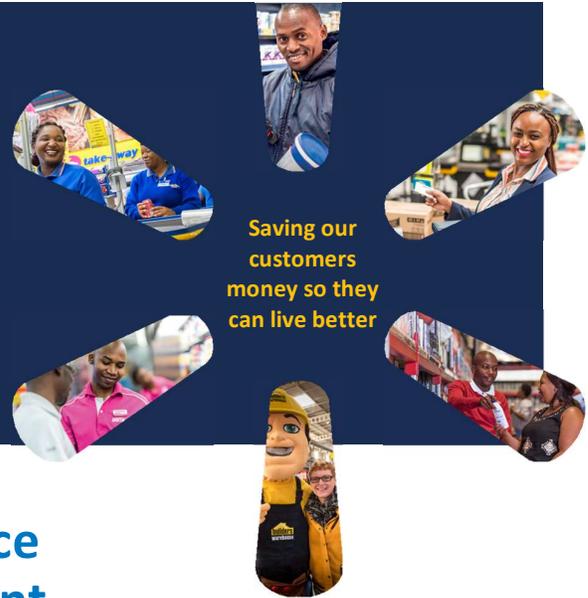


Massmart Results Highlights For the 26 weeks ended 28 June 2020



27 August 2020

Massmart shows resilience in challenging environment

Turnaround plan is yielding results

In the context of significant Covid-19 trading restrictions, which impacted up to 56% of categories carried by the business, Massmart today reported a 9.7% decline in total sales for the 26 weeks ended 28 June 2020 compared to the same period in 2019.

Despite these extraordinarily challenging trading circumstances, Massmart has emerged from lockdown with positive momentum.

A combination of reduced promotions in favour of increased emphasis on Every Day Low Price competitiveness, together with lower costs, resulted in gross margins improving from 19.2% to 20.1%. Considerably more intense focus on cost savings, accelerated by lockdown recovery priorities, resulted in total expense growth being contained to just 1.9% over the prior year period, with comparable expense growth of only 1.2%.

Commenting on the Group's performance, CEO Mitch Slape said, "The trading restrictions on Liquor, tobacco, building materials, DIY and General Merchandise were material but the business remained focused on excellent retail practice, and

we delivered strong cost performance while simultaneously improving our Every Day Low Price competitiveness. As a result, we have not only increased our margins and emerged with a stronger balance sheet, but we have also accelerated the implementation of our turnaround plan – including the validation of a higher target of R1.9 billion in cost savings over a three year period."

During lockdown Massmart pivoted rapidly toward meeting higher demand for online sales by quickly optimising WumDrop, our majority owned last mile delivery service and establishing new relationships with Uber Eats and OneCart. Online sales increased by 95% representing growth across all our online formats including online growth of; 160% at Builders, 100% at Game and 84% at Makro.

Mitch concluded that, "We are under no illusions that the road ahead remains anything but easy, but our interventions are yielding results and we are a better business today than one year ago. We will continue to improve operational execution and deliver turnaround benefits toward improving Every Day Low Price competitiveness

This full announcement was released on 27 August 2020 and can be found on the Company's website: <https://www.massmart.co.za/interimresults2020>

Massmart, with total half-year sales of R39.6 billion, comprises two Business Units operating 420 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.

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