

MERGER DECISION NO 13 OF 2025**DECISION ON THE ASSESSMENT OF THE MERGER JOSHUA DOORE RUSSELLS (BOTSWANA) PROPRIETARY LIMITED AND RETAIL HOLDINGS BOTSWANA PROPRIETARY 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 relation to the proposed acquisition of the retail furniture business and the claims, rights, title and interests in Botswana of Retail Holdings Botswana Proprietary Limited (Retail Holdings) by Joshua Doore Russels Botswana Proprietary Limited (JD Botswana). Therefore, following the implementation of the merger, Shoprite Furniture will become 100% subsidiary of JD Botswana, and ultimately fall under the Pepkor Group which is domiciled in South Africa.

The Acquiring Enterprise, JD Botswana, is a company incorporated in accordance with the Laws of Botswana. The Acquiring Enterprise is directly controlled by Profurn (Proprietary) Limited and ultimately controlled by Pepkor Holdings Limited ("Pepkor"), a public company listed on the Johannesburg Stock Exchange Limited ("JSE Limited"). Pepkor's shares are widely held, and it is not controlled by any shareholder.

The Target Enterprise, Retail Holdings, is company incorporated in accordance with the Laws of Botswana. The Target Enterprise is directly wholly owned by Shoprite International Limited, which is in turn, indirectly controlled by Shoprite Holdings Limited ("Shoprite Holdings"). Shoprite Holdings maintains a primary listing on the exchange operated by the JSE Limited and has secondary listings on the Namibian and Zambian stock exchanges. The shares of Shoprite Holdings are widely held, and it is not controlled by any enterprise.

The Merging Parties, through their subsidiaries, primarily participate in the retail market for household furniture and home appliances, with additional involvement in ancillary markets such as credit sales, insurance products, cellular products and services, and household textiles.

Relevant Markets

The Merging Parties operate within the furniture, appliances, and electronics sectors of the Pepkor Lifestyle brand. Pepkor Lifestyle's retail businesses primarily target mass-market customers and are divided into two categories: Home and Tech. The brands under Pepkor Lifestyle in Botswana include Bradlows, HiFi Corp, Sleepmasters, and Incredible. In contrast, the Target Entity, through its subsidiary Shoprite Furniture, provides a variety of retail furniture, appliances, and electronics via its Ok Furniture Stores and House & Home stores. These stores cater to customers throughout Botswana.

Competitive Analysis and Public Interest

The proposed transaction is a horizontal merger whereby two players operating in the same industry combine. Therefore, it poses competition concerns and possible duplication of roles and may lead to retrenchment. However, the relevant market is highly contestable as there

are many players and independent traders, as well as import competition which will continue to bring competitive constraints post-merger.

The Merging Parties have a combined staff complement of over 400 (four hundred) and there is possible duplication of jobs. Therefore, the Authority must guard against possible merger specific retrenchments. Furthermore, as part of the proposed transaction, JD Botswana will acquire the claims, rights, title, and interests against the customers of the furniture business in Botswana from Retail Holdings. In short, this refers to the acquisition of Retail Holdings Botswana's Furniture Debtors Book ("Debtors Book") by JD Botswana. It is submitted that Debtors Books means all the claims, rights, title and interests of the Seller (Retail Holdings) against customers of the Shoprite Furniture in Botswana arising from the provision of credit to such customers to enable them to acquire products from the Seller and each credit agreement entered with such customers, including without limitation all rights to capital, interest and fees.

The Determination

The analysis of the facts of the case in this report have shown that there are no substantive competition concerns that will arise in the market for *retailing of household furniture, electronic appliances, home electronics, and related services in Botswana*, given the fact 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 Enterprise attaining dominant position in the market under consideration, in that it is acquiring a negligible market share of the Target Enterprise.

Nonetheless, the proposed transaction may raise public interest concerns under Section 52(2) of the Competition Act of 2018, given that it is a horizontal merger with the potential for role duplication among employees of the merging parties. The Authority is committed to addressing these concerns through its merger assessment process, with a particular focus on preventing merger-related retrenchments and protecting citizen employment. Additionally, the Debtors Book and Credit Insurance of the Target Enterprise's customers will be transferred to the Acquiring Enterprise, it is crucial to ensure that credit and insurance policyholders' interests are safeguarded throughout this process.

Based on the public interest concerns raised in respect of the role duplication and policyholder interests, and pursuant to Section 52(2)(f) of the Competition Act of 2018, the Authority has approved the proposed acquisition of the retail furniture business and the claims, rights, title and interests in Botswana of Retail Holdings Botswana Proprietary Limited by Joshua Doore Proprietary Limited with the following conditions:

- 1) 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):
 - voluntary retrenchment and/or voluntary separation arrangements;
 - voluntary early retirement packages;
 - unreasonable refusals to be redeployed;

- resignations or retirements in the ordinary course of business;
 - retrenchments lawfully effected for operational requirements unrelated to the Merger; and
 - terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance.
- 2) The Merged Enterprise shall inherit all employees of the Target Enterprise on the same or better terms and conditions of employment;
 - 3) The Merged Enterprise shall provide details (Full Name; Identification Number; Gender; Position; and contact number) of the current employees of the Target Enterprise and the Acquiring Enterprise within thirty (30) business days from the Approval date;
 - 4) The Merged Enterprise shall share a copy of the conditions of approval with all employees of the Target Enterprise and Acquiring Enterprise and/or their respective representatives within thirty (30) business days from the Approval date;
 - 5) The Merged Enterprise shall inform the Authority of the date of implementation within thirty (30) business days, post implementation date;
 - 6) Shoprite Furniture's credit book shall be sold to Pepkor Lifestyle Botswana on the basis that the same terms and conditions that currently exist between Shoprite Furniture and its credit clients will continue to apply; and
 - 7) The Merged Enterprise must submit a report within 12 (twelve) months from the implementation date detailing the measures in place to facilitate the seamless transition of the debtor book and credit insurance policies from Retail Holdings to JD Botswana. The report should cover the following:
 - The process for managing claims;
 - Whether the terms and conditions will remain the same;
 - The handling and management of claims; and
 - The continued validity post- transaction
 - 8) 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 shall not relieve an enterprise from obtaining such other approvals as may be required from bodies in exercise of their statutory responsibilities.

Dated at Gaborone on this 9th day of April 2025.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013