mr price group limited

Annual results and cash dividend declaration for the 52 weeks ended 29 March 2025

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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/2025/JSE/ISSE/MRPE/06062025.pdf and https://www.mrpricegroup.com and does not contain full or complete details. The information contained in this announcement has not been reviewed or reported on by the company's auditors. The condensed consolidated financial statements for the year ended 29 March 2025 have been reviewed by Deloitte & Touche, and their unmodified review conclusion is included in the full announcement. 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). Any investment decision in relation to the company's shares should be based on the full announcement.

SUMMARY

Revenue	EBITDA	Operating profit*
R40.9bn	R8.9bn	R5.8bn
+7.9%	+8.2%	+8.9%
HEPS	**Cash resources**	**Final dividend per share**
1 424.0c	R4.1bn	593.5c
+10.7%	Cash conversion ratio: 94.9%	+12.7%

*Profit before finance income and costs

FINAL CASH DIVIDEND DECLARATION

A final dividend of 593.5 cents per share (474.80 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	01 July 2025
Date trading commences 'ex' dividend	Wednesday	02 July 2025
Record date	Friday	04 July 2025
Payment date	Monday	07 July 2025

Note: Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 02 July 2025 and Friday, 04 July 2025, both dates inclusive.

COMMENTARY

Further market share gains and double-digit earnings growth

Mr Price Group demonstrated the continued resilience of its fashion-value model throughout its 2025 financial year ("Period"). Total revenue increased by 7.9% to R40.9bn and the group gained 50bps of market share (RLC). The gross margin expanded 80bps to 40.5% and the group achieved a record operating profit level of R5.8bn, with its operating margin increasing 20bps to 14.2%.

Basic and headline earnings per share of 1 416.3 cents and 1 424.0 cents were up 11.0% and 10.7% respectively. Diluted headline earnings per share grew 10.1% to 1 379.3 cents against sector leading earnings growth in the base of 6.3%.

The group recorded a strong second half performance as it gained further profitable market share, in line with its targeted strategic outcome, and increased diluted headline earnings per share by 12.1%. This was despite the weaker month of February for the retail sector and the shift of school holidays and Easter from March to April. This performance was due to improved sales momentum and lower markdowns following a more muted retail environment in the first half.

A final dividend of 593.5 cents per share was declared, up 12.7%.

Group CEO, Mark Blair, said: "The first half of the financial year was challenging for the retail sector but improved in the second half. We are very satisfied to have gained similar levels of market share in both periods, reflecting the value we were able to provide our customers despite very different economic conditions. The growth in sales momentum through the second half was supported by strong comparable store sales growth and GP margin gains across all trading segments."

GROUP RESULTS SUMMARY

Group retail sales of R39.4bn increased 7.8% and comparable store sales increased 3.4% (H2: retail sales and comparable store sales accelerated to 9.9% and 5.7% respectively). Other revenue increased 6.6% to R1.3bn.

Group store sales increased 7.8% and online sales 7.9%, reflecting the effectiveness of the group's omni-channel strategy in meeting its customers' shopping preferences. Momentum improved in H2 across both sales channels, with sales growing 9.5% and 11.5% respectively. Group unit sales increased 3.6% (H2: 4.9%) and retail selling price (RSP) inflation of 3.7% enabled its leading value positioning.

The group surpassed 3 000 stores during the Period, as it opened 184 new stores across its 15 trading chains, expanding its total store footprint to 3 030 stores. Weighted average trading space increased 4.3%. New store returns continue to be closely managed and far exceeded the group's ROOA thresholds, which are well in excess of its WACC.

The group's customers continued to prefer to transact with cash, as its cash sales constituted 89.3% of group retail sales and increased 7.9%. Interest rate cuts in H2 supported an improving credit environment, reflected in the group's approval rate increasing to 20.3% and peaking at 23.8% in March 2025. Credit approvals will continue to be cautiously managed, while the group's lay-by offering gained further support.

The group's gross profit margin expanded 80bps to 40.5%. This performance was due to strong merchandise execution and lower markdowns across trading segments as its merchandise GP margin increased to 41.3% and its Telecoms GP margin expanded to 20.0%. Additionally, further gains were made in each of its acquired businesses as the upward margin trajectory continued due to improving sourcing practices and operational efficiencies.

Profit from operating activities increased 8.9% to R5.8bn, with strong growth of 11.7% in H2. Total expenses increased 10.0%, which included net weighted average space growth of 4.3%. The group's expenses to retail sales and other revenue ratio of 27.9% was within its targeted range. All other expenses were carefully managed, resulting in the operating margin expanding 20bps to 14.2%, in the midpoint of the group's medium-term targeted range. Operating margin in H2 expanded 30bps to 16.3% and is typically seasonally higher than H1.

The Financial Services segment revenue increased 5.7% to R918m. Debtors' interest and fees increased 6.1% despite a reduction in the repo rate of 75bps during the Period. Improvement in the credit cycle in H2 provided an opportunity for the group's credit granting scorecard to be re-assessed and increase its account approval rate. It frequently monitors the scorecard against consumer affordability metrics and will continue its prudent approach. Provisions for net bad debt are sufficient and the net bad debt to book ratio remains low.

Gross inventory was up 10.6% and stock freshness remained at the high level of 85.1%, an increase on the prior period.

The majority of the group's capital expenditure of R830m was apportioned towards new stores, expansions and revamps. The remaining capex was primarily allocated to key strategic enablement projects within the technology and supply chain functions. The group's cash conversion ratio of 94.9% increased significantly and was far ahead of the medium-term target. This high level of cash generation contributed to the cash balance rising to R4.1bn while the group remains debt free.

OUTLOOK

The global economy has been characterised by uncertainty in 2025. Significant shifts in trade partnerships and the potential of US enforced tariffs have threatened growth prospects across markets. The South African economy has not been spared from this impact and its forecast GDP growth has been revised downwards from the previously bullish outlook at the end of 2024.

Prior to this, South Africa's GDP growth over the previous decade of 0.7% has not been conducive to fostering a healthy business environment. A highly competitive and low growth economy requires the government reform agenda to be accelerated in order to create higher levels of employment and stimulate economic activity.

The consumer environment in South Africa remains volatile. In the short-term, consumer relief was supported by low inflation, lowering petrol prices and interest rate cuts of 100bps which collectively increased disposable income. Real wage growth has experienced some level of recovery, however the sustainability of an improving consumer environment in South Africa in the medium-term could be challenging due to the uncertainty transcending from the global and domestic economies.

Notwithstanding the volatile environment, the group remains committed to delivering differentiated fashion-value merchandise, which continues to be recognised and supported by its loyal and growing customer base. Mr Price Apparel remains the most shopped retailer in South Africa according to MAPS, recognition that supports its commitment to being the customers' value champion.

Group retail sales in Q1 FY2026 to 31 May increased 11.6%, with all trading divisions gaining market share in April 2025 (latest available RLC data).

The group is confident that its business model, value positioning and brand power will enable it to outperform the market through varying economic cycles, displayed by its consistent market share gains over the past two years. Focus remains on extracting maximum value through profitable market share from its 15 trading chains and investment into strategic enablement projects, predominantly in the technology and supply chain functions.

"We have a strong but disciplined growth mindset. Our team has evaluated many opportunities and declined most. Our three acquisitions in recent years have delivered a combined operating profit of R1.2bn in FY2025 and continue to be earnings accretive. Our focused research is ongoing to identify the next growth vehicle that will support the achievement of our long-term vision," said Blair.

He added, "While there is a great deal of uncertainty around us, our team is extremely focused on delivering consistently strong earnings performances. Our strategy is clear, and we remain sharply focused on executing our proven business model. I extend my thanks to our more than 32 000 associates for their ongoing commitment, to our customers for their patronage and to our suppliers and landlords for their support and partnership for their efforts in achieving this result."

Mr Price Group Limited Registration Number: 1933/004418/06 - Incorporated in the Republic of South Africa - ISIN: ZAE000200457 - JSE/A2X code: MRP

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