

OUR BUSINESS MODEL

The **Imperial Group**, unlike a conglomerate, operates in two specifically chosen areas of mobility. The group leverages its leadership in its logistics and vehicles value chains to achieve capability-based growth and focused value creation for all stakeholders.

Driving parenting advantage

To ensure its sustainability in an environment of profound structural and systemic change, we are refocusing Imperial Holdings' role as parent. Retaining the energy of its entrepreneurial origins and its well-developed capital management capability, Imperial Holdings' role now extends to greater value-adding intervention in its subsidiaries. This is aimed at maximising management's influence over the growth, returns and sustainability of the group, and minimising the correlation between external drivers and the group's valuation.

SHAPE THE GROUP'S PORTFOLIO TO ACHIEVE FOCUSED GROWTH

- > Deliberately shape the portfolio within our two major areas of mobility, to achieve targeted returns on invested capital and executive effort.
- > Acquire, merge, integrate and drive the profitability of businesses that are strategically aligned.
- > Dispose of non-core, strategically misaligned and under-performing businesses.

RAISE, ALLOCATE AND CONTROL CAPITAL FOR VALUE ACCRETION

- > Access debt funding at competitive rates and value-accretive equity funding as appropriate.
- > Evaluate existing businesses, and our investments in organic and acquisitive growth, according to targeted risk-adjusted returns.
- > Lower capital intensity and control working capital within planned limits.

ENSURE STRATEGIC CLARITY AT SUBSIDIARY LEVEL

- > Guide and approve subsidiary business strategies, ensuring competitiveness in their chosen markets over the medium to long term.
- > Ensure each business has considered and will meet the reasonable expectations of its key stakeholders over time.

DEVELOP EXECUTIVE CAPABILITY FOR PERFORMANCE AND SUSTAINABILITY

- > Identify, select, develop and reward exceptional executive leaders.
- > Implement structures to ensure that leadership becomes a major determinant of strategic progress and sustainable performance.
- > Inculcate a high-performance culture that balances entrepreneurial creativity with the best professional management practices.

Parent role definition

Empowering market-leading divisions

The group's businesses have strong market positions and operate under five divisions, based on different strategic drivers. This structure supports the identification of opportunities to capture growth, margin and synergies within and adjacent to the logistics and automotive value chains. These opportunities are defined by the industry structure and our functional capabilities, client relationships, scale and assets at divisional level, rather than a predisposition to any specific geographies. Divisional management are empowered to execute within clearly defined strategic and authority limits, and expected professional management practices.



LOGISTICS

CONSUMER AND INDUSTRIAL FOCUS

Refer to pages 58 and 64 for full divisional value chain.

AFRICA

Leading logistics provider across the entire supply chain in South Africa, and distributor of consumer goods and pharmaceuticals in East, West and Southern Africa.

INTERNATIONAL

Occupies leading positions in niche segments of the supply chain, specifically related to contract logistics, mainly in Europe.



VEHICLES

FULL AUTOMOTIVE VALUE CHAIN FOCUS, INCLUDING FINANCIAL SERVICES

Refer to pages 69, 73 and 79.

IMPORT, DISTRIBUTION AND DEALERSHIPS

Exclusive importer and distributor of 16 automotive and industrial brands, covering virtually all segments of the value chain. Vehicles are retailed through 126 owned dealerships in South Africa, six in Australia, and eight in sub-Saharan Africa.

RETAIL, RENTAL AND AFTER-MARKET PARTS

Represents 16 passenger and 12 commercial vehicle brands and operates the largest network of franchised dealerships in South Africa. Retail commercial vehicles in the UK. Operates two car rental brands. Distributes parts and accessories.

VEHICLE-RELATED FINANCIAL PRODUCTS AND SERVICES

Develops and distributes innovative vehicle-related financial products and services through dealer and vehicle finance channels, and a national call centre.

Two major areas of mobility

Enabling focused value creation

As the arbiter and controller of standards, Imperial Holdings develops the appropriate policies, approval frameworks and related oversight processes. It also actively manages those resources and relationships pivotal to sustaining focused value creation for all stakeholders. A balance is struck between maintaining a lean and effective corporate centre, and one sufficiently resourced to direct, govern and capacitate the divisions to deliver focused growth and risk-adjusted returns.

Funding and returns

- > Imperial Holdings has well-developed structures and processes in place to ensure disciplined capital allocation and effective balance sheet management.
- > Relationships with debt and equity providers, including minority and black economic empowerment (BEE) shareholders, and the broader investment community are managed by Imperial Holdings.

People and culture

- > Human resources (HR) is moving from a transactional to a transformational focus, to harness the energy and potential of the group's people.
- > A talent management framework and the related architecture is being implemented to drive the performance, succession and transformation of the group's executive and senior management.

Technology and innovation

- > Imperial Holdings ensures the appropriate IT expertise at divisional and business level, to enable effective investment in IT systems that meet business needs, drive operating efficiency and differentiate our products and services for clients.
- > Imperial Holdings sets the necessary governance and control framework to regulate IT investments.

Stakeholders and reputation

- > Imperial Holdings is developing a more consolidated, research-based approach to stakeholder management.
- > The intent is to integrate stakeholder priorities and expectations more effectively into decision-making, thereby enhancing societal relevance and legitimacy.

Governance and risk management

- > A commitment to superior governance, transparency, disclosure and communication underpins the group's business model.
- > As part of refocusing the group's role, legal entities, key management structures and systems, and governance processes are being reviewed to simplify the organisation and reduce costs.