

Mock Independent Valuation Appraisal

Subject Entity: Mr Price Group Limited (JSE: MRP)

Date of Valuation: May 29, 2026

Basis of Value: Fair Market Value / Intrinsic Value

Valuation Approach:	Income Approach (DCF)	Market Capitalization:	ZAR 40,459 million
Current Share Price:	ZAR 156.97	Shares Outstanding:	265 million
Concluded Fair Value:	ZAR 258 per share	Implied Equity Value:	ZAR 66,702 million

Purpose and Scope of Valuation

This report presents an independent determination of the Fair Market Value of the ordinary equity of Mr Price Group Limited ("MRP" or "the Company") as of May 29 2026. The valuation has been prepared utilizing a discounted cash flow approach to isolate the intrinsic value of the Group's current operations, independent of short-term market volatility or sentiment-driven price deviations as a result of a proposed transaction undertaken by the group's management to acquire NKD Group a foreign clothing retailer . The proposed transaction has been met with significant disapproval market-wide as South African companies have struggled to successfully execute and integrate foreign subsidiaries , resulting in significant losses for otherwise solid businesses.

Fair Market Value is defined herein as the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

Valuation Methodology

The primary methodology employed is the **Income Approach**, specifically a 5-year Unlevered Discounted Cash Flow (DCF) analysis, calculating the present value of projected Free Cash Flows to the Firm (FCFF). A Terminal Value was appended utilizing the **Exit Multiple Method**, corroborated by the **Gordon Growth Method**.

- **Enterprise value to Equity:** The Implied Enterprise Value was adjusted by adding cash and cash equivalents (R4,147m), and deducting total IFRS 16 lease liabilities (R8,686m), non-controlling interests (R988m), and other debt-like items (R1,604m) to arrive at the Implied Equity Value.
- **Treatment of NKD Group:** To maintain valuation conservatism regarding the recent €478m European acquisition of NKD Group, the base case isolates the domestic South African cash flows.

Discount Rate & Cost of Capital (WACC)

The projected free cash flows were discounted using a Weighted Average Cost of Capital (WACC) of **12.5%**. This discount rate was derived utilizing the Capital Asset Pricing Model (CAPM) subject to the following technical adjustments:

- **Risk-Free Rate:** 8.40%, benchmarked against the South African 10-Year Government Bond yield.
- **Equity Risk Premium (ERP):** 6.00%, reflecting the systemic risk of the South African equity market.
- **Beta:** To accurately reflect the systematic risk inherent in South African retail a beta of **0.85** was applied

Core Financial Projections

Operating assumptions are rooted in historical averages and verifiable macroeconomic data, excluding speculative growth:

- **Revenue Top-Line:** Forecasted to grow at a stabilized rate of 7.0% tapering to 6.0% by FY2030, excluding European expansion.
- **Gross Margin:** Held constant at a historical average of 42.4%. As a value retailer, the model assumes Mr Price has no pricing power elasticity to expand margins in the current inflation environment.
- **Working Capital:** Inventory days remain locked at 122 days, ensuring working capital appropriately burdens the free cash flow conversion schedule.

Valuation Conclusion & Sensitivity Bounds

Based on the quantitative parameters applied to the Income Approach, the concluded Fair Market Value of MRP's equity is **R258.65 per share**.

A sensitivity table has been attached to reflect different scenarios applied to the valuation models .

WACC / EV/EBITDA Multiple	5,5x	6,0x	6,5x	7,0x	7,5x
9,0%	R 238	R 253	R 267	R 281	R 295
10,0%	R 229	R 243	R 256	R 270	R 283
11,0%	R 220	R 233	R 246	R 259	R 272
12,0%	R 212	R 224	R 236	R 249	R 261
13,0%	R 204	R 215	R 227	R 239	R 251
14,0%	R 196	R 207	R 219	R 230	R 241

