

DIRECTORS' REPORT

The directors present their report which forms part of the Annual Financial Statements of the Company and of the Group for the year ended 30 June 2023.

NATURE OF BUSINESS

Super Group Limited (Registration number 1943/016107/06), the holding company of the Group, is a company listed on the Main Board of the JSE in the "Industrial Transportation" sector, incorporated and domiciled in the Republic of South Africa. Super Group is a broad-based supply chain management, fleet solutions and dealership business, operating predominantly in South Africa, with operations across sub-Saharan Africa and businesses in Australia, Europe, New Zealand and the United Kingdom. Its principal operating activities include supply chain management, dealerships and fleet management activities.

FINANCIAL RESULTS

The results for the year are set out in the Financial Statements presented on pages 16 to 122. The Annual Financial Statements are published on the Group's website at www.supergroup.co.za/investor-information/integrated-reporting/.

YEAR UNDER REVIEW

The Group's revenue increased by 30.6% to R61.88 billion (2022: R47.37 billion restated) and EBITDA increased by 20.8% to R8.49 billion (2022: R7.03 billion). The revenue of SG Fleet included a full year's performance from LeasePlan compared to 10 months in the prior year.

Operating profit increased by 20.7% to R3.95 billion (2022: R3.27 billion), while the operating profit margin for the Group remained at 6.4% when excluding Services.

Net finance costs increased by 31.5% to R1.0 billion (2022: R763.3 million), mainly due to interest rate increases, higher levels of inventories in the Dealerships operations and the inclusion of LeasePlan for the full year. Profit before tax increased by 18.7% to R2.97 billion (2022: R2.50 billion).

Earnings per share grew by 24.9% to 472.9 cents per share (2022: 378.5 cents) and headline earnings per share increased by 23.3% to 469.4 cents (2022: 380.7 cents). The weighted average number of shares decreased by 6.1% to 337.8 million (2022: 359.6 million) as a result of the Group repurchasing 25 197 982 shares over the past 18 months.

Total assets increased by 25.9% to R73.03 billion (2022: R58.03 billion) largely as a result of the impact of the weakening Rand on translating foreign operations, increased vehicle fleets in the Supply Chain businesses, increased lease portfolio assets in SG Fleet and higher inventory levels as a result of improved availability of stock in the dealerships.

The Group's RNOA (after tax) was 10.2% (2022: 10.3%) and the Group's WACC was 7.0% (2022: 6.3%).

The Group raised a net R1.81 billion of listed senior unsecured notes during the year. The net debt position, excluding Right of-use (ROU) lease liabilities and securitised lease portfolio warehouse borrowings, was R4.38 billion (2022: R3.74 billion). The net debt to equity (gearing) ratio, excluding ROU lease liabilities and securitised lease portfolio warehouse borrowings, was 22.5% at 30 June 2023 (2022: 22.1%).

The net asset value per share increased by 20.5% from R38.40 as at 30 June 2022 to R46.27 as at 30 June 2023.

Operating cash flow increased by 18.9% to R8.72 billion (2022: R7.33 billion). Working capital outflow of R4.27 billion was recorded compared to an outflow of R2.57 billion in the prior year. This largely reflects a R4.79 billion net increase in lease portfolio assets within the Fleet Division. Total dividends paid to Super Group shareholders was R211.3 million (2022: R174.5 million).

Cash outflow on acquiring Super Group shares was R527.8 million (2022: R291.1 million) as part of a Board-approved share repurchase programme whereby the Group bought and cancelled a total of 17 535 265 shares during the year.

The Group remains highly cash generative and continues to explore acquisition opportunities, both locally and internationally, that meet the Group's strategic requirements and create shareholder value. Cost savings initiatives and asset management focus will continue in the new financial year.

DIRECTORS' REPORT **continued**

SIGNIFICANT EVENTS

RAISING OF UNSECURED DEBT NOTES

The JSE approved the listing of the following Super Group senior unsecured notes, in terms of its DMTN Programme dated 29 April 2020 (as amended):

- SPG011 was listed on 12 July 2022. The value of the SPG011 issue was R300 million with interest of three-month Johannesburg Interbank Agreed Rate (JIBAR) plus 133 basis points, coupon rate payable quarterly on 12 October, 12 January, 12 April and 12 July of each year. The maturity date of the issue is 12 July 2025.
- SPGC03 was listed on 12 July 2022. The value of the SPGC03 issue was R200 million with interest of three-month JIBAR plus 110 basis points, coupon rate payable quarterly on 12 October 2022, 12 January 2023, 12 April 2023 and 12 July 2023. The maturity date of the issue was 12 July 2023.
- SPG012 was listed on 29 March 2023. The value of the SPG012 issue was R550 million with interest of three-month JIBAR plus 147 basis points, coupon rate payable quarterly on 29 June, 29 September, 29 December and 29 March of each year. The maturity date of the issue is 29 March 2028.
- SPGC04 was listed on 29 March 2023. The value of the SPGC04 issue was R200 million with interest of three-month JIBAR plus 90 basis points, coupon rate payable quarterly on 29 June 2023, 29 September 2023, 29 December 2023 and 29 March 2024. The maturity date of the issue is 29 March 2024.
- SPG013 was listed on 29 June 2023. The value of the SPG013 issue was R810 million with interest of three-month JIBAR plus 147 basis points, coupon rate payable quarterly on 3 October, 3 January, 3 April and 3 July of each year. The maturity date of the issue is 3 July 2028.
- SPG008 was settled on 15 October 2022 for R250 million.

EXCHANGE RATE MOVEMENTS

The Group operates in foreign countries which use currencies other than presentation currency. The main currencies used in the Group's foreign operations are Australian Dollar, US Dollar, Euro, Pound Sterling and the New Zealand Dollar. The fluctuation of the Rand against these currencies has had an effect on the Group's financial statements and has resulted in a foreign currency translation adjustment of R1.68 billion increasing total equity.

JSE DEBT LISTINGS REQUIREMENTS

Colin Brown was appointed as the Group Debt Officer effective 30 September 2020. The Board confirms that it is satisfied with the competence, qualifications and experience of the Group Debt Officer. Refer to note 20.4 to the Consolidated Financial Statements for additional information on corporate bonds and the Group Audit Committee Report on pages 3 to 6 for confirmation of compliance with the applicable requirements. Refer to www.supergroup.co.za/investor-information/king-iv-application-register/ for details on the implementation of King IV.

SUBSEQUENT EVENTS

ACQUISITION OF AMCO

On 19 July 2023, the Group acquired 78.82% of UK-based logistics firm CBW Group Holdings Limited (trading as Amco) for a purchase price of GBP30.3 million. Super Group raised a five-year corporate bond on 29 June 2023 amounting to R810 million in order to fund the acquisition which will significantly complement the Group's supply chain offering.

DECLARATION OF DIVIDEND NO.14

Refer to Dividends below and to note 29 to the Financial Statements for the dividend declared subsequent to 30 June 2023.

Other than the matters disclosed, the directors are not aware of other matters or circumstances arising subsequent to the reporting date up to the date of this Report, which will require disclosure in these results.

DIVIDENDS

The Board has resolved to declare a dividend of 80 cents per share (June 2022: 63 cents) for the current year. This translates to a dividend cover of 5.9 times. The table below is based on the shareholders analysis as at 30 June 2023.

	2023 R'000
Dividend (No.14) of 80 cents per share declared past year end	277 047
Less: Dividends received on treasury shares held by a subsidiary	(9 307)
Total dividend at 80 cents per share	267 740

SHARE CAPITAL

The authorised and issued share capital is detailed in note 14 to the Financial Statements.

DIRECTORS AND GROUP COMPANY SECRETARY

The names of the directors and Group Company Secretary who currently hold office are as follows:

Valentine Chitalu: <i>Non-Executive Director and Chairperson of the Company</i>	Valentine is an entrepreneur in Zambia and Southern Africa, specialising in Private Equity and General Investments. In the early part of his career, he worked at KPMG London Office. Valentine was previously CEO at the Zambia Privatisation Agency where he was responsible for the divestiture of over 240 enterprises. He later worked for CDC Group Plc, both in London and Lusaka, and recently retired as a Non-executive Director of the CDC Group Plc; a Fund-of-Funds Group based in London. Valentine holds several other board positions in Zambia, Australia and the United Kingdom. He is currently Chairman of MTN (Zambia) Limited and the Phatisa Group, a Pan African Private Equity Fund Manager. Valentine is a UK Qualified Accountant and holds a Master's Degree in Development Economics from Cambridge University in the United Kingdom. Valentine was appointed as Chairperson effective 30 November 2022.
David Cathrall: <i>Independent Non-Executive Director</i>	David has a Bachelor of Commerce (B.Com) and Bachelor of Accountancy (B.Acc) from the University of the Witwatersrand and is a member of the South Africa Institute of Chartered Accountants (CA(SA)). He was a Senior Partner at EY until his retirement in 2018, with considerable experience as the engagement partner on the audits of large, listed companies. He held various positions in EY including being a member of the EY Executive and Remuneration Committees. David was appointed as an Independent Non-Executive Director effective 1 June 2019.
Pitsi Mnisi: <i>Independent Non-Executive Director</i>	Pitsi was appointed as an Independent Non-Executive Director with effect from 1 October 2020. She is a qualified Chartered Accountant (SA) with extensive experience across mining, investments, transportation, manufacturing and construction. She is founder and director of a wholly black owned and managed consulting and corporate finance advisory company, Lynshpin Cedar, as well as co-founder and a director of an investment holding business, Mcorp Investments, with interests across various sectors. Prior to this, Pitsi was the Finance Manager on the Venetia Underground Project for De Beers. She has extensive experience in corporate governance matters having served on a number of Boards and Chaired a number of Finance and Audit Committees. She has also worked at Deloitte & Touché as a senior tax consultant, providing both employees and corporate tax compliance and advisory services to various corporates, and was seconded to the UK as an assistant manager in the audit department. Being ambitious and an entrepreneur, she left formal employment in December 2013 to form Lynshpin Cedar.
Simphiwe Mehlomakulu: <i>Independent Non-Executive Director</i>	Simphiwe was appointed as an Independent Non-Executive Director with effect from 1 October 2020. Simphiwe is an entrepreneur and in September 2003, he, with his co-founders, formed the Reatile Group to invest in the Petroleum and Energy sectors of the Southern African economy. He was appointed Executive Chairman and has grown Reatile Group over a 17-year period. He started his career in 1993 at Sasol Limited where he spent time in the Sasol Technologies division, Sasol Phenolics division and Sasol Solvents division, the latter as Global Export Manager. He joined Old Mutual Limited in 2000 as General Manager: Strategy Effectiveness Broker. In 2002, Simphiwe joined PetroSA (Pty) Ltd as General Manager: Trading, Supply and Logistics and in 2003 was promoted to Managing Director PetroSA Europe. He served as Chairman of the Board of Governors, for the South African Petroleum Industry Association, in 2004.

DIRECTORS' REPORT **continued**

Jack Phalane: <i>Independent Non-Executive Director</i>	Jack was appointed as an Independent Non-Executive Director with effect from 30 September 2022. Jack is a highly experienced commercial lawyer, specialising in disciplines such as mergers and acquisitions, exchange control matters, corporate governance, telecommunications and broadcasting law. His international and local client list encompasses all commercial sectors and includes both listed and non-listed companies. Jack's extensive knowledge of the Companies Act and the Broad-Based Black Economic Empowerment (B-BBEE) Act sees him frequently advising clients on corporate and commercial transactions including the sale of shares and businesses, shareholders agreements and B-BBEE transactions. With substantial tax knowledge, he has acted as Tax Chairperson adjudicating on income tax appeals lodged by taxpayers with the South African Revenue Service for over 10 years.
Peter Mountford: <i>Group CEO</i>	Appointed CEO in July 2009, Peter is responsible for the Group's strategic trajectory and the alignment of more than 20 000 people across 24 countries. With an enviable track record for navigating demanding and complex environments, his unwavering focus is on the delivery of superior shareholder value, and on the ongoing creation of sustainable competitive edge for both the Super Group business and its clients. Under his leadership, the business has grown into a formidable force in global supply chain and mobility solutions – testament to his commercial acumen and ability to anticipate and leverage changes in the technology, environmental, competitor and public policy space. A qualified Chartered Accountant with an MBA from Warwick University, Peter's expansive leadership experience includes the role of managing director of SAB Diversified Beverages (which included SAB's supply chain services and logistics interests). He was also CEO of the Consumer Logistics Division at Imperial Holdings Limited, and Managing Director of Super Group's Logistics and Transport Division. Peter is a long-serving director and the current Deputy Chairman of the Road Freight Association and a Master Category Winner of the EY World Entrepreneur Award for southern Africa.
Colin Brown: <i>Group CFO and Debt Officer</i>	Colin is an experienced Financial Executive and Board director with proven success in driving organisational performance in listed and multinational environments. Appointed as CFO in 2010 and Debt Officer in 2020, he guides the development, implementation and administration of all accounting and finance functions across the Group. Colin is also an active member of the Deal and Risk Committees and serves as Chairman of the subsidiary Audit Committees (excluding SG Fleet). A qualified Chartered Accountant with an MBL from UNISA School of Business Leadership, Colin was previously CFO and Board member of Celcom Group Limited and served as Financial Director for EDS Africa Limited and Fujitsu Services South Africa.
John Mackay: <i>Group Company Secretary</i>	Previously serving as the Group Executive for Marketing and Business Development, John was appointed as Group Company Secretary in January 2020, a role in which he provides governance, compliance and procedural support to the CEO, CFO and Board. He likewise advises Super Group companies on diverse issues such as legislative developments, acquisitions, intellectual property, brand strategy and new business opportunities. John serves on the JSE's Issuer Advisory Board Council and is also responsible for investor relations, ESG and Group marketing. Representing the Group, John is a Director of South Africa Day, a non-profit organisation focused on community building. With over 25 years of director level experience, John's executive roles include that of Managing Director of Patleys (Pty) Ltd and Board member of Bidvest Foods, Africa. At a pivotal time for the South African pharmaceutical industry, he held the role of CEO of The Link Investment Trust, the franchisor for Link Pharmacies, and was a member of the Clicks Healthcare Executive Team.

There were no other Board changes to the date of publishing the financial statements.

Details of directors' remuneration, share appreciation rights and options appear on pages 100 to 105.

RESOLUTIONS

During the year, other than the resolutions passed at the Annual General Meeting on 29 November 2022, the shareholders of the Company passed no other resolutions. No special resolutions, the nature of which might be significant to members in the appreciation of the affairs of the Group, were passed by any subsidiary companies during the year covered by the Annual Financial Statements.

SHARE OPTION SCHEMES

Refer to note 39 to the Financial Statements for information relating to option schemes, share-based payments and the B-BBEE Staff Empowerment Scheme.

LITIGATION STATEMENT

Super Group is not involved in any material legal or arbitration proceedings or legal actions, nor are the directors aware of any proceedings that are pending or threatened, that may have, or have had, in the 12-month period preceding the date of the Annual Financial Statements, a material adverse effect on the Group's financial position.

SUBSIDIARY COMPANIES

Details of the principal subsidiary companies appear on pages 121 and 122.

MATERIAL CHANGES

There have been no material changes in the financial or trading position of the Company and its subsidiaries between 30 June 2023 and the date of the Annual Financial Statements other than those disclosed in subsequent events.

GOING CONCERN STATEMENT

The directors consider that the Group has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the Group and Company financial statements. The directors have satisfied themselves that the Company and its subsidiaries are in a sound financial position and that the Group has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The Annual Financial Statements of the Group and Company were approved by the directors on 29 September 2023 and were signed on their behalf by

Peter Mountford

Chief Executive Officer

Colin Brown

Chief Financial Officer and Debt Officer