

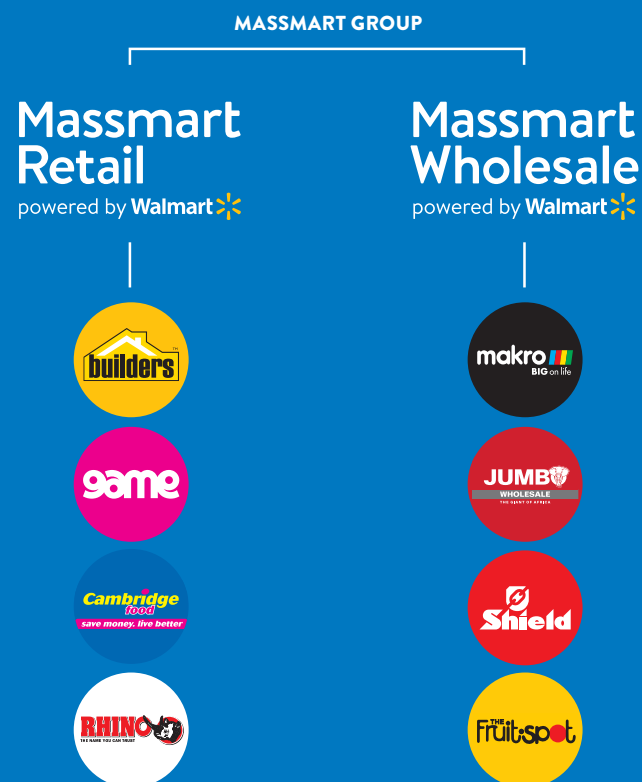
Massmart powered by Walmart 

Saving our customers money so they can live better

Results for the 52 weeks ended
27 December 2020



Massmart, with total sales of R86.5 billion, comprises two Business Units operating 423 retail and wholesale stores, in 13 sub-Saharan countries. Through our widely-recognised, differentiated retail and wholesale formats, we have leading market shares in the General Merchandise, Liquor, Home Improvement and Wholesale Food markets. Our key foundations of high volume, low cost and operational excellence enable our price leadership.



Performance summary 2020*

for the 52 weeks ended 27 December 2020

↓ 7.7%

SALES
R86.5 BILLION
2019: R93.7 BILLION

↓ 35.3%

LOSS FOR THE PERIOD
(R1.8 BILLION)
2019: (R1.3 BILLION)

↑ 5.5%

**TRADING PROFIT BEFORE
INTEREST AND TAXATION**
R1,172.7 MILLION
2019: R1,111.2 MILLION

↑ 19.7%

HEADLINE LOSS*
(R0.9 BILLION)
2019: (R1.2 BILLION)

↑ 49.6%

**HEADLINE LOSS BEFORE
REORGANISATION,
RESTRUCTURE AND FOREIGN
EXCHANGE COSTS(TAXED)***
(R0.5 BILLION)
2019: (R1.0 BILLION)

↑ IMPROVEMENT ↓ DETERIORATION

All statistics reported are inclusive of IFRS 16, in both periods, unless stated otherwise.

* Restated 2019 to apply the SAICA Circular 1/2019 on headline earnings which resulted in a prior year amount of R5.7 million relating to the pre-tax loss arising from the partial or full termination of leases no longer being a headline earnings adjustment. Refer to note 1.

Massmart Reviewed Consolidated Results

for the 52 weeks ended 27 December 2020

Group performance

Massmart's total sales for the 52-weeks ended 27 December 2020 of R86.5 billion represents a decline of 7.7%, with a 7.5% decline in comparable store sales. Sales for the Group were impacted by the Covid-19 pandemic and more specifically by restrictions on the sale of certain product categories.

An increased focus on optimising our product and promotional mix, combined with shifting towards the everyday low price (EDLP) proposition resulted in the gross margin increasing by 147 bps to 20.4% from December 2019.

In light of top-line pressure and the significant impact of the Covid-19 pandemic on cash flows, we remain focused on improving expense management and continuing the trend from our interim reporting period, further savings have been realised through our sustainable cost saving initiatives. This is reflected in an excellent cost performance with total operating expenses decreasing by 0.3% over the prior year period.

A trading profit of R1,172.7 million was reported for the period representing an increase of 5.5% from the R1,111.2 million trading profit reported in 2019.

For the year, the Group incurred total retrenchment costs of approximately R132.5 million. This related to the closure of the 23 DionWired stores, the previously announced potential closure of 11 Masscash stores, the reorganisation of the Game store level operating model and the reorganisation of certain corporate support functions into centralised Centres of Excellence.

As a result of current market conditions and as part of an annual impairment assessment, the Group deemed it necessary to perform reviews of the carrying value of Goodwill and certain store assets. Consequently, the Group has impaired goodwill relating to the Cambridge and Fruitspot businesses. In addition, the Group impaired the assets relating to the meat processing facility in Massfresh. Certain store level assets have also been impaired. The consolidation of the Group's various head office locations and a strategic shift away from fresh and frozen offerings in the Game business, resulted in further impairments being recognised.

Fluctuations in Rest of Africa currencies continue to negatively impact the Group, especially in relation to foreign denominated leases and payables. These contributed to the foreign exchange loss of R381.1 million.

Despite pressure associated with lower cash flows from restrictions relating to the Covid-19 pandemic, a combination of ongoing focus on working capital management and reduced interest rates resulted in net finance costs improving by 3.4% to R1.7 billion during the period. Cash interest to financiers reduced by 15.6%.

The Group reported a net loss of R1.8 billion for the period, compared to a loss of R1.3 billion during the same period in 2019, while reporting a headline loss of R0.9 billion for the period compared to a headline loss of R1.2 billion during the same period in 2019.

Operating environment and Covid-19 impact

The global outbreak of the Covid-19 pandemic has presented unique and significant challenges in both our economic and operating environments. The South African Government, and other African countries we operate in, implemented various measures and restrictions in an attempt to curb the spread of the virus. While we fully support safety protocols, various restrictions have had a significant negative impact on our trading. These trading restrictions have led to a further deterioration of the already weakened South African economy, with increasing unemployment rates, continued Rand depreciation and a further contraction of GDP, placing additional financial strain on consumers.

During the five-week level 5 lockdown period, introduced from 26 March 2020, the sale of non-essential goods, General Merchandise, Home Improvement, Liquor and tobacco products were prohibited. None of our South African Builders stores were permitted to trade during this period, severely impacting our Home Improvement business. The above categories combined contributed approximately 56% of the Group's total sales in the 52-week period ending December 2019.

With the introduction of level 4 at the beginning of May 2020, all Builders stores, in South Africa and the rest of Africa, were permitted to recommence trading albeit with restrictions on the sale of certain product categories. The sale of Liquor and tobacco products remained prohibited.

Liquor trading was permitted under level 3 lockdown from 1 June 2020, with restricted trading hours. On 12 July 2020, Liquor trading was once again prohibited, while tobacco sales still remained prohibited from March 2020. South Africa moved to level 2 lockdown on 18 August 2020 and to level 1 lockdown on 21 September 2020. Under both these levels, liquor trading was permitted but with restricted trading hours with tobacco sales once again permitted. On 11 November 2020 liquor trading was permitted during all licensed hours, however trading hours were again restricted from 15 December 2020 and a total ban reintroduced on 28 December 2020 as part of the risk-adjusted lockdown level 3 measures. On 1 February 2021 it was announced that liquor trading would be permitted once again but with restricted trading hours and from 1 March 2021 liquor

trading was again permitted during all licensed hours.

Massmart estimates total lost full year sales relating to Covid-19 restrictions, which included extended restrictions on normal trading of liquor and tobacco products, to be approximately R6.1 billion when compared to 2019. During the 2020 reporting period, additional employment and operating costs (R132.4 million) were incurred in response to trading and operational challenges, including ensuring a safe shopping and workplace environment for customers and employees. Included in the employment and occupancy costs are Government supported Temporary Employment Relief Scheme (TERS) benefits and negotiated rental relief of R288 million received by the Group during the period.

The Group continued to focus on preserving cash during the turnaround plan implementation, which was further amplified during the various lockdown levels.

During the level 5 lockdown in particular, and continuing thereafter, we paid suppliers in full and on time, which contributed to enhanced supplier relationships, ensuring no disruption in the supply of stock. Supplier payment terms were also renegotiated, where possible, to preserve cash while taking care of the most vulnerable smaller suppliers. The Group also continued to pay employees' salaries and benefits in full and on time.

Group overview

Financial review

Massmart's total sales for the 52 weeks of R86.5 billion represents a decline of 7.7%, with a decline of 7.5% in comparable sales and year-to-date internal sales inflation of 5.3%. Sales from our South African stores decreased by 7.9%, with comparable stores sales decreasing by 7.6%. Total sales from our rest of Africa stores decreased by 5.4% in Rands, and by 6.9% in constant currencies. On a comparable store basis, our rest of Africa store sales decreased by 6.6% in Rands and by 7.4% in constant currencies. The sales performance across our major categories is reflective of the dramatically shifting purchasing patterns of consumers during the Covid-19 pandemic, as well as trading restrictions. Food and Liquor sales of R49.1 billion decreased by 8.2%, Home Improvement sales of R13.9 billion decreased by 2.1% and General Merchandise sales of R21.6 billion decreased by 9.9%.



A combination of product and promotional mix optimisation and shifting towards the EDLP proposition resulted in gross margins improving from 18.9% to 20.4%.

Our continued focus on cost savings as part of the cost reset strategy, which was further accelerated by the lockdown, resulted in total operating expenses declining by 0.3% over the prior period. Employment costs, the Group's largest cost category, decreased by 0.9% (with a comparable decrease of 0.9%), due to the closure of DionWired stores, recruitment freezes and the impact of the TERS and skills development levy relief. We also paid R12 million of once-off bonuses to our front-line staff during April in appreciation of their commitment during the most severe lockdown period.

Occupancy costs decreased by 9.7% (with a comparable decrease of 6.7%), mainly as a result of rental relief from landlords and lower utility costs as a result of the lockdown. Rental re-negotiation benefits were also realised, particularly during the second half of the year.

Depreciation and amortisation decreased by 1.2% (and by 1.5% on a comparable basis) due to reduced capital investments with a primary focus on cash preservation.

Included in other operating costs are once-off expenses which relate to value enhancing turnaround plan costs. Also included are implementation costs associated with the SAP S/4 HANA ERP system go-live in Game during the period, as well as maintenance costs of the Hybris web and fulfillment platform implemented in Makro in 2019.

A trading profit of R1,172.7 million was reported, representing a 5.5% increase on the prior year.

As part of the Group's portfolio optimisation project, restructure costs of R132.5 million were incurred. This relates to the closure of the 23 DionWired stores, the potential closure of the 11 Cambridge and Wholesale Cash & Carry stores, the reorganisation of the Game store level operating model and the reorganisation of certain corporate support functions into centralised Centres of Excellence.

Goodwill and other asset impairment costs of R798.7 million were recognised during the period. This related mainly to the goodwill impairments in our Cambridge and Fruitspot businesses combined with store level and the meat plant asset impairments.

Fluctuations in various African currencies continue to negatively impact the Group, especially in relation to foreign currency denominated leases and payables.

Finance costs relating to borrowings other than lease liabilities amounted to R556 million and decreased by 15.6% compared to the prior year. Total net cash finance costs, including the interest cost related to our lease obligations, remained flat, decreasing by R7.7 million.

The Group's effective tax rate of 6.5% (2019: -18.9%) resulted from not recognising certain deferred tax assets, disallowed goodwill impairment losses and the taxation charge on profit-making entities.

Financial position

Capital expenditure was cautiously managed to preserve cash during the period. The Group continued to invest in IT infrastructure and the refurbishment of existing stores. Total capital expenditure for the period amounted to R1,034.1 million, down 24.6% from the same period in 2019. This, together with the impact of asset impairments, resulted in property, plant and equipment decreasing by 4.4%. Expansionary capital expenditure amounted to R764.2 million, of which IT infrastructure was R292.9 million mostly associated with the SAP S/4

HANA ERP system in Game, while replacement capital expenditure amounted to R269.9 million.

We continue to focus on improving working capital. Operating cash inflows before working capital movements of R4,559.5 million improved by 6.1% over the prior period resulting from concerted efforts in cash preservation. The Group's inventory balance remained relatively flat compared to 2019 levels. Substantial progress has been made in clearing the Group's aged stock however lower than expected sales in December resulted in a higher stock holding with inventory days increased by six days. While trade receivables decreased by 6.3%, debtors days remained unchanged at eight days, despite pressure on our wholesale and commercial customers. Trade creditors decreased by 1.7% while creditors days increased by six days.

Despite the Group incurring a R1,753.4 million net loss during this reporting period, ongoing focus on liquidity, and pro-active management of cash flow resulted in net debt (excluding debt related to lease liabilities) increasing by only R152.6 million representing a 6.3% increase compared to the prior period.



Appreciation

We are thankful to all our associates, especially our frontline associates, who have adapted to new ways of working during these unprecedented times and continue to contribute to the Group's performance and serving our customers. We are proud of the role we played as an essential goods provider during the lockdown period, while ensuring a safe environment for customers and associates. We are also thankful to the Board and Management teams for their continued support and commitment to the Group.

Directorate

On 25 February 2020, the resignation of Enrique Ostalé from the Board, Remuneration and Nominations Committee was announced. The appointment of JP Suarez to the Board and Remuneration and Nominations Committees was also announced, effective 25 February 2020. On the same day shareholders were informed that Charles Redfield was nominated for appointment as a non-Executive Director of the Board, effective 25 February 2020.

On 6 March 2020, Phumzile Langeni's resignation from the Risk and Audit Committees to focus on her other Massmart Board and Committee duties was announced, with effect from 21 May 2020.

The appointment of Sandile Lukhele as the Group Company Secretary was announced on 13 August 2020, with effect from 1 October 2020. Sandile assumed the role of Senior Vice President, Massmart General Counsel and Company Secretary and serves as a member of Massmart's Executive Committee.

Outlook

Total sales for the nine weeks to 28 February 2021 of R13.9 billion represents a sales decline of 6.6%, with a 6.5% decline on a comparable sales basis. This decline is attributed mainly to the liquor ban in January and delayed reopening of schools.

We expect the uncertain operating environment, constrained consumer financial health position and negatively impacted economy related to the Covid-19 pandemic to persist. While trade in all our categories is currently permitted, the imposition of new restrictions remain uncertain. We however remain confident that we will continue to effectively navigate through this difficult period and with the support of our exceptional employees we have a renewed focus on our number one priority, our customers.

The financial information on which this outlook statement is based has not been reviewed and reported on by the Company's external auditors.

Dividend

Our current dividend policy is to declare and pay an interim and final cash dividend representing a 2.0 times dividend cover, unless circumstances dictate otherwise. Due to the headline loss reported and the need to preserve cash, as a result of the uncertain economic outlook, no final dividend has been declared. No final dividend was declared in December 2019.



Mitchell Slape
Chief Executive Officer



Mohammed Abdool-Samad
Chief Financial Officer
04 March 2021

Condensed consolidated income statement

Rm	52 weeks December 2020 (Reviewed)	52 weeks December 2019 (Audited)	Period % change
Revenue	86,764.0	93,843.1	(7.5)
Sales	86,485.5	93,660.0	(7.7)
Cost of sales	(68,857.4)	(75,946.8)	9.3
Gross profit	17,628.1	17,713.2	(0.5)
Other income	277.1	179.7	54.2
Depreciation and amortisation	(3,030.9)	(3,067.1)	1.2
Employment costs	(8,110.8)	(8,188.0)	0.9
Occupancy costs	(1,233.0)	(1,365.8)	9.7
Other operating costs	(4,357.8)	(4,160.8)	(4.7)
Trading profit before interest and taxation	1,172.7	1,111.2	5.5
Reorganisation and restructure cost	(132.5)	(33.1)	(300.3)
Impairment of assets	(798.7)	(229.5)	(248.0)
Insurance proceeds on items in PP&E	1.4	3.4	(58.8)
Operating profit before foreign exchange movements and interest	242.9	852.0	(71.5)
Foreign exchange loss (note 5)	(381.1)	(143.0)	(166.5)
Operating (loss)/profit before interest	(138.2)	709.0	(119.5)
- Finance costs	(1,779.8)	(1,860.4)	4.3
- Finance income	41.8	61.3	(31.8)
Net finance costs	(1,738.0)	(1,799.1)	3.4
Loss before taxation	(1,876.2)	(1,090.1)	(72.1)
Taxation (note 15)	122.8	(206.3)	159.5
Loss for the period	(1,753.4)	(1,296.4)	(35.3)
Loss attributable to:			
- Owners of the parent	(1,737.7)	(1,307.5)	(32.9)
- Non-controlling interests	(15.7)	11.1	(241.4)
Loss for the period	(1,753.4)	(1,296.4)	(35.3)
Basic loss per share (cents)	(802.3)	(600.6)	(33.6)
Diluted basic loss per share (cents)	(802.3)	(594.9)	(34.9)
Dividend (cents):			
- Interim	-	-	-
- Final	-	-	-
- Total	-	-	-

Headline earnings

Rm	52 weeks December 2020 (Reviewed)	52 weeks December 2019 (Audited) (Restated)*	Period % change
Reconciliation of loss for the period to headline loss			
Loss for the year attributable to owners of the parent (IAS 33 earnings)	(1,737.7)	(1,307.5)	(32.9)
Write-off of tangible and intangible assets	814.6	245.3	232.1
Net loss/(profit) on disposal of tangible and intangible assets	30.4	(2.5)	1,316.0
Profit on sale of non-current assets classified as held for sale	–	(27.6)	100.0
Insurance proceeds on items of PP&E	(1.4)	(3.4)	58.8
Total tax effects of adjustments	(30.2)	(55.8)	45.9
Headline loss	(924.3)	(1,151.5)	19.7
Reorganisation and restructure costs after taxation	95.5	23.8	301.3
Headline loss before reorganisation and restructure costs (taxed)	(828.8)	(1,127.7)	26.5
Foreign exchange after taxation	333.9	146.5	127.9
Headline loss before reorganisation, restructure and foreign exchange costs (taxed)	(494.9)	(981.2)	49.6
Headline loss per share (cents)	(426.8)	(529.0)	19.3
Headline loss per share before reorganisation, restructure and foreign exchange costs (taxed) (cents)	(228.5)	(450.7)	49.3
Diluted headline loss per share (cents)	(426.8)	(523.9)	18.5
Diluted headline loss per share before reorganisation, restructure and foreign exchange costs (taxed) (cents)	(228.5)	(446.4)	48.8

* Restated to apply the SAICA Circular 1/2019 on headline earnings which resulted in a prior year amount of R5.7 million relating to the pre-tax loss arising from the partial or full termination of leases no longer being a headline earnings adjustment. Refer to note 1.

Condensed consolidated statement of comprehensive income

Rm	52 weeks December 2020 (Reviewed)	52 weeks December 2019 (Audited)	Period % change
Loss for the year	(1,753.4)	(1,296.4)	(35.3)
Items that will not subsequently be re-classified to the Income Statement:			
Net post retirement medical aid actuarial profit	11.9	8.1	46.9
Items that will subsequently be re-classified to the Income Statement:			
Foreign currency translation reserve	(13.6)	(91.8)	85.2
Fair value movement on OCI financial assets	(0.1)	(0.3)	66.7
Income tax relating to components of other comprehensive income	22.6	15.2	48.7
Total other comprehensive profit/(loss) for the year, net of tax	20.8	(68.8)	130.2
Total comprehensive loss for the year	(1,732.6)	(1,365.2)	(26.9)
Total comprehensive loss attributable to:			
– Owners of the parent	(1,716.9)	(1,376.3)	(24.7)
– Non-controlling interests	(15.7)	11.1	(241.4)
Total comprehensive loss for the year	(1,732.6)	(1,365.2)	(26.9)

Condensed consolidated statement of financial position

Rm	December 2020 (Reviewed)	December 2019 (Audited) (Restated)*	Period % change	December 2018 (Audited) (Restated)*
ASSETS				
Non-current assets	21,804.4	21,747.2	0.3	14,165.8
Property, plant and equipment, including investment property	8,206.9	8,585.9	(4.4)	9,109.5
Lease assets	8,590.0	8,283.1	3.7	537.7
Goodwill and other intangible assets	3,272.6	3,865.5	(15.3)	3,656.3
Investments and other financial assets	176.1	127.0	38.7	119.2
Deferred taxation (note 15)	1,558.8	885.7	76.0	743.1
Current assets	18,446.9	16,722.1	10.3	18 796.2
Inventories	11,880.6	11,893.8	(0.1)	12,180.9
Trade, other receivables and prepayments	3,126.3	3,311.8	(5.6)	3,884.2
Taxation	90.8	224.7	(59.6)	361.3
Cash on hand and bank balances	3,349.2	1,291.8	159.3	2,369.8
Non-current and current assets classified as held for sale	488.3	159.5	206.1	11.6
Total assets	40,739.6	38,628.8	5.5	32,973.6
EQUITY AND LIABILITIES				
Total equity	2,951.5	4,800.8	(38.5)	6,528.6
Equity attributable to owners of the parent	2,991.3	4,785.5	(37.5)	6,514.0
Non-controlling interests	(39.8)	15.3	(360.1)	14.6
Non-current liabilities	10,188.4	11,121.2	(8.4)	3,694.5
Interest-bearing borrowings	277.8	2,000.0	(86.1)	1606.0
Lease liability	9,659.9	8,950.7	7.9	648.1
Deferred taxation (note 15)	153.0	79.7	92.0	76.7
Other non-current liabilities and provisions	97.7	90.8	7.6	1,363.7
Current liabilities	27,599.7	22,706.8	21.5	22,750.5
Trade, other payables and provisions	20,252.0	19,408.0	4.3	20,116.1
Taxation	394.1	200.4	96.7	205.3
Bank overdrafts	95.3	141.2	(32.5)	1,744.0
Interest-bearing borrowings and debt facilities (note 14)	5,550.9	1,572.8	252.9	616.1
Lease liability	1,307.4	1,384.4	(5.6)	69.0
Total equity and liabilities	40,739.6	38,628.8	5.5	32,973.6

* Restated due to reclassification of certain rebate receivable balances against trade payables. Refer to note 3.

Condensed consolidated statement of cash flows

Rm	December 2020 (Reviewed)	December 2019 (Audited)
Operating cash before working capital movements	4,559.5	4,296.8
Working capital movements	(187.9)	(82.0)
Cash generated from operations	4,371.6	4,214.8
Taxation paid	(105.9)	(191.1)
Net interest paid	(1,707.0)	(1,714.7)
Dividends received	–	20.0
Dividends paid	(39.9)	(162.4)
Cash inflow from operating activities	2,518.8	2,166.6
Investment to maintain operations	(269.9)	(580.3)
Investment to expand operations	(764.2)	(791.5)
Investment in subsidiaries	(0.2)	–
Proceeds on disposal of property, plant and equipment	19.4	7.9
Proceeds on disposal of assets classified as held for sale	–	41.3
Proceeds on disposal of intangible assets	2.0	–
Other net investing activities	7.5	11.3
Cash outflow from investing activities	(1,005.4)	(1,311.3)
Interest-bearing borrowings and debt facilities raised	7,544.2	600.0
Interest-bearing borrowings and debt facilities repaid	(5,288.3)	(1,062.2)
Lease liabilities repaid	(1,537.9)	(1,551.2)
Cash inflow arising from other non-current liabilities	26.3	–
Net acquisition of treasury shares	(66.2)	(48.4)
Cash inflow/(outflow) from financing activities	678.1	(2,061.8)
Net increase/(decrease) in cash and cash equivalents	2,191.5	(1,206.5)
Foreign exchange movements on cash and cash equivalents	(88.2)	(12.7)
Opening cash and cash equivalents	1,150.6	2,369.8
Closing cash and cash equivalents	3,253.9	1,150.6

Condensed consolidated statement of changes in equity

Rm	Share capital	Share premium	Other reserves	Retained profit	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance as at December 2018 (Audited)	2.2	139.1	729.6	5,416.0*	6,286.9*	14.6	6,301.5*
Dividends declared	–	174.3	–	(302.6)	(128.3)	(32.6)	(160.9)
Total comprehensive income	–	–	(68.8)	(1,307.5)	(1,376.3)	11.1	(1,365.2)
Changes in non-controlling interests	–	–	0.5	–	0.5	22.2	22.7
IFRS 2 charge and treasury shares acquired	–	(103.6)	102.4	3.9	2.7	–	2.7
Balance as at December 2019 (Audited)	2.2	209.8	763.7	3,809.8	4,785.5	15.3	4,800.8
Dividends declared	–	–	–	–	–	(39.9)	(39.9)
Total comprehensive income	–	–	20.8	(1,737.7)	(1,716.9)	(15.7)	(1,732.6)
Changes in non-controlling interests	–	–	–	–	–	0.5	0.5
IFRS 2 charge and treasury shares acquired	–	(86.9)	6.9	2.7	(77.3)	–	(77.3)
Balance as at December 2020 (Reviewed)	2.2	122.9	791.4	2,074.8	2,991.3	(39.8)	2,951.5

* Balances re-presented by R227.1 million after taking into account the effect of the adoption of the IFRS 16 accounting standard.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments identified below. The table below reflects 'Financial instruments' and 'Non-current assets classified as held for sale' carried at fair value, and those 'Financial instruments' and 'Non-current assets classified as held for sale' that have carrying amounts that differ from their fair values, in the Statement of Financial Position:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Rm	December 2020 (Reviewed)					December 2019 (Audited)				
	Total carrying amount	Total Fair Value	Level 1	Level 2	Level 3	Total carrying amount	Total Fair Value	Level 1	Level 2	Level 3
Financial Assets										
Financial assets at fair value through profit or loss	227.7	227.7	–	52.5	175.2	154.7	154.7	–	28.5	126.2
Financial assets at amortised cost	–	–	–	–	–	7.5	7.3	–	7.3	–
Financial assets at fair value through OCI	0.7	0.7	0.7	–	–	0.8	0.8	0.8	–	–
Non-current assets classified as held for sale	488.3	488.3	–	–	488.3	159.5	159.5	–	–	159.5
	716.7	716.7	0.7	52.5	663.5	322.5	322.3	0.8	35.8	285.7
Financial liabilities										
Financial liabilities at amortised cost	2,277.8	2,348.9	–	2,348.9	–	2,266.5	2,326.3	–	2,326.3	–
Financial liabilities at fair value through profit or loss	500.3	500.3	–	500.3	–	37.4	37.4	–	37.4	–
	2,778.1	2,849.2	–	2,849.2	–	2,303.9	2,363.7	–	2,363.7	–

The Group's unlisted investments in insurance cell-captives were previously categorised within Level 2 of the fair value hierarchy. Due to the unobservability of the lowest level input that is significant to the entire valuation the financial asset was re-categorised to Level 3 in the 2019 financial year. Other than this transfer, there were no further transfers between Level 1, Level 2 and Level 3 fair value categories during the financial period.

The financial assets and financial liabilities have been presented based on an analysis of their respective natures, characteristics and risks.

The valuation techniques and significant inputs driving the fair value determination have remained unchanged since the Group's December 2019 year-end. For more detail in this regard, refer to the 2019 Massmart Group audited consolidated annual financial statements available on the Group's website as well as the 2020 Massmart Group audited consolidated annual financial statements when these become available.

The Group has considered the significant unobservable inputs, the sensitivities attached to them as well as any possible interrelationship between significant unobservable inputs. Currently it is assessed that no such material inputs exist and that no reasonable movement in such an input would result in a material impact for the Group.

Fair value measurements categorised within Level 3 reconciliation

Rm	Financial assets at fair value through profit or loss		Non-current assets classified as held for sale	
	December 2020 (Reviewed)	December 2019 (Audited)	December 2020 (Reviewed)	December 2019 (Audited)
Opening balance	126.2	–	159.5	11.6
Financial assets recategorised to Level 3	–	100.9	–	–
Fair value adjustments recognised in the Income Statement	49.0	25.3	–	(16.9)
Held for sale assets sold during the period	–	–	–	(11.6)
Assets transferred as held for sale during the period	–	–	468.8	166.7
Held for sale assets transferred (to)/from property, plant and equipment during the period	–	–	(140.0)	9.7
Closing balance	175.2	126.2	488.3	159.5

Additional information

	December 2020 (Reviewed)	December 2019 (Audited)
Net asset value per share (cents)	1,365.0	2,183.8
Ordinary shares (000's):		
– In issue	219,138.8	219,138.8
– Weighted average (net of treasury shares)	216,580.3	217,686.4
– Diluted weighted average	222,666.0	219,793.1
Preference shares (000's):		
– Black Scarce Skills Trust 'B' shares in issue	2,797.7	2,797.7
Capital commitments (Rm):		
– Authorised and committed	326.5	1,018.4
– Authorised not committed	1,312.7	1,047.3
US dollar exchange rates:		
– Period end (R/\$)	14.61	14.03
– Average (R/\$)	14.93	14.42

Share data

Share Data: 30 Dec 2019 – 27 Dec 2020

Closing price, 27 Dec 2020	R43.90
Share price (52 week high)	R62.00
Share price (52 week low)	R18.84
Market Cap (billions)	R9.48
Shares in issue (millions)	
(net of treasury shares)	216.0
Shares traded (millions)	216.4
Percentage of shares traded	100.2%
Reuters	MSMJ.J
Bloomberg	MSM SJ

Business unit operational review

Rm	52 weeks December 2020 (Reviewed)	% of sales	52 weeks December 2019 (Audited and Restated)*	% of sales	Period % growth	Comparable % sales growth	Estimated % sales inflation [‡]
Sales**	86,485.5		93,660.0		(7.7)	(7.5)	5.3
Game	16,721.1		19,796.0		(15.5)	(13.2)	5.0
Builders	13,926.0		14,219.0		(2.1)	(2.9)	6.0
Cambridge and Rhino	8,266.5		9,553.1		(13.5)	(14.8)	7.1
Massmart Wholesale ^{††}	47,571.9		50,091.9		(5.0)	(5.3)	4.9
Sales Disaggregation	86,485.5		93,660.0				
South Africa	78,551.0		85,270.5				
Food and Liquor	45,029.0		49,132.1				
Durables	33,522.0		36,138.4				
Rest of Africa	7,934.5		8,389.5				
Food and Liquor	4,097.9		4,369.6				
Durables	3,836.6		4,019.9				
Trading profit/(loss) before interest and taxation[‡]	1,172.7	1.4	1,111.2	1.2	5.5		
Game	(532.5)	(3.2)	(391.0)	(2.0)	(36.2)		
Builders	1,032.6	7.4	848.5	6.0	21.7		
Cambridge and Rhino	(363.5)	(4.4)	(310.2)	(3.2)	(17.2)		
Massmart Wholesale ^{††}	1,036.1	2.2	963.9	1.9	7.5		

* Restated according to the new operating structure of the Group as required by IFRS 8. Refer to note 2.

** At an individual business unit level intercompany sales do reflect and are included in the measure of business unit profit or loss. In the above table and at a consolidated level all intercompany sales are completely eliminated. Only the Massmart Wholesale business unit made material intercompany sales in the current year amounting to R821.7 million (2019: R757.7 million).

‡ Group sales inflation is a weighted inflation.

† Included in the sales number is R321.1 million commission income (2019: R312.6 million) earned by acting as an agent through the Shield arrangement (a voluntary buying association). In cases where the Group acts as an agent in a transaction and where sales are recognised on a net basis, the contractual terms of such arrangements do not meet the requirements that allow offsetting financial instruments resulting in the related customer receivable and supplier payable balances being disclosed on a gross basis.

†† Massmart Wholesale comprises one operating segment due to their underlying brands sharing similar economic characteristics per the IFRS 8 criteria. Refer to note 2.

‡ Business Unit trading profit/(loss) includes Corporate allocations.

Business unit assets and liabilities

Rm	Total	Game	Builders	Cambridge and Rhino	Massmart Wholesale [†]	Other
December 2020 (Reviewed)						
Total Assets	40,739.6	9,352.0	7,584.7	2,720.9	11,908.1	9,173.9
South Africa	37,266.0					
Rest of Africa	3,473.6					
Total Liabilities	37,788.1	7,632.1	6,270.8	1,732.5	13,406.1	8,746.6
South Africa	35,222.3					
Rest of Africa	2,565.8					
December 2019 (Audited and Restated) [‡]						
Total Assets	38,628.8	9,361.7	7,122.1	2,867.1	13,554.2	5,723.7
South Africa	34,105.1					
Rest of Africa	4,523.7					
Total Liabilities	33,828.0	8,231.5	5,744.8	2,025.4	14,238.6	3,587.7
South Africa	31,288.7					
Rest of Africa	2,539.3					

* Restated according to the new operating structure of the Group as required by IFRS 8. Refer to note 2.

‡ Restated due to reclassification of certain rebate receivable balances against trade payables. Refer to note 3.

† Massmart Wholesale comprises one operating segment due to their underlying brands sharing similar economic characteristics per the IFRS 8 criteria. Refer to note 2.

Massmart Retail powered by Walmart*

Business Unit performance



TRADING GENERAL MERCHANDISE,
FOOD AND LIQUOR

↓ 15.5% ↓ 36.2%

R16.7bn	(R532.5m)	27.4%
SALES	TRADING LOSS	GROSS PROFIT
2019: R19.8bn	2019: (R391.0m)**	2019: 25.1%

149 stores in South Africa, Botswana, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Tanzania, Uganda, Zambia
DEC 2019: 173

As part of the turnaround plan, and as previously announced, the Group successfully closed 23 DionWired stores during the period.

Game's total sales for the 52 weeks of R16.7 billion was 15.5% lower than December 2019, while comparable stores sales contracted by 13.2%. Product inflation was estimated at 5.0%.

Trading restrictions in South Africa resulted in reduced categories permitted to be traded during the course of the year. Furthermore, reduced mall foot traffic, adjusted trading hours and sub-optimal in-stocks as a result of systems issues and vendor supply issues significantly impacted sales during the course of the year. Lost sales from the Covid-19 pandemic impact is estimated to be R0.9 billion. Online sales increased by 77.5% compared to the prior period. Teething issues from the SAP S/4 HANA ERP system, implemented on 1 June 2020, also negatively impacted sales. Sales from the South African Game stores declined by 13.2%. Sales from the rest of Africa stores decreased by 10.0% in Rands and by 12.3% in constant currencies due to continued currency weaknesses during the period.

Reduced stock obsolescence from improved stock management and optimising product and promotional mix from the shift towards the EDLP proposition improved gross margin by 230bps to 27.4% from 25.1% in the prior year.

Cost saving initiatives implemented resulted in savings in occupancy costs from successful rental re-negotiations, better supplier price negotiations and efficiencies realised through improved overtime scheduling. Expenses decreased by 3.8% and comparable expenses decreased by 1.2%. Included in this are the IT costs associated with the system implementation. Impairments relating to loss-making stores were also recognised during the period.

One Game and 23 DionWired stores were closed during the period resulting in reduced trading space of 5.0% to 533,793m² (2019: 561,874m²). No new stores were opened during the period.



TRADING DIY, HOME IMPROVEMENT
AND BUILDING MATERIALS

↓ 2.1% ↑ 21.7%

R13.9bn	R1,032.6m	35.9%
SALES	TRADING PROFIT	GROSS PROFIT
2019: R14.2bn	2019: R848.5m**	2019: 33.7%

120 stores in South Africa, Botswana, Kenya, Mozambique and Zambia
DEC 2019: 118

Builders total sales of R13.9 billion represents a decrease of 2.1% since December 2019, while comparable store sales declined by 2.9%, with product inflation estimated at 6.0%.

Trading restrictions resulted in the temporary closure of all South African Builders stores under lockdown level 5 in April 2020. Lost sales from the Covid-19 pandemic impact is estimated to be R1.0 billion. Sales from South African stores declined by 3.0% and by 3.6% on a comparable store sales basis. Sales from the rest of Africa stores increased by 8.0% with a 10.8% increase in constant currencies and by 4.4% and 12.9% respectively on a comparable store sales basis. Efforts made in online fulfilment practices have been beneficial with online sales increasing by 111.0% compared to the prior period.

Yard sales were down significantly compared to the prior year due to the suspension of the construction industry during the lockdown period with the industry battling to recover for the balance of the year. This decrease was offset by an increase in retail sales as consumers continued to prioritise home improvement and DIY projects. This, combined with optimising product and promotional mix improved gross margin by 220bps compared to December 2019.

Expenses were well managed and efforts made in cost saving initiatives continue to reap benefits. Furthermore rental relief contributed to an overall decline in occupancy cost. Expenses increased by only 0.2% during the period, with a 1.1% decrease on a comparable basis.

Two Builders Warehouse stores, one store in South Africa and the business unit's first store in Kenya, were opened during the period. This along with one Builders Express store being opened as well as one Builders Superstore in South Africa being closed during the period, resulted in a net 2.9% increase in trading space to 440,716m² (2019: 428,369m²).



FOOD RETAILER

↓ 13.5% ↓ 17.2%

R8.3bn	(R363.5m)	19.1%
SALES	TRADING LOSS	GROSS PROFIT
2019: R9.6bn	2019: (R310.2m)**	2019: 17.2%

63 stores in South Africa
DEC 2019: 61

Cambridge and Rhino total sales of R8.3 billion declined by 13.5%, and by 14.8% on a comparable store sales basis. Product inflation was estimated at 7.1%. Sales were further impacted by temporary store closures during the period due to positive Covid-19 cases and store sanitisations. Lost sales from the Covid-19 pandemic impact is estimated to be R0.8 billion.

Increased commodities and retail sales and optimising product and promotional mix with the EDLP proposition led to gross margin improving by 19.1% compared to the prior year.

Continued focus on working capital initiatives led to minimal stock obsolescence and stable stock aging. Expenses increased by only 0.9% with a 0.5% decrease on a comparable basis. Impairments relating to loss-making stores as well as the goodwill balance were also recognised during the period.

Two Cambridge stores were opened in South Africa during the period, resulting in a 1.6% increase in trading space to 123,398m² (2019: 121,432m²).

The Group had previously announced that we had identified a potential buyer for eight of the 11 Masscash stores which entered into a consultation process in terms of section 189 and section 189A of the Labour Relations Act 66 of 1995, as amended (the LRA) at the beginning of the 2020 financial year. On 16 February 2021, the Competition Tribunal approved the transaction covering those eight stores with a condition linked to employment security. The potential sale of the remaining three stores is still being contemplated. Subsequent to the announcement of the aforementioned 11 Masscash stores, a decision was taken to divest the Qwa Qwa Masscash store. A suitable buyer was found for the store and the transaction will close shortly.

* Restated according to the new operating structure of the Group as required by IFRS 8. Refer to note 2.

^ Business Unit trading profit/(loss) includes Corporate allocations.

Massmart Wholesale powered by Walmart

Business Unit performance



TRADING GENERAL MERCHANDISE,
FOOD AND LIQUOR

↓ **7.3%** ↓ **16.8%**

R27.2bn **R864.1m** **18.2%**
SALES TRADING PROFIT GROSS PROFIT
2019: R29.4bn 2019: R1,039.1m** 2019: 17.8%

22 stores in South Africa, including Massfresh, housing the Group's fresh produce, fresh meat and bakery operations, including The Fruitspot
DEC 2019: 22

Makro, Fruitspot and the meat processing plant total sales of R27.2 billion decreased by 7.3% compared to December 2019, with comparable stores sales contracting by 7.8%. Product inflation was estimated at 4.1%, and margins improved by 40bps compared to December 2019. Lost sales from the Covid-19 pandemic impact is estimated to be R2.6 billion.

At Makro, shifting consumer patterns emerging from the lockdown led to an increase in retail customers, and a reduction in wholesale and commercial customers. Makro also partnered with OneCart during the period further enabling the sale and delivery of over 11,000 grocery items and 124 liquor items. Online sales increased by 40.2% during the period.

The Fruitspot business was negatively impacted by distressed hotel, catering and restaurant industries.

Expenses were well managed despite increased bad debts (mainly from the liquor and hospitality industries), stock obsolescence and increased IT costs related to the Hybris web and fulfillment platform. This increase was offset against rental savings as a result of relief provided by landlords as well as successful rental re-negotiations. Expenses decreased by 1.9% during the period, with a 3.4% decrease on a comparable basis. Impairments relating to the Fruitspot business were also recognised during the period.

There were no stores opened or closed during the period and trading space remained unchanged at 251,632m² (2019: 251,632m²).



TRADING FOOD (WHOLESALE)
AND BUYING ASSOCIATION

↓ **1.8%** ↑ **328.7%**

R20.4bn **R172m** **11.7%**
SALES TRADING PROFIT/ (LOSS) GROSS PROFIT
2019: R20.7bn 2019: (R75.2m)** 2019: 10.5%

69 stores in South Africa, Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zambia; and Shield, a voluntary buying association.
DEC 2019: 69

Cash & Carry total sales of R20.4 billion declined by 1.8%, and similarly on a comparable store sales basis. Product inflation was estimated at 6.1%. Sales from South African stores declined by 1.2% and by the same percentage on a comparable store sales basis. Sales from the rest of Africa stores decreased by 5.3% with a 7.0% decrease in constant currencies and by the same percentage on a comparable store sales. Sales were impacted by the significant reduction of hospitality and commercial consumers, which also led to an increase in bad debts. Lost sales from the Covid-19 pandemic impact is estimated to be R0.8 billion.

Optimising product and promotional mix from the EDLP proposition and shelf-pricing improvements led to improved margins of 120bps compared to December 2019.

A focus on expense management and cost saving initiatives were realised in travel and consulting fees. Expenses decreased by 0.1% during the period, with a similar decrease in comparable expenses. Certain loss-making stores resulted in impairment expenses during the period.

There were no stores opened or closed during the period and trading space remained unchanged at 261,958m² (2019: 261,958m²).

Notes

- These reviewed provisional condensed consolidated results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), its interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, presentation and disclosure as required by International Accounting Standard (IAS) 34 'Interim financial reporting', the JSE Limited Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa. The accounting policies and methods of computation used in the preparation of the reviewed provisional condensed consolidated results are in terms of IFRS and are consistent in all material respects with those applied in the most recent Annual Financial Statements, except for the IFRS 16 practical expedient on lease concessions as well as the SAICA Circular 1/2019 on headline earnings which were applied for the first time in the June 2020 interim press release.
- During the reporting period, as part of the turnaround plan, the Group operating model was restructured from its previous four Divisions into two Business Units. The four Divisions comprised of Massdiscounters (incorporating the Game and DionWired brands); Masswarehouse (incorporating the Makro and Fruitspot brands); Massbuild (incorporating the Builders Warehouse; Builders Express; Builders Trade Depot and Builders Superstore brands); and Masscash (incorporating the Jumbo; Cambridge Food; Rhino; Trident; Jumbo Shield and Saverite brands). The two new Business Units comprise of Massmart Retail (incorporating Game, Builders, Cambridge and Rhino); and Massmart Wholesale (incorporating Makro, Fruitspot, Wholesale Cash & Carry). In terms of the requirements of IFRS 8 the composition of the Group's reportable segments were restated due to this structure change. The Group's reportable segments comprise Game (incorporating the Game and DionWired brands), Builders (incorporating the Builders Warehouse; Builders Express; Builders Trade Depot and Builders Superstore brands), Cambridge and Rhino (incorporating the Cambridge Food and Rhino brands) and Massmart Wholesale (incorporating the Makro Fruitspot, Jumbo, Trident; Jumbo Shield and Saverite brands).
- As part of the Group's continued IFRS 9 'Financial Instruments' compliance assessment it was noted that the Group has historically presented certain rebate receivable balances from vendors as part of the 'Trade, other receivables and prepayments' balance as opposed to offsetting these against the 'Trade, other payables and provisions' line as required by the accounting standard. This error has been corrected in the current year with rebate receivable balances of R1 709 million relating to the 2019 financial year and R1 809 million relating to the 2018 financial year being reclassified from the 'Trade, other receivables and prepayments' line to the 'Trade, other payables and provisions' line. This affects the Statement of financial position lines as follows:

Rm	December 2019 Audited 52 weeks			December 2018 Audited 52 weeks		
	Previously reported	Effect of change	Restated	Previously reported	Effect of change	Restated
Statement of financial position						
Trade, other receivables and prepayments	5,020.8	(1,709.0)	3,311.8	5,693.2	(1,809.0)	3,884.2
Total current assets	18,431.1	(1,709.0)	16,722.1	20,605.2	(1,809.0)	18,796.2
Total assets	40,337.8	(1,709.0)	38,628.8	34,782.6	(1,809.0)	32,973.6
Trade, other payables and provisions	21,117.0	(1,709.0)	19,408.0	21,925.1	(1,809.0)	20,116.1
Total current liabilities	24,415.8	(1,709.0)	22,706.8	24,559.5	(1,809.0)	22,750.5
Total equity and liabilities	40,337.8	(1,709.0)	38,628.8	34,782.6	(1,809.0)	32,973.6

* Restated according to the new operating structure of the Group as required by IFRS 8. Refer to note 2.

^ Business Unit trading profit/(loss) includes Corporate allocations.

4. In May 2020, the International Accounting Standards Board issued an amendment to IFRS 16 'Leases', dealing specifically with Covid-19 related rent concessions. In line with the practical expedient provided in the amendment, the Group recognised R102 million rental relief in the occupancy costs line of the condensed consolidated income statement relating to rent concessions meeting the conditions specified and occurring as a direct consequence of the Covid-19 pandemic.
5. The majority of Massmart's realised and unrealised foreign exchange loss was primarily a result of currency weakness in Mozambique, Nigeria and Zambia as well as the foreign exchange movements arising from the foreign exchange contracts entered into relating to the Walmart loan.
6. Following the announcement of the Group entering into a consultation process in terms of section 189 and section 189A of the Labour Relations Act 66 of 1995, as amended (the LRA) relating to 10 Cambridge and Rhino stores and one Wholesale Cash & Carry store, the Group received interest from various parties to acquire these stores. On 16 February 2021, the Competition Tribunal approved the transaction covering eight stores with a condition linked to employment security. The potential sale of the remaining three stores is still being contemplated. Subsequent to the announcement of the aforementioned 11 Masscash stores, a decision was taken to divest the Qwa Qwa Masscash store. A suitable buyer was found for the store and the transaction will close shortly.
7. On 21 January 2021 the Group announced that it had concluded a managed services agreement covering the Group's financial transaction processing activities with Genpact, a strategic partner of Walmart Enterprise Business Services ("Walmart EBS"). The managed services will affect Accounts Payable, Accounts Receivable, and defined activities in Financial Control, Tax, Treasury and FP&A transaction processing in the Massmart head office and our trading banner home offices. The agreement became effective in March 2021. In a separate agreement, Walmart, through Walmart EBS, will assist Massmart and Genpact with the managed services.
8. On 19 February 2021 the Group announced via SENS that following a more comprehensive strategic review, the Group had taken the decision to divest its interest in an additional 14 Cash & Carry stores. This decision is aligned to the Group's previously referenced turnaround

objective to optimise the group store portfolio and is enabled by the good progress that the Group has made toward consolidating the Makro and Masscash wholesale store base within the Massmart Wholesale Business Unit.

9. In an effort to optimise the Group's store portfolio, in line with the revised strategy, and to take a focused approach to deliver sustainable, profitable growth and best serve our customers, the board made the decision, subsequent to year-end, to appoint Barclays to facilitate the disposal of the Group's Cambridge/ Rhino and Massfresh (comprising The Fruitspot and a meat processing facility) assets. These proposed transactions are still in the exploratory stages with an uncertain outcome and as a consequence it is difficult to estimate what the financial impact will be on the Group. As at the 27 December 2020 financial year-end the relative contribution of these businesses to the Group's results were as follows:

Rm	Net Asset Value (Excluding Intercompany balances)	Trading Loss (before Interest and Tax)
Cambridge and Rhino	988.4	(363.5)
Massfresh	229.4	(136.0)

10. On 24 April 2020 Walmart, through its UK subsidiary, advanced an amount of R4 billion to the Group. This loan was Rand denominated, bore interest at the South African prime rate and was repayable by 24 July 2020. On 24 July 2020 the R4 billion Rand denominated loan was repaid and a new loan agreement was entered into with Walmart for a R4 billion US dollar denominated loan. This loan bore interest at the United States prime lending rate and was repayable within a 3-month period. A forward exchange contract was entered into to mitigate the foreign exchange risk. On 20 October 2020 a further loan modification agreement was entered into on substantially the same terms except for the maturity date which was amended to 26 January 2021. As at 27 December 2020 the foreign exchange risk related to the US dollar denominated loan continued to be mitigated by the forward exchange contract entered into. The prevailing United States prime lending rate as at this date was 3.25%. On 26 January 2021 a further loan modification agreement was entered into on substantially the same terms except for the maturity date which was amended to 26 April 2021.
11. Massmart and its Business Units enter into certain transactions with related parties in the normal course of business. As a 52.8%

shareholder, Main Street 830 Proprietary Limited, a subsidiary of Walmart, is entitled to a dividend based on their number of shares held. A net amount of R3.6 billion remains payable to Walmart, largely due to the loan advanced during the financial year. Non-loan related amounts due to and from Walmart are accounted for in 'trade, other payables and provisions' and 'trade, other receivables and prepayments' respectively.

12. Massmart offers a diverse range of retail offerings to the market consisting of Food & Liquor, General Merchandise and Home Improvement. Due to the cyclical nature of this industry, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period October to December are mainly attributed to the increased demand for non-Food categories as a result of an increase in discretionary spend leading up to the Black Friday and Christmas holiday periods. This information is provided to allow for a better understanding of the results.
13. The constant currency information included in these reviewed provisional condensed consolidated results has been presented to illustrate the Group's underlying ex-SA business performance excluding the effect of foreign currency fluctuations. In determining the application of constant currency, sales for the prior comparable financial reporting period have been adjusted to take into account the average monthly exchange rate for the current period. The table below depicts the percentage change in sales in both reported currency and constant currency for the given material currencies. The constant currency information incorporated in these provisional reviewed condensed consolidated results has not been audited or reviewed or otherwise reported on by our external auditors. The constant currency information is the responsibility of the Directors of Massmart. It has been prepared for illustrative purposes only and due to its nature, may not present Massmart's financial position, changes in equity, results of operations or cash flows.

Sales growth in:	Reported currency	Constant currency
Botswana Pula	(10.4%)	(15.9%)
Mozambican Metical	8.0%	5.0%
Nigerian Naira	(1.7%)	(6.8%)
Zambian Kwacha	(4.2%)	20.6%
Kenyan Shilling	40.8%	29.2%
Total ex-SA	(3.7%)	(4.3%)

14. Total interest-bearing borrowings and debt facilities, including bank overdrafts and lease liabilities, increased by R2.8 billion since December 2019. The increase is largely attributable to the loan received from Walmart, an additional drawdown on the Group's debt facilities as well as a R632.2 million increase in the Group's lease liabilities. This was offset through cash generation largely as a result of stringent working capital management and various cash preservation initiatives being applied. On 26 February 2021 the Group concluded agreements for the roll-over of its medium term bank loans. The repayment date of the Group's R600 million ZAR denominated fixed term loan was extended to February 2023 and the repayment date of the Group's R1 400 million ZAR denominated fixed term loan was extended to February 2024. All other terms have remained substantially unchanged.
15. The Group's effective tax rate, of 6.5% (2019: -18.9%) is mainly as a result of limiting the recognition of certain deferred tax assets, disallowed expenses relating to goodwill impairments and the taxation charge on profit-making entities. Deferred tax assets (i.e. arising from unutilised tax losses in trading entities) are recognised as a result of the reassessment of the recoverable amount of the deferred tax asset. The assessment considers the probability of forecasted future taxable income, which may include future tax planning opportunities.
16. These reviewed provisional condensed consolidated results have been reviewed by independent external auditors, Ernst & Young Inc. and their unmodified review report is available for inspection at the Company's registered office. The review was performed in accordance with ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Group's registered office. The Chief Financial Officer, Mohammed Abdool-Samad CA (SA), supervised the preparation of the Group's reviewed provisional condensed consolidated results.

**For more information call + +27 (0) 11 517-0000
or visit massmart.co.za/results2020**

Massmart Holdings Limited

("the Company" or "the Group")

JSE code MSM

ISIN ZAE000152617

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1940/014066/06 (incorporated in South Africa)

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