

MERGER DECISION NO 32: 2025

Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF THE RETAIL BRANDS AND BUSINESSES OPERATED BY OCLIN PROPRIETARY LIMITED BY DUNNS STORES (BOTSWANA) PROPRIETARY LIMITED AND PEP BOTSWANA HOLDINGS LIMITED

Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act 2018 (“the Act”), notice is hereby given on the decision made by the Competition and Consumer Authority (“the Authority”) in respect of the proposed acquisition of the retail brands and businesses operated by Oclin Proprietary Limited (“Retailability Botswana” or the “Selling Enterprise”) trading under the following names: Legit; Style; and Swagga [collectively referred to as the “Primary Target Enterprises”] by Dunns Stores (Botswana) Proprietary Limited (“Pepkor Speciality Botswana”) and Pep Botswana Holdings Limited (“Pep Botswana”) [collectively referred to as the “Primary Acquiring Enterprises”].

The Primary Acquiring Enterprises, Pepkor Speciality Botswana and Pep Botswana, are companies incorporated in accordance with the Laws of Botswana. The Acquiring Enterprises are wholly controlled by Pep Investments Proprietary Limited (“Pep Investments”), a company registered in South Africa. Pep Investments is, in turn controlled by Pepkor Proprietary Limited (“Pepkor”), a South African based company. Pepkor is a 100% subsidiary of Pepkor Holdings Limited (“Pepkor Holdings”), a public company listed on the Johannesburg Stock Exchange Limited.

The Selling Enterprise, Retailability Botswana, is a company incorporated in accordance with the Laws of Botswana. It is a 100% subsidiary of Retailability Proprietary Limited; a company registered in South Africa. The Selling Enterprise is the operating legal entity for the Primary Target Enterprises, being, The Legit Enterprise (“Legit”), The Swagga Business (“Swagga or Beaver Canoe”) and The Style Business (“Style”). The Primary Target Entities do not have their own legal entities

with certificates of incorporation. These businesses trade as brands within the legal entity, Retailability Botswana.

Relevant Market

In terms of the activities of the Primary Acquiring Enterprises, Pepkor Speciality Botswana provides clothing, footwear, and accessories for women and men. Pep Botswana on the other hand, offers a wide range of clothing, footwear, and accessories for women, men, and children, as well as homeware, cosmetics, and cellular products. These products are sold to customers on a cash or lay-by basis through their network of retail stores across Botswana. On the other hand, the Primary Target Enterprises' activities in Botswana are provided through Legit, Swagga and Style. Legit specialises in ladies' fashion apparel and a variety of beauty products. Swagga offers clothing and footwear for men and boys. Style sells clothing and footwear for men, women, and children. These products are sold to customers on a cash or lay-by basis. These stores serve the customers across Botswana through their retail stores.

The assessment indicates that the Acquiring Enterprises and the Target Enterprises are active in the retail of clothing apparel, cosmetic and mobile cellular products markets in Botswana, and thus an implication of a horizontal overlap. However, the identified overlap will slightly alter the market structure as the Target Enterprises are smaller players in the relevant market in Botswana. Therefore, no competition concerns are expected to rise as result of the merger post implementation.

Competitive Analysis and Public Interest

The analysis of the facts of the merger have shown that there are no substantive competition concerns that will arise in the market for the retail of clothing apparel, cosmetic and mobile cellular products markets in Botswana, given that:

- i. The proposed transaction will slightly alter the structure of the markets under consideration; and
- ii. The merger would not result in the Merged Entity attaining a dominant position in the market under consideration. Additionally, it is acquiring negligible market shares of the Target Enterprises.

The Authority is alive to the potential public interest concerns that may arise from the merger regarding the employees of the Target Enterprises and customer lay-by arrangements. On a positive note, the Authority is of the view that the merger is a potential vehicle to encourage and further support the participation of citizen-owned businesses, particularly SMMEs in the merging parties's supply value chain. As such, it will be important for the Authority to safeguard employment of the Target Enterprise

and customer lay-by arrangements, and on the other hand promote citizen empowerment in the relevant market.

The Determination

Pursuant to the provision of Section 53 of the Competition Act, 2018, the Authority has decided to approve the proposed acquisition of the retail brands and businesses operated by Oclin Proprietary Limited trading under the following names: Legit; Style; and Swagga by Dunns Stores (Botswana) Proprietary Limited and Pep Botswana Holdings Limited, subject to the following conditions:

- A. There shall be no merger specific retrenchments or redundancies of employees at the Merged Enterprise for a period of three (3) years from the Approval date and/or the Implementation date. For clarity, merger specific retrenchments or redundancies do not include (the list is not exhaustive):
 - a) voluntary retrenchment and/or voluntary separation arrangements;
 - b) voluntary early retirement packages;
 - c) unreasonable refusals to be redeployed;
 - d) resignations or retirements in the ordinary course of business;
 - e) retrenchments lawfully effected for operational requirements unrelated to the Merger; and
 - f) terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance.
- B. The Merged Enterprise shall inherit all employees of the Target Enterprises on terms not less favourable of the current employment terms of the Target Enterprises;
- C. The Merged Enterprise shall provide details (Full Name; Identification Number; Gender; Position; and contact number) of the current employees of the Target Enterprises and the Acquiring Enterprises within thirty (30) business days from the Approval date;
- D. The Merged Enterprise shall share a copy of the conditions of approval with all employees of the Target Enterprises and Acquiring Enterprises and/or their respective representatives within thirty (30) business days from the Approval date;
- E. The Merged Enterprise shall inform the Authority of the date of implementation of the Approved Transaction within thirty (30) business days;

- F. The Merged Entity must submit a report within 12 (twelve) months from the implementation date detailing the measures in place to facilitate the seamless transition of the customer lay-by arrangements from the Target Enterprises to the Acquiring Enterprises. The report should cover the following:
- g) The process of honouring all existing customer lay-by agreements on the same terms and conditions that were in place prior to the merger;
 - h) The handling and management of customer lay-by queries; and
 - i) The continued validity post- transaction.
- G. Furthermore, the Merging Parties must within a period of 24 months from the implementation date, develop and implement a local supplier development plan aimed at increasing the participation of 100% citizen-owned companies in their Botswana supply chain. This shall include, but not be limited to:
- j) Onboarding additional local suppliers, particularly SMMEs, for goods or services such as school uniforms, transport and logistics, and other relevant operational needs;
 - k) Providing reasonable support or capacity-building measures to assist qualifying Botswana-owned suppliers to meet procurement standards; and
 - l) Submit a report to the Authority within 18 months from the implementation date detailing the progress made, including the number and names of local suppliers engaged, contract values and planned future initiatives.
- H. The Merged Enterprise shall for a period of (three) 3 years from the implementation date submit to the Authority, a report on each anniversary of the implementation date, detailing its compliance with the above-mentioned conditions.

However, as stated under Section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 29th day of August 2025.

Gideon G. Nkala, Chief Executive Officer, Competition and Consumer Authority,
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