mr price group limited

Reviewed Condensed Consolidated Financial Statements

52 weeks ended 30 March 2024

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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

JSE Equity Sponsor and Corporate Broker
Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, 2196

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

Auditors
Deloitte & Touche
First Floor, The Skye, 2 Vuna Close, Umhlanga Ridge, 4319
PO Box 243, Durban

mr price group limited

Annual results and final dividend declaration

For the 52 weeks ended 30 March 2024

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/2024/JSE/ISSE/MRPE/13062024.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	EBITDA	Operating profit*
R37.9bn	R8.2bn	R5.3bn
+15.5%	+13.5%	+7.9%
HEPS	**Cash resources**	**Final dividend per share**
1 286.2c	R2.8bn	526.8c
+6.7%	Cash conversion ratio: 86.9%	+17.8%

*Profit before finance income and costs

Final Cash Dividend Declaration

A final dividend of 526.8 cents per share (421.44 cents net of dividend withholding tax of 20% for shareholders who are not exempt) was declared. The dividend has been declared from income reserves. The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Tuesday	02 July 2024
Date trading commences 'ex' dividend	Wednesday	03 July 2024
Record date	Friday	05 July 2024
Payment date	Monday	08 July 2024

Note:
Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 03 July 2024 and Friday, 05 July 2024, both dates inclusive.

Commentary: Profitable market share gains results in strong H2 performance

Mr Price today released its FY2024 year end results for the 52 weeks ended 30 March 2024 ("Period"), increasing revenue by 15.5% to R37.9bn. This performance includes the acquired Studio 88 Group (S88), effective 4 October 2022 (not in the base in H1 FY2024), excluding which revenue grew 5.8% to R30.3bn. The group grew its annual market share by 30bps according to the Retailers' Liaison Committee (RLC) and its operating profit exceeded R5bn for the first time.

Basic and headline earnings per share of 1 276.2 cents and 1 286.2 cents were up 5.4% and 6.7% respectively. Diluted headline earnings per share grew 6.3% to 1 252.6 cents. Despite a challenging retail environment, the group delivered a strong second half performance as diluted headline earnings per share grew 17.4%, due to significantly improved sales momentum, GP margin expanding 160bps to 40.6% and market share gains of 90bps. A final dividend of 526.8 cents per share was declared, up 17.8% and a pay-out ratio of 63% was maintained.

Group CEO, Mark Blair, said: "Over the last year, we have had a great deal to contend with. Despite the challenges our team has remained focused on execution, while remaining agile in responding to the volatility of the trading environment, which has reflected in the performance of the second half. By focusing on delivering value to our customers, the group has strengthened its market position, as evidenced by gaining market share for 7 consecutive months at better margins."

As previously reported, several material challenges were faced during the Period. The group estimates that due to loadshedding it lost approximately 65 000 trading hours, approximately R226m in revenue. Most of this impact was felt in the first half, as the group reached 100% back-up power by the end of Q1. Global and domestic supply chain disruptions caused challenges to optimal inventory management. These challenges were faced amidst the backdrop of a weak consumer environment as elevated inflation levels continued to impact the low to middle-income households (the group's core customer base) the most.

Results

Group retail sales grew 16.2% to R36.6bn and comparable store sales by 1.8%. Excluding S88 retail sales grew 6.2%. In H2, retail sales and comparable store sales increased 8.4% and 3.6% respectively (excluding S88: 8.3% and 3.8% respectively). Other income increased 2.3% to R1.2bn.

Total store sales increased 16.6% (excluding S88: 6.5%), contributing 97.9% to retail sales and online sales decreased 2.2% (excluding S88: -3.7%). Total unit sales increased 3.8% (excluding S88: 1.6%). Group RSP inflation for the Period was 12.2%, impacted by higher price point merchandise in S88. Excluding S88, inflation of 4.8% was well contained as the group focused on ensuring that customers continue to experience superior price value.

Through acquisitions and investment into new space, the group has more than doubled its store footprint over the last five years. This is in accordance with the group's growth strategy, as South African consumers continue to favour the convenience of omni-channel shopping. Store returns remain in multiples of the group's cost of capital. Trading space increased 16.0% on a weighted average basis and by 5.3% excluding S88.

Credit sales grew 1.7%, while cash sales which constitutes 88.9% of group retail sales, increased 18.3% (excluding S88: 7.0%). The group's strategic approach of being predominantly cash based remains beneficial as consumer credit affordability weakened and debt servicing costs escalated due to higher interest rates. Demand for credit remained high during the Period with new account applications increasing 18.7%, however the group's approval rate decreased further to 19.3% as its credit risk tolerance remains low.

The gross profit margin increased by 20bps to 39.7%, and the merchandise GP margin expanded to 40.5%. The group leveraged its agile supply chain model to minimise the supply chain disruptions experienced during the festive period and reduced the anticipated risks. Focused stock management resulted in lower markdown levels than the previous year and as a result, GP margin in H2 expanded 160bps to 40.6%, with all Apparel segment divisions maintaining or improving their GP margin.

Total expenses increased 20.1% (excluding S88: 7.7%), predominantly driven by new weighted average space and a higher operating cost environment. Group expenses to retail sales and other income of 27.3% was within the group's targeted range. Profit from operating activities increased 7.9% to R5.3bn and the operating margin decreased 110bps to 14.0% of retail sales and other income (RSOI), predominantly impacted by performance in H1. In H2, operating profit increased 13.2% and the operating margin expanded 70bps to 16.0%.

The Financial Services segment revenue increased 4.8% to R869m. Debtors' interest and charges increased 12.1% due to a higher average debtors' book and a 50bps increase in the repo rate over the Period. Considering the difficult economic conditions, the net bad debt to book percentage remains low by industry standards and the group remains sufficiently provided for.

The group achieved its objective of being in a negative stock growth position by year end as gross inventory was down 4.2%, stock freshness (0-3 months aging) at the end of the Period was 85.8% (+240bps).

The balance sheet remains in a healthy position with available cash of R2.8bn and a cash conversion ratio of 86.9% (+490bps). Capital expenditure of R1.1bn was primarily allocated towards new store development and the installation of back-up power solutions. The group's ROE and ROA of 23.3% and 11.7% respectively, remain market leading and reflects its prudent capital allocation approach. Net asset value increased 10.9% to 6 006 cents per share.

Outlook

The South African economy contracted between January and March 2024 and consumer pressures continue. During this period, group retail sales increased 5.9%, higher than the market, with a resultant increase in market share of 60bps, thereby demonstrating the strength of the group's brands and its strategic positioning. External research has recognised that the group holds the highest brand equity and most loved brands in the apparel and homeware sectors in South Africa. Furthermore, the group was ranked the most valuable fashion apparel retailer in South Africa and Mr Price Apparel was voted the coolest clothing store.

The later arrival of winter this year has resulted in subdued trade in the first two months of FY2025. Despite this the group gained market share in April 2024 (latest available data) and sales growth recovered strongly in early June, driven by the onset of winter. Group retail sales in Q1 FY2025 to 11 June 2024 increased 4.4%, against sales growth in the base of 17.0%, at higher GP margins than the prior year.

Supply chain challenges in the form of port inefficiency and increasing shipping costs will add pressure in the short term. However, the acquisition of port equipment by Transnet which will take some time to become operational, is encouraging.

In the forthcoming year the group will focus on its existing operations, raising customer service levels, and investing appropriately to ensure that their overall experience meets their expectations. Forecast capital expenditure for FY2025 is anticipated to be approximately R1.0bn and 200 new stores. Profitable market share gains and retaining strong operating and balance sheet metrics will be key outcomes.

Consumer relief in the latter half of the year is expected in the form of moderating inflation, decreasing interest rates, and a boost to discretionary spending with individuals being permitted to withdraw additional funds from their retirement savings. Further respite could result if the exchange rate improves, but this is dependent on the outcome of the government coalition talks pursuant to the South African general elections. A market friendly outcome has strong potential to elevate South Africa to a new growth path, making a significant impact in reducing unemployment and stimulating the economy.

Group CEO Mark Blair said, "On behalf of the management team we extend our gratitude to all our stakeholders for their ongoing support and belief in our business. Particular thanks must go to all our associates, both head office and frontline, for their ongoing commitment to ensuring that the group continues to build on its iconic legacy in South Africa. We have strong positive momentum, and our team is energised by the plans we have in place."

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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), P Nundkumar (CFO), N Abrams*, MJ Bowman*, JA Canny*, RJD Inskip*, H Ramsumer*, D Naidoo*, LA Swartz*, R Nkabinde* Non-executive director
Sponsor	Investec Bank Limited
Transfer Secretaries	Computershare Investor Services (Pty) Ltd

PRESS RELEASE

MR PRICE GROUP LIMITED REPORTS RESULTS FOR THE 52 WEEKS ENDED 30 MARCH 2024

Mr Price today released its FY2024 year end results for the 52 weeks ended 30 March 2024 ("Period"), increasing revenue by 15.5% to R37.9bn. This performance includes the acquired Studio 88 Group (S88), effective 4 October 2022 (not in the base in H1 FY2024), excluding which revenue grew 5.8% to R30.3bn. The group grew its annual market share by 30bps according to the Retailers' Liaison Committee (RLC) and its operating profit exceeded R5bn for the first time.

Basic and headline earnings per share of 1 276.2 cents and 1 286.2 cents were up 5.4% and 6.7% respectively. Diluted headline earnings per share grew 6.3% to 1 252.6 cents. Despite a challenging retail environment, the group delivered a strong second half performance as diluted headline earnings per share grew 17.4%, due to significantly improved sales momentum, GP margin expanding 160bps to 40.6% and market share gains of 90bps. A final dividend of 526.8 cents per share was declared, up 17.8% and a pay-out ratio of 63% was maintained.

Group CEO, Mark Blair, said: "Over the last year, we have had a great deal to contend with. Despite the challenges our team has remained focused on execution, while remaining agile in responding to the volatility of the trading environment, which has reflected in the performance of the second half. By focusing on delivering value to our customers, the group has strengthened its market position, as evidenced by gaining market share for 7 consecutive months at better margins."

As previously reported, several material challenges were faced during the Period. The group estimates that due to loadshedding it lost approximately 65 000 trading hours, approximately R226m in revenue. Most of this impact was felt in the first half, as the group reached 100% back-up power by the end of Q1. Global and domestic supply chain disruptions caused challenges to optimal inventory management. These challenges were faced amidst the backdrop of a weak consumer environment as elevated inflation levels continued to impact the low to middle-income households (the group's core customer base) the most.

Highlights for the Period include:

- Retail sales grew by 16.2% and market share increased by 30bps
- Consecutive market share gains for the group (7 months), Mr Price Apparel (8 months) and Power Fashion (26 months)
- Units sold totalled 292m, an increase of 3.8%
- 103m units sourced from South Africa. Near sourcing accounts for 50% of total units
- Opened 238 new stores across the group taking total stores to 2 900
- GP margin increased by 20bps to 39.7%, up 160bps to 40.6% in H2
- Operating profit increased 7.9% (exceeds R5bn for the first time) and by 13.2% in H2
- The collective operating profit from the group's acquired businesses contributed R977m
- The group has a cash balance of R2.8bn at year end and a cash conversion of rate of 86.9%

Results summary

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Through acquisitions and investment into new space, the group has more than doubled its store footprint over the last five years. This is in accordance with the group's growth strategy, as South African consumers continue to favour the convenience of omni-channel shopping. Store returns remain in multiples of the group's cost of capital. Trading space increased 16.0% on a weighted average basis and by 5.3% excluding S88.

Credit sales grew 1.7%, while cash sales which constitutes 88.9% of group retail sales, increased 18.3% (excluding S88: 7.0%). The group's strategic approach of being predominantly cash based remains beneficial as consumer credit affordability weakened and debt servicing costs escalated due to higher interest rates. Demand for credit remained high during the Period with new account applications increasing 18.7%, however the group's approval rate decreased further to 19.3% as its credit risk tolerance remains low.

The gross profit margin increased by 20bps to 39.7%, and its merchandise GP margin expanded to 40.5%. The group leveraged its agile supply chain model to minimise the supply chain disruptions experienced during the festive period and reduced the anticipated risks. Focused stock management resulted in lower markdown levels than the previous year and as a result, GP margin in H2 expanded 160bps to 40.6%, with all Apparel segment divisions maintaining or improving their GP margin.

Total expenses increased 20.1% (excluding S88: 7.7%), predominantly driven by new weighted average space and a higher operating cost environment. Group expenses to retail sales and other income of 27.3% was within the group's targeted range.

As a result of the above, profit from operating activities increased 7.9% to R5.3bn and the operating margin decreased 110bps to 14.0% of retail sales and other income (RSOI), predominantly impacted by performance in H1. In H2, operating profit increased 13.2% and the operating margin expanded 70bps to 16.0%.

Segmental performance

FY2024 vs FY2023	Retail sales growth Incl. S88	Retail sales growth Excl. S88	Comparable sales growth	Cont. to retail sales
Apparel segment	20.5%	7.9%	3.3%	79.7%
Home segment	0.3%	0.3%	-3.8%	17.1%
Telecoms segment	10.2%	10.2%	1.5%	3.2%
Total group	16.2%	6.2%	1.8%	

The Apparel segment increased retail sales by 20.5% to R29.1bn (excluding S88: +7.9%) and comparable retail sales increased 3.3%. In H2, retail sales grew 9.8% and comparable sales growth accelerated to 5.0%. The group's largest division, Mr Price Apparel (42.2% contribution to retail sales) gained market share for 7 consecutive months with lower markdowns and higher GP margin. The division remains the most shopped retailer in South Africa according to MAPS. Power Fashion continued its positive momentum with double-digit sales growth and 26 consecutive months of market share gains. Studio 88, which contributes 20.9% to group retail sales, grew retail sales by 9.0% against growth in the base of 10.2%.

In the Homeware segment retail sales increased 0.3% to R6.3bn and comparable retail sales decreased 3.8%. Improved retail sales growth in H2 confirms management's view that the impact from the structural changes to the segment have now mostly been absorbed. Growth rates are more closely aligned with the comparable RLC homeware market and focus has shifted to winning back market share and expanding margins. All three homeware divisions have strong brand positions in their respective customer segments and their strategic plans are clear. With over 30% market share collectively, they provide a healthy platform for incremental growth to the group.

The Telecoms segment retail sales increased 10.2% to R1.2bn and comparable sales grew 1.5%. Mr Price Cellular standalone stores continued to perform strongly. As a result, 30 new standalone stores were opened during the Period, taking the total footprint including combo stores to 804 locations. Cellular handsets and accessories gained 80bps of market share according to GfK.

The Financial Services segment revenue increased 4.8% to R869m. Debtors' interest and fees increased 12.1% due to a higher average debtors' book and a 50bps increase in the repo rate over the Period. Considering the difficult economic conditions, the net bad debt to book percentage remains low by industry standards and the group remains sufficiently provided for.

The group achieved its objective of being in a negative stock growth position by year end as gross inventory was down 4.2%, stock freshness (0-3 months aging) at the end of the Period was 85.8% (+240bps) and continued focus remains on strong working capital management.

The balance sheet remains in a healthy position with available cash of R2.8bn and a cash conversion ratio of 86.9% (+490bps). Capital expenditure of R1.1bn was primarily allocated towards new store development and the installation of back-up power solutions. The group's ROE and ROA of 23.3% and 11.7% respectively, remain market leading and reflects its prudent capital allocation approach.

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ENDS

FINAL CASH DIVIDEND DECLARATION

Notice is hereby given that a final gross cash dividend of 526.8 cents per share was declared for Period. The group maintained its historic 63% dividend payout ratio of headline earnings. 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 421.44000 cents per share. The dividend withholding tax rate is 20%.

The issued share capital at the declaration date is 256 791 496 listed ordinary and 6 792 786 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	Tuesday	02 July 2024
Date trading commences 'ex' the dividend	Wednesday	03 July 2024
Record date	Friday	05 July 2024
Payment date	Monday	08 July 2024

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 03 July 2024 and Friday, 05 July 2024, both dates inclusive.

Shareholders should note that dividend payments will 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 on 12 June 2024.

DIRECTORS

SB Cohen* (Honorary Chairman), NG Payne* (Chairman), MM Blair (CEO), P Nundkumar (CFO), N Abrams*
MJ Bowman*, JA Canny*, RJD Inskip*, D Naidoo*, R Nkabinde*, H Ramsumer*, LA Swartz*

* Non-executive director

REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 30 MARCH 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'm	2024 30 Mar Reviewed	2023 1 Apr Audited
Assets		
Non-current assets	16 838	17 003
Property, plant and equipment	4 072	3 598
Right-of-use asset	7 237	7 737
Intangible assets	5 101	5 245
Long-term receivables and other assets	44	47
Defined benefit fund asset	89	85
Deferred taxation assets	295	291
Current assets	12 978	11 778
Inventories	7 078	7 321
Trade and other receivables	2 969	2 733
Derivative financial instruments	2	51
Reinsurance assets	-	219
Cell captive structure	124	-
Taxation	7	12
Cash and cash equivalents	2 798	1 442
Total assets	29 816	28 781
Equity and liabilities		
Total equity	15 426	13 928
Equity attributable to shareholders	14 368	13 014
Non-controlling interests	1 058	914
Non-current liabilities	6 915	7 466
Lease liability	6 512	7 028
Deferred taxation liabilities	343	362
Interest-bearing loans	38	56
Post retirement medical benefits	22	20
Current liabilities	7 475	7 387
Trade and other payables	5 175	4 877
Derivative financial instruments	2	31
Current portion of interest-bearing loans	34	33
Reinsurance liabilities	-	44
Current portion of lease liability	2 126	2 093
Taxation	138	309
Total equity and liabilities	29 816	28 781

CONDENSED CONSOLIDATED INCOME STATEMENT

R'm	2024 30 Mar 52 weeks Reviewed	2023 1 Apr 52 weeks Audited	% change
Revenue	**37 944**	32 853	15.5
Retail sales	**36 586**	31 498	16.2
Other revenue excluding interest charged on debtors[1]	**740**	768	(3.7)
Interest on debtors[1]	**457**	402	13.6
Retail sales and other revenue	**37 783**	32 668	15.7
Costs and expenses	**32 476**	27 748	17.0
Cost of sales	**22 144**	19 144	15.7
Selling expenses	**7 665**	6 323	21.2
Administrative and other operating expenses	**2 667**	2 281	16.9
Profit before finance costs and finance income	**5 307**	4 920	7.9
Finance interest income	**161**	185	(13.0)
Finance costs	**(806)**	(702)	14.7
Profit before taxation	**4 662**	4 403	5.9
Taxation	**1 238**	1 177	5.2
Net profit for the period	**3 424**	3 226	6.1
Profit attributable to non-controlling interests	**144**	111	29.9
Profit attributable to equity holders of parent	**3 280**	3 115	5.3
Weighted average number of shares in issue	**257 016**	257 274	(0.1)
Earnings per share (cents)			
- basic	**1 276.2**	1 210.7	5.4
- diluted basic	**1 242.9**	1 183.3	5.0
Dividends per share (cents)	**810.3**	759.6	6.7
Dividend payout ratio	**63.0**	63.0	

Headlines earnings per share (cents)			
- headline	**1 286.2**	1 205.7	6.7
- diluted headline	**1 252.6**	1 178.4	6.3

[1]Other revenue has been disaggregated to separate interest on debtors. Included in other revenue is insurance revenue of R198m (2023: R230m).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'm	2024 30 Mar 52 weeks Reviewed	2023 1 Apr 52 weeks Audited
Profit attributable to shareholders	3 424	3 226
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustments	(13)	4
(Loss)/gain on hedge accounting	(27)	61
Deferred taxation thereon	7	(17)
Items that will not be reclassified subsequently to profit or loss:		
Defined benefit fund net actuarial (loss)/gain	(6)	2
Deferred taxation thereon	1	-*
Total comprehensive income	3 386	3 276

* Less than R1 million

Total comprehensive income attributable to:		
Owners of the parent	3 242	3 165
Non-controlling interest	144	111
	3 386	3 276

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'm	2024 30 Mar 52 weeks Reviewed	2023 1 Apr 52 weeks Audited
Total equity at beginning of the period	13 928	12 056
Total comprehensive income for the period	3 386	3 276
Treasury share transactions	(98)	(187)
Shares issued	-	157
Shares cancelled	-	(167)
Recognition of share-based payments	121	182
Dividends to shareholders	(1 911)	(2 192)
Acquisition of non-controlling interest	-	803
Total equity at end of the period	15 426	13 928

Total equity at end of the period		
Owners of the parent	14 368	13 014
Non-controlling interest	1 058	914
	15 426	13 928

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'm	2024 30 Mar 52 weeks Reviewed	2023 1 Apr 52 weeks Audited
Cash flows from operating activities		
Operating profit before working capital changes	7 885	6 970
Working capital changes	122	(710)
Cash generated from operations	8 007	6 260
Interest on trade receivables	459	418
Finance costs paid	(95)	(51)
Finance income received	161	164
Taxation paid	(1 386)	(851)
Net cash inflows from operating activities	7 146	5 940
Cash flows from investing activities		
Decrease in respect of long-term receivables	3	11
Payment for acquisition of Studio 88, net of cash acquired	-	(3 465)
Payment for intangible assets acquired		
- additions	(69)	(82)
Payment for property, plant and equipment (PPE) acquired		
- replacement	(247)	(272)
- additions	(668)	(484)
Receipts from proceeds on disposal of PPE	3	1
Proceeds from insurance relating to PPE	2	21
Net cash outflows from investing activities	(976)	(4 270)
Cash flows from financing activities		
Increase in interest-bearing loans	8	4
Repayment of capital portion of lease liability and installment sale agreement	(2 089)	(1 586)
Repayment of interest portion of lease liability and installment sale agreement	(715)	(692)
Receipts relating to sale of shares by staff share trusts	27	39
Payment relating to purchase of shares by staff share trusts	-	(42)
Payment relating to share buyback	-	(167)
Treasury share transactions	(22)	(16)
Payment relating to share hedging costs and instruments	(111)	(189)
Dividends paid to shareholders	(1 911)	(2 192)
Net cash outflows from financing activities	(4 813)	(4 841)
Net increase/(decrease) in cash and cash equivalents	1 357	(3 171)
Cash and cash equivalents at beginning of the year	1 442	4 612
Exchange (losses)/gains	(1)	1
Cash and cash equivalents at end of the year	2 798	1 442

SEGMENTAL REPORTING

For management reporting purposes, the group has reported business units based on how the group's chief decision makers operate the business.

Chief operating decision makers monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The five reportable segments are as follows:

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories. This segment includes the following divisions: Mr Price Apparel, Mr Price Sport, Miladys, Power Fashion and the Studio 88 group.
- The Home segment retails homewares and furniture. This segment includes Mr Price Home, Sheet Street and Yuppiechef.
- 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 to the trading segments noted. The trading segments are only allocated costs for information technology, distribution costs and shared services costs which is done in proportion to their relative sales contribution to the group. All remaining center of excellence costs (corporate and governance services) which are not directly related to the running of the segments are not charged out. Segments are managed on a targeted operating margin percentage basis sufficient to cover the demand of unallocated service costs relating to these centers. Net finance income and income taxes are managed at a group level and are not allocated to operating segments.

R'm	**2024 30 Mar 52 weeks Reviewed**	2023 1 Apr 52 weeks Audited	% Change
Retail sales			
Apparel	**29 145**	24 183	20.5
Home	**6 270**	6 252	0.3
Telecoms	**1 171**	1 063	10.2
Total	**36 586**	31 498	16.2
Other revenue			
Apparel	**62**	67	(7.8)
Home	**13**	4	250.1
Financial Services	**869**	829	4.8
Telecoms	**185**	150	23.8
Central Services	**68**	120	(42.7)
Total	**1 197**	1 170	2.3
Profit before finance costs and finance income			
Apparel	**4 455**	3 848	15.8
Home	**662**	859	(23.0)
Financial Services	**514**	403	27.7
Telecoms	**133**	85	55.5
Central Services	**(457)**	(275)	66.4
Total	**5 307**	4 920	7.9
Segment assets			
Apparel	**15 557**	16 066	(3.2)
Home	**3 203**	3 317	(3.4)
Financial Services	**2 626**	2 506	4.8
Telecoms	**429**	251	70.9
Central Services	**8 001**	6 641	20.5
Total	**29 816**	28 781	3.6

R'm	2024 30 Mar 52 weeks Reviewed	2023 1 Apr 52 weeks Audited	% Change
Segment liabilities			
Apparel	**10 304**	10 572	(2.5)
Home	**2 800**	2 861	(2.1)
Financial Services	**132**	159	(17.1)
Telecoms	**190**	157	20.9
Central Services	**964**	1 104	(12.7)
Total	**14 390**	**14 853**	(3.1)

SUPPLEMENTARY INFORMATION AND NOTES

	2024 30 Mar 52 weeks Reviewed	2023 1 Apr 52 weeks Audited
Total number of shares issued (000)	**263 584**	263 584
Number of Ordinary shares (000)	**256 791**	256 791
Number of B Ordinary shares (000)	**6 793**	6 793
Less: shares held by share trusts	**6 756**	6 390
Net number of shares in issue (000)	**256 828**	257 194
Weighted average number of shares in issue (000)	**257 016**	257 274
Net asset value per share (cents)	**6 006**	5 415
Reconciliation of headline earnings (R'm)		
Attributable profit	**3 280**	3 115
Loss on disposal and impairment /reversal of impairment of property, plant, equipment (PPE), intangible assets and right-of-use assets and insurance proceeds on PPE	**35**	(18)
Taxation adjustment	**(9)**	5
Headline earnings	**3 306**	3 102

Notes:

1. The reviewed condensed consolidated financial statements, for which the directors take full responsibility, were approved by the directors on 12 June 2024 and have been reviewed by Deloitte & Touche, who issued an unmodified review conclusion report thereon. The results have been prepared under the supervision of Mr P Nundkumar, CA(SA), Chief Financial Officer.

2. The reviewed condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements and the requirements of the South African Companies Act 71 of 2008. The JSE Limited Listings Requirements require condensed financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS as issued by the International Accounting Standards Board) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The JSE Thematic Review findings have also been considered. The accounting policies applied in the preparation of the reviewed condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements except for the application of IFRS 17, which is effective from FY2024 (refer note 8).

3. The disaggregated revenue is as follows:

R'm	2024 30 Mar Reviewed	2023 1 Apr Audited
Retail sales	36 586	31 498
Insurance revenue^	198	230
Telecoms income (non-retail)	161	147
Interest and fee charged on debtors	671	598
Club fees	32	27
Sundry income	135	168
Retail sales and other revenue	**37 783**	**32 668**
Finance income	161	185
Revenue	**37 944**	**32 853**
Tender type Retail sales	36 586	31 498
Cash sales	32 513	27 494
Credit sales	4 073	4 004

^Previously Insurance premiums under IFRS 4

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.

4. During the 2021 financial year, the company received assessments from SARS relating to the disallowance of certain deductions claimed in the 2015 to 2017 years of assessment. In June 2022, SARS raised assessments disallowing certain deductions, as well as including receipts of a capital nature in taxable income, for the 2018, 2019 and 2020 years of assessment. The company, supported by senior counsel opinion, is in the process of legally disputing all of these assessments. No adjustments have been made to the financial statements as the directors are of the opinion that the likelihood of the liability is insignificant.

5. Management has evaluated the year end provisioning amounts for inventory and trade receivables taking into account the effects of the current economic environment.

   The provision for net realisable value of inventory represents management's estimate of the extent to which merchandise at the reporting date will be sold below cost. The inventory provision of R609m represents 7.9% (2023: 7.9%) of the inventory balance at year end.

   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. The impairment of total trade receivables provision represents 13.9% of the trade receivables balance. The gross trade receivables balance at year end increased 15.1% to R2 848m. The group reassessed the suitability of its write off point, resulting in an increase in the estimated total gross carrying amount at default held in Stage 3, as well as an increase in the lifetime expected credit loss. The resultant net impact on net trade receivables was an increase in net trade receivables, disclosed in the Stage 3 >120 days charge off portfolio. The net impact on profit of loss was a credit of R3.4m. There has been no change to the credit policies of the group.

6. The fair value of foreign exchange contracts (FECs), synthetic forwards, options and Oil hedge options as calculated by the banks is measured using a forward pricing model. The significant inputs into the Level 2 fair value of FECs, synthetic forwards and options are yield curves, market interest rates and market foreign exchange rates. The significant inputs into the Level 2 fair value of the Oil hedge Options are volume (litres), daily ZAR price per litre, market foreign exchange rates and the average month/calculation period. The recognised amount is the carrying amounts. There were no Oil hedge options held at the end of the financial year.

7. The group has assessed right-of-use assets, intangibles and goodwill for impairment and no further impairments were recognised.

8. IFRS 17 – Insurance Contracts is effective for annual reporting periods beginning on or after 1 January 2023. Based on the shareholders' agreement with respect to the cell captive arrangements, the in-substance reinsurance contracts issued consist of initial and subsequent contract boundaries of one year. Based on the contract boundary, the group is eligible to apply the Premium Allocation Approach (PAA). Based on the group's assessment, the transition from IFRS 4 to IFRS 17 has an increase in liabilities of R1.7m and a decrease in profit and loss of R1.7m, as a result of increase in the Liability for Incurred Claims (LIC) due to the inclusion of the Risk Adjustment. It has been assessed by the group that the adoption of IFRS 17 for the cell captive arrangement has not had a material impact on the reviewed condensed consolidated financial statements. The group has elected to apply IFRS 17:B137 and has not changed the treatment of accounting estimates made in

previous financial statements. Disclosure has been updated to reflect a net Cell Captive Structure which is the net receivable from the cell in the statement of financial position, compared to previous disclosure which reflected the gross reinsurance asset and liabilities.

9. The following transactions were entered into with individuals, who meet the definition of entities over which such individuals are deemed to have a controlling influence: Related party Vukile Property Fund (Pty) Ltd, a company of which NG Payne, the chairman, is a director. Store rental of R25.0m (2023: R76.4m) was paid. Related party Hyprop Investments Ltd, a company of which R Inskip, a director, is a director and chair of the Remunerations Committee and member of the Nominations Committee. Store rental of R35.2m was paid. Related party Aria Capital (Pty) Ltd, a company of which MM Blair, the CEO, is a shareholder. Rental paid of R2.3m (2023: R nil).

10. The directors and management have reviewed the group's budget and cash flow forecasts, and related solvency and liquidity ratios. They have also considered the current trading environment. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern in FY2025 and beyond and have continued to adopt the going concern basis in preparing the condensed consolidated annual financial statements.

Durban
13 June 2024

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF MR PRICE GROUP LIMITED

We have reviewed the condensed consolidated financial statements of Mr Price Group Limited, contained in the accompanying report, which comprise the condensed consolidated statement of financial position as at 30 March 2024 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in note 2 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, Interim Financial Reporting.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Other Matter

The consolidated financial statements of the Group for the 52 weeks then ended 1 April 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 27 June 2023.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Mr Price Group Limited for the year ended 30 March 2024 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in note 2 to the financial statements, and the requirements of the Companies Act of South Africa.

Deloitte & Touche
Registered Auditor
Per: Camilla Howard-Browne CA(SA), RA
Partner

12 June 2024

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