

# 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 880.2 million (2019: R1 681.1 million).

## SHARE CAPITAL

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

262 083 439	Ordinary shares issued at 31 August 2019
(10 558 528)	Specific repurchase and cancellation of shares 6 February 2020
<u>(2 862 264)</u>	Repurchase and cancellation of shares March 2020
<u>248 662 647</u>	Ordinary shares issued at 31 August 2020

## DIVIDENDS TO SHAREHOLDERS

### Interim

The directors approved no interim dividend (2019: 118.0 cents per ordinary share).

### Final

The directors have approved a final ordinary dividend of 450.0 cents per ordinary share (2019: 327.0 cents per ordinary share). The source of such dividends will be from distributable reserves. The dividend will be payable on 25 January 2021 to shareholders registered on 22 January 2021.

## 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 of Nonkululeko Gobodo from the board on 14 September 2020, and the appointment of Mfundiso Njeke to replace her on the audit and risk committee; and
- the commencement of the new financial year was impacted over four days by the protest action against the online TRESemmé advert. This protest action resulted in the group incurring losses in revenue, inventory, as well as additional costs and damages to several stores. The group plans to submit a claim in terms of the group's insurance policy for this incident.

## 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  
Mfundiso Njeke (appointed 1 March 2020)  
Martin Rosen

### Executive directors

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

The company secretary's details are set out on page 77.

## RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with the company's memorandum of incorporation John Bester, Bertina Engelbrecht and Michael Fleming retire by rotation at the forthcoming annual general meeting. Mfundiso Njeke was appointed by the board in the preceding year and accordingly retires in order to allow that his appointment be put before shareholders. These directors, being eligible, offer themselves for re-election at the 2021 AGM.

## DIRECTORS' INTEREST IN SHARES

No directors traded in securities of the company in this year.

## INCENTIVE SCHEMES

Information relating to the incentive schemes is set out on pages 47 to 49.

## SPECIAL RESOLUTIONS

Special resolutions passed at the annual general meeting held on 30 January 2020:

Special Resolution No. 1: General authority to repurchase shares

Special Resolution No. 2: Specific authority to repurchase shares from New Clicks South Africa Proprietary Limited

Special Resolution No. 3: Approval of directors' fees

Special Resolution No. 4: General approval to provide financial assistance

Special Resolution No. 5: Amendments to the memorandum of incorporation

## SUBSIDIARY COMPANIES

The names of the company's main subsidiaries and financial information relating thereto appear on page 73.