PART 6: ECONOMIC

OVERVIEW

The group actively works towards optimising its value chain in alignment with its fashion-value retail model. This includes sustainably improving cost, capability, collaboration, responsiveness, newness, and agility from suppliers and merchant teams. Suppliers' social compliance (see page 61) and environmental outcomes are often deeply intertwined with economic performance, requiring a blended approach to performance management and improvement.

The group's value chain development initiatives are supported by a comprehensive, fit for purpose, and proprietary supplier performance measurement tool that tracks a balanced scorecard of supplier performance metrics. Using this data, the group supports value chain development in partnership with suppliers, government, industry clusters, and in-house strategic development programmes.

The group has a longstanding commitment to local procurement, and has already achieved its 2030 objective to procure 100 millions units per annum from South Africa. Localisation supports in-season trading agility, allowing trading divisions to respond within season to customer demands, and simultaneously supports job creation in South Africa.

KEY ECONOMIC ACHIEVEMENTS FOR FY2026:

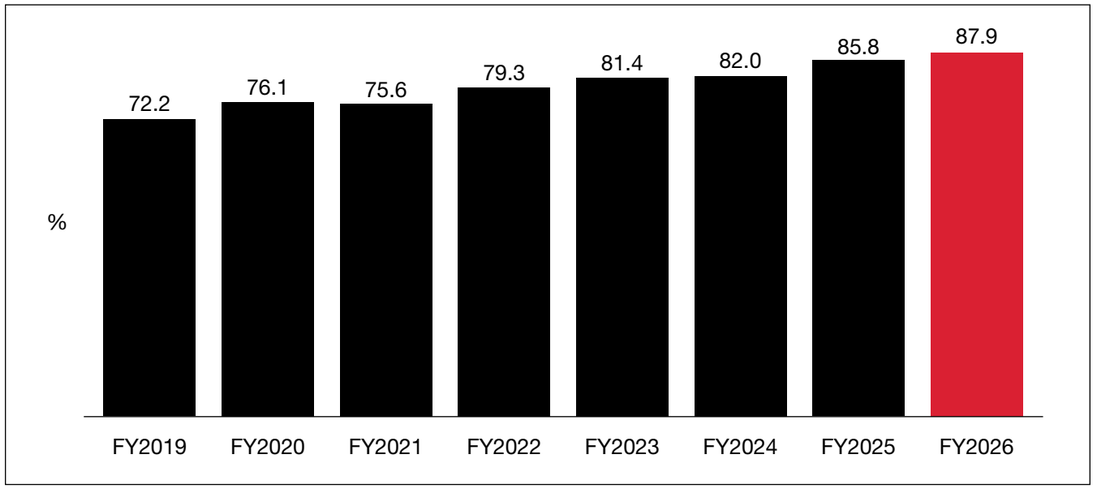
Sustainable indicator	SDG	FY2026 actuals
RSA procurement (units)	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS	**130.6m** products manufactured in RSA
% RSA procurement (% of cost price)		**38.6%** of the group's spend is on RSA manufactured goods
Supplier performance: % of order book A - C grade		**93.1%** of suppliers are graded A-C
Supplier performance: OTIF %		**87.9%** of suppliers delivered orders both on time and in full
Supplier performance: OT %		**91.7%** of suppliers delivered orders on time
Supplier performance: IF %		**95.3%** of suppliers delivered orders in full

6.1 SUPPLIER GRADING AND PERFORMANCE

The group's proprietary balanced scorecard monitors supplier performance across delivery reliability, quality, social compliance, environmental impact, and merchant partnership. When combined, these metrics are used to calculate an overall grade (from A - E) and score, which is then used to recognise, reward, and improve suppliers.

Regular communication of performance data, collective problem solving, and targeted upgrading projects have led to significant improvements across the groups' supplier base in recent years. Through these initiatives and improvements, suppliers benefit from increased order volumes, while trading divisions deliver full product offerings to customers as planned.

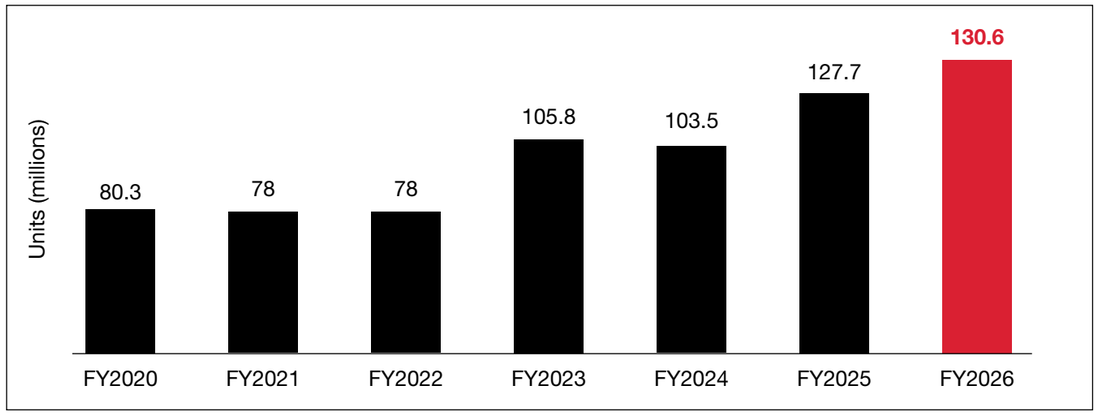
Orders on time and in full



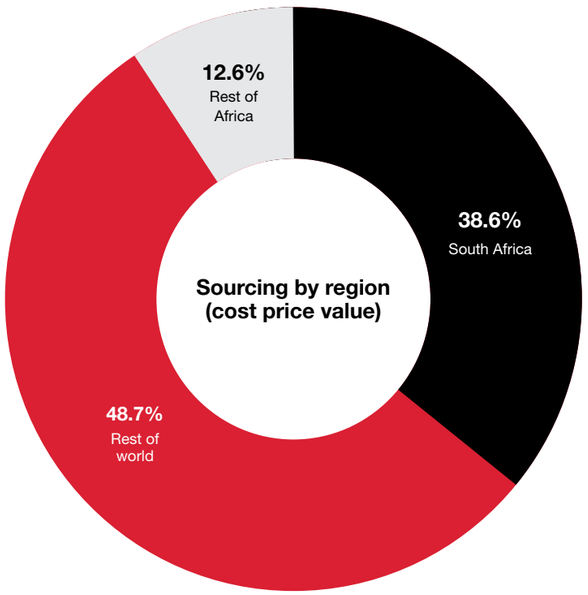
6.2 LOCAL PROCUREMENT

The group is a signatory to and supports the Department of Trade Industry and Competition's Retail-Clothing Textile, Footwear and Leather Master Plan 2030. In line with its commitment, the group has continued to increase its procurement from South African suppliers from 80.3 million units in FY2020 to 130.6 million units in FY2026, representing significant growth of 62.6% over six years. This procurement, valued at R5.69 billion at cost price, represents 38.6% of the group's total merchandise spend.

Number of units procured in South Africa



For the period, over 50% of the group's procurement was from the Africa region. While the group remains committed to procuring its largest contribution of products from South Africa and the region, several challenges influence commercial procurement decisions. These include accessing the required capability, quality, technology and skills that meet the needs of the business and its customers. To address these challenges, the group established the Mr Price Supplier Development Cluster (SDC) in 2022. The SDC aims to identify supplier development opportunities and investments to enhance the competitive advantage of local supply through the design and rollout of a localisation roadmap. The group has contributed R2.59 million to the cluster since inception, which is co-funded by the DTIC's Clothing, Textile, Footwear and Leather Growth Programme (CTFLGP) and aims to improve and leverage the competitive advantage of local supply.



Over 50% of the group's procurement is from Africa

Certified OKEO-TEX(R) Standard 100 couches manufactured in South Africa

6.3 INDUSTRY PARTNERSHIPS

The group further supports the local industry through its participation in several industrial development clusters. Firstly, the KwaZulu-Natal Clothing and Textile Cluster (KZN CTC), which is a not-for-profit public/private sector partnership of local manufacturers, retailers, and government aimed at boosting the competitiveness of the local industry. Among its many activities, the KZN CTC helps the group identify and share best practices, engage with existing suppliers on risks and opportunities within the industry, as well as find future suppliers. Secondly, the group established the SDC, in partnership with the Industrial Development Corporation, to improve the competitiveness of strategic suppliers to the group, as well as facilitate experimentation and innovation within trading divisions towards best practice retailing. Thirdly, the group continues to facilitate the beneficiation of sustainably grown local cotton, now in its 12th year of operation. The sustainable cotton programme actively coordinates multiple stakeholders within the cotton value chain towards sustainably produced local cotton products. To achieve this, the group coordinates hundreds of local smallholder farmers to grow cotton with verified, sustainable farming practices, and then negotiates early farmer payments, product volumes, prices, and sustainable manufacturing practices with multiple value chain partners to process the cotton from the fibre into yarn, then into appropriate fabric, and ultimately into finished product in store.

A detailed case study on the SDC was included in the 2025 **Together We Do Good report**.

In FY2026, around 320 tonnes of cotton were procured through through this programme with more than 800 small holder farmers benefiting.

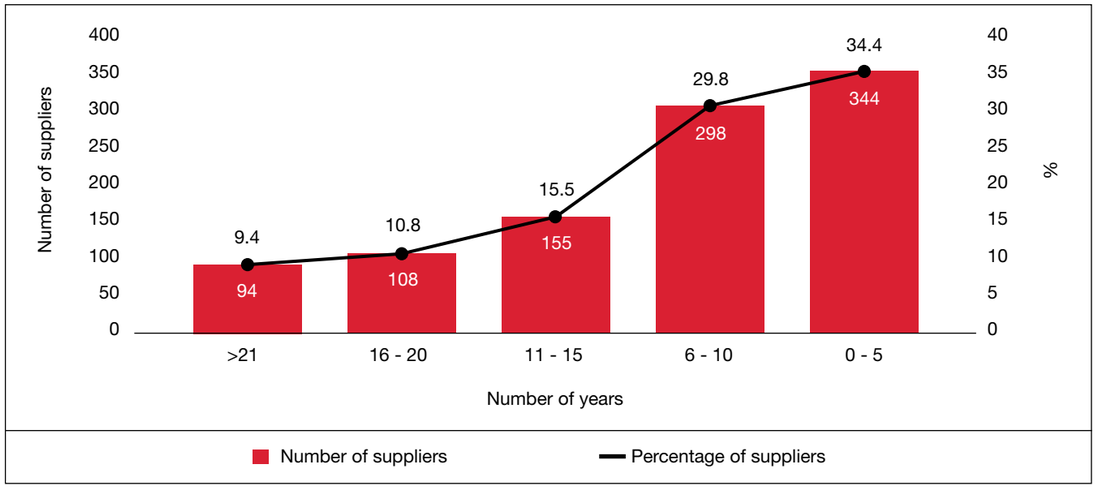
6.4 VALUE CHAIN SKILLS DEVELOPMENT

Finding and onboarding future suppliers to the group is an important part of maintaining a healthy value chain, as it enables newness, competition and succession. To do this on an ongoing basis across multiple trading divisions requires a structured, principled, and coordinated approach to identifying high potential suppliers which are suitable for our trading divisions, developing those showing potential but which are not fully retail ready, and finally fast-tracking viable suppliers into meaningful partnerships. Partnering with external third parties, the group has actively developed numerous future suppliers to become retail ready through coaching and training focused on trend, design, pattern making, range development, business acumen, compliance, quality processes, logistics, production efficiencies, sustainable costing, and broader value proposition development and execution.

6.5 SUPPLIER PARTNERSHIPS

The tenure of the group's approximately 1000 active suppliers (excluding newer divisions - Power Fashion, Yuppiechef, and Studio 88) is reflected in the graph below. Over 35% of suppliers have traded with the group for more than 10 years and 94 have had a relationship with the group for more than 20 years. While long-standing supplier partnerships are important, the group balances this with new supplier partnerships - offering competition, succession, and differentiation in its fashion-value merchandise offerings to customers. During FY2026, the group onboarded 53 new suppliers. See page 62 for more on the supplier compliance process.

Duration of supplier partnerships



6.6 SUPPLIER DEVELOPMENT

The group adopts a supportive role regarding suppliers and has a dedicated supplier development function within the ESG Centre of Excellence. This team, in partnership with each trading division, provides direct performance improvement coaching to key suppliers, whilst collectively problem-solving value chain optimisation risks and opportunities.

In FY2026, as part of the group's enterprise and supplier development programme, qualifying black-owned small- and medium-sized businesses were provided with financial loans to the value of R37.5 million. This programme, which has been operating for 14 years, primarily supports suppliers to procure raw materials more efficiently for orders placed by the group. In addition, these loans enable early payments to smallholder cotton farmers, producing sustainably grown local cotton for many of the group's local toweling products. Please see the enterprise and supplier development portion of the **Social section** of this report on **page 60**.

6.7 SUPPLIER ENGAGEMENT

The group strives to continuously improve its relationship with suppliers. Each year, a supplier engagement survey is conducted to assess progress and identify improvement opportunities. The FY2026 score of 78.0% for the group was based on responses from 128 suppliers who provided insight into improvement opportunities for trading division teams to further optimise supplier partnerships. Encouragingly, suppliers continue to score the group well above competitors across all areas assessed, including clarity and contribution to strategy, merchant skills, dispute resolution mechanisms, and clarity of performance expectations.

6.8 CASE STUDY: BUILDING COMPETITIVE ADVANTAGE THROUGH VALUE CHAIN DEVELOPMENT

In 2017, after decades of building strong partnerships with its suppliers, the group began a process to better understand the risks and opportunities within its value chain. Guided by its founding value of Partnership, and its aim to be a responsible and purpose-driven retailer, the group developed several long-term initiatives to enable a more sustainable business that could simultaneously benefit people, profit and planet. What began as a largely compliance-driven approach has evolved into a data-led, commercially focused, competitive advantage, that now actively drives merchant efficiencies, supplier competitiveness, sustainability outcomes and operational resilience. The group in partnership with its suppliers have made significant progress in both strengthening and professionalising its value chain. Key progress is detailed in the table below, providing a strong foundation for the next phase of value chain development the group is actively pursuing.

Progress to date	FY2017	FY2026
Supplier visibility	Unknown	97.6%
Factories audited	Unknown	92.7%
High-risk audits	Unknown	2.2%
Cleaner production and sustainable materials	Unknown	30% of units
Packaging from recycled materials	Unknown	98.4%
Average OTIF	75%	87.9%
B-BBEE level	Level 8	Level 5 (forecast)

These outcomes reflect a deliberate focus on improving visibility, accountability and measurement across the value chain. Supplier scorecards are now embedded in sourcing decision making, quality and compliance standards strengthened, and sustainability performance is consistently tracked, incentivised, and managed across the group.

BUILDING A PLATFORM FOR FUTURE GROWTH

Importantly, this progress has not come at the expense of commercial performance. Instead, it has demonstrated that targeted, well coordinated value chain interventions deliver meaningful returns - from improved OTIF and reduced risk, to cost savings through emissions reductions and enhanced supplier capability.

With these foundations in place, the group is now well positioned to pursue further opportunities. The next phase of the value chain development strategy focuses on upgrading strategic suppliers at scale, deepening in season agility, efficiently finding and developing future suppliers, and embedding responsible sourcing practices throughout the value chain. Together, these initiatives will further strengthen competitiveness, resilience, and long-term value creation for the business, its partners and its shareholders.

PART 7: ETHICS

7.1 GOVERNANCE AND BUSINESS ETHICS

The group is committed to ethical and effective leadership and to being a responsible corporate citizen which safeguards the interests of all its stakeholders. The group's core values of Passion, Value and Partnership form the foundation of its ethical culture and leadership and are embraced by all associates. These beliefs permeate all business activities, from board level to everyday store operations. More information on ethical leadership is available in the **Governance report** on **page 154**.

The board retains ultimate responsibility for the governance of ethics and has delegated ethics oversight to the SETS. The committee sets the tone for ethical culture and behaviour across the group through the approval of the code of conduct and related policies. In supporting the board, the SETS oversees the group's conduct and approach to ethics, ensuring that business is conducted in a manner aligned with the group's commitment to responsible corporate citizenship. The committee furthermore delegates the implementation and day to day management of ethics to senior management. In fulfilling its mandate, the SETS also discharges its statutory duties in terms of the Companies Act and monitors the group's activities with due regard to applicable legislation, legal requirements and recognised codes of best practice.

The code of conduct formalises the group's stance on various ethical issues, includes and upholds the group's commitment to human rights, equal opportunity, fair treatment, forced and child labour, environment and anti-bribery and corruption principles. The code of conduct is incorporated into associate employment contracts as well as contractual arrangements with suppliers and other service providers and is publicly available on the group's **website**.