

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 R9.2bn (14.4%) *Post Lockdown: +3.2%	Market share +100bps Source: RLC	HEPS 333.5c (24.8%) *Post Lockdown: +5.9%
Total diluted HEPS 328.5c (24.6%) *Post Lockdown: +6.0%	Cash resources R6.4bn +35.1%	Dividend per share 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 value retailer, Power Fashion. 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.