VALUE CREATION STORY

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Despite ongoing macroeconomic challenges and tough trading conditions in a number of key markets and industry sectors, Super Group reported an outstanding set of results for the year ended 30 June 2021. Group revenue increased by 14.3% to R39.5 billion and operating profit increased by 44.0% to R2.3 billion.

Peter Mountford
Chief Executive Officer
GROUP OVERVIEW
Across the Group, businesses performed strongly to achieve this outcome, despite the continuing impact of the Covid-19 pandemic and related lockdowns in many of the economies in which the Group operates. The Group’s South African, European and UK operations were most severely impacted by lockdown regulations and restricted trading conditions. The UK dealerships market was closed from 5 November 2020 until 12 April 2021, negatively impacting them for a second year in a row, particularly as March is historically their strongest sales month.

The Group’s resilient trading performance was complemented by excellent net cash generated from operations of R4.8 billion which was 11.2% up on the robust performance of the previous financial year. This performance is testimony to the Group’s strong balance sheet and its rigorous focus on costs, effective cash generation and management of working capital. It is also reflective of the decisive and swift actions undertaken by our management teams in the early stages of the pandemic to ensure the ongoing relevance and competitiveness of all operations in the face of volatile markets.

The pandemic has in many ways been a wake-up call in terms of the fragility of global supply chains, revealing many longstanding supply and demand related vulnerabilities and risks. Covid-19 has undoubtedly demonstrated that operational reliability and cost efficiencies are the foundations of corporate performance. For Super Group, the pandemic necessitated a thorough strategic review of all businesses and the rightsizing of operations to ensure that our business models remain relevant to fluctuating levels of demand. The benefit of these initiatives manifested strongly in our European and South African supply chain businesses, with our SG Consumer and SG Convenience businesses delivering a particularly strong improvement in performance levels. Our dealership businesses in South Africa and the UK also demonstrated a significant recovery.

Headline earnings per share increased by 88.8% to 285.4 cents for the year ended 30 June 2021 (June 2020: 151.2 cents) with earnings per share growing to 284.0 cents (June 2020: loss of 52.1 cents which included capital impairments to the value of R879.2 million against the carrying values of certain goodwill, intangible assets and properties).

DIVISIONAL PERFORMANCE
Supply Chain Africa delivered a strong performance in challenging circumstances. Despite a 4.7% decrease in revenue to R11.0 billion, operating profit grew by 3.8% to R722.7 million, resulting in an overall operating profit margin increase from 6.0% to 6.5%.

The decrease in revenue can primarily be attributed to the sharp decline in African Logistics’ commodity volumes as a result of Covid-induced border closures and delays, especially at the Beilbridge border post between South Africa and Zimbabwe. Exposure to the liquor, QSR, forecourt and tourism industries aside, our SG Consumer and SG Convenience businesses reaped the benefit of right sizing and cost-saving initiatives and contributed positively to the division’s overall performance. A modest recovery in the automotive industry and increased demand in the e-Commerce space facilitated a good trading performance in our Industrial Supply Chain businesses, including SG Freight, SG Mobility and Super Rent. Unsurprisingly, Phola Coaches, including LuxLiner, continued to struggle in the face of significantly shrinking demand. The bus charter and passenger operations were downsized significantly this year, but we remain committed to contracts across a number of educational institutions.

Supply Chain Europe reported greatly improved results, growing revenue by 23.0% to R3.5 billion and operating profit by a significant 211.9% to R90.5 million. Ader, our Spanish courier and express transport business, reported an excellent performance off the back of a 36.0% increase in home delivery volumes. inTime delivered a resilient performance as a result of restructuring and cost-saving initiatives.

Fleet Africa reported a positive set of results, growing revenue by 15.3% to R932.8 million and operating profit by 19.0% to R170.7 million. These results reflect strong growth in ad hoc rental volumes within a number of existing fleet contracts and the extension and the ongoing replacement of vehicles on a major long-term FLM contract. Fleet Africa’s joint venture with the Co-operative Bank in Kenya continued to make good progress.

SG Fleet’s overall results, in Rand-terms, reflect the improved trading conditions with revenue up 17.2% to R5.5 billion and operating profit up 35.2% to R783.3 million. The strong performance of this business reflected a growing recovery in corporate lease volumes and used vehicle values in all operational regions. A worldwide shortage of new vehicle stocks has driven buoyant used vehicle volumes and sales levels across all of Super Group’s Fleet and Dealership operations.

On 31 March 2021, Super Group announced that SG Fleet had entered into an agreement with LeasePlan Corporation N.V. to acquire 100% of the ordinary shares in issue of LeasePlan ANZ at an enterprise value of R4.1 billion. LeasePlan ANZ is a provider of fleet management and leasing services in Australia and New Zealand to corporate businesses and governments. LeasePlan ANZ also offers novated leasing services in Australia. On 23 August 2021, SG Fleet announced that all the conditions precedent to the LeasePlan ANZ Acquisition had been met with the effective date being 1 September 2021.

Dealerships SA increased revenue by 19.4% to R8.2 billion, largely due to a sharp increase in used vehicle sales volumes. Operating profit increased by 85.8% to R272.3 million. This improvement and strong used vehicle volumes contributed to the operating profit margin increasing from 2.1% in the prior financial year to the current level of 3.3%. Although new vehicle sales volumes remain significantly down on the pre-Covid activity levels, the operating margin improvement is reflective of significant cost reductions and an improvement in the average selling price per vehicle.

Despite sales operations across the UK being closed for almost five months during the current financial year, Dealerships UK delivered commendable results. With Brexit concluded and lockdowns now lifted, the vehicle market has begun stabilising and sales volumes are steadily returning to 2019 levels. Revenue, in Rand-terms, increased by 33.1% to R103.3 billion and operating profit by 281.4% to R191.6 million. The successful implementation of a new Click-and-Collect digital sales platform that facilitated online sales during the months in which the showrooms were closed, contributed to a growth of 36.5% in used vehicle sales and a 6.6% growth in new vehicle sales over the prior year.
OPERATIONAL VIGILANCE AND SOLICITUDE

The health and safety of our staff, clients, suppliers and communities remain an absolute priority for Super Group, particularly in our African operations where vaccination programmes are progressing slowly. Protocols such as the wearing of masks, sanitising and social distancing are strictly enforced and self-isolation measures swiftly implemented in the case of infection or exposure. Visitor numbers to our sites are restricted and most external meetings are held virtually. Work-from-home continues, wherever possible, and measures have been put in place to limit unnecessary interaction between team members such as truck drivers, truck assistants, call centre staff and the like.

Communication and education continued to be the cornerstone of our response to the pandemic and our relatable and easy to understand campaigns keep awareness and adherence levels high. More recently, these campaigns have focused on Covid-19 vaccine education.

In partnership with Trucking Wellness and the City of Ekurhuleni, our Super Park facility in Isando was established as the pilot vaccination hub in this region. In July 2021, over 1 700 eligible Super Group employees and their family members were efficiently and safely vaccinated at this site. The camaraderie and teamwork witnessed during this vaccination roll-out was tribute to this ground-breaking initiative in the South African logistics environment and reflects the potential power of Private and Public Enterprise collaboration.

TECHNOLOGICAL CREATIVITY AND RESOURCEFULNESS

Despite the human tragedy and losses of the past 18 months, the pandemic has also brought new opportunities for innovation, improvement and growth. Our technological prowess has long been a key differentiator for the Group and our clients, with digital competence becoming more important than ever in a Covid-restricted world. Social distancing and lockdown restrictions fast tracked the Super Group digitisation journey with the transition of sales and operational processes to highly efficient digital platforms. These platforms have been invaluable in ensuring business continuity in all three divisional operating environments where traditional interactions were either impossible or severely curtailed. The dealerships businesses have been particularly innovative, recreating the entire customer experience online and enabling vital business continuity. Read more about the Group’s Digital and IT Capabilities on page 29.

As a consequence of remote working environments and the worldwide upsurge in cyber-attacks, Super Group has been hyper vigilant regarding cybersecurity. The Group continually evaluates our cybersecurity risk exposure, undertaking frequent vulnerability scanning and implementing cutting edge technology and tools. The Group also proactively utilises cyber threat intelligence techniques to identify potential attack indicators and undertakes cyber crisis simulation exercises to evaluate our crisis management strategies. Ongoing employee education and awareness programmes are in place to help inform and empower staff.

Super Group aspires to be a leading mobility, logistics, fleet lease and transport group in the regions in which we operate and strives to be the market benchmark in terms of efficiencies, customer service and innovation. The Covid pandemic has made us more astute in recognising shifts in our industries, geographies, ecosystems, consumer behaviour and workforce and at anticipating how these shifts will impact the strategies of both Super Group and our customers. Having to operate in exceptional uncertainty has also influenced the way in which we perceive, prepare for and manage risk. Super Group has become a significantly more resilient, agile and innovative business as a result.

PROSPECTS

The violent unrest in KwaZulu-Natal and Gauteng, subsequent to year end, has placed extraordinary pressures on an already fragile South African economy. South African citizens and businesses alike will be dealing with the consequences of these unsettling events for a long time to come, with unemployment and poverty levels anticipated to rise further. Super Group did not emerge unscathed from this lawlessness but was steadfast in fully re-establishing warehousing and transport solutions within a week of these incidents. Supply chain interruptions, losses of stock and the severe damage to 46 vehicles as well as a KwaZulu-Natal warehouse, will impact our revenue and profitability in the next financial year. The direct cost of stock losses and vehicle damage amounted to approximately R45.7 million and the estimated loss of revenue and profit for July 2021 are R97.5 million and R23.1 million, respectively. The Group is resolute in trying to make up these trading losses over the forthcoming financial year to June 2022 and SASRIA insurance is in place across all the operations.

Weak economic growth and challenging trading conditions will continue to affect our customers, regardless of the countries or industries in which they operate. Strict expense and cash management will remain critical in mitigating the impact of lower volumes, reduced rates and smaller margins on our revenue and operating profit. Super Group will however continue to reap the benefits of streamlined operations, particularly in the African and European supply chain businesses. We believe there to be further consolidation prospects in both South Africa and Europe and we will carefully assess and leverage such opportunities.

Fleet Africa is well positioned to benefit from the strong tender pipeline that was placed on hold in 2020 and our Australian business has a strong pipeline of new business opportunities. LeasePlan ANZ formed part of SG Fleet effective 1 September 2021.

Dealerships SA is expected to continue performing in line with, or marginally above, the projected automotive industry performance. With the vaccination programme in the UK well underway, its economic recovery is starting to gather pace and Dealerships UK should deliver strong results if no further hard lockdowns are implemented in this market. Both Dealerships SA and Dealerships UK have strong e-Commerce platforms in place that will capitalise on changing consumer behaviour and enable future growth.

In driving sustainable growth in a challenging environment, the Group will continue to:

- leverage and enhance cost flexibility, cost efficiencies and synergies across the Group’s three business models, namely Supply Chain, Fleet Solutions and Dealerships;
- interrogate and evolve our business strategies to ensure resilience and relevance;
- target non-traditional markets and diversify the Group’s service offering; and
• mitigate risks through integrated and innovative supply chain solutions by amalgamating client requirements across our Supply Chain, Fleet Solutions and Dealerships Divisions.

The Covid spectre remains relevant and subject to there being no further Covid-related hard lockdowns in our primary operational regions, Super Group is well positioned for a strong financial performance in the year to June 2022. The strategic imperative remains to achieve sectoral leadership across all financial metrics through improved operational efficiencies, enhanced cost solutions and technological leadership.

The Super Group journey over the past twelve years has seen shareholder equity growing from R1.2 billion at June 2009 to the current level of R13.8 billion, which represents a 12-year CAGR of 22.6%. During this time, financial leverage, represented by interest-bearing debt to shareholders’ funds, declined from 253.0% (June 2009) to 16.8% as at June 2021. It gives me immense pleasure to confirm that the Board of Super Group has accordingly declared a final dividend of 47.0 cents per share for the year ended 30 June 2021.

APPRECIATION

It is my view that industry knowledge, operational excellence and teamwork are the fuel that will drive business performance. Exceptional workplace commitment and unity throughout the pandemic has been a core Super Group strength and I wish to take this opportunity to thank my colleagues and our staff for their unwavering determination and support over the past year. I also wish to thank Mr Phillip Vallet and our Board for their sound counsel and excellent contribution in a very difficult year.

Finally, I would like to extend my gratitude to our customers, clients, partners, suppliers and shareholders for their continued collaboration and loyalty. Super Group was recognised as an essential service provider in many of its business operations and has resolutely delivered on those commitments over the past sixteen months.

Peter Mountford  
Chief Executive Officer  
30 September 2021
INVESTMENT PROPOSITION

We continue to expand both locally and internationally, growing our geographic footprint and offshore earnings and providing astute investors with low-risk exposure to Australasia, UK and Europe.

The business is led by an experienced and highly skilled management team.

The Group has a strong organic and acquisitive growth track record and consistently delivers higher earnings growth than our comparable peers.

With a focus on sustainable growth, Super Group has the financial strength, acumen and proven ability to explore and leverage growth opportunities.

Our technological prowess is a key differentiator for both the Group and our clients, enabling us to better anticipate and exploit an ever-changing digital landscape and to collectively benefit in the form of cost reduction, efficiency and competitive advantage.

We are committed to achieving shared value creation. Our growth strategy and measures of success encompass economic, environmental and social dimensions.

Market capitalisation performance

12-year CAGR: 33.9%

The Super Group journey over the past twelve years has seen shareholder equity growing from R1.2 billion at June 2009 to the current level of R13.8 billion, which represents a 12-year CAGR of 22.6%. During this time, financial leverage, represented by interest-bearing debt to shareholders’ funds, declined from 253.0% (June 2009) to 16.8% as at June 2021.
DIGITAL AND IT CAPABILITIES

The Group’s technological prowess has long been a key differentiator for Super Group and its clients, enabling us to better anticipate and exploit an ever-changing digital landscape and to collectively benefit in the form of cost reduction, efficiency and competitive advantage. Digital competence and innovation excellence has become more important than ever in a Covid-restricted world and technology has now rightfully taken its place at the heart of strategic development and delivery. Regardless of sector, industry or geography, the pandemic has accelerated the pace of change and the speed at which organisations have had to digitise their customer and supply chain interactions to accommodate new behavioural norms and market demands.

Social distancing and lockdown restrictions undoubtedly fast tracked the Super Group digitisation journey, with the transition of sales and operational processes to highly efficient digital platforms. This swift adoption of digital dominant business models was essential in maintaining operations, ensuring business continuity and preserving revenue flows across the Group at a time when traditional interactions were either impossible or severely curtailed. Our dealerships’ businesses have been particularly innovative in this space, recreating the entire customer experience online and enabling vital business continuity.

Understanding that digital transformation and business longevity go hand in hand, and knowing that digital leadership is key to resilience and relevance, the Group’s digital strategy is focused on delivering competitive advantage across the following dimensions:

- Efficiency and productivity – leverage technology to improve speed, eliminate waste and increase focus on value-add activities.
- Security – ensure vigilance, readiness and resilience in the face of prolific cyber threats.
- Customer – convert data to intelligence to predict and leverage shifts in demand and anticipate changing customer needs.
- Agility – utilise data-driven insights to enable faster decision making and solution delivery that can pivot quickly if required.
Below follows a summary of key developments in the year under review:

**DIGITISATION**
- Fast tracked our digitisation journey to ensure business continuity.
- Focused on reducing our carbon footprint by decreasing the use of paper across our operations.
- Enhanced the use of existing digital platforms and created several new platforms that have replaced existing paper and Microsoft Excel based workflows – providing real time information and improving productivity and decision making.
- Introduced multiple new mobile applications that provide real time feedback and business intelligence to our customer base.

**DATA INTELLIGENCE**
- Ongoing investment in data-driven decision-making systems.
- Utilised business intelligence models to optimise stockholding in our facilities.
- Implemented product suggestion engines that enhance the customer experience on our online ordering platform.
- Provided up-to-date sales information to sales teams that enables the tracking of KPI’s in real-time.
- BOTS have reduced query turnaround times as repetitive questions are answered immediately and can be escalated to the correct team, enabling staff to focus more of their time providing customer value.

**CYBER SECURITY**
- Continually evaluated cybersecurity risk exposure, by undertaking frequent vulnerability scanning and implementing cutting edge technology and tools.
- Proactively utilised cyber threat intelligence techniques to identify potential attack indicators.
- Undertook cyber crisis simulation exercises to evaluate crisis management strategies.
- Pre-emptive and reactive plans in place to maintain the integrity of IT systems, processes and infrastructure.
- Implemented an outsourced Security Operations Centre and upgraded the network with equipment and firewalls that offer advanced security features.
- Commenced with targeted application penetration testing and remediation to ensure that applications are sufficiently robust.
- Ongoing employee education and awareness programmes that inform and empower staff.

**INFRASTRUCTURE AND SYSTEMS ARCHITECTURE**
- Evolved our effective and well-balanced IT strategy and infrastructure plan to ensure it adequately considers the range of benefits, disadvantages, risks and cost-implications associated with any proposed IT systems, tools and processes.
- Sophisticated IT systems remain wholly managed and supported by Super Group IT Services.
- Continued interrogation and improvement of our state-of-the-art infrastructure and technologies by high calibre engineers and technical staff.

**CLOUD COMPUTING**
- Ensured that cloud computing solutions remain complementary to the Group’s well established IT systems.
- Maintained a versatile and dynamic approach towards the introduction of cloud based technologies.
- Undertook regular needs’ analysis informed by the practical requirements and operational demands of the Group to determine where expansion of the cloud computing plan may be required.
- Expanded the use of Dropbox to replace file server storage and Azure for the hosting of certain web based services.
TALENT CROSS-SECTION AND SKILLS

• Continued creation, implementation and management of industry leading software applications for the Group under the direction of a Chief Digital Officer.
• Ongoing development of the Group’s internal development and technical capabilities.
• The Group’s in-house IT solutions and infrastructure team continues to offer software development and application support services in three different programming languages – Java, .NET and Universe.
• Leveraged the skills of our in-house business intelligence (BI) team to ensure analytics continue to drive digital optimisation.
• Maintained the software products and applications utilising the Group’s innovative network system.
• Leveraged the expertise of our multiple teams of engineers who carry out network administration, server management, applications support and application integration on an ongoing basis.
• Ensured that the required tools and systems are in place to support rigorous internal compliance controls.

TALENT ATTRACTION, RETENTION AND DEVELOPMENT

• Ongoing investment in high-demand and scarce skills required in the IT space.
• Appointed a Human Resources Business Partner to optimise talent development and the sourcing of scarce skills.
• Actively managed talent development through employee development planning and competency-enhancing training.
• Aligned with the MICT SETA sector-specific skills development plans to help broaden opportunities for the youth in the digital and IT space.

AARTO COMPLIANCE

• In partnership with government, implemented a fine redirection portal that utilises a mobile application and website that can track driver and trip details.

POPIA COMPLIANCE

• Implemented digital opt out mechanisms via email and WhatsApp.
• Developed a WhatsApp for our Dealerships’ business that will enable immediate and paper free digital consent.
• Commenced with several other initiatives, including a portal to manage the distribution of sensitive information – reducing the risk inherent in email and similar channels. All information will be encrypted, stored for a limited period and only accessible by the relevant parties.
Super Group is a leading transport logistics and mobility group. Our supply chain, dealership and fleet solutions’ businesses offer a comprehensive range of services, utilising world-class skills and technology. These include:

**Inputs**
- Market capitalization R11.5 billion
- NAV R13.8 billion
- Strong balance sheet and capital management
- Strong cash and liquidity position
- Risk management
- New and renewed business pipeline

**Activities/Outputs**
- World class and market leading capabilities
- Skilled and experienced employees, industry leaders and experts
- Investments in digitalisation, IT and proprietary software
- Well established brands and reputation
- Trademarks
- Knowledge, experience and systems
- Corporate culture

We impact the natural environment as a result of our operations and are accordingly committed to sustainable business practices.

**Natural Capital**
- Water, waste and energy reduction initiatives
- Green facilities

**Manufactured Capital**
- Market leading supply chain and mobility solutions
- Cutting edge digital products and solutions
- Operations in 21 countries
- Property and equipment
- Procurement and supply chain
- Value accretive acquisitions

**Social & Relationship Capital**
- Partnerships with customers, suppliers, business peers, research bodies, higher learning institutions
- Relationships with communities, governments, regulators and civil society
- Investor and shareholder confidence
- Corporate social investment
- Reputation

**Human Capital**
- Over 13,000 skilled and motivated employees working across 21 countries
- Experienced executive team and strong board
- Service providers
- Skills and training
- Health and safety
- Transformation and diversity

**Intellectual Capital**
- New and renewed business pipeline
- World class and market leading capabilities
- Skilled and experienced employees, industry leaders and experts
- Investments in digitalisation, IT and proprietary software
- Well established brands and reputation
- Trademarks
- Knowledge, experience and systems
- Corporate culture

**Financial Capital**
- Market capitalization R11.5 billion
- NAV R13.8 billion
- Strong balance sheet and capital management
- Strong cash and liquidity position
- Risk management
- New and renewed business pipeline

We are committed to sustainable business practices.

**Value Creation Model**

*Underpinned by sound corporate governance and corporate social responsibility*
Outcomes

- Shareholder value
- Revenue
- Operating profit
- EBITDA
- HEPS
- EPS
- Net debt: EBITDA
- Net-working capital
- Capacity for growth
- Dividend declared 47 cents per share

- Client solutions that drive efficiency and competitive advantage
- Proprietary technology solutions
- Efficiency
- Differentiation and resilience
- Bursaries and learnerships
- Skills development
- Scarce skills retained
- Employee wellness programmes
- R4.8 billion paid in salaries and benefits
- 1.15% of payroll costs invested in employee learning and skills
- 493 employees retrenched, less than 2020
- Covid-19 cases 845 with 21 related deaths

- A people and customer centric culture underpinned by strong entrepreneurial spirit
- Leadership insight
- Robust strategy and business model resilience
- Value created for all stakeholders
- A safe working environment
- Work from home enabled
- Transformed and diverse workplace

- Responsive to changing market needs
- Innovative and agile client solutions
- RNOA 9.2% versus WACC of 8.2%
- Spent R2.5 billion on net additions and acquisitions
- Over 158 000 vehicles
- 288 532 square metres of warehouse space

- Strong stakeholder relationships
- Value-add contributions
  - 42.9% employees
  - 17.3% government
  - CSI spend R17.7 million
- Shareholder value
- Level 2 B-BBEE contributor

- No fines or penalties incurred for environmental incidents
- Water usage - 534 033 m³
- CO₂e - 365 560 tonnes
- Fuel consumption - 113.7 million litres
- Waste (hazardous and non-hazardous)

Trade Offs

Covid-19 negatively impacted all capitals. With consumer buying power constrained by lockdown measures and diminished spending power, financial capital was reduced. Human and social capital saw anxiety, distress and loss affecting employee morale, while staff were also negatively impacted by cost-cutting measures that had a positive impact on financial capital. The pandemic also temporarily halted certain corporate social investment initiatives, with financial capital benefiting to the detriment of human and social capital.

While intellectual, social and relationship capital benefited from a significant number of employees working safely and productively from home, in the short-term financial capital declined due to investments in the required technology tools, such as laptops and Wi-Fi access. In the long term, these investments should benefit the Company. As Super Group is a provider of essential services, many of our people continued to work in our facilities and out in the field – necessitating investments in equipment, technology, processes and systems that would prioritise their health and keep them safe. This positively impacted manufactured, human and social and relationship capital but came at a cost to financial capital. The virtualisation of training and skills development programmes also diminished financial capital but benefited intellectual and human capital.

In order to remain relevant and competitive – and to enable our clients to do the same – the Group continued to invest in digitisation, IT and proprietary software. This negatively impacted financial capital but positively impacted the intellectual, manufactured, and social and relationship capitals. Protecting the business from the growing threat of cyber-attacks necessitated the same trade off. The importance of protecting employee, client and customer information – and ensuring group wide compliance with legislation such as GDPR and POPIA – also negatively impacted financial capital while positively impacting the intellectual, manufactured, and social and relationship capitals.

Natural capital was negatively impacted by our emissions and waste, as was financial capital as we continued to invest in technology, processes and systems that will steadily diminish this impact over time – and which will also positively impact human and social and relationship capital.
MATERIAL ISSUES, RISKS AND OPPORTUNITIES

Material Issues

BACKGROUND

Super Group considers a matter to be material if it can substantively affect the Group’s ability to create and sustain value over the short-, medium- or long-term. The Board and management are of the view that the material matters published in this Report offer a balanced mix of information, allowing readers to understand and assess matters that could potentially prevent the business from realising its strategy and delivering sustainable growth. These material matters were identified through interviews with senior executives, our risk management processes and stakeholder engagement. Matters raised through stakeholder engagement have been assessed in terms of the stakeholder’s influence, legitimacy and urgency. This emphasis seeks to improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of such capital.

When identifying relevant matters, Super Group considers topics or issues that:

• Could substantively affect value creation
• Link to strategy, governance, performance or prospects
• Are important to key stakeholders
• Form the basis of boardroom discussions
• May intensify or lead to opportunity loss if left unchecked

When evaluating the importance of relevant matters, we consider:

• Quantitative and qualitative effects
• The nature, area and time frame of effects
• The magnitude of impact and likelihood of occurrence

Responding to the impacts of Covid-19
Managing macro socio-economic volatility
Ensuring the safety and security of our people, assets and data
Meeting heightened regulatory and governance requirements

Ensuring the relevance of our automotive business model
Leveraging technology and digital innovation
Developing and retaining an appropriately skilled and diverse workforce
Material Risks

RISK IDENTIFICATION PROCESS

In alignment with the Group’s material issues, each division is responsible for identifying, recording and assessing risks that would hinder the division from achieving its objectives. These risks are assessed based on the potential impact on the business, financial position and reputation. Aimed at mitigating these risks to an acceptable level, appropriate control procedures are then introduced. The Group Audit and Risk Officer facilitates risk sessions with each division and ensures that the risks identified have been correctly assessed and mitigated.

The GRC sets out the risk policy in its Charter detailing the objectives, scope, approach and roles and responsibilities of the committee members. The GRC meets twice a year and is chaired by an Independent Non-Executive Director. The membership of this committee comprises two Non-Executive Directors, the CEO and CFO. The Group Audit and Risk Officer, the Group Legal Manager and the CIO are invited to the meetings. As required by King IV™, the Board regularly reviews the list of strategic and critical risks.

When assessing the risks, a scale of 1 to 5 is used where 1 is “Minor” and 5 “Very Serious”. Risks are also assessed on the likelihood of the risk occurring after taking into account controls in place to mitigate them. A scale of 1 to 5 is used, where 1 is “Rare” and 5 is “Almost certain”.

A summary of the Group’s material risks and associated risks and mitigating actions is provided below:

<table>
<thead>
<tr>
<th>Material issue</th>
<th>Risk #</th>
<th>Risk Description</th>
<th>Probability</th>
<th>Impact</th>
<th>Mitigating actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responding to the impacts of Covid-19</td>
<td>1</td>
<td>Rollout of vaccines in South Africa progressing slowly – with the heightened risk of further infection waves and accompanying restrictions that impact economic activity Covid-19 mutations result in further infection waves and accompanying restrictions that impact economic activity Ongoing, tough economic conditions impacting clients, which result in lower volumes, reduced rates, smaller margins, bad debt and reduced revenue</td>
<td>4</td>
<td>3</td>
<td>Stringent credit control protocols Executive approval of major business accounts Management of credit levels and arrears Credit Committee reviews exposures monthly Ongoing strict expense and cash management Ensure adequate provision for bad debt</td>
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<td></td>
<td>2</td>
<td>Pandemic “fatigue” leads to lower levels of compliance with protocols such as mask wearing and hand sanitizing – especially in social settings – and infection rates spike among our workforce</td>
<td>3</td>
<td>2</td>
<td>Strict workplace protocol enforcement This encompasses access control, temperature and health screening, hand sanitisation, social distancing, stringent cleaning and disinfectant measures and the provision of PPE Ongoing communication to motivate, educate, inform and drive compliance Continue with remote work and split team practices Educate and support employees in terms of vaccination</td>
</tr>
<tr>
<td>Material issue</td>
<td>Risk #</td>
<td>Risk</td>
<td>Probability</td>
<td>Impact</td>
<td>Mitigating actions</td>
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<td>Managing macro socio-economic volatility</td>
<td>3</td>
<td>Volume declines due to an economic downturn in the markets in which the Group trades/operates</td>
<td>3</td>
<td>3</td>
<td>Drive cost reduction and revenue generating initiatives to support the achievement of financial targets</td>
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<td></td>
<td></td>
<td>Slow pace of securing profitable new business</td>
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<td>Continuous focus on customer service and service delivery at all levels</td>
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<td></td>
<td></td>
<td>Loss of contracts</td>
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<td>Acquire businesses operating in targeted areas of the market that complement the Group’s existing offerings</td>
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<td>Contract retention with material margin erosion</td>
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<td>Remain at the forefront of technology to drive efficiency and improve client experience</td>
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<td>Maintain a conservative Statement of Financial Position and preserve resources to meet the challenges of the economy and the industries in which the Group operates</td>
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<td></td>
<td>4</td>
<td>Foreign currency market fluctuations result in material losses for the Group</td>
<td>3</td>
<td>2</td>
<td>Carefully manage the Group’s overall forex exposure within pre-approved limits</td>
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<td>Hedge all cross currency interest rate swaps with inter-Group counter party loans</td>
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<td></td>
<td>5</td>
<td>Interest rate market fluctuations result in major losses for the Group</td>
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<td>Strong Group Treasury policy and protocols approved at Board level</td>
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<td>Experienced treasury team monitors all interest rate exposures and hedges where necessary to ensure that they are economically beneficial</td>
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<td>All funding related to Full Maintenance Leases and dedicated fleets are hedged</td>
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<td>6</td>
<td>Concerns regarding investment in neighbouring African countries – such as Zimbabwe</td>
<td>3</td>
<td>2</td>
<td>Trading only with large multinational companies in neighbouring countries</td>
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<tr>
<td>Material issue</td>
<td>Risk #</td>
<td>Risk</td>
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<td>Mitigating actions</td>
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<td>Ensuring the safety and security of our people, assets and data</td>
<td>7</td>
<td>Cyber-attacks and data breaches</td>
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<td>3</td>
<td>The Group’s cyber security forum meets monthly to evaluate and implement new and enhanced methodologies, tools and technologies to combat this global threat. Significant investment in measures to ensure that any future attacks prevented or swiftly mitigated. Ongoing internal communication and monthly training to improve staff vigilance and preparedness.</td>
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<td>Meeting heightened regulatory and governance requirements</td>
<td>9</td>
<td>Non-compliance with ESG reporting requirements negatively impact investor decision making</td>
<td>3</td>
<td>2</td>
<td>Implementation of market leading systems, processes and technologies. Comprehensive monitoring and reporting.</td>
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<td>Ensuring the relevance of our automotive business model</td>
<td>10</td>
<td>Environmental evolution of the automotive industry – and the growing shift to electric vehicles – often fails to consider the third world realities of Africa and other emerging economies</td>
<td>4</td>
<td>2</td>
<td>Strong OEM relationships ensure an understanding of their EV strategy. Represent a product range that meets the value and environmental requirements of our consumer and economy.</td>
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<td>Shortage of new vehicle stock driven by a global scarcity of semi-conductor chips and Covid-19 affected supply chains</td>
<td>11</td>
<td>4</td>
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<td>Ensure that stock pipelines are balanced. Able to supply customer demand through late model, pre-owned vehicles. Maintain lean cost base.</td>
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<td>12</td>
<td>Not anticipating and leveraging advances in the technology for the</td>
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<td>Investment to</td>
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<td>competitive benefit of the Group and our clients</td>
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<td>Lack of succession planning for key personnel</td>
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<td>Retention of critical management and key skills</td>
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<td>Shortage of highly skilled staff and those with niche skill sets</td>
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<td>Evolve recruitment</td>
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<td>Failure to suitably skill the business to keep abreast of market</td>
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**Probability**

- Almost certain
- Likely
- Possible
- Unlikely
- Rare

**Impact**

- Minor
- Moderate
- Significant
- Major
- Very serious
INSURANCE
The Group has comprehensive insurance cover to protect it against a wide variety of insurable risks. The terms and levels of each facility are reviewed annually to ensure that satisfactory cover is in place.

The Group uses specialist insurance financial intermediaries, where necessary, to consider known insurable risks and recommend any risk mitigation activities that the Group should undertake. The financial intermediaries also assess whether risks are insurable, insured or not insured and whether the Group has adequate insurance in place to cover estimated potential losses. Areas where the Group is not insured or under-insured are investigated and addressed as appropriate. An important element of the insurance programme is certain retained (i.e. self-insured) risk, which is carefully monitored. Efforts are made to identify, prevent and mitigate uninsurable risks.

Opportunities
Despite an arduous and volatile operating environment, Super Group continues to explore new opportunities for innovation, advancement and growth. The Group will also leverage and enhance the cost flexibility of our 3-pillar business model and constantly interrogate and evolve our business models to ensure resilience and relevance. In order to deliver sustainable returns in a predominantly low-growth environment, we will continue to explore and develop new revenue streams, targeting non-traditional markets and diversifying our service offering.

The unprecedented challenges presented by the pandemic have pushed the Group to develop innovative and bespoke solutions that drive crucial cost efficiencies for our clients as well as to more closely integrate client requirements and solutions across our Consumer, Convenience and Fleet Solutions’ businesses. The decline in volumes has propelled our ability to design, develop and implement more integrated supply chain solutions, ultimately strengthening our client and customer relationships.

Social distancing and lockdown restrictions fast tracked the Super Group digitisation journey with the transition of face-to-face interactions and manual processes to online and highly efficient digital platforms. Accelerated by necessity, this progression ensured vital business continuity and helped keep our staff, clients, suppliers and other stakeholders safe from infection. Covid lockdown measures also produced distinct changes in consumer behaviour and we have had to improve our ability to anticipate and leverage changing consumer behaviour. This enhanced ability to recognise shifts across our industries, geographies and consumer base has resulted in stronger, resilient and more flexible strategies and business models for both Super Group and our clients.

Managing the impacts of Covid-19 has heightened the Group’s focus on ESG and we remain committed to integrating environmental, social and governance perspectives into our strategies, business models, processes, policies and systems. With employee health and wellness at the centre of our Covid-19 containment efforts and understanding that it is integral to productivity and efficiency, we will continue to invest in staff education and wellness programmes, morale building initiatives and internal communication. Based on the lessons learnt during the pandemic, the Group will maintain its open engagement with the communities in which we operate, ensuring our CSI focus areas and initiatives reflect their most pressing needs.