MERGER DECISION NO 24: 2026

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

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF CERTAIN MOVABLE ASSETS BY BOLUX GROUP (PROPRIETARY) LIMITED FROM PIE CITY (PROPRIETARY) LIMITED & BRANGUS 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 by Bolux Group (Pty) Ltd ("Bolux" or "Acquiring Enterprise") of certain movable manufacturing assets, plant and equipment presently owned by Pie City (Pty) Ltd ("Pie City" or "Primary Target Enterprise") and Brangus Botswana (Pty) Ltd ("Brangus" or "Secondary Target Enterprise"), situated at Plot 62 Gaborone International Commerce Park, Gaborone. In addition to the acquisition of assets, Bolux will enter into a commercial lease agreement with Brangus in respect of the immovable property situated at Plot 62, Gaborone Internation Commerce Park.

Merging Parties

The Acquiring Enterprise is a private limited liability company duly incorporated and registered in accordance with the Laws of Botswana. It is controlled by Custos Nmi (Pty) Ltd which is registered in accordance with the Laws of South Africa and Seaboard Botswana Holdings Limited which is registered in accordance with the Laws of The Bahamas.

On the Primary Target Enterprises, Pie City is a private limited liability company duly incorporated and registered in accordance with the Laws of Botswana. The sole shareholder of Pie City is Abhi Arora who is a legal Motswana individual with interest in an array of businesses in Botswana. In addition, the Secondary Target Enterprise, Brangus, is a private limited liability company duly incorporated and registered in accordance with the Laws of Botswana. The shareholders of Brangus are Abhi Arora and

Autash Arora, both individuals of legal capacity with interest in an array of businesses in Botswana.

Relevant Markets

The assessment findings indicate that Bolux does not directly or indirectly control any enterprise in Botswana. Bolux is licenced to conduct milling and food production operations within Botswana. Its business activities include maize and wheat milling, and the manufacture of, amongst others, the following food products: A1 Super Maize Meal, A1 Instant Porridge, Snowwhite Flour, Maxi Bread, GO Bread, Chobe Maize Rice, Samp and Chobe Super Special Maize Meal. Bolux's manufacturing activities, inclusive of packaging, predominantly take place at its manufacturing plant situate at Lots 128 and 129, Industrial, Ramotswa, Botswana. However, Bolux also has depots in Palapye, Francistown and Maun.

Furthermore, Pie City does not directly or indirectly control any enterprise nor is it controlled by any enterprise in Botswana. It is licenced to operate in the business of manufacturing and retailing of confectionary pies, pizzas, fruit juices and related products. Moreover, Brangus is also not directly or indirectly controlled by any enterprise. Brangus is a property holding company and does not engage in any trading activities.

Competitive Analysis and Public Interest

The proposed transaction entails an acquisition of new assets which have never been utilised in any market and thus may not be deemed to have contributed to the competition landscape of the relevant market or any other sector in Botswana. In addition, Bolux is not acquiring a shareholding stake in Pie City and therefore the Target Enterprise will continue to operate post-merger under a revised business strategy which entails the retailing operations and therefore will exit the manufacturing space of the supply chain. Based on this, it is not anticipated that the transaction under assessment will substantially lessen competition in Botswana.

Consistently, the proposed transaction does not amount to two entities coming together to trigger any market share accretion in the relevant market. Pie City will continue to operate independently from Bolux post-merger since the assets being acquired and the plant where they are located have never been utilised for manufacturing of pies or related products. Additionally, the Target Enterprise predominantly manufactures pies for internal supply to its retail stores and there is an array of competitors available to provide an alternative/ choice to retail customers and final consumers.

However, the Authority is cognisant of the competition concerns in terms of restrictive business arrangements that may arise between the Merging Parties at the detriment of other players in the retail segment of the supply chain. With Bolux being a significant player in the upstream market, the Authority is mandated to monitor its competitive behaviour to guard against exclusive arrangements and any abuse of dominance behaviour.

In consideration of public benefits, the merger presents potential benefits of employment creation, extended product lines and better economies of scale which would be beneficial to consumers in terms of reduced prices, better quality of products and innovation in the production process.

Furthermore, the merger has the effect of violating citizen empowerment policies as it is within a market reserved for citizens as per the statutory citizen reservation framework. The mandate of such a regulation is under the ambit of the Ministry of Trade and Entrepreneurship.

In addition, the Authority's review of the merger further identified that the post-merger business relationship between the Merging Parties is defined by the Recipe, Manufacturing Know-How and Intellectual Property Licence Agreement (the "Licence and Contract Manufacturing Agreement").

Thus, upon implementation of the proposed transaction, Pie City intends to cease its manufacturing operations, and Bolux will assume the manufacturing activities previously undertaken by Pie City. This aspect of the proposed transaction has a bearing on employment security for employees of the Target Enterprise.

The Determination

The Authority determined through the analysis of the facts of the merger and has pursuant to the provision of section 53 of the Act, decided that the proposed acquisition by Bolux Group (Pty) Ltd of certain movable manufacturing assets, plant and equipment presently owned by Pie City (Pty) Ltd and Brangus Botswana (Pty) Ltd, situated at Plot 62 Gaborone International Commerce Park, Gaborone, be approved subject to the following conditions:

1. The Enterprise shall, prior to implementation of any activity requiring a license under the citizen reserved sector framework engage with and obtain all requisite approvals, licenses and authorisation from the Ministry of Trade and Entrepreneurship. This is in line with Section 61 of the Competition Act, 2018 which reads, "An approval of a merger granted by the Authority shall not relieve an enterprise from obtaining such other approvals as may be required from other bodies in the exercise of their statutory responsibilities".

2. The acquisition shall be limited to the movable manufacturing assets identified in the merger notification and approved by the Authority.

3. The new plant and the manufacturing equipment under consideration shall be utilised solely for the production of frozen pies and other related pastry products and shall not be re-purposed for the manufacture of bread loaves, buns, rolls and other traditional bakery products in which SMME bakeries are active participants in the domestic market.

4. Neither Bolux nor Pie City shall enter into any exclusive supply or exclusive distribution arrangement arising from the implementation of the transaction.

5. The Acquiring Enterprise shall be obligated to do all in its power to ensure that the merger does not result in merger specific retrenchment by employing and re deploying employees of the Target Enterprise engaged in the manufacturing process and must prior to implementation of the proposed merger, demonstrate to the Authority how the merger will contribute to employment creation. Furthermore, nothing in this approval shall relieve any party from complying with all relevant labour legislation pertaining to the treatment of its employees upon implementation of the transaction.

6. The Merged Enterprise shall inform the Authority in writing of the date of the implementation of the transaction as well as commencement of manufacturing by Merged Enterprise within thirty (30) days of occurrence.

7. The Authority reserves the right to request for any additional information, at any point in time, from the Merged Enterprise which the Authority deems necessary for the monitoring of compliance with these 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 3rd day of August 2026.

Gideon G. Nkala, Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013