mr Price Group

- Credit sales growth continues to improve, up 34.2% on FY2021 & nearing pre COVID-19 levels:
  - Existing customers shopping more frequently & with bigger basket sizes
  - Strong new account growth off a weak base
- Growth additionally supported by One Store Card Facility & mrpInsiders (loyalty programme for credit base)
- Credit applications and approvals up 62.5% and 83.7% respectively. Approval rate increased 390bps to 34.0%
- New account volumes above pre COVID-19 levels; approval rate in line with FY2020

Trade receivables

R'M	Sep 21	Mar 21	Sep 20	% Change	
				Sep/Mar	Sep/Sep
Total debtors book	1 990	1 970	2 031	1.0%	(2.0%)
NBD: book (excl collection costs)	10.1%	12.1%	8.1%		
Impairment provision	10.6%	13.4%	15.2%		

- NBD to book:
  - Higher than PY due to book freeze during April 2020 (customers not able to pay in store due to lockdown)
  - Improved since March 2021 due to higher collections
  - Increased net bad debt write-off in PY resulted in healthier book carried into FY2022
- Impairment provision down to pre COVID-19 levels. Continued improvement in book performance expected in H2
- Book health improving:
  - Reduced initial credit limits post level 5 lockdown by 30.0% & implemented additional income verification requirements which remain in place
  - Accounts able to purchase: 86.7%
  - Attracting a better profile customer; 18 month on book health improvement

03

Value creation

Strategy

By Mark Blair - CEO

Vision:

To be the most valuable* retailer in Africa

Trading divisions will focus on existing markets, removing the distraction of international markets while we:

- Strengthen our backbone: technology & innovation, sustainability
- Acquire & launch new businesses & categories locally

*Market capitalisation

Supported by

6 strategic pillars

- Stakeholder engagement
- People
- Growth
- Brand Promise
- Sustainability
- Technology & innovation

Shareholder returns

To be the top performer in the retail sector

Growth

01 Earnings growth

Profit wedge:

Sales and GP growth >
overhead growth
= profit expansion

02 Rating

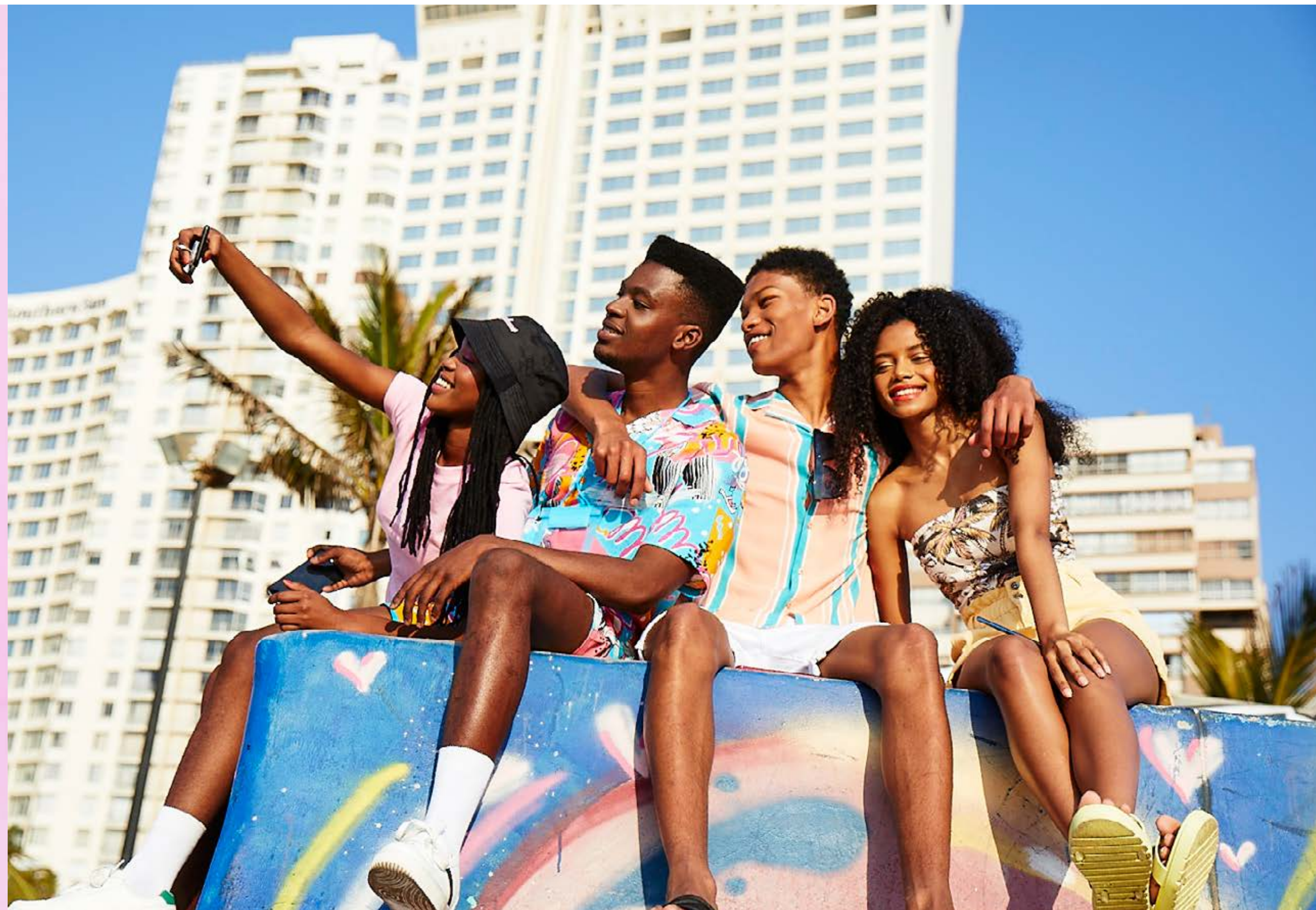
PE ratio:

Best in class metrics and returns
= justified premium

03 Dividends

Consistent return:

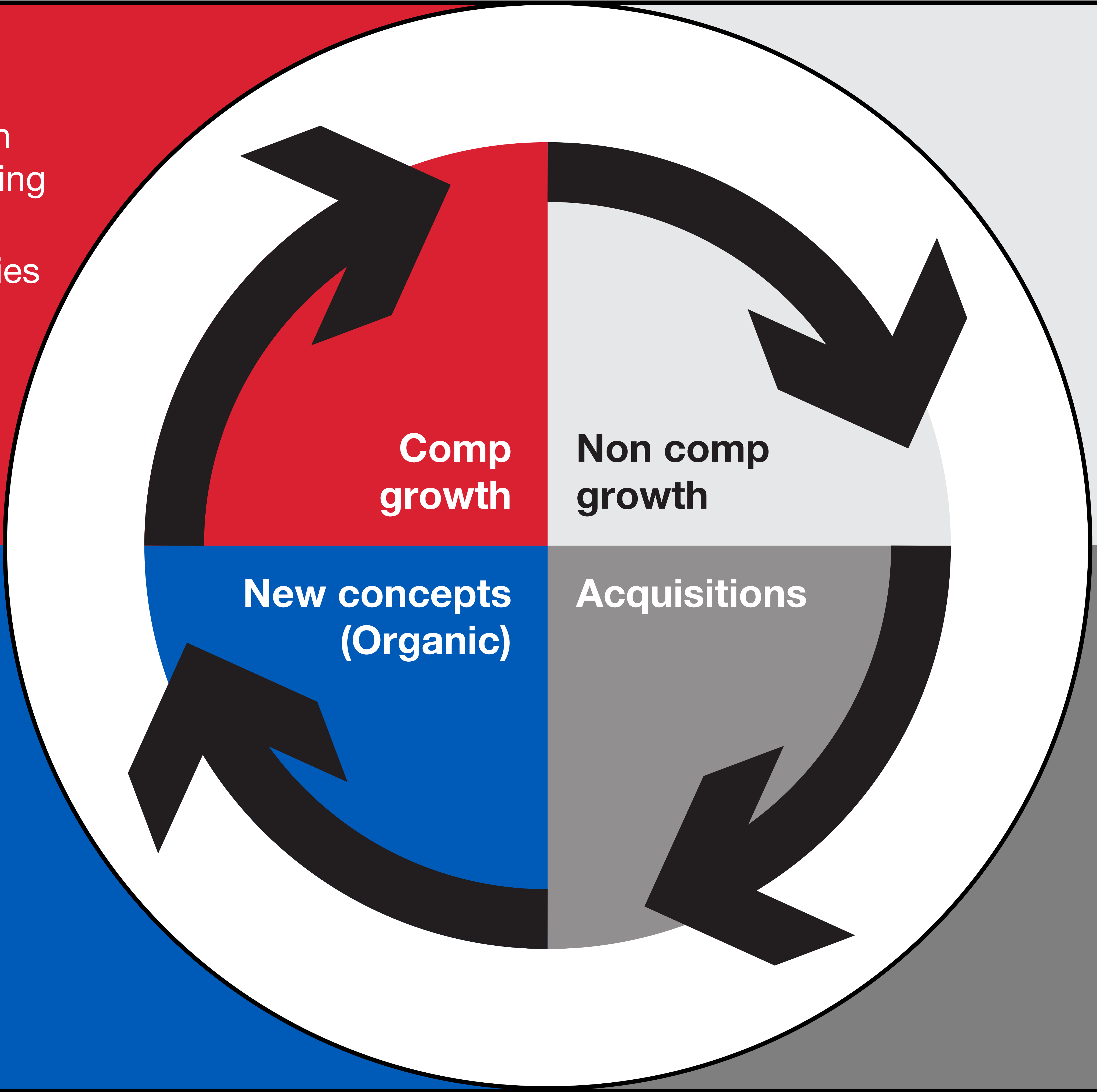
High cash generation
= attractive payout ratio



Execution and growth

Growth

- Focused on SA and gained market share
- Omni-channel focus (e-comm contribution in SA of 2.9%, doubled since 2019). Leading online platform and engagement
- Retail science applied to maximise densities
- Store revamps
- Focussed on value, customer research, branding, marketing, trends and testing



- 48 new stores opened in H1. Store footprint can extend to whole country
- >20 new departments/categories since 2019
- New departments account for ~4% of sales in H1
- Integration and growth of acquired businesses

- Targets new customers and new segments of the market
- Attractive longer term growth prospects
- Test first to ensure appropriate capital returns

- Targets new customers and new segments of the market
- Must meet criteria and thresholds
- Disciplined approach has meant not pursuing certain opportunities in H1

Growth underpinned by internal property function, considered technology investments & supply chain infrastructure enabled through dedicated partnerships

Market share performance

(Latest 12 months)

Growth

*Total Group: +280 Basis points =R1.6bn

Apparel segment*: **+270bps**

- Mr Price Apparel has gained market share for 19 consecutive months
- Miladys last 6 month gains more than offset previous 6 month losses

Home segment*: **-60bps**

- Mr Price Home and Sheet Street collectively hold a high level of RLC market share
- Mr Price Home gained share. Sheet Street lost share against a record high base

Cellular segment#: **+100bps**

- Handsets and accessories have gained 100bps over the last 12 months and now hold >5% of a highly competitive market

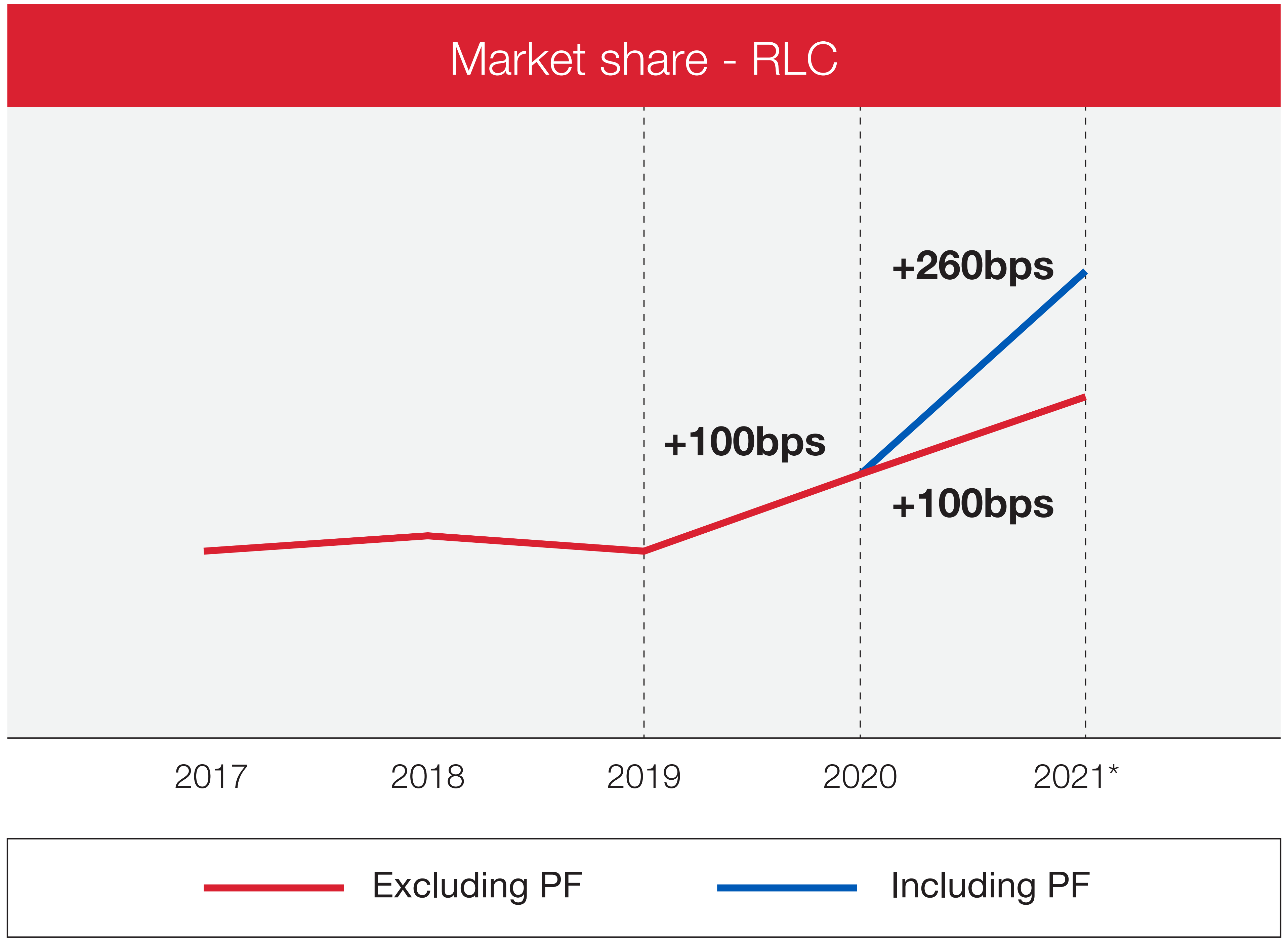
Source: *Retailer Liaison Committee including Power Fashion | #GfK

Market share gains

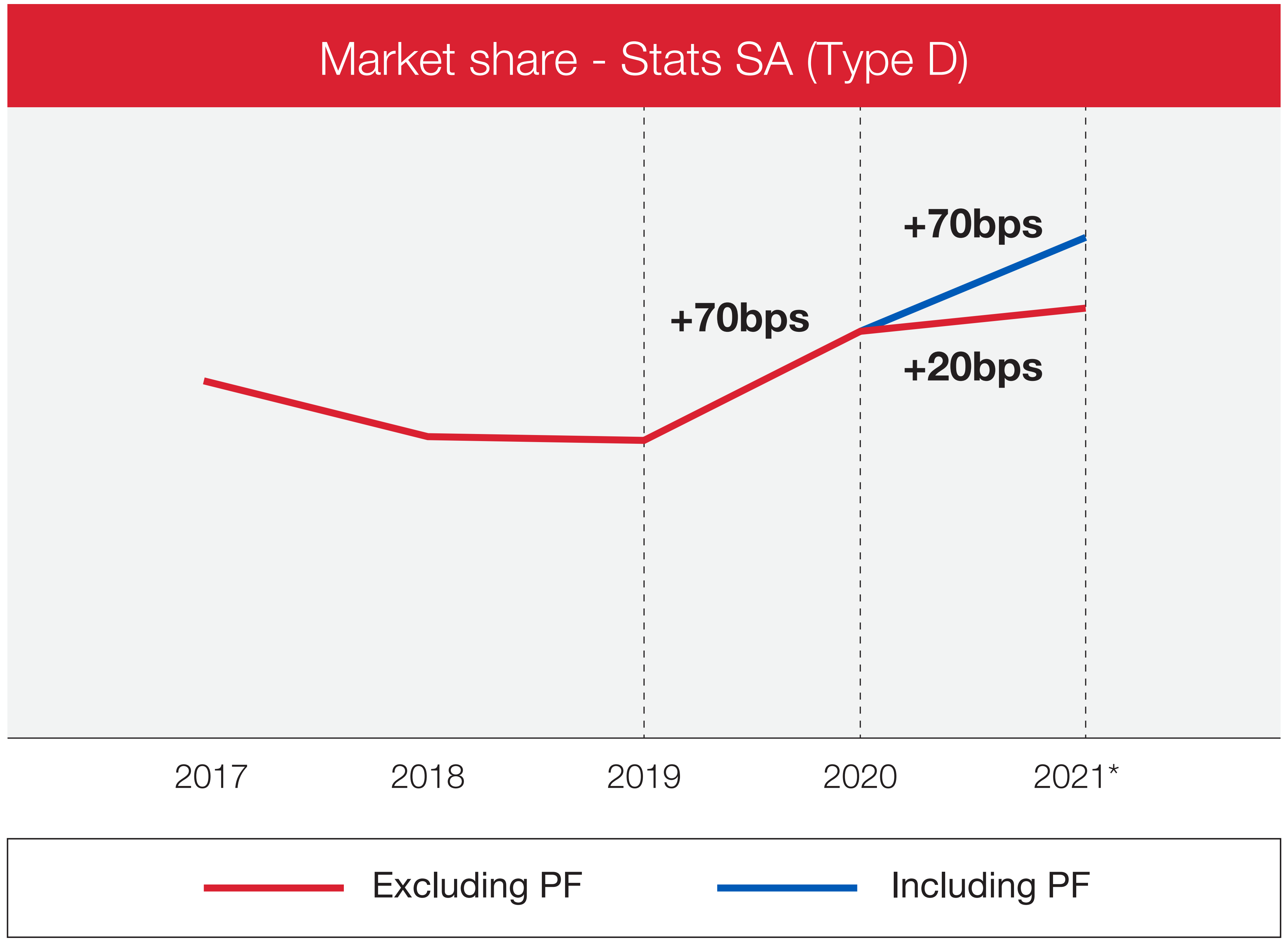
(Calendar year)

Since new management took office in 2019, significant market share gains have been achieved

Growth



*Jan to Sep 2021. RLC market size: R78bn

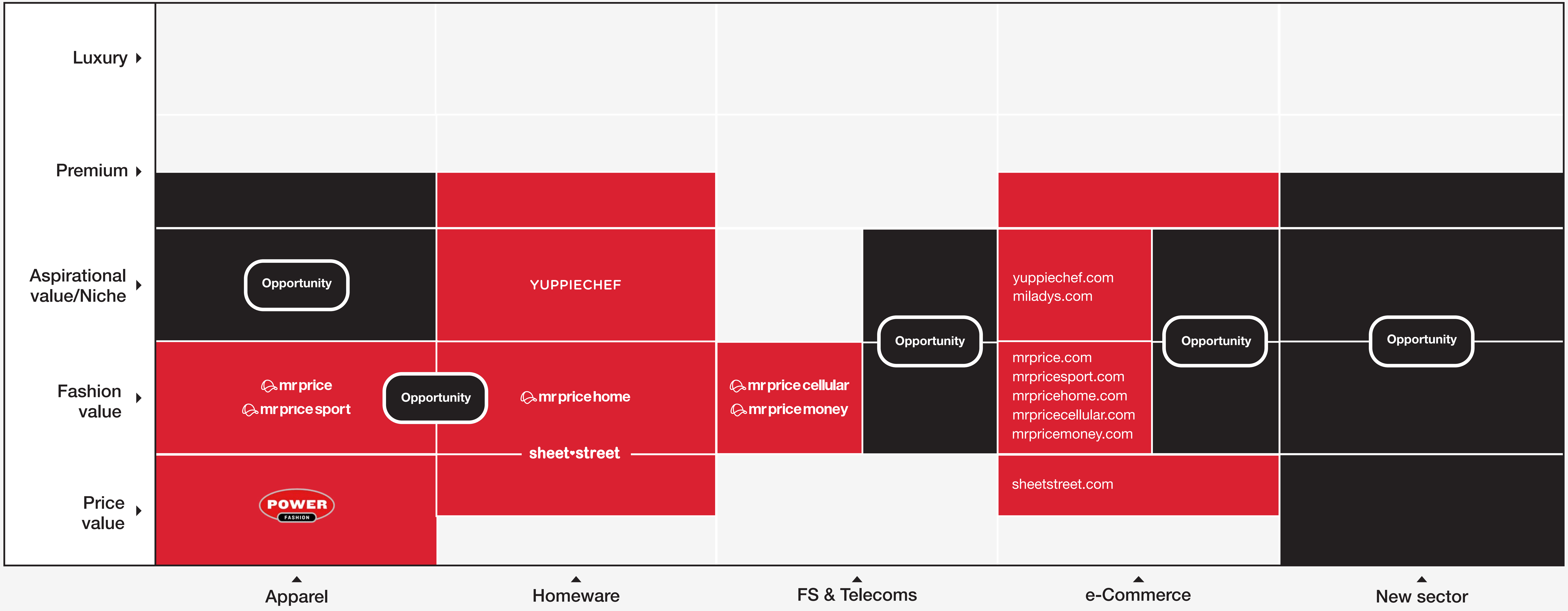


*Jan to Sep 2021. Type D market size: R125bn

Market share gains and customer acceptance of new departments are indicators of **the strength of our brand and the quality of our team**

Opportunities matrix

Identified opportunities
Existing categories



Opportunities portfolio 80:20

We will always remain focused on:

Growth

80%

Cash
Fashion/price value
Private label

20%

Credit
Aspirational value
Brands

POWER FASHION

Growth

- Effective date 1 April 2021
- Challenging period for integration to take place
- H1 performance:
  - Most impacted division by civil unrest. Nearly 50% of space was temporarily closed
  - 27 stores (~15% of space) were unable to trade after the week. 22 stores re-opened by end of Sep 2021
  - Take on stock not optimal - stock provision agreed during pre-implementation phase
- Supplementing team to build capacity for growth
- Undertaken strategic review to identify areas to focus on
- Short term disruptive but medium term goal to triple store base remains
- Achieving H2 budgeted sales targets to date

YUPPIECHEF

Growth

- Effective date 1 August 2021
- Integration & performance progressing well
- Higher margin opportunities identified
- Investing in appropriate infrastructure to support growth into new categories
- Customer base remains robust despite challenging economy
- Store expansion to begin in H2 FY2022

Capital allocation

Growth

Philosophy

- Invest for the long term in the most attractive opportunities - returns and scalability
- Company strategy is primarily targeted at revenue and earnings growth
- Preserve metrics - but not at the expense of growth
- Share buy-backs will be continually evaluated against market conditions, growth opportunities and plans
- Dividend pay-out ratio of 63.0% expected to be maintained

	Stores	IT	Acquisitions	Share buy-backs	Dividends
FY2021	R182m	R228m	R1.5bn	R165m	R552m
H1 FY2022	R224m	R68m	R361m*	R0m	R1.2bn

*Excludes deferred consideration of R40m to be paid in H2 FY2022

Brand promise

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

2021 Most valuable brands

No. 1 ranked most valuable fashion apparel retailer | 20th ranked overall

KANTAR BRANDZ

Brand Promise

1	2.6 bn	FNB
2	2.5 bn	Vodacom
3	2.5 bn	Castle Lager
4	2.3 bn	Standard bank
5	1.9 bn	MTN
6	1.6 bn	Nandos
7	1.3 bn	Discovery
8	1.2 bn	DSTV
9	1.1 bn	Absa
10	1.0 bn	Woolworths
11	928 mn	Capitec
12	724 mn	Sanlam
13	686 mn	Nedbank
14	669 mn	Old Mutual
15	604 mn	Hansa Pilsener
16	603 mn	Pick n Pay
17	566 mn	Shoprite
18	538 mn	Mediclinic
19	501 mn	Cell C
20	**487 mn**	**Mr Price**
21	470 mn	Sasol
22	449 mn	Clicks
23	446 mn	Takealot
24	420 mn	Flying Fish
25	403 mn	Investec
26	387 mn	Life Healthcare
27	334 mn	Checkers
28	314 mn	Netcare
29	288 mn	Santam
30	280 mn	Liberty

Only one of 7 brands to increase in value in 2021

Mr Price brand value increased 7% | Top 30 decreased 3%

KANTAR BRANDZ

Brand Promise

$2.1bn Financial value × **23.0%** Brand contribution = **$487m** Brand value

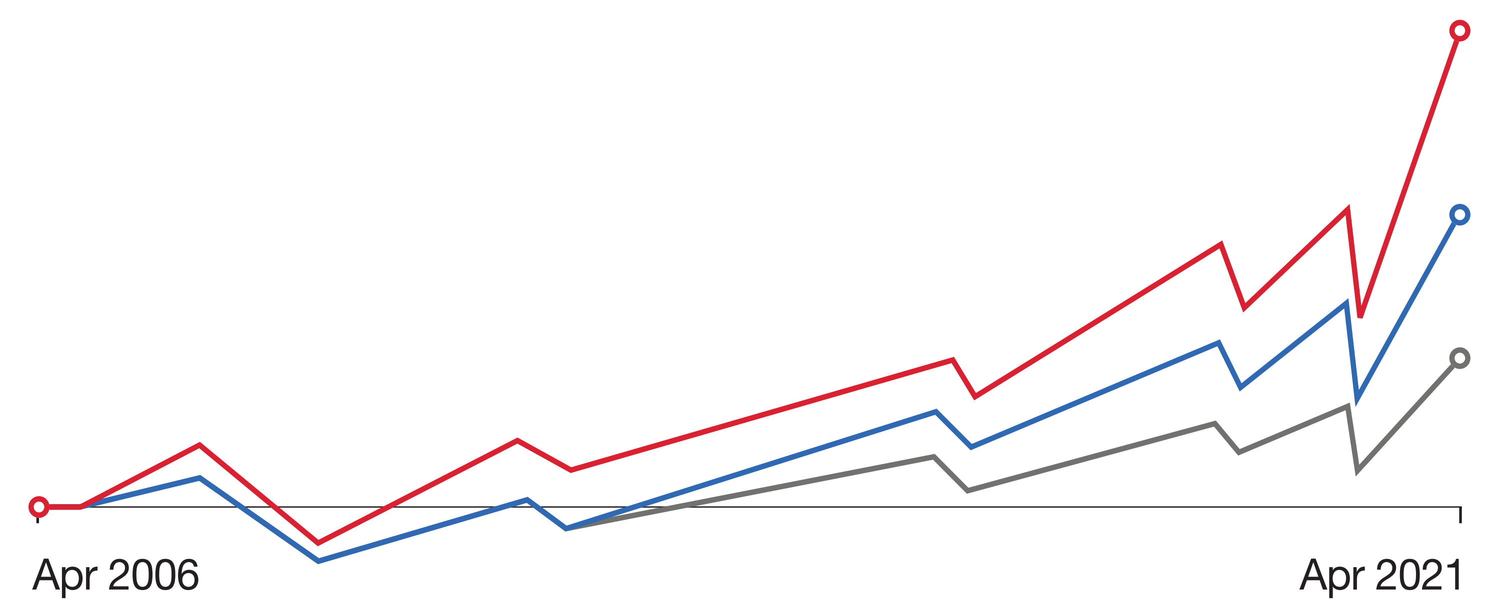
Mr Price is placed in the Brand Z 'strong brand index'. Brands who are included in this index are proven to:

1. Generate superior shareholder returns
2. Are more resilient in times of crisis
3. Recover more quickly

Superior returns

The collective performance of the 'strong brands' have delivered a return of 363% since 2006, far higher than the S&P 500 and MSCI World indices

Kantar BrandZ Portfolios vs S&P 500 vs MSCI World Index



Strong brands Portfolio	MSCI World Index	S&P 500 Index
+363%	+115%	+224%

Delivering value

Mr Price ranked 2nd out of the top 30 SA companies for offering consumers value

KANTAR BRANDZ

Brand Promise

Consumer distress

South Africans are experiencing financial anxiety due to high negative impact on household income over the course of the past18 months, causing price sensitivity

It's all about value

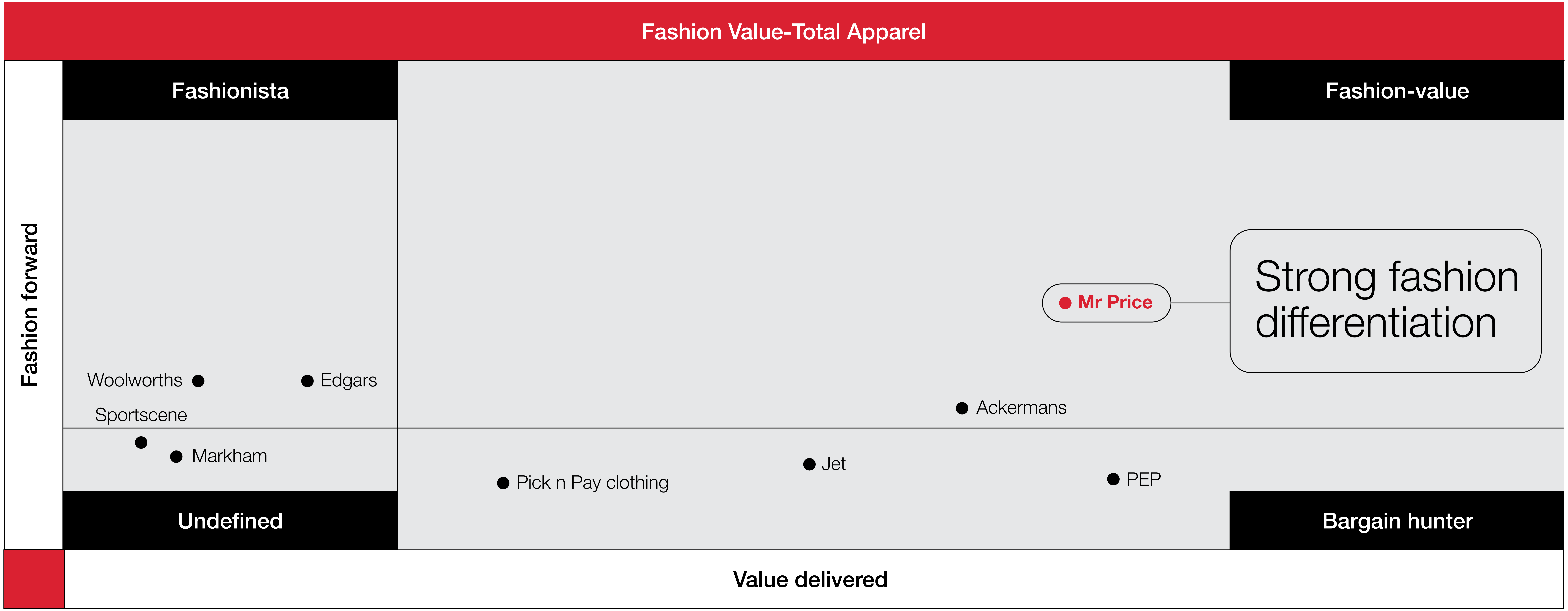
Brands that continue to meet consumer needs in difficult times and make a real difference in people's lives are the ones that will survive

Value = price + benefits

Fair prices index		
Capitec	136	
Mr Price	**130**	**Highest in sector**
Clicks	130	
Checkers	125	
Takealot	113	
Flying Fish	111	
Discovery	101	
Woolworths	97	

Mr Price apparel continues to offer the best fashion-value

Brand Promise



Source: Boarderless Access - September 2021

Customer recognition and engagement

Brand Promise

Sunday Times
GEN NXT 2021

#1 Coolest clothing store in SA

#2 Sportscene
#3 Markham

#2 Coolest online store in SA

#1 Takealot
#3 Amazon

Source: Sunday Times Gennext | MAPS 2021

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

6.8 million shoppers

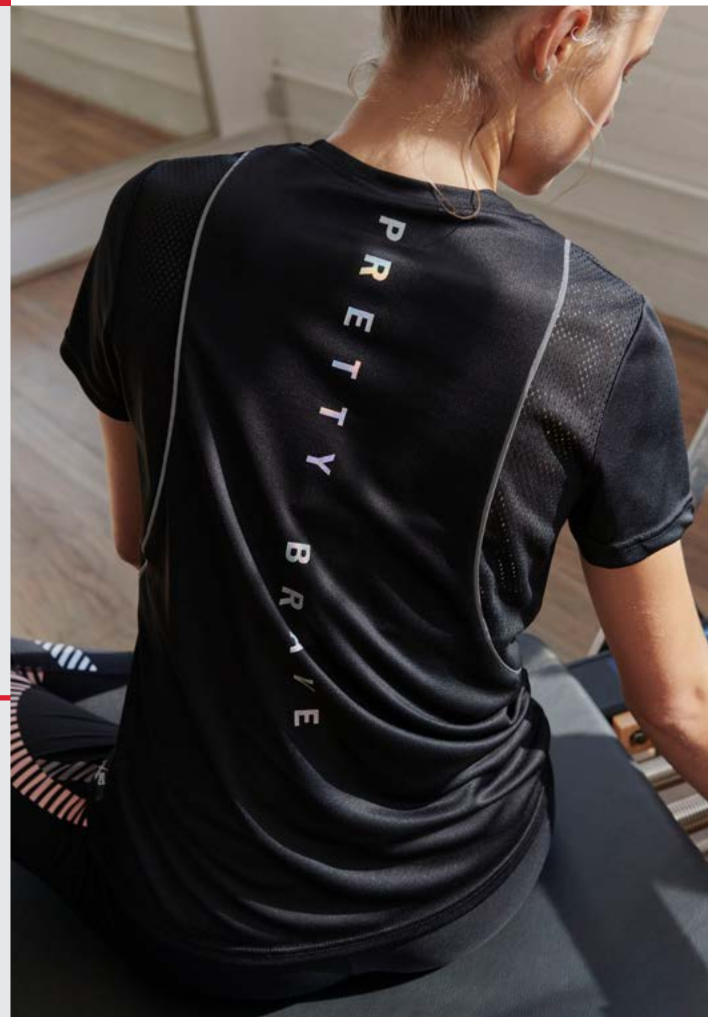
Online performance

Technology & innovation

Sales growth

+49.9%

(FY2021: +48.7%)



Contribution to retail sales

2.9%

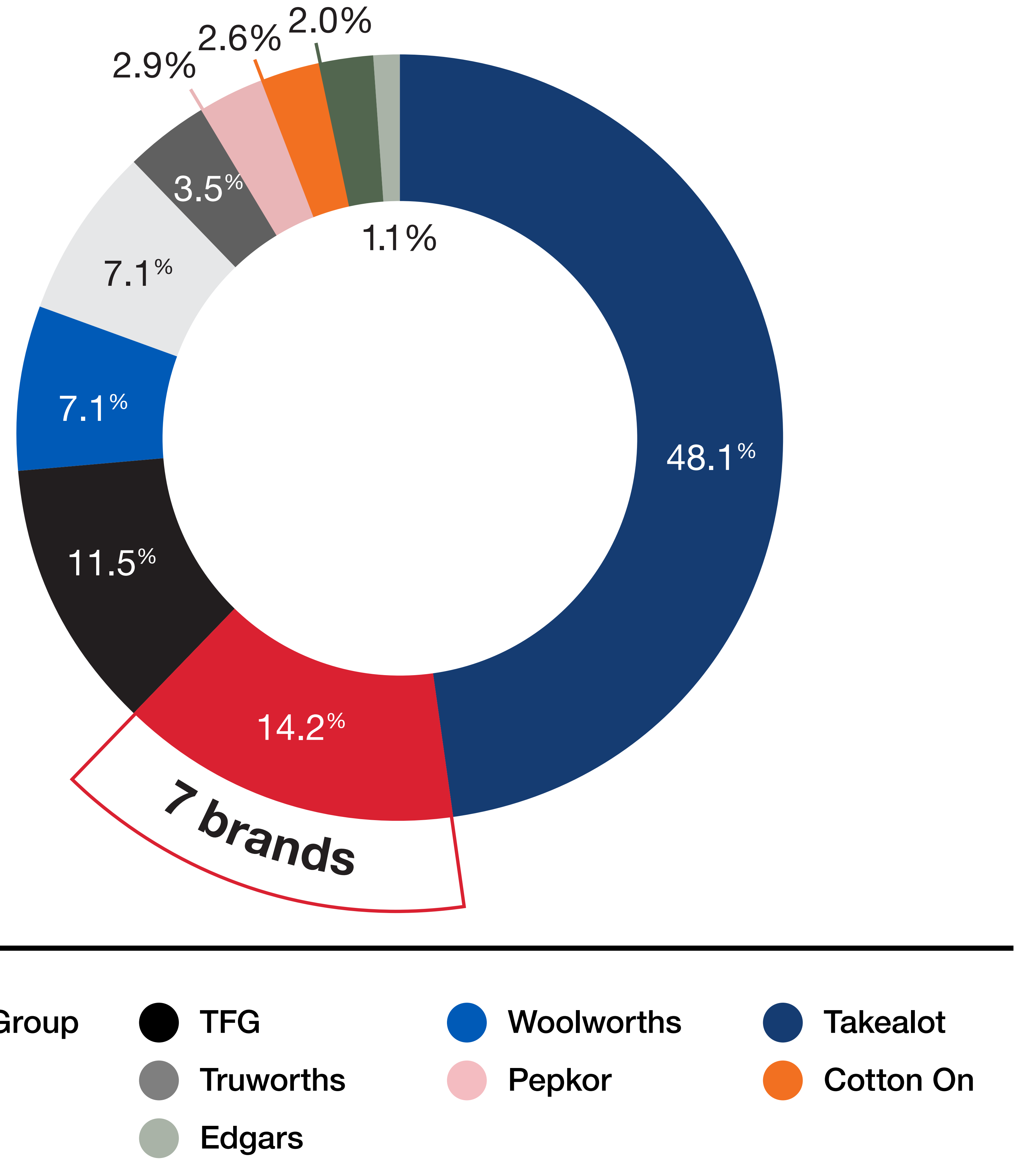
(Pre COVID-19: 1.5%)

Online sales rands **more than doubled** against FY2020 and continue to deliver healthy **operating profit**

Invested **R138m** into online over the last **10 years**. Key to omni-channel growth but **must deliver return**

Strong app and customer engagement

Market share of traffic
(omni-channel and online retailers)



Source: Similarweb Apr-Sep 2021 (web & mobile sessions)

No.1

rated omni-channel fashion app in SA

> "Mr Price shows why it is rated number one."

Kaeleen Brown,
Equity Analyst Standard Bank

Technology & innovation

1.1 million

Avg. monthly app users - 2nd highest in SA behind Takealot

14.2%

of traffic market share.
Increased 320bps vs PY

87.0%

of traffic is driven by mobile

Source: Google Play store | Google analytics

Intelligent Retail

Investing for a new digital future

Technology & innovation

Powered by the cloud

Scale

Real-time

Retail core

- Enhanced retail architecture & backbone
- Upgraded demand & replenishment
- Transforming retail planning

Data insights

- Cloud-based data warehouse
- Insight driven decisions
- Artificial Intelligence (AI)

Experience

Agility

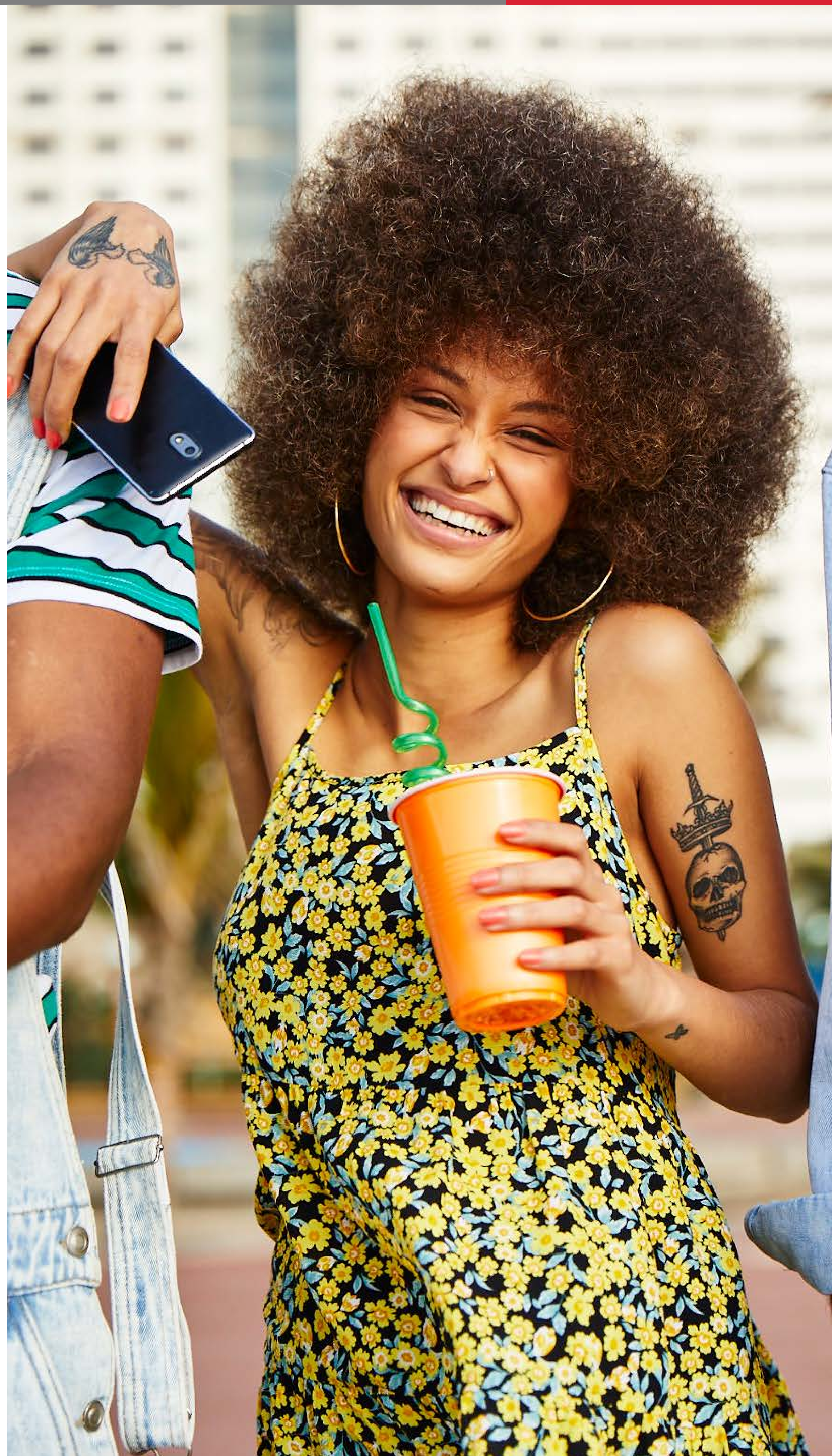
Unified commerce

- Leading e-commerce platform
- Upgraded customer service desk
- Store of the future blueprint

Intelligent automation

- Robotic Process Automation (RPA)
- Re-engineering processes
- RFID test

Re-platforming to compete in a rapidly changing, digitally empowered retail future, fueled by data



04

Looking ahead

Outlook

Input cost pressures

Input costs

- Increasing across all sectors, driven partly by shipping disruption and other supply constraints
- Closing cotton and oil prices up 43.6% and 61.1% respectively

Exchange rate

- Bought cover (70%) to July 2022
- Rates better than prior year helping to offset rising input costs and ease the impact of short-term shocks

Shipping rates

- Current long term contract ends Dec 2021
- Fully booked to end June 2022 at highly competitive rates
- Expectation of container shortage to ease during 2022

Merchandise inflation

Customer impact

- Balance strategic value positioning with margin management
- Inflation mindfully applied during H1 to avoid customer impact

Market share gains

- H2 inflation expected to be in mid single digit range (incl acquisitions: continued deflation)
- Long term outlook depends on global supply chain stabilisation & exchange rates

Global supply chain

Disruption

- Global container shortage impacting vessel sailings:
  - Frequent rollings (port bypasses)
  - Freight rate & delivery time impact
  - To ease during 2022?
- COVID-19 causing occasional international port closures
- Electricity supply challenges in China

Mr Price Group impact

- High summer (Oct – Dec 2021) well stocked for key festive trade
- Autumn/Winter (Jan – June 2022) production secured
- Strategically holding higher inventory levels should further disruption occur

Business response

Agile supply chain based on partnership

- Proved successful during height of COVID-19 challenges
- Long standing relationships – grow together approach supports long term vision
- Diverse location strategy to avoid single market failure
- Reduces risk & complexity of vertical integration - sharpened focus on trade

Merchandise processes and disciplines

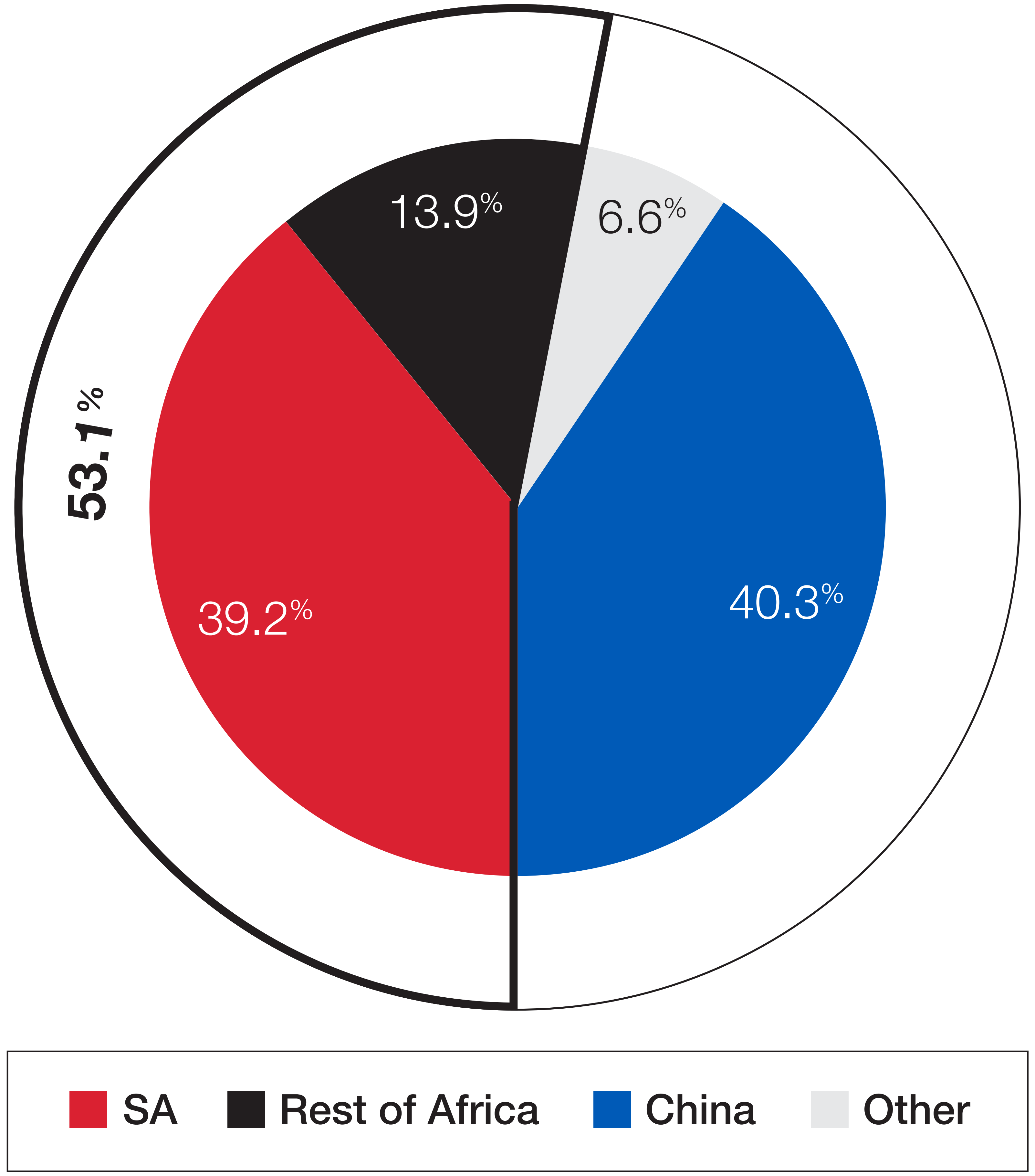
- Enable quick decision making and early order placement supporting shorter lead times
- Unlocks early reads into trends & facilitates pre season testing
- Agility not only measured in lead time but through merchandise processes unlocking opportunities
- Healthy balance between core basics and differentiated fashion merchandise

Planning and scale

- Buffers built into order timelines to manage disruption
- Order volume supporting competitive pricing: merchandise costs and shipping rates

Supply chain and sourcing

Sourcing - country of manufacture (H1 FY2022)



Supporting local: latest financial year (FY2021)

SA accounted for 39.6% of total group sourcing equating to R3.9bn at cost value

79.1m units sourced (manufactured) from SA. Mr Price procured approximately one third of all units in SA by listed apparel and homeware retailers

On-boarded 43 new local manufacturing suppliers (Last 12 months)

- China contribution down 230bps from LY
- Diversifying into other strategic markets
- Included in FTSE / JSE Responsible Investment Top 30 Index

Investment into the South African economy

Employment

>20 000

associates employed by Mr Price Group

~40 000

people employed in our local supply chain

Supply chain

FY2021

Sourced 39.6%

of merchandise from SA = R3.9bn

Account for

1/3

FY2021

of all units procured in SA by listed apparel & homeware retailers

Financial support of

R229m

to suppliers within the SA supply chain (5 years)

Youth development and job creation

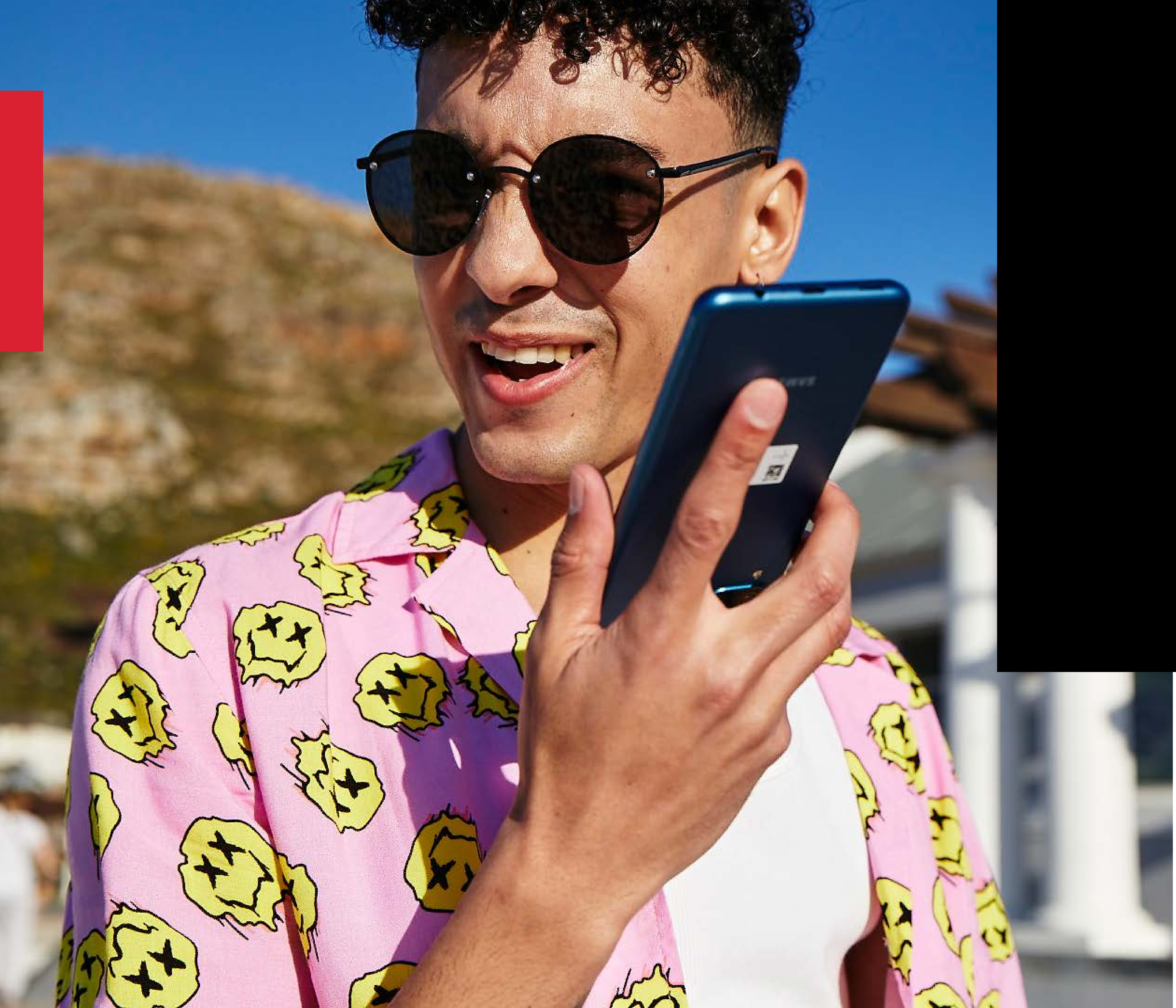
10 years:

trained 23k youth on retail / clothing manufacturing skills. **12k received job placements**

2021: **1 188 youth** trained & **333** received job placements

Outlook

- **Tough & unpredictable retail environment expected. Significant risks persist**
  - COVID-19, electricity supply (SA & China) & global supply chain disruption
  - Potential to result in erratic stock flow & higher product inflation
  - Anticiapted these challenges & have responded well, demonstrating our agility
  - Our partnership with associates & suppliers is a strategic advantage & has been put to the most severe test over the last 18 months
- **Clear vision and strategy enabling strong execution:**
  - Gaining good momentum, evidenced by a clear plan against which we are succeeding. Market share gains & growth opportunities identified & actioned
  - Well stocked to trade into high summer
  - GP% level of 42.0% remains H2 FY2022 target
- **Environmental Social Governance (ESG)**
  - Committed to extending our leading role in supporting the SA economy
  - Planning an ESG investor day in 2022
- **Will prospectively report on sales growth on a quarterly basis**
  - Trading updates in January & July
  - Full results in May & November



06 Appendix

Detailed supporting information

Revenue

R'M	FY2022	FY2021	% Change	
			vs H1 FY2021	vs H1 FY2020
Retail sales	11 879	8 620	37.8%	17.4%
Other income	458	433	5.7%	(8.7%)
Financial services & Telecoms	400	407	(15.8%)	(14.8%)
Other	58	26	114.8%	79.5%
Total retail sales, interest & other income	12 337	9 053	36.3%	16.1%
Finance income	108	150	(28.2%)	(20.2%)
Total revenue	12 445	9 204	35.2%	15.7%

Continuing operations in the base

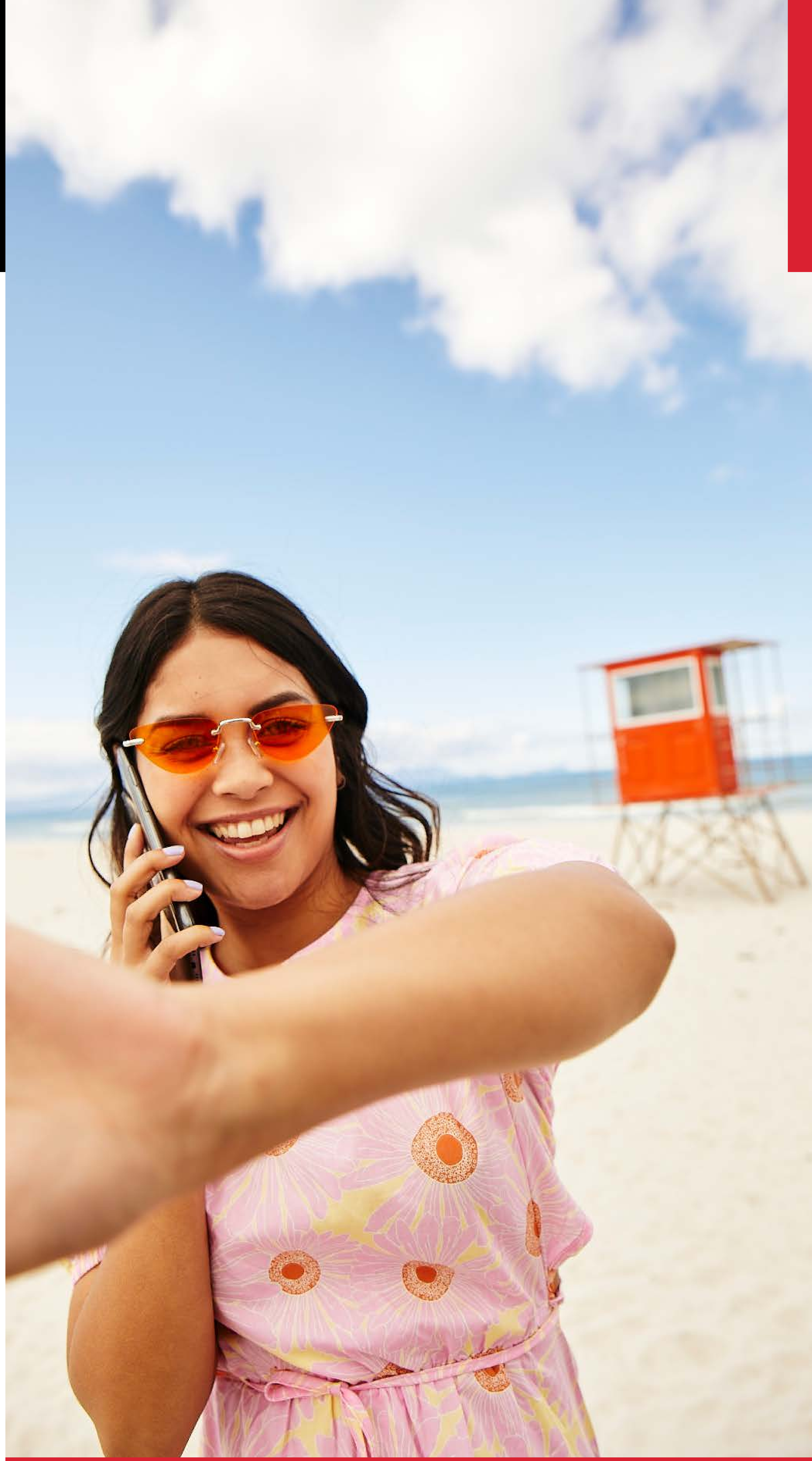
EBITDA reconciliation

R'M	FY2022	FY2021	% Change vs H1 FY2021	% Change vs H1 FY2020
Profit from operating activities	1 709	1 148	48.9%	1.3%
Total depreciation & amortisation	951	843	12.8%	18.2%
EBITDA	2 660	1 991	33.6%	6.7%

EBITDA margin: **21.6%**

Earnings & dividend per share

	FY2022	FY2021	% Change	
			vs H1 FY2021	vs H1 FY2020
Profit attributable to shareholders (R'm)	1 135	753	50.7%	(1.1%)
W. Avg shares in issue (000)	258 041	259 262		
Basic earnings per share	440.0c	290.5c	51.4%	(0.8%)
Addbacks (R'm)	22.0	111.4		
Headline earnings (R'm)	1 157	865		
Headline earnings per share	448.3c	333.5c	34.4%	1.2%
Shares for diluted earnings (000)	263 723	263 171		
Diluted headline earnings per share	438.7c	328.5c	33.5%	0.6%
Dividend per share	282.4c	210.1c	34.4%	(9.3%)



Group sales growth drivers vs FY2020

Geography	
H1 FY2022 vs FY2020	
RSA	+17.1%
Non RSA	+14.0%
RSA % of sales ▶	92.7%

Channel	
H1 FY2022 vs FY2020	
Bricks	+15.3%
Online	+123.0%
Bricks % of sales ▶	97.1%

Note: performance vs FY2020

Group sales growth drivers vs FY2020 Continued

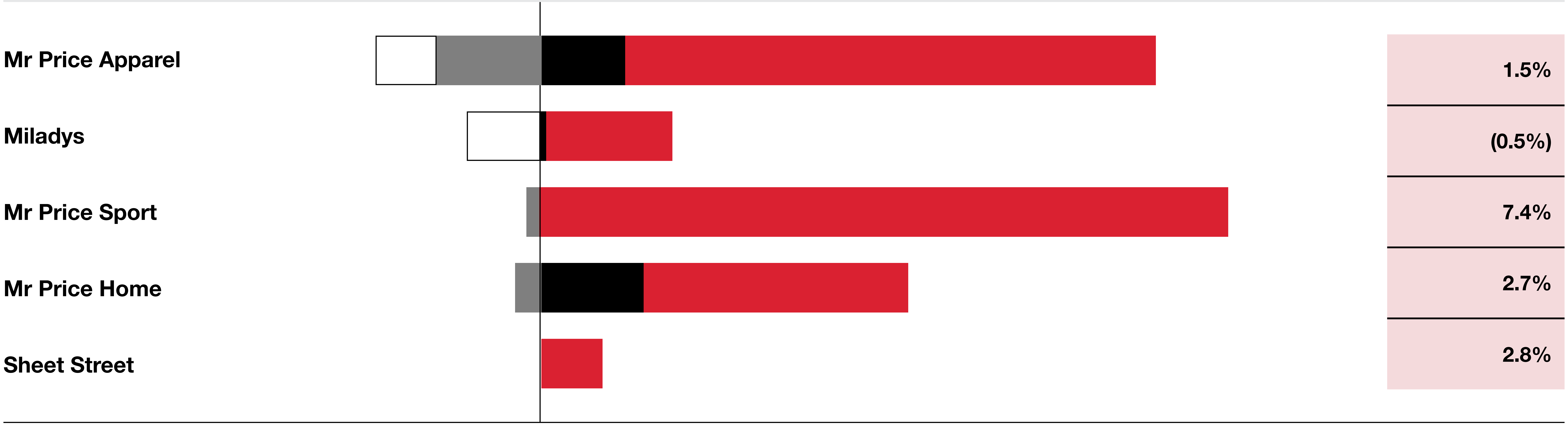
Tender type	
H1 FY2022 vs FY2020	
Cash	+20.8%
Credit	-2.2%
Cash % of sales ▶	85.7%

Merchandise	
H1 FY2022 vs FY2020	
Unit growth	+20.4%
RSP inflation* (Excl acquisitions 9.9%)	-1.9%
Units sold ▶	120m

*Average lower RSP in Power Fashion causing deflation due to no base

Space growth

SPACE MOVEMENTS (m^2) | w.avg net growth



Total space growth | **Net growth**

	Closures	Reductions	Expansions	New Stores	Net growth
w.avg excl acquistions	(0.4%)	(0.4%)	0.4%	2.7%	**2.3%**
closing excl acquisitions	(0.5%)	(0.5%)	0.5%	3.4%	**2.9%**
w.avg incl acquisitions	(0.4%)	(0.4%)	0.5%	11.5%	**11.1%**

Space growth

Store Movements

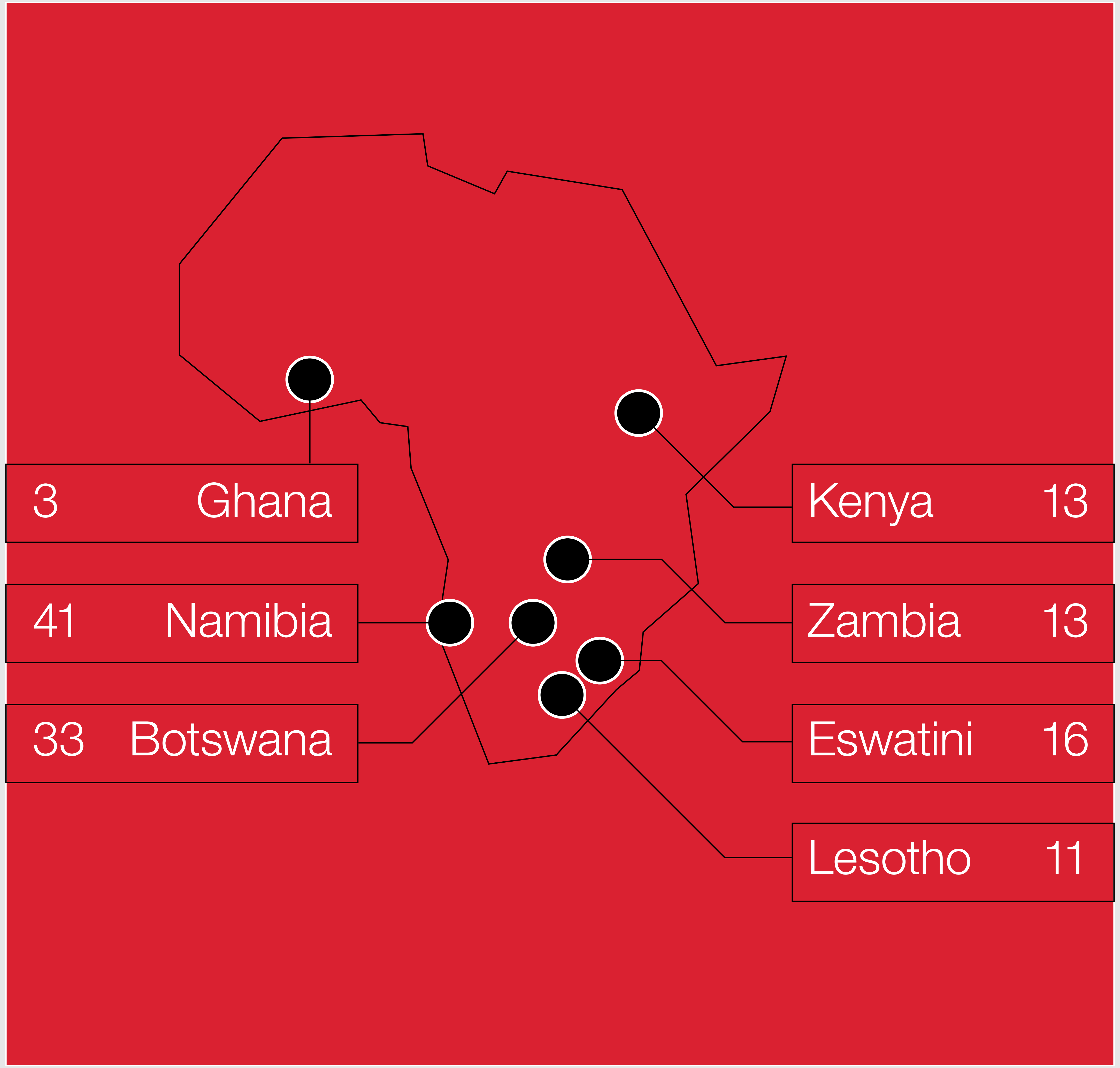
	Closures	Reductions	Expansions	New Stores	Acquired	Closing stores
Mr Price Apparel	2	4	3	11		547
Miladys	3			4		240
Mr Price Sport		2		11		147
Power Fashion			2	15		189
Mr Price Home		1	5	6		189
Sheet Street				1		323
Yuppiechef					7 Acquired	7

Total store movements

	Closures	Reductions	Expansions	New Stores	Acquired	
Stores	5	7	10	48	7	**Total: 1 642**

Opportunity to continue profitable store expansion strategy

Rest of Africa



Total % of Group sales

7.3%

FY21: 7.5%

No. of stores

138

Corporate owned stores: 130

Sales growth (ZAR)

37.3%

FY2021: (17.5%)

vs H1 FY2020: 14.0%

mr price group limited