

Directors' REPORT

NATURE OF BUSINESS

The company is an investment holding company listed in the Food and Drug Retailers sector of the JSE Limited. Its subsidiaries house South Africa's leading health and beauty retailer and its leading pharmaceutical distributor and wholesaler, amongst other businesses. The company operates in southern Africa.

GROUP FINANCIAL RESULTS

The results of operations for the year are set out in the consolidated statement of comprehensive income on page 10. The profit attributable to ordinary shareholders for the year is R1 837.9 million (2020: R1 880.2 million).

SHARE CAPITAL

During the year under review the company had the following movements in share capital:

248 662 647	Ordinary shares issued at 31 August 2020
(3 105 581)	Repurchase and cancellation of shares: February 2021 – June 2021
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245 557 066	Ordinary shares issued at 31 August 2021

DIVIDENDS TO SHAREHOLDERS

Interim

The directors approved an interim dividend of 142.5 cents per ordinary share (2020: no interim dividend).

Final

The directors have approved a final ordinary dividend of 347.5 cents per ordinary share (2020: 450.0 cents per ordinary share). The source of such dividends will be from distributable reserves. The dividend will be payable on 31 January 2022 to shareholders registered on 28 January 2022.

EVENTS AFTER THE FINANCIAL YEAR-END

The following significant events took place between the end of the financial year and the date of this report:

- the declaration of the final dividend;
- the resignation from the group of Vikesh Ramsunder, chief executive officer and executive director, with effect from 31 December 2021 and the appointment of Bertina Engelbrecht, currently the group corporate affairs director and executive director, as chief executive officer with effect from 1 January 2022;
- the appointment of Sango Ntsaluba as a non-executive director;
- the merger clearance granted by the Competition Commission on 1 October 2021 to allow Clicks Retailers to acquire 25 retail pharmacies from Pick n Pay. The transfer of the pharmacy licences from Pick n Pay to Clicks Retailers requires approval from the Department of Health; and
- the receipt on 29 October 2021 by the group of a second interim payment of R250 million (inclusive of VAT) from the South African Special Risks Insurance Association in terms of the R726 million political risk insurance claim submitted by the group in respect of losses sustained in the July 2021 civil unrest.

DIRECTORS AND SECRETARY

The names of the directors in office at the date of this report are:

Independent non-executive directors

David Nurek (chairman)
Fatima Abrahams
John Bester
Fatima Daniels
Penelope Moumakwa
Sango Ntsaluba
Mfundiso Njeke
Martin Rosen

Executive directors

Vikesh Ramsunder (chief executive officer)
Michael Fleming (chief financial officer)
Bertina Engelbrecht (group corporate affairs director)

The company secretary's details are set out on page 73.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with the company's memorandum of incorporation David Nurek and Fatima Daniels retire by rotation at the forthcoming annual general meeting. Penelope Moumakwa and Sango Ntsaluba were appointed by the board in the preceding year and accordingly retire in order to allow that their appointments be put before shareholders. David Nurek, being eligible, offers himself for re-election at the 2022 AGM.

DIRECTORS' INTEREST IN SHARES

In this year Michael Fleming sold 30 421 ordinary shares and The Nurek Family Trust, an associate of David Nurek, sold 45 000 ordinary shares in the company, and David Nurek and his wife Judy Nurek, bought the same number of shares.

INCENTIVE SCHEMES

Information relating to the incentive schemes is set out on pages 47 and 48.

SPECIAL RESOLUTIONS

Special resolutions passed at the annual general meeting held on 27 January 2021:

Special Resolution No. 1: General authority to repurchase shares

Special Resolution No. 2: Approval of directors' fees

Special Resolution No. 3: General approval to provide financial assistance

Special Resolution No. 4: Amendments to the memorandum of incorporation

SUBSIDIARY COMPANIES

The names of the company's main subsidiaries and financial information relating thereto appear on page 69.