

Massmart Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration Number: 1940/014066/06)
Share code: MSM
ISIN: ZAE000152617
("Massmart" or the "Company" or the "Massmart Group")

SALES UPDATE FOR THE 52 WEEKS ENDED 27 DECEMBER 2020 AND MANAGEMENT SERVICES AGREEMENT WITH GENPACT COVERING FINANCIAL TRANSACTION PROCESSING ACTIVITIES

1. Sales update for the 52 weeks ended 27 December 2020

Further to the sales update for the 9 months ended 27 September 2020 released on SENS on 23 October 2020, Massmart hereby provides an update on sales for the 52 weeks ended 27 December 2020.

Trading for the 4th quarter of 2020 saw many of the previously imposed Covid-19 related trading restrictions lifted, which allowed trading to resume in most categories. Liquor trading, however, continued to be impacted by limitations on trading hours as well as reinstated trading restrictions as announced by the Government in mid-December.

The economic impact of the pandemic on consumer spending was evidenced by a general reduction in foot traffic, particularly in regional shopping malls, impacting sales in many merchandise categories during the 4th quarter. Specifically, and aligned to what was seen throughout the sector, sales over the traditional November 2020 Black Friday trading period were softer than those seen in 2019. The Company's extension of Black Friday promotions throughout the month of November did mitigate the impact of softer Black Friday weekend sales to some extent.

Foot traffic and sales remained muted in December, albeit with stronger sales performance in home improvement and DIY categories. Total 4th quarter sales of R25.6 billion represented a decrease of 4.1% over the same period last year, with comparable store sales decreasing by 3.6%. This represented a slight improvement in the trajectory of H2 sales, which ended with a decrease of 5.9% over the same period last year, with comparable store sales decreasing by 5.6%.

For the 52-week period, total sales amounted to R86.5 billion, representing a decrease of 7.7% over the same period last year, while comparable store sales decreased by 7.5%. Sales in our South African stores decreased by 7.9% (comparable stores decreased by 7.6%) while sales from our stores in the Rest of Africa decreased by 5.4% (comparable stores decreased by 6.6%). As previously announced, Massmart estimates lost sales as a result of Covid-19 trading restrictions, to be around R5.7 billion.

Massmart will provide further detail on its sales performance as part of its annual results release on 8 March 2021.

This sales update information has not been reviewed or reported on by the Company's external auditors.

2. Management services agreement with Genpact covering financial transaction processing activities

In January 2020 Massmart announced a project to re-organise the Massmart Group into a leaner, more agile two business unit structure supported by shared Centres of Excellence. This initiative moved quickly and included the closure of Dion-Wired and outsourcing our SAP applications development and support to the Walmart India Development Centre. It also resulted in the successful centralisation of previously autonomous support functions into shared, group-wide, Centres of Excellence covering: Real Estate, Supply Chain, Information Technology, Goods Not for Resale procurement and Human Resources.

In a further development we now announce that Massmart has concluded a managed services agreement covering our financial transaction processing activities with Genpact, a strategic partner of Walmart Enterprise Business Services ("Walmart EBS"). Genpact is a leader in finance and accounting transformation, and manages operations for many Global Fortune 500 companies across several industries, including retail and consumer goods, which is its fastest growing business. Genpact is not a related party to Walmart or to Massmart. 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 will become effective in March 2021.

In a separate agreement, Walmart, through Walmart EBS, will assist Massmart and Genpact with the managed services as EBS has executed multiple finance transformation programmes for Walmart in recent years across the United States, Canada, Latin America and other geographies (the "Transaction"). The Transaction agreement will be entered into, which will provide for, *inter alia*, the reimbursement of certain costs to be incurred by Walmart on behalf of Massmart. Further details regarding this transaction will be announced in due course once the agreement has been concluded.

3. Results for the 52 week ended 27 December 2020

The Massmart Group results for the 52 week ended 27 December 2020 will be released on Monday 8 March 2021 on SENS followed by a virtual results presentation.

Johannesburg
21 January 2021

JSE Sponsor: J.P. Morgan Equities South Africa (Pty) Ltd