

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 "Massmart Group")

RELATED PARTY TRANSACTION BETWEEN A WHOLLY OWNED SUBSIDIARY OF
WALMART INC AND MASSMART

1. Introduction

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 effort resulted in the successful centralisation of previously autonomous support functions into shared group-wide Centres of Excellence in areas such as Real Estate, Supply Chain, Information Technology, Goods Not for Resale procurement and Human Resources.

In the announcement published on SENS on 21 January 2021, we announced that Massmart had concluded a managed services agreement covering our financial transaction processing activities with Genpact ("MSA"), a leader in finance and accounting transformation. Genpact manages back-office operations for many Global Fortune 500 companies across several industries, including retail and consumer goods, which is its fastest growing business. The services that Genpact will manage for Massmart include 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.

2. Related party transaction with a wholly owned subsidiary of Walmart Inc. ("Walmart")

a. Back ground, rationale and salient terms

Massmart will incur transformational costs of USD16.2 million over the term of the MSA, including digital transformation, tools, process integration and change management costs, the majority of which is payable to Genpact in the first 2 years of the agreement ("Transformational Costs"). Of the total

Transformational Costs, USD13.36 million will be payable within the first two years of the contract.

Walmart, through its wholly-owned Irish subsidiary, Newgrange Platinum Services, Ltd. ("NGPS"), has entered into a contract to assist Massmart in managing the resultant cashflow impact by paying upfront costs to Genpact and charging these in equal installments (interest free) over the 8-year term of the contract to Massmart ("Genpact Agreement"). In terms of the Genpact Agreement, Genpact will bill NGPS.

Consequently, Massmart has entered into a back-to-back agreement with NGPS reflecting these terms ("NGPS Agreement"). The net effect of this agreement will provide cash flow relief to Massmart of USD11.34 million over the first 2 years of the MSA. The NGPS Agreement is a related party transaction as it is between a Massmart subsidiary and a Walmart subsidiary ("Related Part Transaction").

b. Pro forma info

The contractual value of the NGPS Agreement is USD16.2 million which is made of the Transformational Costs. The contractual value is determined based on the actual expenses incurred by NGPS from Genpact with no markup applied to the expenses incurred. The impact of the NGPS contract is to smooth the cash flow impact of the Transformational Costs in equal instalments over the term of the contract.

c. Fairness opinion

In terms of paragraph 10.7 of the Listings Requirements, of the JSE Limited ("JSE") ("JSE Listings Requirements") the Related Party Transaction is categorised as a small related party transaction.

Accordingly, the Board of Directors of Massmart ("Board") is required to provide the JSE with written confirmation from an independent professional expert confirming that the terms of the Related Party Transaction are fair insofar as ordinary shareholders of Massmart ("Shareholders") are concerned.

In compliance with paragraph 10.7(b) of the JSE Listings Requirements, PWC Corporate Finance (Pty) Ltd ("PWC") was appointed by the Board as the independent professional expert. PWC has concluded that the Related Party Transaction is fair as the Shareholders of Massmart are concerned. A copy of the fairness opinion will be open for inspection at the Company's head office (16 Peltier Drive Sunninghill), by sending an email request to sandile.lukhele@Massmart.co.za from the date of this announcement until 22 July 2021.

Johannesburg

24 June 2021

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