CLICKS GROUP

LIMITED

Integrated annual report 2024

Contents

Reporting suite 2024

The integrated report is the group's primary reporting medium and is supplemented by additional reports and information which are also available online at **www.clicksgroup.co.za**.

Financial reporting

- Annual financial statements 2024
- Five-year financial review
- Annual results 2024
- Annual results 2024 presentation

Environmental, social and governance reporting

- Sustainability report 2024
- Corporate governance and King IV report 2024
- Social and ethics committee report 2024
- Notice of annual general meeting

Remuneration

- Remuneration report 2024

Report navigation

The impact of the six capitals on the group's operations and performance and their contribution to value creation, preservation and erosion is addressed throughout the integrated report. The following icons have been included to aid navigation of the report and indicate where the specific capitals have been referenced in the report.

Financial
Intellectual
Manufactured
Human
Social and relationship
Natural

Page reference
Online reference

As a leader in the healthcare market Clicks Group is committed to increasing access to affordable healthcare for all South Africans. Clicks is the country's leading health, wellness and beauty retailer and foremost pharmacy chain, with an expanding network of 936 stores and 720 pharmacies supported by a growing digital presence. UPD is the country's leading full-range pharmaceutical wholesaler, providing the distribution capability for the group's healthcare strategy.

2024 in review

Group turnover
+9.2%
to R45.4bn

Trading margin
9.2%
up from 8.7%

Total dividend
+14.3%
776cps

Cash generated by operations
R6.0bn

Capital investment
R891m

Retail turnover
+11.7%
to R35.4bn

Diluted HEPS
+14.3%
to 1 194c

Return on equity
46.4%
up from 43.6%

Returned to shareholders
R2.5bn

Clicks ClubCard loyalty members
11.8m

Agreement reached with the Department of Health (DoH) on issuing of pharmacy licences*

* Refer to chief executive officer's report on page 35 for further detail on this issue.

Clicks stores
936

Pharmacies
720

Environmental

Commitment to **carbon neutrality**

5%
reduction in total carbon emissions intensity

41%
increase in renewable energy generated

70%
waste recycled

Social

BBBEE rating improved to level 3

95%
Black employees

62%
Female employees

Improved leadership position in United Nations Women's Empowerment Principles to
89%

Governance

FTSE4Good Index for 8th year

78%
Independent directors

67%
Black board members

44%
Female board members

Introducing the 2024 integrated report

Clicks Group has again demonstrated the resilience of its business model in overcoming headwinds in the trading environment to continue to create and preserve value for shareholders while meeting its responsibilities towards all stakeholders.

While consumers' finances remain constrained, the last few months of the financial year were marked by improving sentiment following the national election and the formation of the Government of National Unity. The stable political and social environment, together with lower inflation, interest rate relief and the suspension of load shedding for several months, is positive for the medium to longer-term prosperity of consumers.

The group has pleasure in presenting its integrated report for the 2024 financial year. The report is again targeted at our shareholders, being our primary providers of capital, and the broader investment community, while we also acknowledge the role of our customers, staff, suppliers, industry regulators and funding institutions in the creation, preservation and the protection of value erosion.

Reporting scope and boundary

The report covers material information relating to the business model, strategy, material issues and related risks and opportunities, and performance for the financial year 1 September 2023 to 31 August 2024.

Forward-looking information focuses on the strategic objectives, operating plans and prospects for the 2025 financial year as well as the group's medium-term financial targets.

The financial reporting boundary covers the performance of the group's main operating businesses Clicks and UPD and focuses on the operations in South Africa where the majority of revenue is generated. The group has 57 stores in four neighbouring countries.

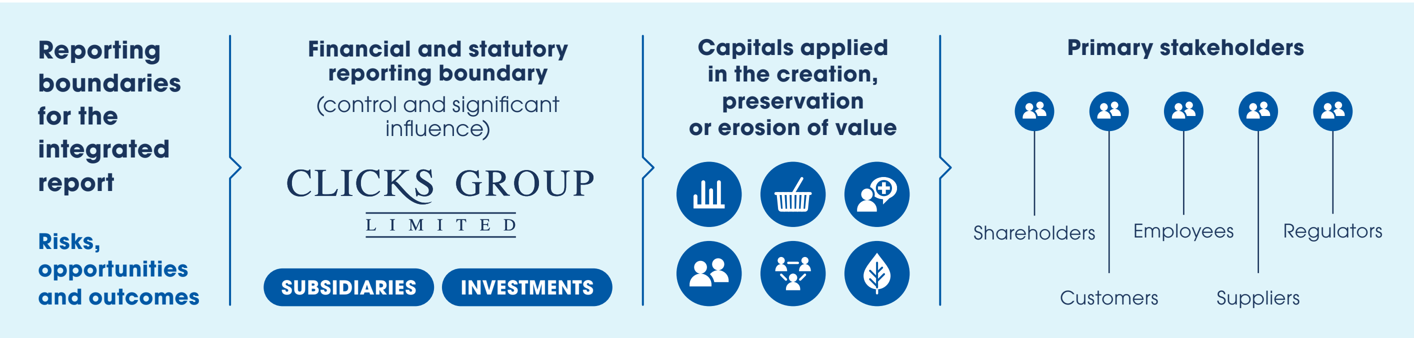
The integrated reporting boundary covers risks, opportunities and outcomes relating to the group's operating environment, its businesses and the extent to which the strategic objectives and targets have been achieved. The boundary also incorporates the engagement with key stakeholders that could influence the group's ability to create and sustain value.

Reporting and governance compliance

The IFRS Foundation's Integrated Reporting Framework (January 2021) and the JSE Sustainability Disclosure Guidance (June 2022) have been applied in preparing the integrated report. The application of these reporting frameworks was proposed by management and approved by the board.

The framework recommends reporting to shareholders on the capital resources that are applied in the creation, preservation or erosion of value. While we have chosen not to present the integrated report according to these capitals, the impact of the six capitals on the group's business activities and performance is covered in the relevant sections of the report.

All financial reporting complies with IFRS Accounting Standards, the South African Companies Act and the JSE Listings Requirements.



The directors confirm that the group has in all material respects applied the principles of the King IV Report on Corporate Governance (King IV) throughout the 2024 financial year. The application of King IV is covered in the corporate governance and King IV report 2024 which is available on our website.

We support the introduction of the sustainability reporting standards by the International Sustainability Standards Board although the adoption of the standards is not yet mandatory in South Africa. The application of uniform global sustainability and climate-related standards will align international reporting and ensure comparability of ESG disclosures across all markets.

Materiality

The JSE Sustainability Disclosure Guidance has formalised the concept of double materiality, covering financial and impact materiality.

Financial materiality is applied in reports and disclosures that are targeted primarily at shareholders and other providers of capital used in determining enterprise value. The financial materiality assessment applied by the board in measuring enterprise value is based on internal and external factors, both positive and negative, that substantively affect the group's ability to deliver its strategy and which could have a material impact of 5% or more on the group's profit before taxation.

Impact materiality relates to the social, environmental and economic impacts of our operations and we plan to enhance impact reporting in subsequent years.

The integrated report applies double materiality as it covers content and disclosures that are material to investors and other providers of capital (financial materiality) as well as the impacts on people, the planet and profits (impact materiality).

Independent assurance

The integrated report has been reviewed by the board but has not been independently assured. The annual financial statements have been assured by the group's independent auditor, KPMG Inc.

The sustainability information in the report has been approved by the board's social and ethics committee. Accredited service providers have measured selected non-financial performance metrics and management has verified the processes for measuring all other non-financial information.

Integrated reporting process

The preparation of the integrated report is the responsibility of a working group led by the chief executive officer (CEO) and chief financial officer (CFO), comprising senior members of the finance, marketing and corporate affairs teams, company secretary and the external investor relations consultants.

The integrated report working group aims to enhance the reporting and disclosure each year. The content is prepared based on interviews and submissions from executive directors, business unit heads, the company secretary and divisional executives. Draft reports are initially reviewed by the CFO and the CEO, with specific reports being reviewed and approved by the board chairman and the respective board committee chairs.

The draft of the integrated report is reviewed by all board members. The chairman of the audit and risk committee is responsible for the final approval of the report on behalf of the board, whereafter the integrated report is released to shareholders.

Director responsibility

The board is responsible for ensuring the integrity of the integrated report. The directors have collectively assessed the content and confirm the report addresses all material issues, the integrated performance and the group's strategy, as well as the short, medium and long-term prospects.

The audit and risk committee has oversight responsibility for integrated reporting and recommended the report for approval by the directors. The 2024 integrated report was unanimously approved by the board on 12 November 2024.

David Nurek
Independent non-executive chairman

Bertina Engelbrecht
Chief executive officer

Gordon Traill
Chief financial officer

01 About Clicks Group

The group is a leader in the South African healthcare market, with Clicks being the foremost health and beauty retailer and UPD the leading full-range pharmaceutical wholesaler.

Group profile

Clicks Group is a **retail-led healthcare group** which is listed in the Personal Care, Drug and Grocery Stores sector on the JSE.

Founded in 1968, **Clicks** is the country's leading health, beauty and wellness retailer and the largest retail pharmacy chain, with an expanding network of 936 stores and 720 pharmacies supported by a growing digital presence. **UPD** is the country's leading full-range pharmaceutical wholesaler, providing the distribution capability for the group's healthcare strategy.

Listed on the JSE since 1996, Clicks Group's sustained financial performance and **growth in shareholder value** has seen the group included in the FTSE/JSE Top 40 Index for the past seven years.

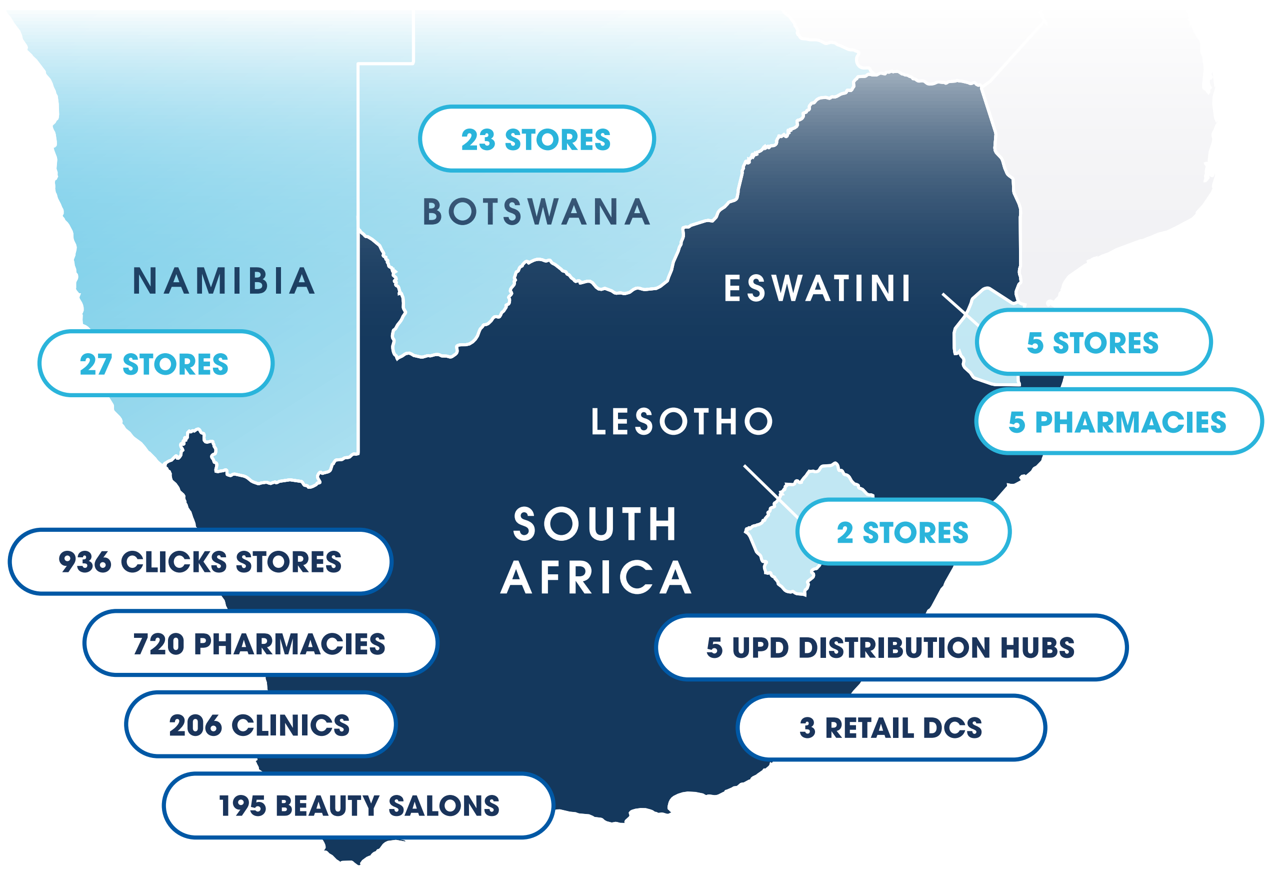
The group recognises the importance of environmental, social and governance (ESG) practices in **creating a sustainable business** and has been included in the FTSE4Good Index for the past eight years as well as the FTSE/JSE Responsible Investment Top 30 Index.

As a leader in the healthcare market Clicks Group is committed to **increasing access to affordable primary healthcare** for all South Africans through its retail pharmacy and pharmaceutical wholesale businesses.

The group has a level 3 broad-based black economic empowerment (BBBEE) rating.

An overview of the group's history is available at **www.clicksgroup.co.za**.

Geographic footprint



Group brands

CLICKS

Our anchor brand

Clicks is South Africa's leading health and beauty retailer, offering value for money in convenient and appealing locations.

CLICKS baby

Established in 2021

A wide range of mother and baby products including baby hardware, accessories, health, foods, diapers and wipes and baby toiletries.

UPD

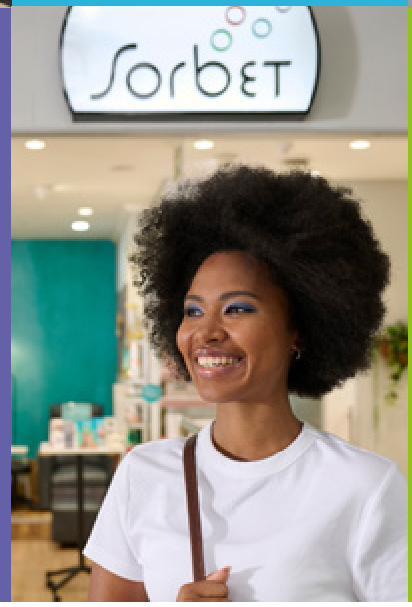
Our distribution channel

UPD is South Africa's leading full-range pharmaceutical wholesaler and the only one with a national presence.

Sorbet

Acquired in 2023

Sorbet is the country's largest professional beauty salon franchise chain, with a national presence of 195 outlets operating under the Sorbet (all-round beauty therapy), Sorbet Man (male grooming) and Candi & Co (ethnic haircare) brands.



THE BODY SHOP

Launched in SA in 2001

The Body Shop sells natural, ethically-produced beauty products and has been operated under a franchise agreement with The Body Shop International since 2001.

Group profile continued

The anchor brand, Clicks, is South Africa's **leading health and beauty retailer,** offering value for money in convenient locations and appealing stores, as well as an online platform offering in-store collection or home delivery.

Refer to Clicks business review on page 43

936 stores

712 convenience format
218 destination format
6 baby stores

206 Clinics

720 Pharmacies

3 Front shop distribution centres

195 Beauty salons
186 franchised
9 owned

Market share

- 24.2% retail pharmacy
- 34.2% front shop health
- 22.5% baby
- 43.8% skincare
- 33.1% haircare
- 22.1% personal care

Overview

- Clicks targets consumers in the growing middle to upper-income markets (LSM 6 – 10)
- 51% of the population live within 5.0 km of a Clicks pharmacy
- Clicks ClubCard is one of the largest loyalty programmes in South Africa with 11.8 million active members, contributing 81.7% to sales
- Product offering is differentiated through wide ranges of private label and exclusive brands, comprising 25.4% of sales
- In 2001 an exclusive franchise agreement with The Body Shop, which sells natural, ethically-produced beauty products, provided further differentiation to the retail offering, with a combination of standalone stores and presence in 257 Clicks stores
- The first standalone Clicks Baby store was opened in 2021, showcasing a wide range of mother and baby products
- M-Kem, a 24-hour specialised pharmacy in Cape Town, was acquired in 2023, and the group plans to open similar large format specialised pharmacies in other metropoles under the UniHealth brand
- In 2023 Clicks acquired the Sorbet beauty salon franchise chain, operating under the Sorbet (skincare and beauty treatments, nailbars and hairbars) and Sorbet Man (men's grooming) brands.

Store footprint

	South Africa	Rest of Africa*	Total	Pharmacies	Clinics
Clicks	877	53	**930**	720	206
Clicks Baby	6		**6**		
The Body Shop	53	4	**57**		
Sorbet Beauty Salons**	195		**195**		
Total	**1 131**	**57**	**1 188**		

* 27 in Namibia, 23 in Botswana, 5 stores and 5 pharmacies in Eswatini and 2 in Lesotho.
** Includes 9 Sorbet corporate salons.

Group profile continued

UPD

UPD is South Africa's **leading full-range pharmaceutical wholesaler** and was acquired in 2003 to provide the distribution capability for the group's healthcare strategy.

Refer to UPD business review on page 46

Overview

UPD fulfils the pharmaceutical supply needs of Clicks, major private hospital groups and over 1 100 independent pharmacies.

Clicks is UPD's single largest customer and accounted for 56.1% of wholesale turnover in the past year, with private hospital groups comprising 37.6% of turnover and independent pharmacies and other channels accounting for the remaining 6.3%. UPD also provides bulk distribution services to a portfolio of 25 pharmaceutical manufacturers.

UPD owns distribution centres located in Gauteng (Roodepoort), Cape Town, Durban, Bloemfontein and Gqeberha, with all these facilities being certified to the global ISO9001:2015 standards.

As part of the group's commitment to carbon neutrality, UPD has ordered 42 electric vehicles for deliveries in Gauteng and the Western Cape, while solar panels and batteries are being fitted on existing delivery vehicles to power refrigeration, further reducing the carbon footprint.

5
Distribution hubs

R29.9bn
Total managed turnover

25
Bulk distribution clients

282m
Units of medicine distributed

Market share

26.7%

private pharmaceutical fine wholesale market

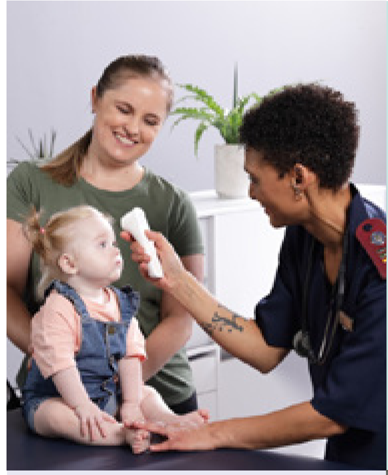
Group profile continued

Commitment to ESG practices

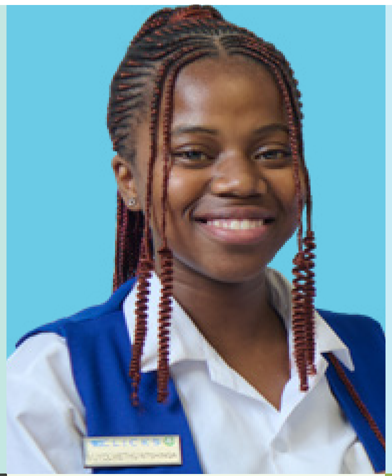
The group's core business creates meaningful social impact through the provision of health products and improving access to reliable and affordable healthcare. This supports South Africa's national development goals by promoting healthy lives and well-being for all ages.

Refer to sustainability report on page 49

The sustainability strategy is based on four focus areas:

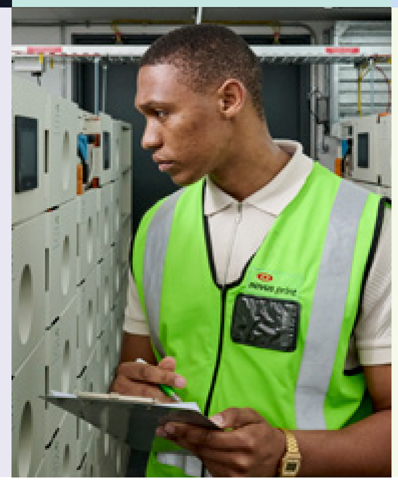


1 Building a trusted, accessible healthcare network



2 Empowering motivated, passionate people

4 Minimising our environmental footprint



3 Sourcing products that uphold the integrity of our brand

Sustainability performance

Level 3
BBBEE rating

67%
Black and

44%
female representation on the board

95%
Black and

62%
female employees

206
Primary care clinics and 234 stores located in low-income areas (22.4% of retail turnover), improving accessibility to healthcare

Clicks Group is a founding member of the SA Plastics Pact

Solar power at head office and all owned distribution centres, and battery storage installed in the largest distribution centre and the head office, in support of the group's commitment to alternative energy supply

We align our ESG practices with the United Nations Sustainable Development Goals (UN SDGs) to ensure that our activities support the global drive to achieve the specified targets by 2030. The SDGs where we believe we can have the biggest impact are:

- 1 No poverty
- 3 Good health and well-being
- 4 Quality education
- 5 Gender equality
- 7 Affordable and clean energy
- 8 Decent work and economic growth
- 10 Reduced inequalities
- 12 Responsible consumption and production
- 13 Climate action

Business model

Inputs

Capital resources and relationships applied in the group's business activities to create value for stakeholders.

(Measured at the end of the 2024 financial year.)

Financial capital

The financial resources received from providers of capital and deployed by the group

- Equity of R6.3bn
- Cash resources R2.7bn
- Borrowing facilities R2.6bn
- Working capital inflow of R99.4m

SHAREHOLDERS
REGULATORS

Manufactured capital

The infrastructure used in the selling and distribution of merchandise, including stores, pharmacies, distribution centres, the group's head office and online store

- 1 002 stores* trading in five countries
- E-commerce capability
- 720 pharmacies
- 206 clinics
- 8 distribution centres located in 5 major provinces

CUSTOMERS
SUPPLIERS
EMPLOYEES

Human capital

The competency, capability and experience of the board, management and employees

- 19 621 permanent employees
- 95.2% black and 62.1% female employees
- Extensive investment in training and development
- Company-funded healthcare cover available to all employees

EMPLOYEES
REGULATORS

Intellectual capital

The collective knowledge and expertise across the business as well as the intellectual property of the group which provide a competitive advantage

- Brand equity in well-established and market-leading brands Clicks, The Body Shop, Sorbet and UPD
- Extensive range of private label products
- Clicks ClubCard is one of South Africa's largest loyalty programmes

EMPLOYEES

Social and relationship capital

Relationships with stakeholders influencing the business, primarily customers, employees, suppliers, shareholders, government and communities

- 11.8m Clicks ClubCard loyalty members
- New Clicks Foundation funds of R166m
- Community support through social investment programme and Helping Hands Trust
- Listing portal for small and medium-sized suppliers
- Small enterprise owner driver scheme contracted to UPD

SHAREHOLDERS
CUSTOMERS
EMPLOYEES
SUPPLIERS
REGULATORS

Natural capital

Environmental resources applied and utilised in the business. The group's operations have a low environmental impact and therefore use limited natural capital

- Sustainable materials used in products and packaging
- Group-wide recycling programme
- R105m invested in alternative energy

CUSTOMERS
EMPLOYEES
REGULATORS

* Total stores include Clicks + The Body Shop + Sorbet corporate salons.

Business model continued

Operating environment

1. Constrained consumer spending
2. Increasingly stable social and political environment following the national elections and formation of the Government of National Unity
3. Moderating inflation rate is positive for further interest rate relief for consumers
4. Improving consumer confidence levels in the latter stages of the financial year
5. Increasing consumer awareness of sustainable consumption and packaging

Our operating model

Clicks Group's strategy is realised through a value-adding retail-led business model which appeals to the group's predominantly female customer base.

Strategic enablers to provide sustained growth for our stakeholders

People

Centralised supply chain

Information technology

Customer care
Customer care from engaging and knowledgeable staff in the front shop and pharmacy.

Convenience
An extensive store footprint and pharmacy network in convenient locations allows for easy access to customers, supported by an online store and national pharmacy delivery service.

Differentiation
The product offering is differentiated through a wide range of private label and exclusive brands. Private label scheduled medicine ranges offer customers choice for quality generic medicine at a lower price.

Rewards
ClubCard enables Clicks to personalise engagement and communication with customers, supporting the aim of the loyalty programme to increase basket size and value, and frequency of shopping.

Value
Consistently good value-for-money products delivered through competitive prices and effective promotions.

Business model continued

Outcomes

The group's performance over the past year resulted in a net increase in the value of all capitals except for natural capital where value was eroded owing to the consumption of resources in the production, packaging, distribution and sale of merchandise.

Financial capital

- Group diluted HEPS up 14.3%
- Dividend of 776cps
- Return on equity 46.4%
- Cash generated by operations R6.0bn
- R2.5bn returned to shareholders in dividends and share buybacks
- Reinvested R891m in capital expenditure

Manufactured capital

- Opened net 51 Clicks stores
- Opened net 9 pharmacies
- 51% of customers live within 5.0 km of a Clicks pharmacy
- 2.4m social media followers

Human capital

- R4.9bn paid to employees
- 6 014 employees trained
- R185m invested in employee training and development
- 67% black and 44% female directors

Intellectual capital

- Retail pharmacy market share 24.2%
- Private pharmaceutical wholesale market share 26.7%
- Constituent of FTSE/JSE Top 40 Index
- Clicks private label sales account for 25.4% of total sales in Clicks

Social and relationship capital

- R780m in cashback paid to ClubCard members
- R1 068m paid in taxes in all countries of operation
- R1 330m paid to suppliers of goods and services, including landlords
- R118.5m invested in enterprise and supplier development programmes
- R16.1m paid to owner drivers
- R28.6m invested in socio-economic development programmes
- 35 bursaries* awarded
- Level 3 BBBEE rating
- Constituent of FTSE4Good Index

* Subsequent to the 2024 year-end, an additional 56 bursaries were paid, bringing the FY2024 total to 91 bursaries.

Natural capital

- Total carbon emissions 150 528 tonnes CO_2e
- Electricity consumption non-renewable energy 108 895 MWh
- Produced 5 135 MWh renewal energy
- Total water consumed 95 028 kl
- Waste recovered for recycling 4.2 million kg

Business model continued

Outputs

R45.4bn
Group turnover

R34.8bn
Cost of merchandise sold

R4.2bn
Trading profit

150 528
Carbon emissions (tonnes CO_2e)

Material trade-offs of capitals

In delivering on the group's strategic objectives, management aims to balance and optimise the trade-offs between capitals to ensure long-term growth and sustainability.

While the commitment to investing in manufactured, intellectual, human, and social and relationship capitals erode financial capital in the short term, the long-term benefits are reflected in the group's industry-leading financial and operating metrics and sustained shareholder value creation.

Limiting the environmental impact of the operations to reduce the rate at which natural capital is depleted has a significant impact on financial capital in the short to medium term but should deliver the desired long-term benefits as the group ultimately moves towards carbon neutrality.

Constraints on capitals

The key constraints encountered during the year related to **manufactured capital**.

- The expansion of the Clicks pharmacy network was adversely impacted by the Department of Health placing a moratorium on Clicks applying for new retail pharmacy licences. This related to the Constitutional Court ruling preventing Clicks from owning the manufacturing pharmacy licence of Unicorn Pharmaceuticals (Unicorn). Following the sale of Unicorn and Clicks' subsequent compliance with the court ruling, the licence application process resumed. The limitation on pharmacy licence applications resulted in Clicks opening only net nine pharmacies over the past year relative to the planned 40 to 50 pharmacies.
- The weak economic environment and high energy, food and borrowing costs constrained consumer disposable income which negatively affected discretionary retail spending.
- While load shedding negatively impacted trading hours and shopping patterns in the first half of the year, the suspension of power outages from late March 2024 meant that the electricity supply was no longer a constraint to trading.

The group has no **financial capital** constraints owing to the strong cash flows generated by the operations and access to borrowings. Should these financial resources prove insufficient, the group's strong balance sheet will enable management to access further loan funding or raise capital through the issue of shares.

Managing material issues

Material issues are identified each year which could significantly impact positively or negatively on the group's ability to create and sustain value.

The material issues are reviewed annually by the board and management where all relevant internal, industry, social and environmental, and macroeconomic factors are evaluated. The needs, expectations and concerns of the stakeholder groups that are most likely to influence the group's ability to create sustainable value, notably customers, suppliers, regulators, staff, shareholders and providers of financial capital, are central to determining the material issues.

In the review for the 2025 financial year, a comprehensive evaluation was undertaken of the risks that could impact on the group delivering on its strategy and achieving its business objectives.

Following this review, the risks of '**supply chain**' and '**strategy and execution**' have been included as material issues owing to the increasing impact and likelihood of these risks affecting the business.

The scope of other material issues has been extended to align with the changing dynamics in the country, the economy, the retail sector and within the group.

RISKS

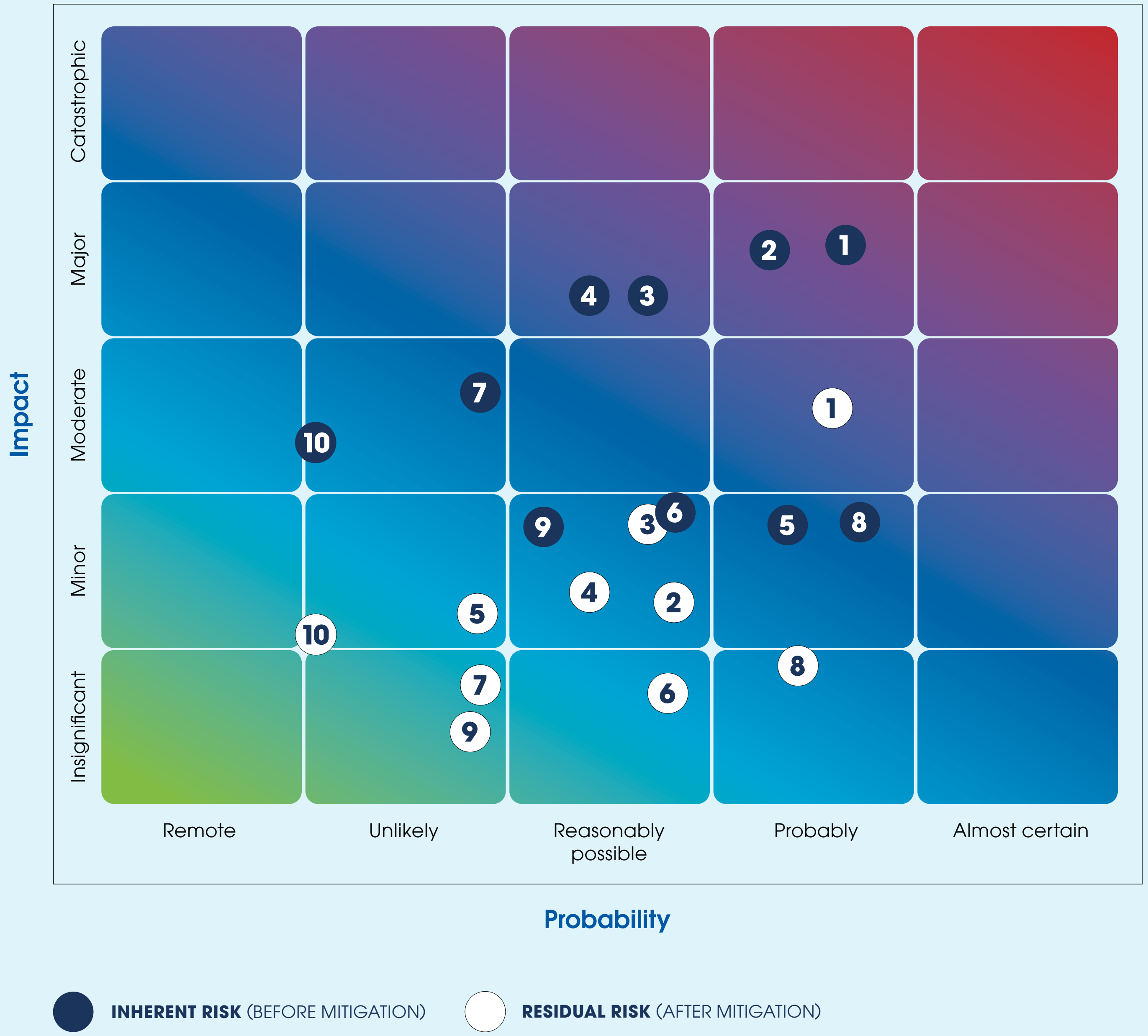
Risks relating to each material issue are based on the major risks on the group's register. The accompanying risk heat map indicates the levels of risk before (inherent risk) and after (residual risk) mitigation plans have been implemented.

OPPORTUNITIES

Opportunities are presented for each material issue to indicate how the group manages the impacts of the material issues on value creation, preservation and erosion.

Material risks

1. **Information technology (IT)**
2. **Political and social contexts**
3. **Trading environment**
4. **Competition**
5. **Regulation and compliance**
6. **Brand and reputation**
7. **Supply chain**
8. **People and employee value proposition**
9. **Strategy and execution**
10. **Environment**



Managing material issues continued

1 Information technology

A modern, responsive, stable and efficient IT infrastructure is required to support business growth objectives and evolving customer and market demands, including processes to ensure security and confidentiality of data.

RISKS

- Failure to enhance and maintain IT infrastructure and capability could lead to operational inefficiencies, business disruptions in supply chain to customers, loss of competitive edge, compromised operational continuity, and the inability to service clients and meet evolving market demands.
- Confidential customer or sensitive internal data could be compromised by unauthorised access or an information security breach, with increased risks and cyberthreats if systems and infrastructure are outdated.
- Inability to leverage new technologies and implement system enhancements to support new business initiatives and customer demands.
- Delays and technical challenges with IT projects could negatively impact business operations.

OPPORTUNITIES

- Key systems modernisations have recently been completed and others are in progress, including an updated pharmacy system, upgraded SAP enterprise resource planning (SAP ERP) system and enhancements to existing systems.
- Further projects include increasing redundancy for network failures, outsourcing IT solutions, and investment in additional skills and capacity.
- Increased security (training, awareness and penetration tests) is in place, as well as ongoing security of IT systems with appropriate firewalls.

2 Political and social contexts

A stable political and social landscape, together with a supportive South African operating environment, is required to achieve the group's revenue and growth objectives.

RISKS

- Change and political uncertainty could cause disruptive protest action and result in business disruption beyond physical property damage.
- Civil protest incidents, whether or not politically motivated, could result in losses and business disruptions, and possible insurance claims.
- Safeguarding against, and recovering from, incidents of civil unrest, could lead to increased security requirements, higher insurance premiums and a higher cost of doing business.
- Continued deterioration of key infrastructure, such as roads, electricity and water supply, could increase operational costs, disrupt supply chains, and adversely affect the customer experience and business reputation.

OPPORTUNITIES

- Extensive security upgrades completed at all distribution centres (DCs).
- Ongoing improvement and updates to the business continuity plan (BCP). The BCP addresses the impact of civil unrest across the DCs, transport and store network as well as the impact of infrastructure failure.
- Co-operation with government, civil society groups, law enforcement and industry bodies to mitigate and manage threats of civil unrest.
- Cash flow and liquidity facilities are in place to mitigate short-term working capital challenges in the event of disruption.
- Adequate insurance cover to meet specialist risks of civil and politically motivated violence.

Managing material issues continued

3

Trading environment

Supportive macroeconomic factors are necessary to create a trading environment in which the group can achieve its targets and growth aspirations.

RISKS

- Low economic growth and higher unemployment could reduce disposable income and constrain consumer spending, which will impact revenue growth.
- The depreciation of the Rand could lead to increased costs of imports, which cannot always be passed on to customers, affecting profitability and financial performance.
- Global inflation has a significant knock-on impact for South African consumers, including higher fuel prices and cost pressures.
- Criminal activity, including syndicated crime, escalates during times of economic hardship. In particular, crime syndicates targeting high-value, high-demand, scarce lines can lead to stock loss; inability to service clients; and loss of revenue, damage to assets and business interruption.

OPPORTUNITIES

- Clicks will continue to improve price competitiveness, grow sales volumes and entrench the brand as a value retailer.
- Capitalise on key market differentiators, including an extensive convenient store and pharmacy network, private label and exclusive product ranges, personalised engagement by leveraging the Clicks ClubCard and consistently high standards of customer care.
- UPD continues to drive efficiencies to mitigate the pressures from higher sales of generic medicines and fuel price increases on profitability.
- Rand hedging on high-value imports to mitigate currency volatility.
- Supplier development programme focuses on alternative sources of local supply.
- Extensive crime detection and prevention activities.

4

Competition

Clicks faces competition on several fronts, including national food retailers and general merchandise chains, online retailers and other pharmacy businesses. Continued growth and shareholder return requires successful competition for existing market share and expansion into new segments and markets.

RISKS

- Aggressive competition could result in loss of market share, the inability to maintain market position, and ultimately threaten the growth and profitability of the business. In particular, the group faces competition risk from the expansion of retail chains into healthcare and medicines, and from online retailers with their fast home delivery models.
- Ongoing or new aggressive competition in the third-party distribution sector could result in the loss of and inability to recover market share and the inability to maintain market position, threatening sustainable growth and profitability.
- Increasing price competitiveness and promotional activity of retailers, including competing loyalty schemes, could negatively affect sales and margins in Clicks.

OPPORTUNITIES

- Clicks continues to capitalise on its key competitive differentiators: an extensive physical footprint with aggressive expansion plans, extending the pharmacy network and opening dispensaries where possible in South African stores, expanding baby stores and enhancing the online sales infrastructure.
- Build brand loyalty through ongoing recruitment of new members to the Clicks ClubCard and the Clicks mobile app.
- Implement measures to increase pharmacy customer convenience through the rollout of alternative delivery models, including smart lockers.
- Optimise service and cost in UPD to remain competitive while focusing on profitable client segments.

Managing material issues continued

5

Regulation and compliance

Clicks Group requires consistent compliance with numerous regulations and legislation. Healthcare markets are highly regulated across the world and approximately 50% of the group's turnover is in regulated pharmaceutical products.

RISKS

- Legislative non-compliance could lead to regulatory sanction, including fines, loss of licences or store closure and reputational damage, as well as increased compliance requirements and costs.
- Growth could be inhibited by challenges in securing suitable retail spaces and the required pharmacy licences, while the ability to launch private label and exclusive scheduled and complementary medicines could also be hampered.
- Healthcare legislative and regulatory changes could impact on Clicks' and UPD's turnover and margins. In particular, the introduction of the National Health Insurance (NHI) Act and its impact on the private and public healthcare markets is yet to be understood and could have a significant impact on the business and operating model.

OPPORTUNITIES

- The group's robust governance framework ensures and monitors compliance with regulations, including undertaking self-audits and the employment of an information officer.
- Engagement with regulatory authorities on legislation and regulation, and to accelerate the granting of pharmacy licences and approval of generic medicines to broaden access to affordable healthcare.
- Clicks and UPD will capitalise on opportunities to benefit from market consolidation arising from changes in legislation and regulation. The group continues to partner with government to be a preferred service provider where opportunities arise.

6

Brand and reputation

The group's ability to achieve its strategic objectives is highly dependent on the continued value of the group brand and the operating brands.

RISKS

- Reputational damage could result in loss of brand equity which will adversely impact financial performance.
- Pervasive and ubiquitous use of social media with its immediacy and reach can significantly damage the value of brands.
- Poor product quality, product recalls or customer claims with associated negative media exposure could adversely impact trust in the brand.
- Harmful content or imagery on online platforms or printed marketing material could impact on brand equity.
- Breakdown in financial or governance controls and reporting could cause serious reputational damage and impact the company's rating on the JSE, as well as incurring fines and censure from regulators.

OPPORTUNITIES

- Protocols are established to ensure that content on the group's social media and online platforms is authorised by the responsible executive and media review team.
- Resources are in place to monitor online and social media activities to respond rapidly and consultants have been retained to advise on reputational management where required.
- Strict quality assurance processes to limit risk of product failure.
- Insurance and indemnity cover in place for product recalls, customer claims and malicious damage to property.
- Robust governance frameworks and financial controls are implemented across the group, with oversight from the board, executive management and internal audit.

Managing material issues continued

7

Supply chain

A consistent, stable and predictable supply chain is required for serving customers and generating revenue.

RISKS

- Unavailability of stock in stores or products for distribution, due to disruption in global supply chains, vendor supply chains or disruptions in internal operations and supply chains could result in the inability to fulfil orders, supply customers or operational inefficiencies.
- Disruptions at warehouses or the DCs could impact the flow of stock to stores, hospitals and customers due to lack of stock and consequent loss of revenue.
- Customers may be lost due to poor service.
- Poor stock availability in stores and online could lead to lost sales opportunities and reputational impact.
- Inability to accurately forecast required peak inventory levels could result in lost sales and customer dissatisfaction.

OPPORTUNITIES

- Active measures taken to monitor and manage risk and anticipate possible global and local supply chain disruptions.
- Alternative suppliers are being identified for key products and more products are being sourced locally where possible.
- Stock levels are actively managed, balancing costs and customer requirements.
- Contracts with key suppliers to deliver directly to stores in the event of disruption at a major DC is being explored, as well as the need for additional stock of key inventory items.
- The commercial and planning departments work closely together to forecast stock requirements.

8

People and employee value proposition

Attracting and retaining talent and a skilled workforce is critical to the group's continued success, especially in key areas where niche skills are in demand locally and internationally such as IT, healthcare and retail.

RISKS

- Failure to attract and retain sufficiently skilled, educated, competent resources across the group can result in poor quality of output, ineffective technology utilisation, slow digital transformation and poor organisational agility, and loss of competitiveness.
- Lack of critical skills in key operational areas such as store operations, logistics, merchandising, pharmacy, private label sourcing and development, IT and digital could lead to a loss of revenue, slowing of growth and potential loss of customers.
- Skills shortages may compromise delivery or ability to improve systems and processes, and delay the implementation of key strategic growth projects.
- Industrial action could result in disruption to operations, damage to property and financial loss.
- The ability to retain existing large contracts, or secure additional business, could be compromised by poor progress against transformation targets.

OPPORTUNITIES

- Salaries and incentives are externally benchmarked to ensure that the group remains competitive.
- A senior leadership development programme aims to strengthen the pool of management talent and provide candidates for succession planning.
- Early talent acquisition programmes through bursary and internship programmes have been entrenched to attract pharmacy graduates.
- Internal development programmes are in place, such as retail graduate and IT learnership programmes; and accredited training programmes for store management, key store roles, merchandise and planning roles.
- A group resourcing function is in place and includes a specialist pharmacy team.

Managing material issues continued

9

Strategy and execution

Delivering the group's strategy and achieving business objectives requires disciplined execution and careful prioritisation of initiatives and investments.

RISKS

- Inconsistent execution of internal operational systems could result in poor customer delivery, compromised quality, inconsistent service, and non-compliance with policies and procedures.
- Inadequate investment could limit growth through lack of innovation, limited infrastructure upgrades, capacity to execute key initiatives and, ultimately, competitiveness.
- Large-scale demands for system enhancements, new systems and ongoing maintenance could make it difficult for IT to effectively provide services due to competing business objectives, lack of prioritisation and unexpected demands, leading to resource conflicts, possible delays and staff burnout.
- Failure to be disciplined in execution of current strategy could result in key objectives not being achieved.

OPPORTUNITIES

- Standard operating procedures have been designed and implemented, and are embedded with regular training as well as regular monitoring and independent assurance of adherence.
- A programme management office and systems development life cycle framework is in place. Regular project, IT and business review meetings are held to prioritise projects with clear strategic direction and decisions on options chosen, and specifically which options are not chosen.
- A robust planning cycle is in place which includes monthly monitoring and evaluation of the operating results against objectives.

10

Environment

The group is impacted by events in the environment and needs to minimise negative impacts on the environment to ensure long-term sustainability.

RISKS

- Extreme weather events and changes caused by weather patterns could cause disruptions to operations, trading, supply chain, and damage to physical assets and subsequently increased costs.
- Trade in locations impacted by extreme adverse weather events could be disrupted, or changes in weather patterns may affect the timing and mix of seasonal product sales, resulting in revenue loss.
- Delivery and storage of key medicine may be impacted by sustained periods of extreme high temperatures.
- Failure to measure and meet environmental impact targets could result in increased pressure from investors and stakeholders to align to environmental guidelines.
- The group could suffer a reduction in market share if customers opt for environmentally friendly alternatives.
- The ability to retain existing large contracts, or secure additional business, could be compromised by poor progress against transformation targets.

OPPORTUNITIES

- Business continuity and associated response plans are continually updated to cater for all potential disruptions.
- Arrangements will be made with suppliers to cover buffer stock levels and turnaround times.
- Measures are in place to reduce the carbon footprint while plans are being developed to aim for carbon neutrality.
- Packaging and waste are being reduced, particularly in private label products, and through the use of durable and recyclable bags in stores instead of plastic.
- The group supports local and international reporting requirements related to climate change.

Managing stakeholder engagement

Clicks Group's stakeholder engagement strategy focuses mainly on the five primary stakeholders that management believes are most likely to impact on the delivery of the group's strategic objectives and influence the ability to create value in the short, medium and long term.

Proactive and transparent relationships enable the group to identify and address the needs, expectations and concerns of these stakeholder groups.

Shareholders and lending institutions

Shareholders

Local and international institutional and private investors, as well as fund managers and analysts from the broader investment community.

Lending institutions

South African financial institutions which provide funding and trade finance facilities to the group.

Key engagement issues in 2024	Addressing engagement needs, expectations and concerns
Clicks: Concerns related to the ability to expand the pharmacy network due to the suspension of new retail pharmacy licence applications imposed by the Department of Health (DoH) until Clicks complied with the Constitutional Court judgment on the ownership of the manufacturing pharmacy licence of Unicorn Pharmaceuticals (Unicorn).	Agreement was reached with the DoH that the group would divest its total shareholding in Unicorn to comply with the court ruling. The sale of Unicorn was completed effective 1 August 2024, enabling Clicks to resume its application process for retail pharmacy licences with the DoH. Clicks opened net nine pharmacies over the past year.
Clicks: Impact of the aggressive three-year store expansion strategy announced by the group's major competitor.	Clicks is committed to expanding its store footprint to at least 1 200, targeting to open 40 to 50 stores and 40 to 50 pharmacies annually. In the past year Clicks opened net 51 stores, bringing the total opened over the past three years to 154. The expansion plan continues to focus on opening convenience format stores, accelerating Clicks' presence in lower-income areas, targeting upper-income areas in Gauteng where Clicks is under-represented and opening approximately 10 larger format specialist pharmacies following the acquisition of M-Kem.
Clicks: Impact of the weak consumer environment on trading in Clicks due to the pressure on consumer spending from rising food, energy and fuel costs and high interest rates.	While the group is not immune to the downturn in the economic environment, the business model is resilient and the core healthcare markets in which the group trades are highly defensive and non-cyclical, with over 80% of group turnover in defensive categories. Clicks has continued to report volume growth in the past year despite these pressures on consumer spending.
UPD: Impact of the post systems implementation and non-renewal of bulk distribution contracts and plans for the wholesaler to recover market share.	Following the completion of the large-scale systems implementation early in the financial year, performance continued to improve during the year. Operational metrics moved back in line with targets post the implementation at the Lea Glen distribution centre. The rationalisation of the bulk distribution portfolio is aimed at focusing on profitable clients, which has created the capacity for growth of existing profitable clients and to acquire profitable new clients. UPD is expected to recover market share as benefits are realised post the systems implementation and the Clicks Pharmacy purchasing compliance from UPD recovers to the targeted 98%.

Managing stakeholder engagement continued

Customers

Clicks

primarily targets consumers in the growing middle to upper-income markets (LSM 6 – 10).

UPD

customers include Clicks, major private hospital groups, pharmaceutical manufacturers, and independent pharmacies (including buying groups).

Key engagement issues in 2024	Addressing engagement needs, expectations and concerns
Load shedding impacting on business operations and productivity.	South Africa has experienced lower levels of load shedding than in the previous financial year, particularly in the second half of the year, which positively impacted business operations and sentiment. In addition, the group has installed solar battery storage at its head office and UPD's main distribution centre to augment its energy requirements. Backup power that include inverters, generators and UPS installations have been provided for impacted Clicks stores.
Increased customer expectation of high-quality product and services with improved customer service responsiveness.	The group, considering evolving customer needs and preferences, continually refines its product offering and services using market-leading research benchmarks and customer surveys. In addition, customer complaints resolution mechanisms are in place and reviewed on a continual basis.
Consumer demand for growing private label and promotional activities is critical to address affordability.	The growth of the private label offering is a key focus for the group. To this end, evolving customer needs are assessed, product life cycles are reviewed, and emerging and future trends monitored. Clicks' private label sales increased by 13.5% over the prior year. Private label sales accounted for 25.4% of Clicks' sales. The Clicks store expansion programme is geared toward enhancing customer access as well as convenience.

Employees

All permanent and part-time employees across the group.

Key engagement issues in 2024	Addressing engagement needs, expectations and concerns
Increased focus on employee mental, financial and physical well-being.	The group repositioned its employee wellness programme to be more preventative and holistic. Agreements were concluded with leading health and financial services providers that have delivered savings for the benefit of employees. Additionally, participation in physical wellness assessments increased from 228 in 2023 to 474 in 2024.
Global war for talent and scarce skills that may impact the group.	The group invested R185m in skills development and R2.3m* in bursary support for pharmacy students and other scarce skills at universities. The group has competitive short and long-term incentive schemes in place as part of its talent retention strategy.
Engagement and negotiations with organised labour unions.	The group maintains cordial and productive relationships with organised labour unions, effectively mitigating the risk of business disruptions through strategic stakeholder engagement and negotiations. A two-year wage agreement with the South African Commercial Catering and Allied Workers Union has been concluded at 7%.

* Subsequent to the 2024 year-end, additional bursaries were paid totalling R3.3m, bringing the 2024 total to R5.6m invested.

Managing stakeholder engagement continued

Suppliers

Local and international suppliers of products and services, including producers of exclusive brands and private label products.

Key engagement issues in 2024	Addressing engagement needs, expectations and concerns
Load shedding has added strain on local manufacturing, with a material impact on small to medium-sized suppliers.	Load shedding has reduced significantly over the second half of the year, which has improved product supply from local manufacturers. Small to medium-sized suppliers have elected to prioritise high-demand production lines to counter the effects of load shedding.
Global supply chain challenges due to rising geopolitical risks in the Middle East and Ukraine. In addition, there were supply chain constraints in China and the USA.	Challenges emanating from congested logistics were managed through better inventory planning and future forecasting.
Congestion and inefficient operations at South African ports.	The group's import vendor lead times were adjusted and downstream mitigation actions were implemented to expedite shipment and protect service levels. Active safety stock investments were implemented in affected areas of the business to mitigate against continued constrained supply lines, for both local and import supply lines.

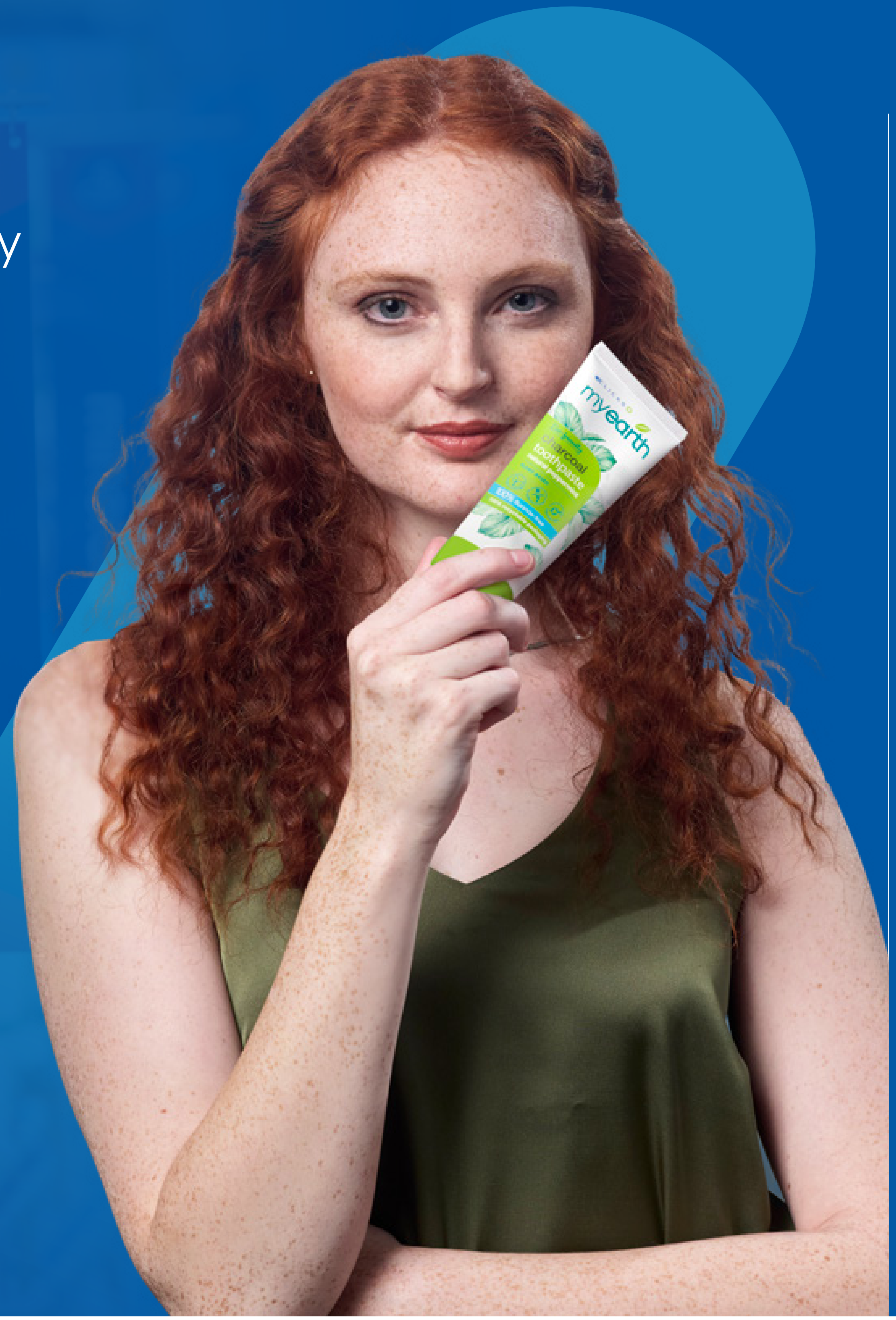
Government and industry regulators

Department of Health, South African Revenue Service and other government departments, industry regulatory bodies and local authorities. As a listed company, the JSE Limited is the primary regulator.

Key engagement issues in 2024	Addressing engagement needs, expectations and concerns
National Health Insurance (NHI).	The group is closely monitoring the developments related to NHI. It is expected that the implementation process will be gradual, and the final structure of NHI remains uncertain. The group will continue to collaborate with other stakeholders, including medical schemes, industry bodies and regulators, as necessary and is well positioned to make a positive contribution towards achieving universal access to healthcare.
Notification of data breach.	Following the global data breach of MoveIT by Russian hackers in May 2023, the Information Regulator conducted a self-initiated assessment in terms of section 89 of the Protection of Personal Information Act, 2013 of the group's response to the breach, as well as its treatment of personal information in general, during October 2023. The group is satisfied that its data governance and cybersecurity protocols are robust and have invested in building capacity in this area.

Group strategy

Creating sustainable long-term shareholder value through a retail-led health, beauty and wellness offering.



Our values

We are truly **passionate** about our customers

We believe in **integrity**, **honesty** and **openness**

We cultivate understanding through **respect** and **dialogue**

We are **disciplined** in our approach

We **deliver** on our goals

Group strategic objectives

1. Increase customer appeal and access by expanding the store, pharmacy and online presence.
2. Accelerate market share gains in pharmacy and core front shop categories.
3. Promote UPD's national pharmaceutical wholesale and distribution services to grow profitable market share.
4. Deliver operational excellence with an efficient centralised supply chain.
5. Create an inclusive and transformed company with a strong talent pipeline to support business growth.
6. Ensure sustainability through efficient cash and capital management and entrench robust environmental, social and governance practices.

Group strategy continued

Strategic drivers of longer-term growth

These strategic drivers of longer-term organic growth should ensure continued competitive advantage in the health and beauty markets in which the group operates.

Favourable market dynamics

Healthcare markets are defensive and offer long-term growth opportunities in South Africa.

Improving living standards, increasing urbanisation and longer life expectancy is contributing to a growing market for health and beauty products.

The increasing use of generic medicines will continue to make healthcare more affordable.

Convenience

Goal to expand the Clicks store base to over 1 200 in the medium term, with a pharmacy operating in every store.

Accelerate new store and pharmacy opening programme and develop new pharmacy and retail formats to drive growth, including the rollout of a specialist pharmacy model.

Goal to achieve retail pharmacy market share of 30% in the long term.

Expand Clicks Baby store presence to enable the group to capitalise on the growth in this strategic category.

Extend existing store base outside South Africa and evaluate potential new southern African markets.

Customer convenience is supported by an online store and a national pharmacy delivery service.

Differentiation

Private label and exclusive brands offer differentiated ranges at higher margins.

Clicks is a brand that consumers trust and the brand has demonstrated its ability to transcend product categories and markets.

Exclusive franchise brands The Body Shop, GNC and Sorbet augment Clicks' private label brands in the health and beauty categories.

Sorbet beauty salon chain further differentiates our offering.

Personalisation

Clicks ClubCard is one of the largest retail loyalty programmes in South Africa, with 11.8m active members.

ClubCard offers customers generous and convenient cashback rewards and an increasing range of affinity partner benefits.

Migrating ClubCard members onto the Clicks app supports the personalisation strategy.

Opportunity to influence customer behaviour and leverage personalised digital engagement via the ClubCard, website, online store and mobile app.

Growth opportunities for UPD

UPD provides an efficient healthcare supply chain which supports the growth of the Clicks business.

UPD offers national wholesale services to private hospitals and independent pharmacy, including Link pharmacies.

The business offers a distribution service to local and international pharmaceutical manufacturers based on price, quality control and speed to market.

Goal to achieve wholesale pharmaceutical market share of 35% and bulk distribution market share of 35%.

Investment case

Clicks Group offers sustainable long-term growth prospects for equity investors seeking non-cyclical exposure to the retail and healthcare sectors in South Africa.

This investment case should be read together with the group strategy report on pages 22 and 23 which outlines the group's strategic objectives and drivers of longer-term growth.

Accessible and expanding pharmacy network

720

pharmacies in Clicks stores

- Currently 51% of the population live within 5.0 km of a Clicks pharmacy
- Retail pharmacy market share goal of 30% in the long term (2024: 24.2%)

Target to open

40 – 50

pharmacies each year

Convenient and growing retail footprint

936

Clicks stores

- Targeting to open 40 – 50 Clicks stores each year
- 76% of stores located in convenience and neighbourhood shopping centres
- Expanding store base to areas serving lower to middle-income customers
- Rolling out standalone specialist baby stores as showrooms to support online sales
- Retail offering supported by Sorbet beauty salon franchise chain

Target to open

40 – 50

Clicks stores each year

Market leadership

Businesses occupy market-leading positions in health and beauty

- Clicks is the largest retail pharmacy chain in South Africa, supported by a sizeable network of primary care clinics
- UPD is the country's leading national full-range pharmaceutical wholesaler

Significant organic growth prospects

- Goal to expand Clicks store base to at least 1 200
- Aim to open a pharmacy in every Clicks store in South Africa
- Accelerate the rate of new store and pharmacy openings
- Develop new pharmacy and retail formats to drive growth, including the rollout of a specialist pharmacy model
- Expand specialist baby standalone and in-store presence
- Extend existing presence in southern Africa and evaluate new markets

Goal to expand Clicks store base to

1 200

Differentiated product offer

Private label and exclusive brands offer differentiated ranges at higher margins

- Target to grow private label to 35% of front shop retail sales; currently 25.4%
- Clicks offers differentiated products through exclusive health and beauty brands such as The Body Shop, GNC and Sorbet

Private label sales

25.4%

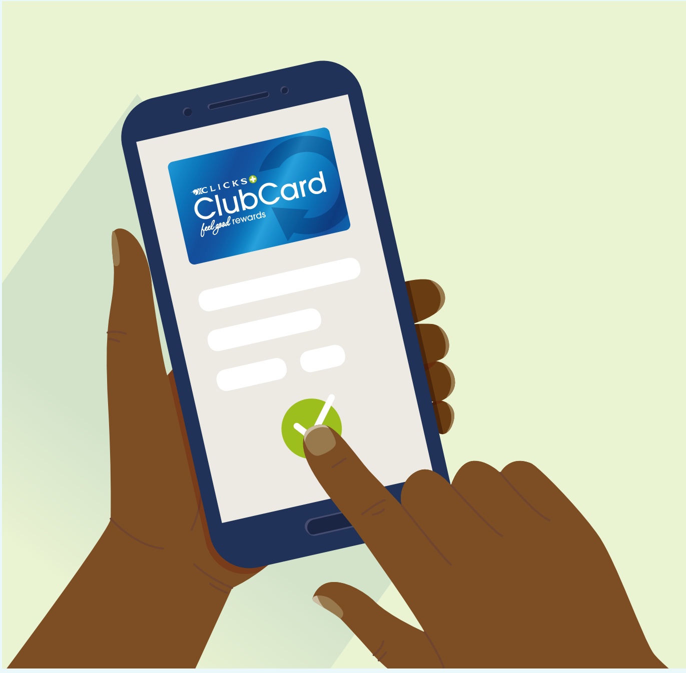
of Clicks' sales

Healthcare markets defensive and growing

Over 80% of group turnover is in defensive merchandise categories

- Improving living standards, increasing urbanisation and longer life expectancy is contributing to a growing market for health and beauty products
- Well positioned to offer an affordable and accessible self-funding alternative to public healthcare

Investment case continued



Growing personalisation and engagement

ClubCard is one of the largest retail loyalty programmes in South Africa

- 11.8m active ClubCard members generate 81.7% of sales
- Online store offers full Clicks product range for in-store collection or home delivery as well as online-only range extensions

Globally competitive trading margins

Clicks and UPD trading margins rank in the upper quartile of global drugstores and pharmaceutical wholesalers

Clicks

10.2%

Medium-term target
10.0% – 11.0%

UPD

3.2%

Medium-term target
2.8% – 3.3%

Robust supply chain

Centralised supply from company-owned distribution centres (DCs) to all retail stores

- UPD provides an efficient healthcare supply chain channel for Clicks
- UPD also offers wholesale and distribution services to pharmaceutical manufacturers

98.4%

of product through centralised distribution

Efficient cash and capital management

Highly cash-generative business with returns enhanced through active capital management

- R18.9bn cash generated from operating activities before dividends paid over past five years
- R10.2bn returned to shareholders in dividends and share buybacks in past five years
- Well-invested store base and supply chain
- R3.9bn capital expenditure in past five years

Sustainable business

Commitment to sound environmental, social and governance (ESG) practices

- ESG practices aligned with nine selected United Nations Sustainable Development Goals
- Multi-year inclusion in the FTSE4Good Index recognises the quality of the group's ESG practices
- R105m invested in alternative energy sources and solar storage
- R812m invested in training and development over past five years
- Experienced, diverse, transformed and balanced board

02 Governance

Good governance contributes to value creation and Clicks Group's governance philosophy is founded on the principles of accountability, transparency, ethical management and fairness.

Chairman's report

South Africa is in a significantly different place to where it was when we last wrote to shareholders a year ago.

Total shareholder return
20.7%
CAGR over 10 years

Recent political and economic developments have been positive for the outlook for the country and consumers, none more so than the formation of the Government of National Unity which followed the general elections in May.

The stability following the establishment of the new government, together with the strengthening of the Rand, interest rate relief on the back of declining inflation, declining fuel costs and the extended absence of load shedding, contributed to consumer confidence reaching a five-year high in the third quarter of 2024.

The improving consumer sentiment is expected to translate into increased spending in the next 12 to 18 months and create a platform for more robust economic growth in the country.

However, in the absence of any short-term catalysts to boost spending in the past year, the consumer environment remained constrained. Clicks was well positioned to respond to this muted discretionary spending with the resilience of its business model and defensiveness of its core product offering.

Industry-leading performance

Group turnover increased by 9.2% to R45.4 billion with Clicks producing another excellent performance off a high base and UPD delivering stronger second-half results following the completion of its wide-scale systems implementation. Diluted headline earnings per share (HEPS) increased by 14.3% and the total dividend was increased by 14.3% to 776 cents per share, based on a 65% dividend payout ratio. The group produced an industry-leading return on equity of 46.4%.

The group generated cash inflows from operations of R6.0 billion and returned R2.5 billion to shareholders in dividend payments and share buybacks. The strong balance sheet and robust cash flows enables the group to reinvest for growth and approximately R1 billion is planned for investment in each of the next three years.

In delivering these financial results, the group achieved all of its published medium-term financial targets. The targets for the group trading margin and retail trading margin have been revised upwards, confirming the board's confidence in the organic growth prospects of the group.

The performance also maintains the group's consistent growth momentum and trajectory. Over the past 10 years, diluted HEPS has grown at a compound rate of 13.5% per annum and dividends per share by 15.1% per annum.

Shareholders have been well rewarded. Since 2014 the Clicks Group share price has grown at a 10-year compound annual growth rate (CAGR) of 18.5% relative to the growth of 7.1% in the Food and Drug Retailers Index and the 5.1% increase in the Top 40 Index.

Black board members
67%

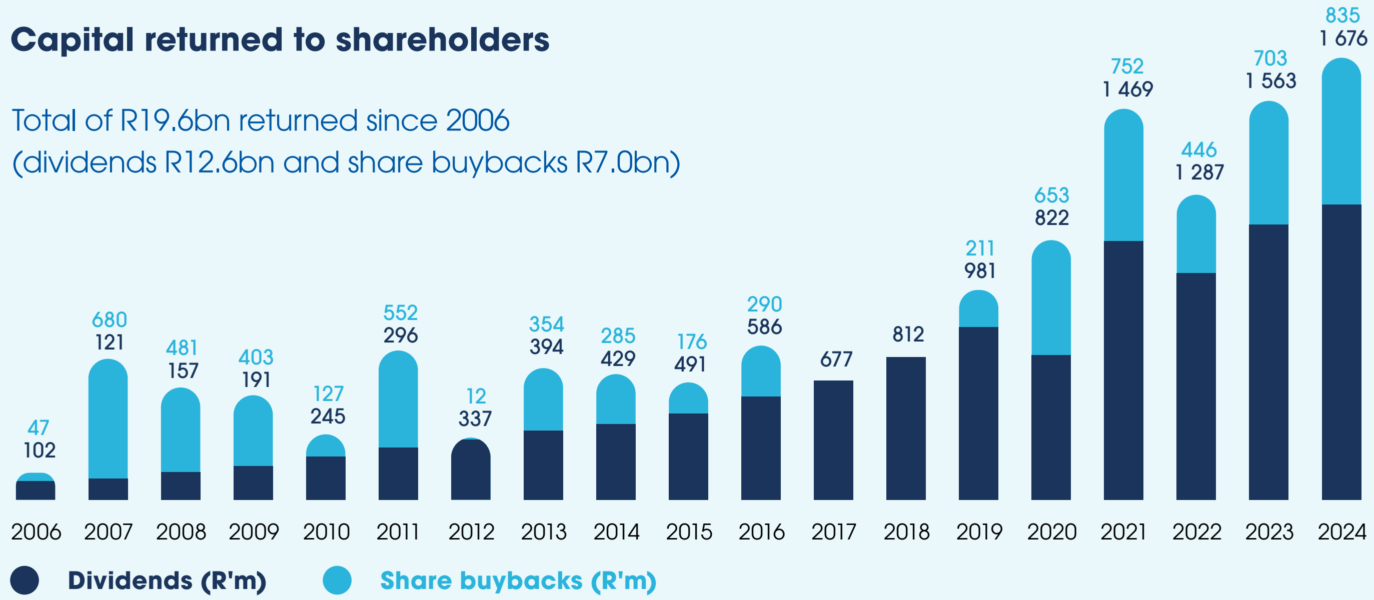
Female board members
44%

The total shareholder return, based on share price appreciation and the reinvestment of dividends, has generated a 10-year CAGR of 20.7% per annum.

More than R14.5 billion has been returned to shareholders in dividends and share buybacks in the past 10 years, underpinning the quality and premium rating of the Clicks Group share.

Capital returned to shareholders

Total of R19.6bn returned since 2006 (dividends R12.6bn and share buybacks R7.0bn)



Chairman's report continued

Chairman succession

In last year's integrated report we advised shareholders that I would be retiring from the board when my term of office comes to an end at the annual general meeting (AGM) in January 2025. Following a rigorous selection process, we announced independent non-executive director Mfundiso "JJ" Njeke as my successor.

A seasoned chartered accountant, experienced businessman and astute company director, JJ has served on Clicks Group's board and audit and risk committee since 2020. He was appointed as chair of this committee as well as our lead independent director in 2022.

We are pleased to appoint a successor from within the ranks of the current board which will ensure continuity in leadership and oversight. It is important to reassure shareholders that the appointment of the new chairman does not signal a shift in the proven strategic direction of the group. JJ has been integral to the development and endorsement of the strategy over the past four years and enjoys the full confidence and support of his fellow directors.

R20bn
returned to shareholders over the past 28 years

9 248%
growth in market capitalisation since JSE listing

Board developments

One of our board stalwarts, John Bester, retired as a director in February 2024 after serving on the board since 2008. John also chaired the audit and risk committee with distinction over several years and we wish him a healthy and fulfilled retirement.

Following the January 2025 AGM, all six of our non-executive directors will have served on the board for five years or less.

Owing to his appointment as chairman, JJ Njeke will not be eligible for re-election to the audit and risk committee which he currently chairs. The directors are proposing Christine Ramon to be appointed as chair of the committee. She is an experienced financial executive with extensive board expertise, including serving as chair and a member of the audit committees of large listed and unlisted entities.

Following the AGM in January 2025, the board will elect a new lead independent director to replace JJ.

Farewell and thank you

I have had the honour of serving as a non-executive director since the listing of New Clicks Holdings, as the company was then known, on the JSE in 1996. I was appointed as chairman of the board in May the following year.

However, my association with Clicks predates this by some years. As a young commercial lawyer working with the late Arnold Galombik from the late 1970s, I provided legal services for the Clicks business in the Jack Goldin era, serving as an alternate director to Clicks Limited until the business was sold and delisted. I returned to the board when the company was relisted in 1996.

It has been an extraordinary journey since then, witnessing first-hand the stellar growth in the business. The group's market capitalisation has grown from R952 million at the time of listing to R89.0 billion at the year-end in August 2024, a growth of 9 248%. Over this 28-year period, R20 billion has been returned to shareholders in dividends and share buybacks. An investment of R10 000 in Clicks Group shares at the listing in 1996 would have grown to R2.1 million, including the reinvestment of dividends.

It is interesting that several companies who considered acquiring Clicks in those early days are now consid erably smaller than Clicks Group by market capitalisation.

By far the most rewarding benefit of my time with the group has been the privilege of meeting and working with so many truly wonderful people who have contributed, both as executives and as non-executives, to building this iconic South African success story. There are simply too many to mention. You know who you are and I am eternally grateful to each and every one of you. You can all feel justifiably proud of the invaluable contributions you have made.

Our founder Jack Goldin would be both immensely proud and incredulous at what has become of his inspired conception.

Acknowledgements

In concluding my final report to shareholders ahead of my retirement, I extend my congratulations to my successor JJ Njeke on his appointment and wish him every success in leading this great company.

My fellow non-executive directors provide outstanding governance and oversight support and it has been a privilege to serve on the board with you.

The group's sustained growth and industry leadership over so many years is a tribute to the quality of our management and staff. Thank you to our CEO Bertina Engelbrecht, CFO Gordon Traill and the group executive team who lead by example in supporting and motivating staff to exceed the expectations of our stakeholders.

Thank you to our 19 600 employees at head office, stores and distribution centres across the country for a job well done.

Thank you to our external stakeholders, including our customers, shareholders, suppliers and regulators, for their continued support and engagement.

David Nurek
Independent
non-executive chairman

Board of directors

Independent non-executive directors

David Nurek (74)

Non-executive chairman

Dip Law, Grad Dip Company Law

S

Appointed 1996

Directorships:
Trencor (chairman).

Expertise and experience:
Legal, commercial and governance. David practised as an attorney with Sonnenberg Hoffman Galombik for 32 years, including 23 years as a partner and director. He joined Investec Group in 2000 and was regional chairman of the group's Western Cape businesses and global head of legal risk for the Investec Group until his retirement in 2019. He has served as non-executive director and chairperson on boards of a number of listed companies for many years, including the following retail and healthcare companies: chairman of The Foschini Group and Lewis Group, and non-executive director of Aspen Pharmacare and Pick n Pay Stores.

David will retire from the board at the annual general meeting (AGM) on 30 January 2025.

Mfundiso Njeke (65)

Lead non-executive director

BCom, MCompt, CA (SA), H Dip Tax

A R

Appointed 2020

Directorships:
Datatec and Motus Holdings (chairman).

Expertise and experience:
Accounting, finance, commercial and strategic planning. Mfundiso (JJ) is a chartered accountant by profession. After serving as an audit partner at PricewaterhouseCoopers for six years he co-founded Kagiso Trust Investments where he was group managing director from 1994 to 2010. He is a past chairman of the SA Institute of Chartered Accountants, and previously served as chairman of Momentum Metropolitan Holdings and Resilient REIT, and non-executive director of Adcorp, ArcelorMittal South Africa, Delta Property Fund, MTN Group and Sasol.

JJ will be appointed as non-executive chairman following the AGM on 30 January 2025. He will not stand for re-election to the audit and risk committee at the 2025 AGM.

Richard Inskip (62)

Non-executive director

BCom

A

Appointed 2023

Directorships:
Hyprop Investments and Mr Price Group.

Expertise and experience:
Retail, strategy, supply chain, technology and operations. Richard is an experienced senior executive and entrepreneur whose 35-year career in the retail sector included serving as chief operating officer for both Woolworths and Massmart. In his 17 years at Woolworths he held various senior roles, including operations and financial services director, and served as an executive director of Woolworths Holdings for seven years. He spent several years as an independent consultant and entrepreneur, including three years as a non-executive director of AVI. After consulting to Massmart, he joined the company as a full-time executive in 2017 and retired as chief operating officer in 2022.

Nomgando Matyumza (61)

Non-executive director

BCom, BCompt (Hons), CA (SA), LLB

S A

Appointed 2022

Directorships:
Sasol, Standard Bank Group, Standard Bank South Africa and Volkswagen (South Africa).

Expertise and experience:
Accounting, finance and corporate governance. Nomgando is a chartered accountant who has held senior financial management and executive positions in the private and public sectors. Her past directorships include the Council for Medical Schemes (deputy chairperson), Hulamin, WBHO, Transnet and Ithala Development Finance Corporation. She is an ordained minister of the African Methodist Episcopal Church and a member of its Presiding Elders Council.

Board diversity policy

The group has adopted a policy to ensure diversity on the board, specifically relating to race and gender but also in respect of broader diversity attributes such as skills, qualifications and experience, age and culture. The board exceeds its voluntary targets in respect of race and gender representation, with 67% of directors being black (target 50%) and 44% of directors being women (target 33%).

Board profile

Gender

Male	56%
Female	44%

Race

Black	67%
White	33%

Classification

Independent non-executive	78%
Executive	22%

Tenure

1 – 5 years	7
Over 5 years	2

Age

50 – 59 years	2
60 – 69 years	6
Over 70 years	1

Chairman
A Audit and risk committee
R Remuneration committee
S Social and ethics committee

Board of directors continued

Independent non-executive directors

Sango Ntsaluba (64)

Non-executive director
BCom, BCompt (Hons), MCom (Development Finance), H Dip Tax Law, CA (SA)

R A

Appointed 2021

Directorships:
Thungela Resources (chairman), Kumba Iron Ore and Goldplat plc.

Expertise and experience:
Accounting, finance, commercial and strategic planning. Sango was a founding partner of SizweNtsalubaGobodo (now SNG Grant Thornton), one of the largest auditing firms in South Africa. In 1997 he joined Transnet as general manager of group finance before being appointed as an executive director responsible for restructuring, a position he held until 2002. He served as executive chairman of NMT Capital from 2002 until 2020. He is the founding CEO of investment holding company Aurelian Capital.

Dr Penny Osiris (née Moumakwa) (60)

Non-executive director
MBChB, MAP (Wits), GMP (Harvard)

S

Appointed 2021

Directorships:
RCL Foods.

Expertise and experience:
Healthcare and sustainability. Penny is a medical doctor with extensive senior executive experience in the private and public healthcare sectors. She was previously an executive director of Discovery Health and an executive committee member of Discovery Holdings, including serving on the sustainability committee of Discovery. She is the founding CEO of Mohau Equity Partners and a director of Growthpoint Healthcare Property Holdings, the Wits University Donald Gordon Medical Centre and the Witkoppen Health and Welfare Centre.

Christine Ramon (57)

Non-executive director
BCompt, BCompt (Hons), CA (SA), Senior Executive Programme (Harvard)

A R

Appointed 2023

Directorships:
Vodafone plc and Discovery.

Expertise and experience:
Accounting, finance, governance and strategy. Christine is an experienced corporate financial executive with extensive board expertise. She served as chief financial officer and as an executive director of AngloGold Ashanti for eight years until June 2022, including a year as interim chief executive officer. Prior to that Christine was chief financial officer of Sasol and chief executive officer of Johnnic Holdings. Christine previously served as a member of the Presidential State-Owned Enterprises Council.

Executive directors

Bertina Engelbrecht (61)

Chief executive officer
BProc, LLM, admitted attorney

S

Appointed as a director in 2008

Expertise and experience:
Strategy, corporate affairs, stakeholder engagement and human resources. Bertina was appointed as chief executive officer in January 2022. She joined the group as human resources director in 2006 and her responsibilities were expanded in 2020 to include strategic stakeholder engagement. She was previously general manager for Shell SA Energy and regional human resources manager for Shell Oil Products Africa. Prior to this she was director of organisational effectiveness at Sea Harvest, managed her own consultancy practice and spent eight years with Transnet.

Gordon Traill (53)

Chief financial officer
BAcc (Hons) with French, CA

Appointed as a director in 2023

Expertise and experience:
Accounting, finance and support services, supply chain and technology. Gordon was head of support services at Clicks from 2019, with responsibility for supply chain, retail distribution centres, property and information technology, prior to being appointed as chief financial officer in January 2023. He joined the group in 2006 as head of internal audit. He was appointed head of group finance the following year and head of finance for the retail business in 2014, and served as a member of the Clicks executive committee until his appointment as CFO. Prior to joining the group he held various financial positions with Alliance Boots in the UK.

Corporate governance report

Accountability, transparency, ethical management and fairness are the principles that underpin the Clicks Group's governance and compliance frameworks.

The board and top management are accountable for the group's governance and consider governance to be critical to the group's ability to execute its strategic objectives, to ensure that the group is sustainable and that it meets the expectations of its stakeholders.

Refer to the corporate governance and King IV report 2024 online

The group's consistent focus on corporate governance has enabled the sustained strong performance of the business, reflected in the long-term equity outperformance. The group's corporate governance standards are independently rated as aligning with global best practice.

In the past year, notable governance matters in the group included the following:

- proposing Mfundiso (JJ) Njeke to replace David Nurek as board chairman when Mr Nurek retires at the 2025 AGM. The multi-year programme to refresh the board will be completed when an additional non-executive director is appointed during the 2025 financial year;
- scheduling an additional meeting of the audit and risk committee each year with a dedicated focus on risk, placing greater emphasis on identifying risks and monitoring risk mitigation measures;
- assigning responsibility for nomination matters to the full board, and renaming and reframing the mandate of the remuneration committee (previously the remuneration and nominations committee);
- welcoming the appointment of KPMG by shareholders as the group's auditors for the 2024 financial year; and
- appointing Annalize Barnard as company secretary, effective from 31 October 2024, following the resignation of Matthew Welz from the group.

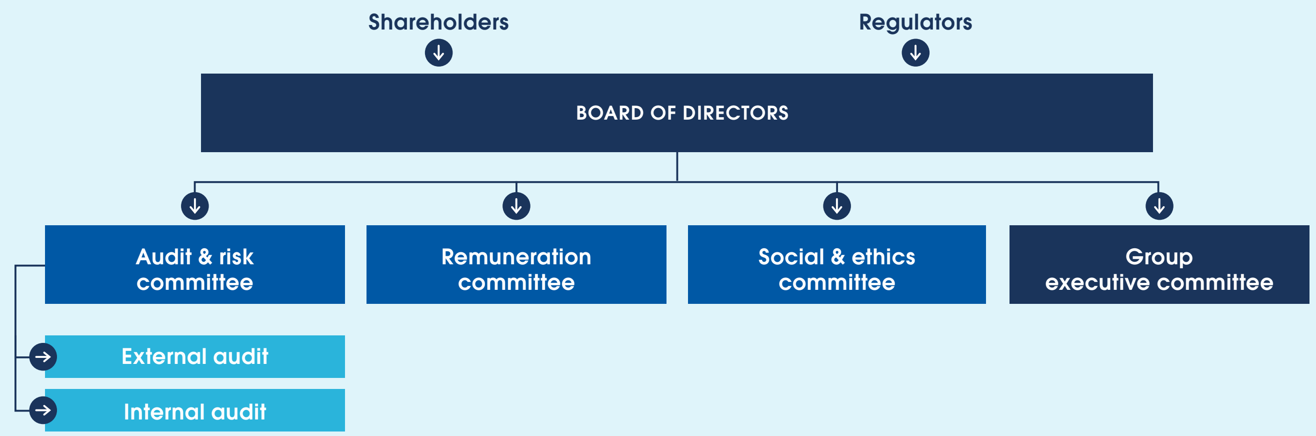
The group has applied the King IV report throughout the 2024 financial year and the directors confirm that the group has in all material respects voluntarily applied the principles of the code. The application of King IV is covered in the corporate governance report 2024 published on the website. The board is not aware of any material non-compliance by the company with the Companies Act, 2008, the JSE Listings Requirements or the Clicks Group memorandum of incorporation. The group has adopted the JSE's June 2022 guidance on sustainability and climate change disclosures in its annual reporting.

Role of the board

Elected by the shareholders, the directors are responsible for the sustainability of the business within the triple context of the economy, society and the environment.

The board fulfils a range of legal duties. The board is the primary source of effective, ethical leadership for the group. In executing its mandate the board is required to approve strategic plans, monitor operational performance, ensure that risk management and internal controls are effective, monitor regulatory compliance and promote good governance. It is also required to approve significant accounting policies and the annual financial statements, monitor transformation and empowerment, manage the process of selection and appointment of directors, and ensure that the group's remuneration policies and practices are effective and fair. Certain of these functions are delegated to board committees. The board and its committees' composition, authority, responsibilities and functioning are detailed in the memorandum of incorporation, the board charter and the committees' terms of reference.

Governance structure



Corporate governance report continued

Key issues addressed in 2024

In addition to the matters set out above, the board addressed the following key issues during the year:

- approving the group's three-year strategic plans and budgets, including capital investment in acquisitions, IT systems and physical infrastructure;
- monitoring the execution of projects and initiatives approved in preceding years, including specific focus on the rollout of the new dispensing system in Clicks pharmacies, the warehouse management system and enterprise resource planning system replacement at UPD, the disposal of Unicorn Pharmaceuticals Proprietary Limited to address the finding of the Constitutional Court that the group's corporate structure made it ineligible to hold community pharmacy licences, the integration of the Sorbet Group and revising the group's organisational design to better equip it for sustained growth into the future;
- further entrenching environmental, social and governance practices in the group's ways of working, including reviewing the group's environmental and climate change policy;
- reviewing the group's remuneration policy, with specific focus on long-term incentives for senior executives and non-executive director remuneration, and monitoring progress in the attainment of the minimum shareholding requirement for the top four executives in the group. The group's remuneration report is available on its website at www.clicksgroup.co.za; and
- reviewing talent and succession plans for the business.

The group's remuneration report is available at www.clicksgroup.co.za

Board composition

Following the AGM to be held in January 2025, the board will consist of eight directors, with two salaried executive directors and six independent non-executive directors. The age, tenure, experience and expertise of each director is briefly set out in the board of directors' report on pages 29 and 30. From the conclusion of the January 2025 AGM, David Nurek will retire from the board after serving as a non-executive director for 28 years and as chair of the board for 27 years. Mr Ntsaluba and Dr Penny Osiris (née Moumakwa) retire in terms of the rotation of directors provisions in the memorandum of incorporation, and are both recommended for re-election to the board.

Richard Inskip, Christine Ramon, Ms Matyumza and Mr Ntsaluba will be recommended for election to the audit and risk committee. As the current chair of the audit and risk committee, Mr Njeke, is not standing for election to this committee due to his election as board chairman, the board will propose that Ms Ramon be appointed as chair of the audit and risk committee should she be elected to the committee by shareholders.

Independence of directors

All the directors understand their legal duty to act independently in the best interests of the company.

The board conducted an evaluation of the independence of the chairman and non-executive directors during the year. The factors contained in King IV and the JSE Listings Requirements which could impact on their independence and performance were considered. Both long tenure and length of concurrent tenure between non-executive directors and executive directors are metrics that are considered when assessing independence, which the board monitors and the group discloses to stakeholders. In the opinion of the board there are no factors which prevent the directors from exercising objective, unfettered judgement or acting in an independent manner.

All of the non-executive directors are therefore appropriately classified as being independent.

The company has no controlling shareholder or group of shareholders and there is no direct shareholder representation on the board.

Board diversity

The directors are diverse in terms of gender, race and professional backgrounds, contributing to strong decision-making and ensuring that a range of perspectives are brought to bear on matters under consideration by the board. The directors have extensive experience and specialist skills across a range of sectors, including retail, commercial, governance, human resources, remuneration, accounting and finance, legal, healthcare and information technology (IT). The board's broader diversity policy contains voluntary targets for race and gender of 50% black and 33% female representation at board level. Currently 67% of the directors are black and 44% are female.

Director election

A third of non-executive directors are required to resign at each annual general meeting (AGM) and executive directors are required to resign on the third anniversary of their appointment or most recent re-election to the board. This provides shareholders with the ability to hold directors to account and to appoint directors to the board who shareholders believe will add value to the business. At the 2025 AGM three non-executive directors retire and two of these are recommended for re-election to the board.

Annual performance evaluation

An internal assessment of the board's effectiveness was conducted, which concluded that the board, its committees, its chairman and directors, and the company secretary are highly effective. The last external assessment of board effectiveness was conducted by Deloitte in 2021.

Board and executive relationship

The roles of the chairman and the chief executive officer (CEO) are formalised, separate and clearly defined. This division of responsibilities at the helm of the company ensures a balance of authority and power, with no individual having unrestricted decision-making powers. The chairman leads the board and the CEO is responsible for the executive management of the group. While the board and executive management collectively determine the strategic objectives of the group, the board is responsible for approving the group's strategy and the executive is responsible for executing this strategy and for the ongoing management of the business. Regular reporting by the executive on progress made in executing its mandate allows the board to monitor implementation of strategy and to assess the effectiveness thereof. Non-executive directors have direct access to management and may meet with management independently of the executive directors.

Board oversight

The board discharges its oversight function both directly and through its three committees. The board and its committees are each chaired by independent non-executive directors. The composition of the committees conformed to regulatory requirements and King IV for the reporting period. Detailed disclosure on the roles, functions and composition of the committees is contained in the corporate governance report available on the website.

Risk governance

While the board recognises that certain risks are necessary to ensure sustainable growth and competitive returns, the directors acknowledge that the group and its stakeholders should be protected from avoidable risks. Risk management and governance processes are therefore aimed at creating an appropriate balance between risk and reward.

Corporate governance report continued

Board and committee meeting attendance

	Board	Audit and risk	Remuneration	Social and ethics	AGM
Number of meetings	**4**	**5[#]**	**3[&]**	**2**	**1**
David Nurek	3/4[+]	(5/5)	1/1 (2/2)	2/2	1/1
John Bester[1]	1/1	(1/1)	1/1		1/1
Bertina Engelbrecht	4/4	(5/5)	(3/3)	2/2	1/1
Richard Inskip	4/4	4/4[2]	(3/3)		1/1
Nomgando Matyumza	4/4	4/5	(1/1)	2/2[^^]	0/1
JJ Njeke	4/4	5/5[++]	3/3		1/1
Sango Ntsaluba	4/4	5/5	3/3[^]		1/1
Penelope Osiris (née Moumakwa)	4/4		(3/3)	1/2	1/1
Christine Ramon	4/4	4/4[3]	3/3		1/1
Gordon Traill	4/4	(5/5)	(3/3)		1/1
Meeting attendance 2024 (excluding attendance by invitees) (%)	**97**	**96**	**100**	**88**	**90**
Meeting attendance 2023 (excluding attendance by invitees) (%)	**100**	**87**	**100**	**88**	**100**

An additional meeting of the audit and risk committee is held each year with a dedicated focus on risk, placing greater emphasis on identifying risks and monitoring risk mitigation measures.
& The board assumed responsibility for nominations matters and the committee was renamed to the remuneration committee (previously the remuneration and nominations committee). One meeting of the remuneration and nominations committee was held in October 2023 and two remuneration committee meetings were held in February and July 2024.
1 Retired 1 February 2024.
2 Appointed member 1 February 2024.
3 Appointed member 1 February 2024.
( ) Meetings attended as an invitee.
+ Chairman.
++ Chair of audit and risk committee.
^ Chair of remuneration committee.
^^ Chair of social and ethics committee.

The audit and risk committee is responsible for overseeing risk management for the board, with particular focus on combined assurance arrangements, ensuring that the group has implemented an effective policy and mitigation plan for risk, and that disclosure of these risks and mitigation plans is comprehensive, timely and relevant. The committee is tasked with ensuring that the combined assurance model provides a co-ordinated approach to assurance activities and that the combined assurance received addresses all significant risks facing the group. The group and business unit risk registers are regularly reviewed and updated, containing current and emerging risks as well as risks associated with future strategic initiatives and identifying mitigating measures to address specific risks. Risk registers are updated as the nature of the risk changes over time or as mitigation measures take effect, and a comprehensive review of the group's risk identification, management and reporting process has taken place in the course of the 2024 financial year. Major group risks are detailed in the managing material issues report on pages 13 to 18.

Group internal audit monitors the progress of the group and business units in managing risks and reports its findings to the audit and risk committee. Any significant weaknesses in the design, implementation or execution of the group's internal financial controls which could result in material financial loss, fraud, corruption or error, are reported to the audit and risk committee and disclosed in the audit and risk committee report. No material issues were brought to the attention of the committee during the reporting period.

Ethics and values

The group subscribes to high ethical standards of business practice. A set of values and a behavioural code of conduct require staff to display integrity, mutual respect and openness. Members of staff have an obligation to challenge others who are not adhering to these values. The social and ethics committee is responsible for monitoring ethical practices. The group has various documented policies which require all employees to adhere to ethical business practices in their relationships with one another, suppliers, intermediaries, shareholders and investors. These policies also set stringent standards relating to the acceptance of gifts from third parties and declarations of potential conflicts of interests. A fraud prevention policy ensures that a firm stance is taken against fraud and the prosecution of offenders.

Anti-competitive conduct

Oversight, governance and risk management processes are in place to promote compliance with statutory prescripts relating to competition and the effectiveness of these processes is borne out by the fact that the group has not been sanctioned for anti-competitive conduct.

The group has market-leading positions in South Africa in healthcare retailing and supply. This emphasises the need for the group to remain vigilant in guarding against engaging in anti-competitive practices.

Governance focus areas in 2025

The expansion of the group's top executive structure and executives being appointed into new roles are changes that will impact the entire organisation. Ensuring that the importance of strong governance is well understood at all levels of the group will help to ensure the smooth transition to the new structure. The expansion of the group into new markets brings with it additional complexity from a regulatory and governance perspective, as does changes in corporate governance and regulatory requirements in markets in which the group already operates. With the increasing importance of IT and data in the operations of a modern retailer, the group will have to maintain its investment in data governance and cybersecurity to mitigate the attendant risks. The election of Mr Njeke as board chair will necessitate the election of a new chair of the audit and risk committee and a new lead independent director.

03 Performance

Clicks Group continues to drive organic growth to deliver sustained financial performance which generates competitive returns and creates long-term value for shareholders.

Chief executive officer's report

Clicks Group delivered another strong trading and financial performance as retail turnover grew by 11.7% and trading profit passed the R4 billion mark for the first time. The performance was supported by market share gains across all core health and beauty product categories, an increased contribution from private label products and an expanding store base while the Clicks ClubCard attracted 1.4 million new members.

The group's sustained performance over several years can be attributed to the proven resilience of our business model, the defensiveness of our core product offering, brand strength, relentless focus on incremental efficiency gains and, most importantly, the commitment of our people.

UPD successfully completed its large-scale systems implementation in the first quarter of the financial year. Operational metrics have recovered to pre-systems implementation levels and the business delivered a much-improved second-half performance, also benefiting from the higher increase in the regulated single exit price of medicines in 2024 relative to the prior year.

Late in the financial year the Unicorn Pharmaceuticals (Unicorn) licensing matter was amicably resolved following positive engagement with the Department of Health. After the financial year-end, pharmacy licences are again being issued which is positive for Clicks' expansion programme.

Delivering on our strategy

Our growth strategy was consistently applied throughout the past year, based on the pillars of value, convenience, differentiation and personalisation. The strategy continues to be supported by favourable market dynamics which we believe should ensure continued competitive advantage in the health and beauty markets in which we trade.

The group continued to make pleasing progress in expanding its store footprint towards the medium-term target of 1 200 stores. During the year, we opened a net 51 new Clicks stores, including the 900th store which opened in Barlow Park, Sandton, and expanded the store footprint to 936.

Our convenience format stores comprise 76% of the portfolio. Clicks has accelerated its store presence in lower-income areas, with 25% of stores now located in these areas and contributing 22.4% of turnover.

Four new stores were opened in Botswana, bringing the group's presence in the neighbouring countries to 57 stores across Namibia (27), Botswana (23) Eswatini (5) and Lesotho (2).

Our integrated baby offering is positioning Clicks as a leader in this strategic growth category, with our market share growing to 22.5% (2023: 21.0%). Private label ranges are one of the main drivers of growth in the baby category, supported by convenient store locations, the online store and Baby ClubCard benefits. There are currently six standalone Clicks Baby stores and five Clicks Baby store-in-store formats.

Clicks is the country's largest retail pharmacy chain and we are committed to delivering quality, affordable and accessible healthcare through our convenient network of 720 pharmacies. Primary care clinics are housed in 206 pharmacies. Currently 51% of the country's population live within 5.0 kilometres of a Clicks pharmacy. While the net nine pharmacy openings was below our target due to the Unicorn-related licensing restrictions, we grew our retail pharmacy market share to 24.2% (2023: 23.7%).

The resolution of the Unicorn issue has enabled management to accelerate plans to introduce a specialised pharmacy format under the UniHealth brand. Modelled on M-Kem, the 24-hour specialised pharmacy acquired by the group in 2023, we plan to open approximately 10 similar large format pharmacies around the country in the medium term.

The Clicks ClubCard, South Africa's first retail loyalty programme, enables our personalisation strategy. The generous rewards and benefits have increased the membership of the programme to 11.8 million. ClubCard contributed 81.7% of sales in Clicks, accounting for 79.5% of front shop sales and 87.3% of pharmacy sales. Our loyal shoppers were rewarded with cashback of R780 million this year, an increase of 13.2% on the prior year.

Clicks' investment in advanced analytics to drive customer-focused segmentation and tailored rewards was acknowledged at the 2024 SA Loyalty Awards where the ClubCard was recognised for the best use of artificial intelligence (AI) to improve loyalty experience and the best use of data analytics/CRM applications.

One in every four products sold is now a Clicks-branded product or exclusive brand. Our private label strategy aims to increase customer choice and offers an extensive range of trusted quality, great value products which are an alternative to a branded product. Private label sales grew by 13.5%, ahead of the overall sales growth in Clicks, and contributed 25.4% of sales. A particular success has been the Clicks Made4Baby private label diaper range and Sorbet BB Cream which were voted as the SA Product of the Year in their respective categories, with the Sorbet BB Cream being adjudged as South Africa's overall Product of the Year 2024.

Sorbet, acquired by the group in 2023, is the largest and most recognisable professional beauty salon business in the country. Following its successful integration into the group, Sorbet has continued to perform well and increased turnover by 12.3% over the prior year. The chain has 186 franchised and nine company-owned salons, and enhances the group's positioning as a beauty destination for higher LSM customers.

Similarly, our affinity partnership with ARC Stores, a premium beauty brand retailer, enables the group to access the premium beauty customer.

UPD remains the country's leading pharmaceutical wholesaler and a significant service provider in the distribution agency business. The business has pursued a strategy of rationalising its bulk distribution portfolio to focus on profitable clients, resulting in two large distribution contracts with a combined annual turnover of approximately R3 billion not being renewed.

51
new Clicks stores opened

11.8m
Clicks ClubCard members

24.2%
Retail pharmacy market share

This contributed to UPD's total managed turnover, combining wholesale and bulk distribution, declining by 6.7% to R29.9 billion. Clicks and the private hospital groups account for 94% of UPD's wholesale turnover, supporting the long-term sustainability of this business.

The group's financial performance is covered in the chief financial officer's report starting on page 38, and the trading performance of Clicks and UPD is covered on pages 43 to 47.

Integrating ESG practices

We believe that businesses do not operate in a vacuum and recognise that we are part of a broader ecosystem, embracing the opportunity to make a positive impact.

Sustainability management and environmental, social and governance (ESG) practices are integrated into our strategic planning and operational processes, with ESG metrics being applied as downward modifiers in our incentive schemes.

The group's inclusion in the globally recognised FTSE4Good Index for the past eight years is an independent endorsement of the progress we have made in advancing sustainability, as is our improved "AA" ESG score in the MSCI rating.

We are advancing gender diversity and empowerment by improving gender representation at all levels within the group, investing in the tertiary education of women in health sciences, procuring products from women-owned enterprises and capitalising on opportunities for gender advocacy.

As a signatory to the United Nation's Women's Empowerment Principles, we support business practices that empower women in our workplaces, marketplace and communities. In 2024 the group achieved an 89% score against the eight performance indicators set in support of the 2030 Agenda for Sustainable Development.

The group's core business creates meaningful social impact through the provision of health products and improving access to reliable and affordable healthcare. We are also advancing community healthcare through national partnerships, including the Transnet Phelophepa clinic train which delivers healthcare to rural communities.

As a responsible corporate citizen, we embrace our role as an environmental steward for future generations. This underpins our commitment to carbon neutrality and informs our increased investment in renewable energy. In the past year we increased our renewable energy generation by 41% and are planning to extend our investment in renewable energy solutions and solar battery capacity in the new financial year to minimise our carbon footprint.

Refer to the sustainability report on page 49 for detail on the group's ESG focus areas and progress over the past year.

Strategy and outlook

We are optimistic about the economic, social and political environment of our region and believe that the medium-term outlook for retail trading is increasingly positive. Lower inflation, interest rate relief, declining fuel costs, the strengthening currency and the extended suspension of load shedding are supporting improved consumer sentiment which should ultimately translate into increased spending. However, we expect spending to remain muted in the short term.

Our confidence in the growth prospects of Clicks is reflected in the medium-term target of expanding our store base to 1 200, with 40 to 50 stores and 40 to 50 pharmacies planned to open each year. We are expecting a higher number of pharmacy openings in the year ahead now that the processing of our pharmacy licence applications has resumed.

UPD is well positioned to regain wholesale market share following the improved performance in the second half and the momentum being carried into the 2025 financial year.

Our extensive store network and integrated supply chain provide competitive advantages which we aim to maintain through capital investment of approximately R1 billion in each of the next three years.

We believe that the group's market-leading positions in the health and beauty sectors, long-term organic growth opportunities in Clicks and the increasing scale of the business, supported by strong cash generation and a robust balance sheet, should ensure that the group continues to deliver on its medium-term financial targets.

Appreciation

Clicks Group has the privilege of an extraordinary chairman in David Nurek. After serving the group and the board with distinction over many years, David will be retiring at the annual general meeting in January 2025.

I thank David for his dedication and commitment to the success of the group and the role he has played in shaping the strategy and performance ethos of our business. He has been an incredibly wise mentor and coach to the board, our executive team and me personally. We wish him good health and happiness in the next chapter of his life.

In our business, people are the difference. During the past year we were one team comprising individuals and functional teams that all delivered above expectations. The retail business under the leadership of Vikash Singh delivered another outstanding performance while Trevor McCoy and the UPD executive team displayed remarkable resilience and commitment to the recovery of their business. Our group services team, led by chief financial officer Gordon Traill, provided superb support for our operational teams to thrive.

On behalf of the board, I thank our executives and staff for ensuring that we entrenched our position as South Africa's leading health and beauty retail group.

Bertina Engelbrecht
Chief executive officer

Executive management

Left to right: Vikash Singh, Gordon Traill, Bertina Engelbrecht and Trevor McCoy

Bertina Engelbrecht (61)

Chief executive officer
BProc, LLM, admitted attorney

Joined the group as group human resources director in 2006

Appointed as chief executive officer in 2022

Expertise and experience:
- Previously general manager for Shell SA Energy and regional human resources manager for Shell Oil Products Africa.
- Prior to this she was director of organisational effectiveness at Sea Harvest, managed her own consultancy practice and spent eight years with Transnet.

Vikash Singh (50)

Managing executive: Clicks
BCom (Acc), MBA

Joined the group in 2006

Appointed as managing executive in 2021

Expertise and experience:
- Previously managing executive of UPD from 2015 to 2021.
- Career has spanned financial, operational, supply chain and logistics responsibilities, with extensive experience in logistics management in both Clicks and UPD.

Gordon Traill (53)

Chief financial officer
BAcc (Hons) with French, CA

Joined the group in 2006

Appointed as chief financial officer in 2023

Expertise and experience:
- Previously head of support services in Clicks from 2019 to 2022, with responsibility for supply chain, retail distribution centres, property and information technology.
- Joined the group as head of internal audit, appointed head of group finance the following year and head of finance for the retail business in 2014.
- Prior to joining the group he held various financial positions with Alliance Boots in the UK.

Trevor McCoy (55)

Managing executive: UPD
BSc, PGDMM, MBA

Joined the group in 2021

Expertise and experience:
- Previously head of public affairs for Sanofi South Africa.
- 25 years' experience in the pharmaceutical sector.
- Previous roles include serving as business unit head in diverse portfolios and therapeutic classes in Sanofi, Pfizer and Alcon.

Chief financial officer's report

Clicks Group maintained its strong growth momentum in the 2024 financial year as good retail sales growth together with improved margins, tight cost management and robust cash flows contributed to an increase of 14.3% in diluted headline earnings per share to 1 193.5 cents.

R2.5bn
returned to shareholders

The total dividend was increased by 14.3% to 776 cents per share (interim dividend 210 cents per share and final dividend 566 cents per share), based on a 65% dividend payout ratio. The final cash dividend totalling R1.35 billion will be paid to shareholders in January 2025.

The group remained strongly cash generative, with cash inflows from operations of R6.0 billion. R2.5 billion was returned to shareholders in dividend payments and share buybacks while R891 million was invested in capital projects. At the financial year-end, the group held cash of R2.7 billion on the balance sheet.

The group again produced industry-leading shareholder return metrics, with the return on equity (ROE) increasing to 46.4% from 43.6% in the prior year. This far exceeds the average ROE of the other listed food and drug retailers in South Africa.

The operational performance for the year shows the group's sustained growth trend through challenging economic and trading cycles. Over the past five years, a period which included the Covid-19 pandemic and the civil unrest in KwaZulu-Natal, the group's trading margin has expanded from 8.3% in 2020 to 9.2% in 2024, while turnover has grown by R11.5 billion to R45.4 billion over this time.

Over the past year the group achieved all its medium-term financial targets (refer to page 40) which is particularly pleasing considering these targets rank in the upper quartile relative to comparable global health and beauty retailers.

Financial performance

The analysis of the group's financial performance for the year ended 31 August 2024 covers the key line items of the statements of comprehensive income and financial position which management consider material to shareholders' understanding of the group's performance.

Retail turnover
+11.7%

The following review should be read together with the annual financial statements as well as the summary statements of comprehensive income and financial position, and the five-year analysis of financial performance on pages 40 and 41.

Statement of comprehensive income

Turnover

Group turnover increased by 9.2% to R45.4 billion. Retail turnover, which includes Clicks, GNC, The Body Shop and Sorbet corporate stores, increased by 11.7%. Comparable store turnover grew by 8.4% with inflation of 6.3% and volume growth of 2.1%.

Growth in store and pharmacy trading space accounted for 3.3% of the retail turnover growth, with the net opening of 51 new Clicks stores and nine pharmacies. The acquisitions of Sorbet, M-Kem and 180 Degrees concluded in the prior year contributed 0.4% to revenue growth.

Distribution turnover grew by 3.3% as UPD delivered a stronger second-half performance following the completion of the systems implementation at its main distribution centre in the first half of the year (H1: increase 1.3%; H2 increase 5.2%).

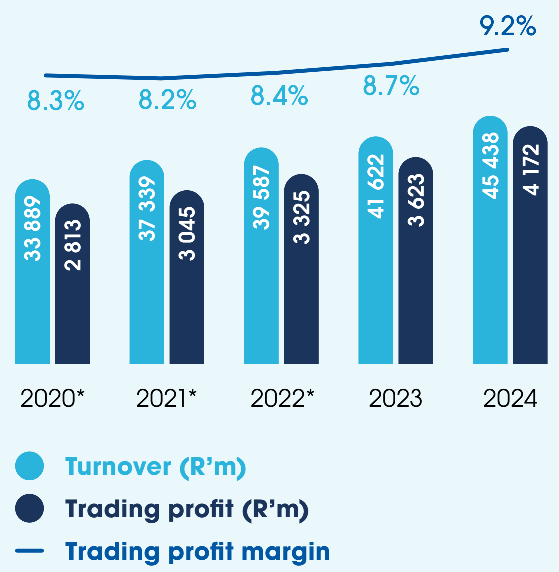
The trading performances of Clicks and UPD are covered in the business review on pages 43 to 47.

Total income

Total income grew by 12.8% to R13.7 billion. The retail total income margin expanded by 40 basis points to 34.6% following good growth across all categories, in particular the beauty and personal care category, as well as the impact of fewer pharmacies being opened in the year.

The 70 basis point increase in the distribution total income margin to 10.0% reflects the benefit of the higher increase in the regulated single exit price (SEP) of medicines in 2024 relative to the prior year as well as continued good management of shrinkage and waste.

Growth in turnover, trading profit and margin



* FY2020 and FY2021 continuing operations; FY2021 and FY2022 trading profit and margin adjusted for impact of civil unrest.

The group's total income margin expanded by 100 basis points to 30.2% due to the faster growth of retail relative to distribution.

Trading expenditure

Retail costs increased by 12.5% due to pressure from higher insurance costs, new stores, depreciation on capital expenditure and higher performance-based incentive payments. The acquisitions concluded in the prior year added 2.0% to retail cost growth.

Total income
+12.8%
to R13.7bn

Trading profit
+15.1%
to R4.2bn

Chief financial officer's report continued

Comparable retail costs grew by 7.4%, with costs growing at a lower rate in the second half.

Distribution costs increased by 7.4% primarily due to the impact of the systems implementation in the first half of the year while costs were maintained below turnover growth in the second half. The investment in renewable energy is paying off as electricity costs declined by 1.8% for the year despite the higher electricity tariffs.

Trading profit

Group trading profit increased by 15.1% to R4.2 billion while the group's trading margin increased by 50 basis points to 9.2%. The retail trading margin expanded by 20 basis points to 10.2% due to the stronger growth in higher margin product categories together with efficient cost management.

The group and retail trading margins both exceeded management's medium-term target ranges.

UPD increased its trading margin by 40 basis points to 3.2% due to the ongoing recovery in turnover, the higher SEP increase and good cost control. Trading profit increased by 11.2% for the first half and by 21.2% for the second half, increasing by 17.6% for the year.

Statement of financial position

The ratio of shareholders' interest to total assets declined slightly to 30.2% (2023: 31.3%). The ratio of current assets to current liabilities at year-end was consistent with the prior year at 1.1 times, confirming that working capital remains adequately funded.

The group continues to hedge direct exposures to foreign exchange rate fluctuations which impact approximately 7.5% of the cost of sales in the retail business. In addition, the group hedged elements of the long-term incentive scheme for the 2022 to 2024 period. Further detail on the respective hedges and risk management is contained in note 29 in the annual financial statements on the group's website.

Working capital

The group's net working capital days moved out from 34 to 35 days.

Inventory levels grew by 11.9% and group inventory days increased by three days to 74 days. Retail inventory days were one day higher due to the earlier import of stock to avoid shipping delays and management's increased focus on in-store availability to drive sales.

UPD's stock days at 42 days were three days higher than the prior year.

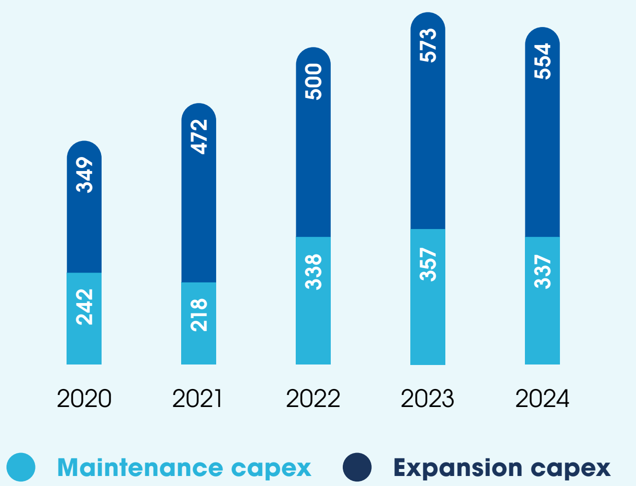
Cash and capital management

Cash generated by operations totalled R6.0 billion (2023: R5.9 billion).

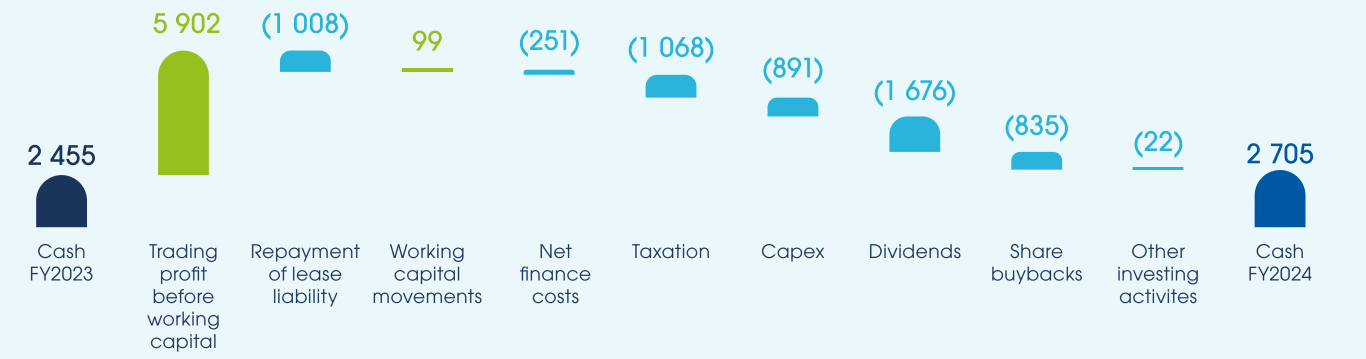
The group's capital management strategy remains focused on investing in the organic growth of the business and returning surplus funds to shareholders through dividends and share buybacks:

- Capital expenditure of R891 million (2023: R930 million) was reinvested across the group. This included R583 million for new stores, pharmacies and stores refurbishments.

Capital expenditure (R'm)



Cash management (R'm)



A further R199 million was invested in information technology and other retail infrastructure, and R109 million on distribution centres, including the expansion of the Centurion facility.

The installation of solar panels and battery storage at the group's head office and the main UPD distribution centre was completed during the year.

- The group returned R2.5 billion to shareholders through dividend payments of R1 676 million and share buybacks of R835 million.

At the financial year-end, the group held cash resources of R2.7 billion.

Information technology

Information technology (IT) management aims to ensure IT systems and infrastructure are well maintained and remain relevant to the future needs of the business. During the year the group invested R132 million (2023: R140 million) in computer hardware and R111 million (2023: 245 million) in computer software. The group continues to focus a major portion of IT investment on replacement software solutions for core systems within Clicks and UPD.

The implementation of these best-in-class IT systems continued during 2024 on a risk-mitigated basis.

- UPD's warehouse management system and cloud-hosted enterprise resource planning (ERP) system was implemented at the main Lea Glen distribution centre in the first quarter of the year. The ERP project will be concluded with the rollout of these systems to bulk distribution clients during the new financial year. In addition, the SAP warehouse management software was successfully upgraded at the start of the 2025 financial year.
- The new pharmacy management system is aimed at delivering operating efficiencies and generating further revenue. The system is currently being rolled out to all pharmacy stores, with the installation being completed at over 200 pharmacies by the financial year-end. The project is planned to be completed by the end of calendar year 2025.
- The Clicks mobile app was refreshed to enhance customer engagement, including improved in-app shopping experience, ClubCard engagement and pharmacy services.
- An integrated order management system and e-commerce distribution centre was rolled out in the first half of the year. The system allows for the fulfilment of orders and delivery from the Cape Town or Johannesburg distribution centres based on location and stock availability. This also allows customers to determine product availability at an individual store.

Chief financial officer's report continued

Summary statement of comprehensive income

R'million	2024	% of turnover	2023	% of turnover	% change
Turnover	45 438		41 622		9.2
Retail	35 438	77.3	31 725	76.2	11.7
Distribution	17 750	22.7	17 175	23.8	3.3
Intragroup	(7 750)		(7 278)		
Total income	13 715	30.2	12 160	29.2	12.8
Trading expenses	(9 543)	21.0	(8 537)	20.5	11.8
Retail	(8 636)		(7 677)		12.5
Distribution	(1 195)		(1 113)		7.4
Intragroup	288		253		
Trading profit	4 172	9.2	3 623	8.7	15.1
Retail	3 628	10.2	3 159	10.0	14.8
Distribution	574	3.2	488	2.8	17.6
Intragroup	(30)		(24)		
Loss on disposal of property, plant and equipment	(5)		(7)		
Net financing expense	(265)		(139)		90.3
Share of loss of associates	(8)		(5)		
Income tax	(1 057)		(934)		13.2
Profit for the year	2 837		2 538		11.8

Summary statement of financial position

R'million	2024	2023	% change
Non-current assets	7 930	7 201	10.1
Property, plant and equipment	2 845	2 643	7.6
Right-of-use asset	3 505	2 999	16.9
Other non-current assets	1 580	1 559	1.3
Current assets	12 887	11 834	8.9
Inventories	7 063	6 310	11.9
Trade and other receivables	3 057	3 020	1.2
Other current assets	2 767	2 504	10.5
Total assets	20 817	19 035	9.4
Equity	6 286	5 965	5.4
Non-current liabilities	2 702	2 270	19.0
Current liabilities	11 829	10 800	9.5
Trade and other payables	10 031	9 269	8.2
Other current liabilities	1 798	1 531	17.4
Total equity and liabilities	20 817	19 035	9.4

Medium-term targets

	2024 performance	Medium-term target
Return on equity (%)	46.4	40 – 50
Return on invested capital (excluding IFRS 16) (%)	45.6	40 – 50
Return on invested capital (%)	29.7	20 – 30
Return on assets (%)	14.3	11 – 15
Net working capital days	35	30 – 35
Group trading margin (%)	9.2	9.0 – 10.0*
Retail	10.2	10.0 – 11.0*
Distribution	3.2	2.8 – 3.3
Dividend payout ratio (%)	65.0	60 – 65

* Target increased.

Financial plans for 2025

Capital expenditure of R1 025 million is planned for the 2025 financial year.

This will be utilised as follows:

- R578 million will be invested in the store portfolio, mainly on 40 to 50 new Clicks stores and 40 to 50 new pharmacies. As part of the ongoing store refurbishment programme, 70 to 80 stores will be modernised to remain appealing and relevant to customers.
- R447 million for infrastructure. This includes R361 million on retail systems and infrastructure, including the rollout of the new pharmacy management system and the implementation of a new warehouse management system at the Cape Town retail distribution centre. R86 million will be spent on UPD IT systems and warehouse equipment, including further solar investment.

Retail trading space is expected to increase by approximately 6.0% in 2025.

Medium-term financial targets

We disclose financial targets to guide shareholders on the group's medium-term performance expectations. These targets are reviewed annually to take account of the group's current performance and the medium-term outlook for trading.

As the targets for the group and retail trading margins were exceeded, and UPD has shown a strong recovery in the past year, management has revised its group trading margin target to a range of 9% – 10% (previously 8% – 9%). The retail trading margin target has been increased to a range of 10% – 11% (previously 9% – 10%). The target guidance for UPD will remain at the current level for at least another year.

Appreciation

Thank you to our local and international shareholders for your engagement with management and continued belief in the group's investment case. We welcome those shareholders who have invested for the first time this year. I also extend my thanks to our group and divisional finance teams for their support and commitment to achieving high standards of financial reporting.

Gordon Traill
Chief financial officer

Five-year performance review

for the year ended 31 August

		5-year compound growth (%)	2024	2023	2022	2021	2020*
Statements of comprehensive income							
Turnover	R'm	7.7%	**45 438**	41 622	39 587	37 339	33 889
Operating expenses	R'm	9.2%	**(9 543)**	(8 537)	(7 649)	(6 984)	(6 408)
Trading profit	R'm	10.7%	**4 172**	3 623	3 650	2 897	2 813
Profit before tax	R'm	10.8%	**3 894**	3 471	3 639	2 642	2 639
Headline earnings from continuing operations	R'm	11.1%	**2 845**	2 543	2 523	1 961	1 925
Statements of financial position							
Right-of-use assets	R'm	11.4%	**3 505**	2 999	2 828	2 602	2 371
Other non-current assets	R'm	8.1%	**4 425**	4 202	3 663	3 333	3 161
Trade and other receivables	R'm	3.5%	**3 057**	3 019	3 047	3 473	2 567
Inventories	R'm	8.4%	**7 063**	6 310	6 164	5 449	4 921
Other current assets	R'm	(14.2%)	**62**	50	147	109	102
Cash and cash equivalents	R'm	0.7%	**2 705**	2 455	2 015	2 207	2 152
Total assets	R'm	6.7%	**20 817**	19 035	17 864	17 173	15 274
Total equity	R'm	5.6%	**6 285**	5 965	5 699	4 805	5 194
Non-current lease liabilities	R'm	11.2%	**2 537**	2 152	2 088	1 976	1 795
Other non-current liabilities	R'm	(3.7%)	**165**	118	151	197	145
Current lease liabilities	R'm	7.9%	**1 250**	1 086	1 012	947	890
Other current liabilities	R'm	6.4%	**10 580**	9 714	8 914	9 248	7 250
Total equity and liabilities	R'm	6.7%	**20 817**	19 035	17 864	17 173	15 274
Statements of cash flows							
Cash inflow from operating activities before dividends paid	R'm	6.1%	**4 682**	4 873	3 204	3 781	2 339
Dividends paid	R'm	11.3%	**1 676**	1 563	1 287	1 469	822
Capital expenditure	R'm	6.6%	**891**	930	838	690	591
Returns and margin performance		5-year average					
Total income margin	%	28.3	**30.2**	29.2	28.5	26.5	27.2
Trading margin	%	8.6	**9.2**	8.7	9.2	7.8	8.3
Return on assets	%	13.3	**14.3**	13.8	14.4	11.8	12.4
Return on shareholders' interest	%	42.8	**46.4**	43.6	48.0	38.2	37.8
Return on invested capital	%	27.7	**29.7**	28.4	29.6	25.9	25.1
Inventory days		69.8	**74**	71	72	66	66
Asset turnover	times	2.2	**2.2**	2.2	2.2	2.2	2.2
Return on net assets	%	98.1	**93.6**	85.2	94.7	111.7	105.5
Shareholders' interest to total assets	%	31.08	**30.2**	31.3	31.9	28.0	34.0
Share performance		5-year compound growth (%)					
Headline earnings per share from continuing operations – basic	cents per share	12.1%	**1 193.5**	1 044.5	1 032.7	793.7	769.2
Headline earnings per share from continuing operations – diluted	cents per share	12.5%	**1 193.5**	1 044.5	1 032.7	793.7	769.2
Net asset value per share	cents per share	6.8%	**2 640.0**	2 473.0	2 336.0	1 957.0	2 089.0
Dividends declared	cents per share	11.8%	**776.0**	679.0	637.0	490.0	450.0
Weighted average diluted number of shares in issue	'000		**238 346**	243 460	244 306	247 084	250 212
Shares repurchased	R'm		**835**	704	446	752	653
Shares repurchased	'000		**3 099**	2 809	1 587	3 106	2 862

* Restatement relating to the disclosure of the Musica business as a discontinued operation.

A comprehensive five-year review is available on the website at www.clicksgroup.co.za.

04 Business review

Our strategy continues to be supported by favourable market dynamics which should ensure continued competitive advantage in the health and beauty markets in which we trade.

43 Clicks business review

46 UPD business review

Clicks business review

Robust private label sales, together with the growing ClubCard membership, enabled Clicks to grow market share across all core categories.

Vikash Singh
Managing executive Clicks

Clicks again showed the defensiveness of its core product offering as retail sales increased by 11.7% for the year, with beauty and personal care delivering the strongest growth.

Robust private label sales, together with the loyal support of the growing ClubCard membership base of 11.8 million, enabled Clicks to grow market share across all its core health and beauty categories.

The performance for the year reflects management's consistent focus on Clicks' strategic pillars of value, differentiation, personalisation and convenience.

Retail sales growth	% increase
Pharmacy	8.9
Front shop health	10.7
Beauty and personal care	15.9
General merchandise	10.1
Total turnover	**11.7**

2024 sales contribution

- 27.5% Pharmacy
- 25.3% Front shop health
- 32.1% Beauty and personal care
- 15.1% General merchandise

Sales performance

Pharmacy sales increased by 8.9% despite the lower number of pharmacies opened relative to prior years due to the regulatory restriction on the granting of new licences (refer to the CEO Report on page 35). The focus on organic growth, supported by ClubCard customers who contributed 87.3% of pharmacy sales and the increase in customer participation in the repeat prescription service to 53%, resulted in Clicks growing its retail pharmacy market share by 50 basis points to 24.2%.

Front shop health sales grew by 10.7%, driven by promotional sales growth of 15.8%. Market share increased strongly to 34.2% (2023: 33.1%) with the sub-categories of footcare, medicinal and first aid reporting the largest gains.

Clicks' integrated baby strategy has consolidated its leadership position in this competitive market. Baby foods delivered a standout performance, with private label baby toiletries and diapers also achieving high double-digit sales growth. The baby offering integrates private label products, specialist baby stores, clinics, Baby Club benefits and online ranges, and contributed to Clicks increasing its share of this strategic category to 22.5% (2023: 21.0%).

Beauty and personal care grew by 15.9% off a strong base. The investment in the elevated beauty halls, private label and exclusive offers, personalised ClubCard offers and sold-out events such as the Beauty Playground are entrenching Clicks as a destination for beauty. Skincare sales increased by 21.6% and drove market share to 43.8% (2023: 42.7%). Personal care grew sales by 19.2%, with the market share increasing to 22.1% (2023: 20.7%) due to strong gains across all sub-categories, particularly body fresheners, deodorants, soaps and suncare.

General merchandise grew by 10.1% with the domestic cleaning sub-category growing strongly and being partially off-set by weaker sales of electrical and paperware. Growth in small household appliances was muted and market share declined slightly to 19.0% (2023: 19.5%).

Market share (%)	2024	2023
Health		
Retail pharmacy*	**24.2**	23.7
Front shop health**	**34.2**	33.1
Baby**	**22.5**	21.0
Beauty and personal care		
Skincare**	**43.8**	42.7
Haircare**	**33.1**	32.6
Personal care**	**22.1**	20.7
General merchandise		
Small electrical appliances**	**19.0**	19.5

* IQVIA (Private retail pharmacy S1-6; restated).
** AC Nielsen (restated).

Offering value

The Clicks customer promise of "feel good, pay less" resonates with all consumers in the current constrained economic environment.

The brand offers competitive everyday pricing and appealing promotions, with Clicks being price competitive with all national retailers. Health and beauty markets are promotionally driven and in the past year promotional sales increased by 14.6% to 44.9% (2023: 43.6%) of turnover, with strong promotional sales growth across all front shop categories.

Value extends beyond price in Clicks. The generous loyalty rewards of the iconic Clicks ClubCard resulted in R780 million being returned to customers in cashback rewards in the past year, 13.2% higher than the prior year. In the past five years R3.1 billion has been paid back to customers in ClubCard rewards.

The brand is also committed to offering patients value through lower-priced generic medicines in Clicks pharmacies to save customers money and extend medical funding benefits. Generic medicines accounted for 59% of sales and 69% of pharmacy volume.

Clicks business review continued

Extending convenience

Clicks expanded its footprint to 936 stores with the opening of a net 51 new stores. In the past three years, Clicks has opened 154 new stores. The brand continues to focus on convenience format stores which comprise 76% of the store portfolio, with the balance being destination stores. The Clicks footprint includes 53 stores in neighbouring Namibia (24 stores), Botswana (22 stores), Eswatini (5 stores) and Lesotho (2 stores).

Clicks continues to accelerate its presence in lower-income areas and now has 234 stores located in areas serving lower-income customers, accounting for 22.4% of retail turnover.

The national pharmacy presence was extended to 720 following the opening of a net nine pharmacies. The number of pharmacy openings was below the targeted range due to the restrictions relating to the Unicorn licensing matter.

The commitment to delivering affordable and accessible healthcare through a convenient pharmacy network is illustrated by the fact that 51% of the country's population now live within 5.0 kilometres of a Clicks pharmacy.

The Clicks online store supports customer convenience and has enabled Clicks to enter product categories that are sold online only, including premium beauty, health mobility and baby hardware. Online purchases (including purchases researched online and bought offline) accounted for 3.0% of front shop sales.

Engaging customers through personalisation

ClubCard is core to the Clicks customer strategy as it provides the mechanism to attract, engage and retain customers by personalising communications and marketing offers through the effective use of data and digital technology.

Membership of the ClubCard programme reached 11.8 million by the financial year-end, increasing by 1.4 million members. ClubCard sales accounted for 81.7% of total sales in Clicks, highlighting the loyalty levels of ClubCard shoppers.

ClubCard has been transitioned to a loyalty programme that integrates rewards, customer engagement and personalisation to reinforce the emotional affiliation of customers to the brand.

It was pleasing for Clicks to be recognised at the SA Loyalty Awards 2024 for the "best strategic use of data analytics and customer relationship management applications" as well as the "best use of artificial intelligence to improve loyalty experience".

The Clicks mobile app, which incorporates a virtual ClubCard, allows customers to receive personalised offers, monitor reward points and cashback in real time, submit scripts and order repeat medication.

The ClubCard extends into other key customer markets, with the Baby Club membership at 662 000 and the Seniors Club at over 1.3 million members.

Differentiated product offer

Through its differentiation strategy Clicks aims to respond to changes in consumer demographics, preferences and shopping behaviours in the dynamic trading environment.

Private label and exclusive brands offer differentiated ranges across all merchandise categories at competitive prices while increasing customer choice and trust in the brands. The Body Shop, GNC and Sorbet product ranges further differentiate the Clicks offer.

Strong demand for private label products contributed to sales growing by 13.5% and contributing 25.4% of total sales. Private label comprises 30.3% of front shop sales and 11.5% of pharmacy sales.

Innovation in private label drives differentiation while sustainability and localisation are key components in developing products. The Clicks Made4Baby dry protect diaper range and Sorbet BB cream were voted as the SA Product of the Year 2024 in their respective categories, with the Sorbet BB cream being recognised as the overall product of the year.

The private label baby offering engenders trust due to its quality and price positioning. The six Clicks Baby standalone stores and five store-in-stores within Clicks delivered an increase of 35% in sales in the year.

The elevated beauty halls in selected Clicks stores have driven increased sales of the major beauty brands as well as brands exclusively available in Clicks. This new look and feel has been implemented in 44 stores and based on the positive customer response, will be extended to more stores in the new financial year.

Growth plans for 2025

Clicks plans to open 40 to 50 stores and 40 to 50 pharmacies in the new financial year and remains committed to expanding its store footprint to 1 200 in the medium term. An investment of R578 million is planned for new stores and pharmacies, while a further 70 to 80 stores will be refurbished or expanded to ensure the stores remain appealing and enticing to customers.

Capital expenditure of R361 million will be invested in retail information technology, including the rollout of the new pharmacy management system as well as the implementation of a new warehouse management system at the Cape Town retail distribution centre.

Following last year's acquisition of M-Kem, the 24-hour specialised pharmacy in the Western Cape, management has been developing a model to introduce similar large format pharmacies around the country. Approximately 10 of these pharmacies are planned to be opened in the medium term. Clicks is also evaluating the feasibility of smaller format stores to further enhance the convenience of the Clicks brand.

The contribution of private label, exclusive and franchise brands to front shop sales is targeted to increase to 31.0% (2024: 30.3%) in 2025 as Clicks continues to innovate and introduce new products. The private label medicines range will be extended to 305 – 315 products (2024: 287).

As Clicks accelerates its personalisation and digital engagement strategy, the ClubCard active membership is targeted to increase to 12.5 million while the Baby Club is expected to reach 710 000 members and the Senior Club 1.5 million members.

Clicks business review continued

Performance against objectives in 2024 and plans for 2025

Deliver a competitive and differentiated front shop product offer

ACHIEVED IN 2024	TARGET FOR 2025
Front shop private label and exclusive brands 30.3% of total sales 2024 target: 31.0%	Increase front shop private label and exclusive brand sales to 31.0%

Create a great customer experience

ACHIEVED IN 2024	TARGETS FOR 2025
287 private label medicines 2024 target: 270 – 280 medicines	Expand private label medicines range to 305 – 315 products
53.5% of scripts now on repeat prescription service 2024 target: 52%	Repeat prescription service at 53% of repeat scripts

Maintain a motivated and skilled work force

ACHIEVED IN 2024	TARGETS FOR 2025
534 pharmacy assistants enrolled 2024 target: 400	500 pharmacy assistants to be enrolled
80 bursary students 2024 target: 90 pharmacy bursary students	80 pharmacy bursary students
50 pharmacy internships 2024 target: 70	70 pharmacy internships

Grow the retail footprint to enhance convenience

ACHIEVED IN 2024	TARGETS FOR 2025
Net 51 stores opened; 936 Clicks stores at year-end 2024 target: 40 – 50 stores	Open 40 – 50 new Clicks stores
42 stores expanded or refurbished 2024 target: 50 – 60 stores	70 – 80 stores to be expanded or refurbished
Net 9 pharmacies opened; 720 pharmacies at year-end* 2024 target: 40 – 50 pharmacies	Open 40 – 50 new pharmacies

Drive customer loyalty through personalisation and rewards

ACHIEVED IN 2024	TARGETS FOR 2025
11.8 million members 2024 target: 11.0 million	Increase membership to 12.5 million
662 000 Baby Club members 2024 target: 400 000	Grow Baby Club to 710 000 members
1.3 million Seniors Club members 2024 target: 1.6 million	Grow Seniors Club to 1.5 million members
600 000 customers enrolled to virtual ClubCard 2024 target: 500 000	Enrol a further 300 000 customers to virtual ClubCard

* The Clicks pharmacy opening programme was adversely impacted by the Department of Health placing a restriction on new retail pharmacy licences. This related to the Constitutional Court ruling preventing Clicks from owning the manufacturing pharmacy licence of Unicorn Pharmaceuticals.

UPD business review

UPD

UPD is well positioned to regain wholesale market share in the 2025 financial year.

Trevor McCoy
Managing executive UPD

After encountering multiple headwinds in the prior year, UPD successfully completed the large-scale systems implementation for its wholesale business in the first quarter of the 2024 financial year when the system went live at Lea Glen, the main distribution centre in Gauteng. This enabled the business to deliver a much-improved second-half performance as operational metrics returned to pre-systems implementation levels.

Distribution turnover grew by 3.3% (2023: 1.5%). After increasing by 1.3% for the first half, UPD delivered a stronger second-half performance with sales growing by 5.2%. The trading margin increased by 40 basis points to 3.2% due to the ongoing recovery in turnover, the higher increase in the regulated single exit price (SEP) of medicines relative to the prior year and good cost control. The margin is at the upper end of management's medium-term financial target of 2.8% – 3.3%.

Wholesale turnover by channel

- **56.1%** Clicks (+6.8%)
- **37.6%** Private hospitals (+5.7%)
- **6.3%** Independent pharmacies and other channels (-21.8%)

UPD's wholesale turnover, which excludes bulk distribution and preferred supplier contracts, declined by 0.5% (H1 decrease of 2.3% and H2 increase of 1.2%).

Clicks is UPD's largest single customer and accounted for 56.1% of wholesale turnover. Sales to Clicks increased by 6.8%, driven by second-half growth of 8.5%. Sales to private hospitals, which comprise 37.6% of sales, declined by 5.7% (H1 decrease of 8.1% and H2 decrease of 3.4%).

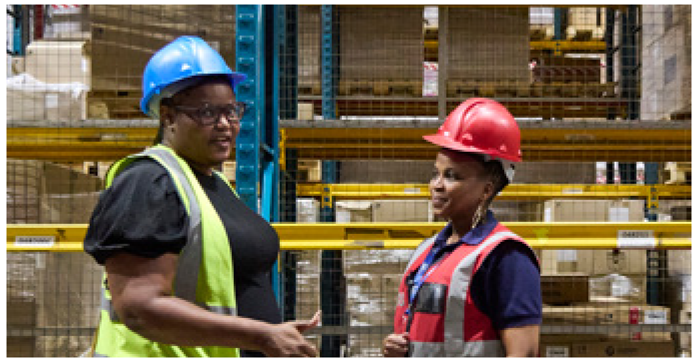
The continued consolidation of the independent pharmacy market contributed to sales in this channel declining by 21.8%. UPD currently services approximately 1 100 (2023: 1 150) independent pharmacies.

Wholesale market share declined from 28.0% to 26.7% (source IQVIA) due to the operational challenges faced by the business during the systems transition which resulted in Clicks and the private hospital groups buying away from UPD. Purchasing compliance improved in the second half and at the financial year-end, Clicks' buying level from UPD was 97.5% relative to the targeted 98.0%.

Product availability, which is core to offering superior range and service to customers, averaged 97.0% (2023: 95.5%) for the year, while on-time deliveries were at 95.8% (2023: 91.9%).

UPD's total managed turnover, which combines wholesale and bulk distribution clients, declined by 6.9% to R29.9 billion. UPD has pursued a strategy of rationalising its bulk distribution portfolio to focus on profitable clients. This resulted in two large distribution contracts with a combined annual turnover of approximately R3 billion not being renewed. This has created the capacity to support the acquisition of profitable new customers. At the financial year-end UPD had 25 (2023: 30) bulk distribution clients.

The portfolio rationalisation has enabled UPD to terminate the lease on the Cape Town facility and one of the Johannesburg facilities from January 2025.



UPD owns distribution centres located in Gauteng (Roodepoort), Cape Town, Durban, Bloemfontein and Gqeberha. All the distribution centres are ISO9001:2015 certified.

Growth plans for 2025

UPD is well positioned to regain wholesale market share following its improved performance in the second half of 2024 and the momentum being carried into the 2025 financial year.

UPD aims to recover market share through the growth of the Clicks pharmacy channel, supported by the opening of 40 to 50 pharmacies, and growing sales to the private hospital groups. Purchasing compliance levels from Clicks and the private hospitals will continue to normalise following the completion of the systems implementation.

Capital expenditure of R86 million has been committed for warehouse equipment and information technology in the year ahead. This includes the rollout of the new system for bulk distribution clients as well as further investment in solar power.

The investment to date in solar is reaping rewards as UPD's electricity costs declined despite the double-digit increase in electricity tariffs. In line with the group's commitment to a carbon neutral future, UPD has ordered 42 electric vehicles for deliveries in Gauteng and the Western Cape, while solar panels and batteries will be fitted on existing delivery vehicles to power refrigeration, further reducing the carbon footprint.

UPD business review continued

Performance against objectives in 2024 and plans for 2025

Growing market share

ACHIEVED IN 2024	TARGETS FOR 2025
Market share decreased to 26.7% **Target 2024: Recover market share to 30%**	Recover market share
Sales to hospital groups decreased by 5.7% **Target 2024: Grow volume of business with private hospital groups**	Grow private hospital sales by 5.7%
Clicks' buying levels from UPD at 97.5% **Target 2024: 98%**	Clicks' buying levels from UPD at 98%

Building capacity

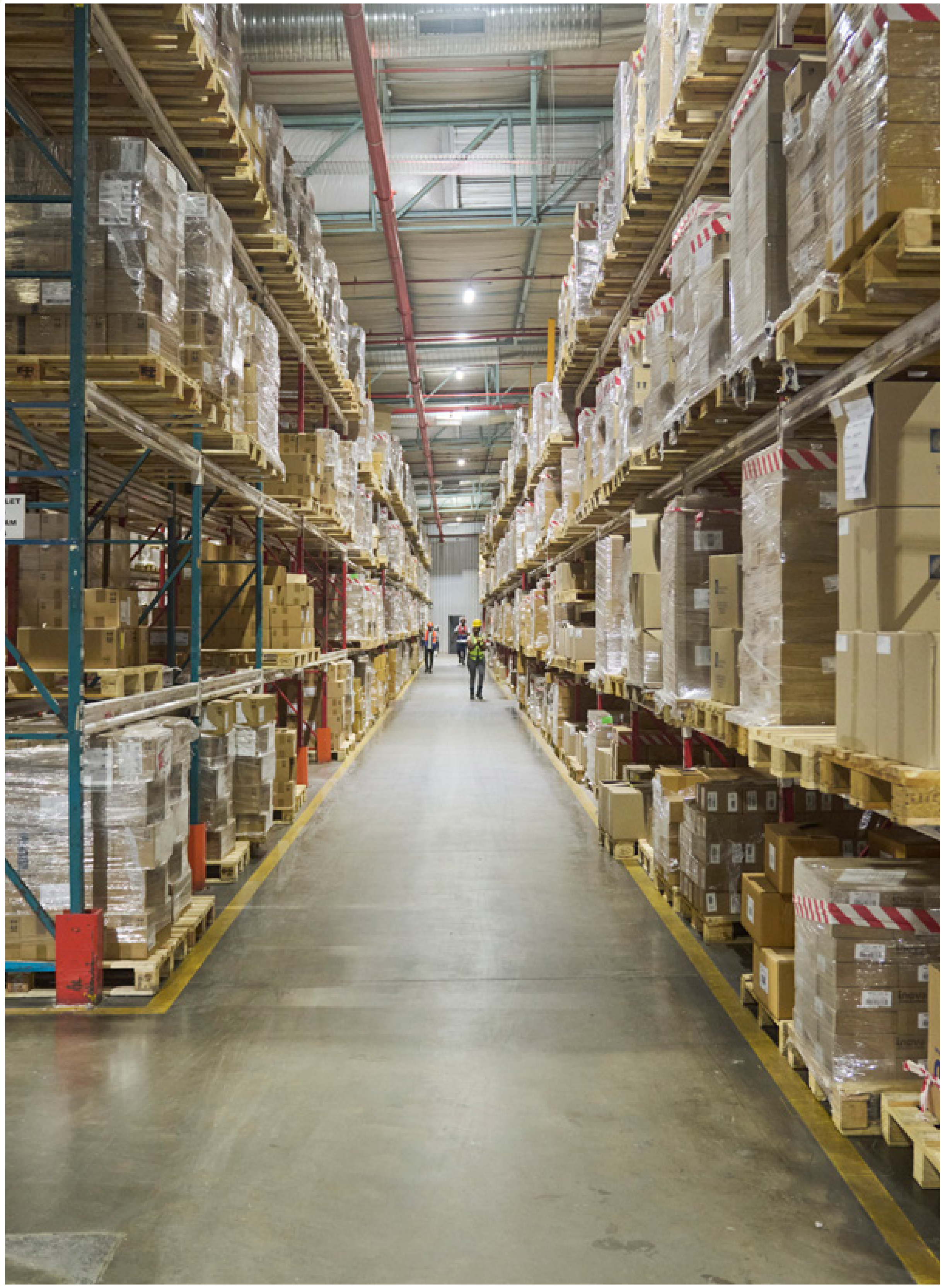
ACHIEVED IN 2024	TARGETS FOR 2025
Completed systems implementation at the main distribution centre at Lea Glen on 1 September 2023. **Target 2024: Systems implementation for bulk distribution in 2024**	System to be rolled out for bulk distribution clients by August 2025
Employee turnover 23.2% (12.7% avoidable and 10.5% unavoidable) **Target 2024: Below 11%**	Employee turnover below 15%
Maintained Transported Asset Protection Association (TAPA) level 1 accreditation **Target 2024: Maintain accreditation**	Maintain TAPA level 1 accreditation
136 learners enrolled **Target 2024: Enrol 84 new learners**	Enrol 90 new learners

Protecting income

ACHIEVED IN 2024	TARGETS FOR 2025
Focused on profitable distribution contracts; 25 distribution clients managed at year-end **Target 2024: Maximise income from base and newly acquired distribution clients**	Focus on and ensure renewal of profitable distribution and bulk contracts
Renewed and maintained regulatory licences and ISO certifications (ISO9001:2015 and 13485) **Target 2024: Renew and maintain ISO certifications**	Renew and maintain regulatory licences, ISO certifications (ISO9001:2015 and 13485) and ISAE3402

Optimising efficiency

ACHIEVED IN 2024	TARGETS FOR 2025
90% on-time deliveries **Target 2024: 98% on-time deliveries**	Target 99% on-time deliveries
Order fulfilment of 98.1% achieved **Target 2024: 98%**	Order fulfilment 99%
Improve capability in replenishment planning to increase sales volume and improve customer order fill	Improve stock availability by 2.5%



05 Sustainability

Clicks Group creates meaningful social impact through the provision of health products and improving access to reliable and affordable healthcare.

49 Sustainability report

Sustainability report

Highlights

FTSE4Good

Included in FTSE4Good Index for 8th consecutive year

BBBEE

BBBEE rating improved to level 3

Launched

the Transnet Phelophepa Health Trains partnership

35

Bursaries funded by New Clicks Foundation

41%

increase in renewable energy generation

Top performer

MSCI's Health Care Providers and Services Industry Report rated Clicks Group as the top performer in corporate governance

Introduction

Over the past decade the group has maintained an unwavering commitment to supporting a sustainable future through the application of environmental, social and governance (ESG) principles. Responsible practices are integrated throughout the business, delivering positive impact for stakeholders, protecting the environment, fostering inclusive growth and upholding the highest standards of corporate governance.

As part of its commitment to sustainability the group has enhanced outcomes across several key ESG measures over the past year and adjusted to the changes in the local, national and global environment. The group is committed to maintaining high standards of ESG performance and this is reflected in the group being included in the FTSE4Good Index for the past eight years.

Rating	2024	2023	2022
FTSE Russell	4	4	4
MSCI	AA	AA	AA
CDP	B	B	B
ISS ESG	C	C	D+

The group improved its BBBEE rating, advancing to level 3 (2023: BBBEE level 4), primarily driven by improvements in enterprise, supplier and socio-economic development (SED) as well as preferential procurement. In South Africa, limited access to healthcare and rising inequality, load shedding and the tough economic climate have necessitated the acceleration of innovative solutions by the group. Engaging with stakeholders remains a critical aspect of the sustainability programme, ensuring that the needs and expectations of stakeholders inform our strategies and initiatives.

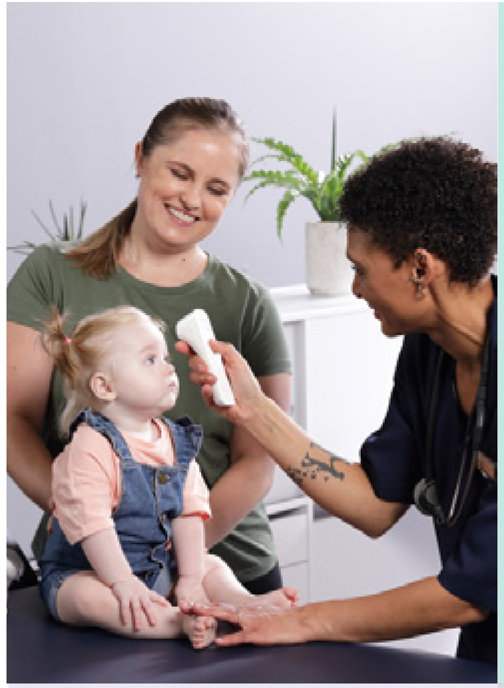
Sustainability report continued

Sustainability strategy

The group aims to create meaningful social and environmental impact through the provision of healthcare products and services, improving access to reliable and affordable healthcare, minimising its environmental footprint, sourcing products that uphold the integrity of the brand and empowering motivated, passionate people.

The strategy prioritises sustainability-related issues that impact the group's ability to create, preserve and enable value for stakeholder groups. The strategic sustainability framework (alongside) guides decision-making related to current and emerging social and environmental challenges. Importantly, the framework is aligned with the United Nations Sustainable Development Goals (UN SDGs) and the JSE Sustainability Disclosure Guidance.

Clicks Group strategic sustainability framework



1

Building a trusted, accessible healthcare network

- Access to quality, affordable healthcare
- Training (including pharmacists)
- Building collaborative partnerships with external stakeholders (NPOs and industry bodies)

2

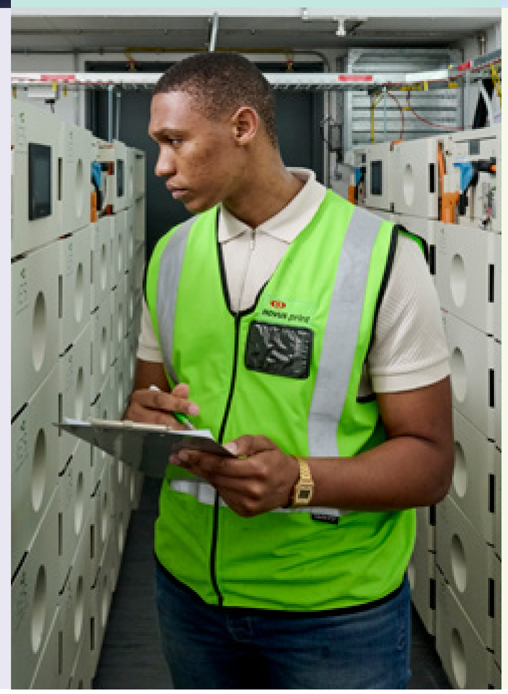
Empowering motivated, passionate people

- Transformation, diversity and inclusion
- Employee health and wellness
- Employee value proposition
- Training (including pharmacists)

4

Minimising our environmental footprint

- Carbon emissions (including carbon disclosure)
- Energy use (fuel and electricity)
- Renewable energy transition
- Waste, in particular single-use plastics and e-waste
- Water



3

Sourcing products that uphold the integrity of our brand

- Promoting products with sustainability attributes
- Supplier ESG practices (including Sedex participation)
- Local suppliers

Sustainability report continued

Building a trusted, accessible healthcare network

1

The group remains steadfast in its strategic focus to deliver affordable, high-quality healthcare products and services through an accessible network, supporting customers and communities to lead healthier lives.

The group continues to meet its customers' expectations through its customer-centric value offering, delivered through convenience, innovative products and affordable pricing.

In the past year the group opened 51 stores and nine pharmacies, bringing the total retail presence to 936 stores and 720 pharmacies. The group offers an extensive range of generic medicines, accounting for 59% of pharmacy sales (2023: 59%) and 69% of pharmacy volume (2023: 70%). Additionally, the value and affordability were enhanced through the Clicks ClubCard loyalty programme, which returned R780 million in cashback rewards to customers.

The group continued to leverage its Clicks clinic network to provide 128 955 (2023: 112 217) free primary healthcare assessments and services to beneficiaries without medical aid through the Clicks Helping Hand Trust (CHHT). CHHT supported several initiatives to deepen its social impact and ability to reach more vulnerable beneficiaries. Its partnership with Transnet's Phelophepa Health Trains aims to deliver healthcare services to 350 000 beneficiaries across South Africa, offering professional health services and products in optometry, dentistry, psychology, primary healthcare and other psychosocial interventions.

In addition, the group's pilot Student on the Go programme, an intervention initiated by the University of Witwatersrand, now supports 1 190 vulnerable students with access to sanitary towels. The Clicks ClubCard enables easy redemption for students at conveniently located Clicks stores.

Empowering motivated, passionate people

2

Transformation, including diversity, equity and inclusion, is a strategic imperative driving initiatives across the group, its supplier base and communities.

The group participates in improving the social and economic well-being of its stakeholders and reaffirmed its commitment to the Global UN principles while further strengthening its leadership position in the Global UN Women's Empowerment Principles, with its overall score improving from 79% to 89%. This achievement is underpinned by seven gender empowerment principles that must be met, reaffirming the group's commitment to gender equality as a key driver of responsible and sustainable business practices.

The board is diverse in terms of gender, race, skills, qualifications and experience. At year-end, 67% of the directors were black and 44% female. The group is led by the first black female CEO of a JSE-listed retailer and 80% of the group's executive management team is black. This diversity permeates across the group and includes 2.52% representivity of people with disabilities or impairments, 95.2% black and 62% female. In addition, the group maintained its gender pay ratio of 1:1. In recognition of the progress in promoting gender diversity, CEO Bertina Engelbrecht won three awards for leadership in supporting gender diversity and inclusion at the 2023 Gender Mainstreaming Awards. The group was also a finalist in two other categories.

The group continues to invest in the development of youth within communities and in its employees. The New Clicks Foundation bursary scheme supported 35* students with obligation-free bursaries totalling R2.3 million* (2023: R5.1 million). The bursaries included 33 pharmacy students and two students pursuing courses in areas of scarce and critical skills. The group invested R185 million (2023: R135 million) in training and skills development and registered a record 531 learner basic pharmacy assistants while promoting 1 885 employees with 1 154 being female employees during the year.

The employee wellness programme was enhanced to include complementary access to personal services and training programmes across emotional, physical, financial and legal wellness. This encompasses one-on-one and group counselling and coaching services, including support for family or work teams. The financial pillar offers preferential saving and lending rates through partnerships with two of South Africa's leading financial institutions, delivering benefits of R281 000 to employees in the financial year.

The group's supplier development programme supported 40 small enterprises with total contributions reaching R78 million (2023: R57 million). 48% of these beneficiaries were women owned. The Sorbet-Preneur programme offers the opportunity for Sorbet employees to own a Sorbet salon franchise. Three female employees were selected to establish their own salons and were supported through a structured programme that included mentorship, training and financial contribution to ensure their success.

The group is committed to combating gender-based violence (GBV) and harassment, recognising their importance for the well-being of employees and communities. Through a partnership with the Thuthuzela Care Centres, operating under the auspices of the National Prosecuting Authority, the group implemented policies and training programmes to enhance awareness, prevention and its response to GBV, thereby promoting a culture of respect, tolerance and equality. Additionally, CHHT supported 51 Thuthuzela Care Centres nationwide with dignity personal care items for GBV survivors.

* Subsequent to the 2024 year-end, an additional 56 bursaries were paid totalling R3.3 million, bringing the FY2024 total to 91 bursaries and R5.6 million invested.

Sustainability report continued

Sourcing products that uphold the integrity of our brand

3

The group remains committed to ensuring that its entire value chain operates sustainably through its ongoing efforts towards responsible sourcing of products, reducing its environmental footprint and fostering ethical practices across its supply chain. Sourcing products that maintain the integrity of the group's brand is paramount. The group ensures rigorous product development, quality management and regulatory control to endeavour to ensure that every product meets the highest standards. All suppliers are required to comply with Clicks' supply chain protocols and adhere to relevant regulatory and industry requirements. Quality is maintained through relevant industry International Organization for Standardisation (ISO) certification. Ethical and sustainability standards are upheld through Sedex, Business Social Compliance Initiative audits and compliance with the Roundtable on Sustainable Palm Oil guidelines. The Clicks private label supplier audit programme monitors suppliers' compliance with the group's stringent quality, ethical and sustainable requirements. Through these comprehensive efforts, the group continues to uphold the integrity of its products and brand while advancing sustainable practices. As part of its transformation imperatives, the group places a strong emphasis on supporting local small, medium and micro enterprises (SMMEs). With only 7.5% (2023: 8%) of its products directly imported, the group prioritises local procurement. For the third consecutive year, the group's commitment to this strategy is evident through the procurement spend exceeding R1 billion in support of local SMMEs while the group's supplier development programme continues to enable the sustainable growth of its beneficiaries. The renowned local beauty brand, Portia M, a supplier development beneficiary since 2019, serves as a prime example, having successfully graduated from the programme after its turnover exceeded the R50 million threshold.

Minimising our environmental footprint

4

The group accelerated the rollout of renewable solar energy at its distribution centres (DCs) and head office facilities with a target production of 4 500 MWh of solar power each year. Significantly lower levels of load shedding in the 2024 financial year, combined with battery storage installation at the head office and UPD Lea Glen DC, materially improved overall renewable energy generation by 41% to 5 135 MWh (2023: 3 636 MWh).

The group's initiatives to minimise the environmental footprint included a phased approach to replacing lights with light emitting diodes (LEDs) and implementing improved cooling systems (refrigeration and air-conditioning) leading to a 57% reduction in the use of R22 gas across the business, significantly reducing energy consumption and promoting energy efficiency.

To further reduce emissions, the group optimised fleet delivery routes, resulting in a reduction of 385 635 kilometres travelled at UPD compared to the previous year. Additionally, UPD invested in a new logistics enterprise development programme, offering employees an opportunity to become business owners. This initiative, rooted in sustainable business practices, employs electric vehicles to significantly reduce greenhouse gas emissions, potentially saving approximately 2.4 million litres of diesel and reducing CO_2 emissions by 6.3 million kg, thus advancing our carbon neutrality journey over the vehicles' lifespan.

The group subscribes to the SA Plastics Pact which seeks to address four fundamental areas: taking action on problematic and unnecessary

plastic; 100% of plastic to be reusable, recyclable or compostable; a minimum of 70% of plastic packaging effectively recycled; and a minimum of 30% recycled content across all plastic packaging. To align with these areas, the group has implemented sustainable packaging practices, adhering to design-for-recyclability guidelines, prominently displaying on-pack recycling logos and introducing recyclable materials such as polyethylene terephthalate in packaging. Furthermore, through its partnership with EPR Waste Association of South Africa (eWASA) and Polyco the group tracks responsible recycling of packaging and electrical waste, underscoring its dedication to sustainable practices. At the group's head office, borehole groundwater is used to reduce dependence on municipal water. This ensures continuous water availability for ablution systems to mitigate potential drought events, with 5 084 kilolitres of water being accessed from groundwater.

Sustainability report continued

Management approach

The group's management approach to sustainability is integrated into its overall business strategy. The group aligns its initiatives with the SDGs and the JSE Sustainability Disclosure Guidance, ensuring that its operations contribute to national and global sustainability efforts.

Robust governance structures under the oversight of the board ensure accountability and transparency for the group's sustainability programme. The social and ethics committee has oversight for ESG compliance while also monitoring stakeholder engagement. The oversight mandate of the audit and risk committee includes climate change risk and sustainability issues. The internal sustainability forum manages environmental sustainability risks and opportunities. Sustainability disclosure is informed by the following standards and guidelines:

- JSE Sustainability Disclosure Guidance
- JSE Climate Change Disclosure Guidance
- King IV Report on Corporate Governance (King IV)
- Global Reporting Initiative (GRI)
- Sustainable Development Goals (SDGs)
- United Nations Global Compact Principles
- Carbon Disclosure Project (CDP)
- Task Force on Climate-related Financial Disclosures (TCFD)

Sustainability governance

Board of directors

The board and its committees oversee the development and execution of sustainability-related strategies. While each committee contributes to the overall sustainability effort, key roles are performed by the social and ethics committee, which has oversight of sustainability matters.

BOARD COMMITTEES | AUDIT AND RISK COMMITTEE | SOCIAL AND ETHICS COMMITTEE | REMUNERATION COMMITTEE

Group executive committee

Our executive leadership team has primary responsibility for management of sustainability matters.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | MANAGING EXECUTIVE: CLICKS | MANAGING EXECUTIVE: UPD

Sustainability forum

The forum is responsible for co-ordination and implementation of sustainability-related initiatives. It consists of executive management and sustainability-related professionals. The team establishes group sustainability-related standards and guidelines, provides shared services to all departments, monitors performance and collates ESG data for disclosure.

Third-party verification

Verify selected ESG-related data.

Sustainability-related policies

The board approved in 2022 the group's environmental and climate change policy. This guides the group's carbon emission reduction plan and disclosure as well as environmental best practices.

The group regards active stakeholder engagement as an important enabler of its strategic objectives. To this end, it constantly reviews and maps its operating environment for risks and opportunities that may impact its relationships with its identified stakeholders. The stakeholders identified as essential remain consistent with previous years, namely: customers, employees, banks and institutional investors, suppliers and communities in which we operate. Management provides feedback on its stakeholder engagement activities to the board for review and effects active risk mitigation where required. This proactive engagement ensures that the group remains responsive to the evolving needs and concerns of its valued stakeholders.

The group embarks on rigorous and regular risk assessments to identify and mitigate potential sustainability-related matters in conformance with its governance frameworks. This includes a focused approach to business continuity across its value chain.

Sustainability report continued

Sustainability performance

Strategic focus area	Key performance indicator	Unit	2024	2023	2022
Building a trusted, accessible healthcare network	Clicks stores offering pharmacy services	Number	**720**	711	673
	Investment in bursaries	R'm	**2.3***	6.7	5.4
	Number of pharmacy interns trained	Number	**42**	46	104
	Number of people using free clinic services	Number	**128 955**	112 217	87 660
Minimising our environmental footprint	Total carbon emissions	CO_2e (metric tonnes)	**150 528**	152 252	149 520
	Electricity consumption of non-renewable energy	KWh	**107 934 000**	104 338 075	104 214 958
	Production and supply of renewable energy	KWh	**5 135 350**	3 636 240	631 000
	General waste generated	Kg	**1 610 808**	1 199 779	1 055 133
	Medical waste generated	Kg	**213 969**	166 019	119 055
	Waste recovered for recycling	Kg	**4 179 050**	4 441 102	4 394 892
	Total water consumed	Kl	**95 028**	78 435	62 630
Sourcing products that uphold the integrity of the brand	Preferential procurement spend	R'bn	**24.3**	23.1	23.9
	Number of incidents related to product safety, quality and marketing practices	Number	**0**	0	0
Empowering motivated, passionate people	BBBEE rating	Level	**3**	4	4
	Black representation on the board	%	**67**	60	60
	Female representation on the board	%	**44**	40	40
	Black employees	%	**95**	95	95
	Female employees	%	**62**	63	63
	Investment in training/skills development	R'm	**185**	136	165
	Utilisation of employee health and wellness programme	Number	**7 192**	7 276	3 031

* Subsequent to the 2024 year-end, an additional 56 bursaries were paid totalling R3.3 million, bringing the FY2024 total to 91 bursaries and R5.6 million invested.

Sustainability report continued

Independent verification of BBBEE status

The group engaged Empowerlogic, an independent accredited rating agency, to conduct a review of the group's BBBEE status for the 2024 financial year. The group improved its rating to level 3.

Element	2024	2023	2022	2021	2020
Equity ownership	**20.44**	19.20	19.01	17.48	14.76
Management control	**15.33**	14.70	14.54	14.06	13.58
Skills development	**17.26**	13.06	14.61	16.98	13.81
Enterprise and supplier development (ESD)	**34.55**	31.52	33.71	30.02	28.12
Socio-economic development	**5.00**	5.00	4.49	5.00	4.99
Total	**92.58**	83.48	86.37	83.54	75.27
BBBEE level	**3**	4	4	4	5

Analysis of BBBEE scorecard elements

Element	Progress to date	Performance
Equity ownership	The group's ability to directly improve the ownership performance is impacted by its 60.7% offshore shareholding.	The group continued to benefit from the recognition of its seven-year Employee Share Ownership Programme as well as the Public Investment Corporation's increased shareholding over the measurement period.
Management control	The group continued to make steady progress on its employment equity plan towards a workforce that aligns to the economically active population of South Africa. The progress is enabled through its comprehensive monitoring and engagement processes.	Employees with disabilities: 473 (2023: 534) The group's black employee representation is as follows: Senior management: 59% (2023: 52%) Middle management: 73% (2023: 70%) Junior management: 89% (2023: 88%)
Skills development	The group continued to leverage its status as a registered training provider and its investment as a registered training site and the offering of mentorships to invest in its employee development to feed the talent pipeline and organisational expansion plan. Focus will be placed on ensuring that training and recruitment needs are aligned to the group's strategic imperatives.	Learnership and internship opportunities 2 337 (2023: 1 572) Pharmacy interns 42 (2023: 46) Pharmacy assistant learnerships 928 (2023: 820) Generic, wholesale and retail learnerships 1 278 (2023: 565) Recognised skills development spend on black people R132m (2023: R106m)
Enterprise and supplier development	The enterprise development programmes are undertaken in partnership with Taking Care of Business (TCB) to enable unemployed beneficiaries to become successful small business owners. In addition, the Sorbet-Preneur offers the opportunity to employees to establish their own Sorbet salon. The group's supplier development initiatives include mentoring, coaching, marketing, financial services, favourable trading terms and increasing access to market to improve sustainability.	161 (2023: 166) beneficiaries Sorbet-Preneurs beneficiaries: 3 (2023: 1) 40 supplier development beneficiaries (2023: 51)
Preferential procurement	The group continued its focus on driving preferential procurement practices, particularly black women-owned businesses.	R24.3bn total empowerment spend (2023: 20.8bn) R13.8bn total black-owned spend: (2023: R7.8bn) R12.5bn total black women-owned spend (2023: R6.6bn)
Socio-economic development	The group's SED initiatives focus on health, well-being and education, primarily driven through its non-profit organisations (Clicks Helping Hand Trust and Clicks Foundation Bursary Fund) continuing to increase its reach and impact during the past financial year.	R28.6m invested in SED projects (2023: R23.7m) R2.3m* invested by the Clicks Foundation Bursary Scheme (2023: R5.1m) 35 bursaries* funded by the scheme (2023: 86) * Subsequent to the 2024 year-end, an additional 56 bursaries were paid totalling R3.3m, bringing the FY2024 total to 91 bursaries and R5.6m invested.

By focusing on these key areas, the group aims to drive positive change and create sustainable value for its valued stakeholders.

Sustainability report continued

Aligning remuneration with ESG performance

The short-term and long-term incentive schemes are aligned with ESG goals, incorporating targets to ensure that executive leadership is held accountable for achieving sustainability targets. Incentive payments can be modified downwards by a maximum of 15% if ESG performance metrics are not achieved.

Policy changes

The STI scheme rules for the period commencing 1 September 2022 were amended to incorporate ESG modifiers.

The amount of a qualifying employee's incentive payment is subject to downward adjustment by up to 15% of the total benefi if any of the following ESG performance modifier metrics are not achieved:

Modifier	Weighting
Composite measure: Maintain leadership positioning on FTSE4Good Index relative to the sub-sector average for drug retailers and the consumer services industry average.	6%
Environmental measure: The Clicks Group increasing its use of solar renewable energy to at least 4 500 MWh.	3%
Social measure: Obtain a level 4 BBBEE rating or better and UPD obtaining a level 2 BBBEE rating or better in terms of the scoring applicable to the road freight industry.	3%
Governance measure: No material breaches of customer privacy and to a material extent maintaining the security of data.	3%

Risk assessments and materiality

Regular risk assessments and materiality analyses are conducted to identify and address potential risks to the group's sustainability efforts. This proactive approach enables management to mitigate risks and capitalise on opportunities to drive sustainable growth. Following the adoption of the JSE Sustainability Disclosure Guidance, which incorporates the principle of double materiality, the group outlines the connection between financial and impact materiality in its 2024 reporting suite.

Climate risks and opportunities

The group faces significant climate-related risks, including extreme weather events, supply chain vulnerabilities, both locally and through imported products, and seasonal product sales impacts. In alignment with the TCFD and JSE Sustainability and Climate Disclosure Guidance, these risks could lead to operational disruptions, increased costs and potential revenue losses. Employee health and community well-being are also at risk due to rising temperatures and poor air quality. Reputational risks are significant if the group fails to address climate change effectively, potentially losing consumer trust and investor confidence.

To mitigate these risks, the group is rolling out electric vehicles through its owner driver scheme, and keeps improving on optimising its fleet route. Furthermore, the group continues to replace its refrigeration and cooling gases with low global warming potential gas modules. Through the continued installation of LED lights and battery storage the group further enhanced its carbon emission reduction pathways. The emission reduction initiatives are reported in the CDP submission, aligning with carbon neutrality requirements. Updates on these initiatives and revised targets will be communicated in the sustainability report for the 2025 financial year.

Expanding the range of environmentally friendly and sustainable products can attract environmentally conscious consumers, leading to increased market share and enhanced brand reputation. Implementing green logistics and supply chain practices designed to reduce carbon footprint will ensure that the group achieves cost savings from increased efficiency. This will improve supply chain resilience and a positive reputational brand image. The implementation of energy-efficient technologies and practices in stores and DCs resulted in lower operational costs and ensured regulatory compliance. The group believes that upgrading infrastructure will make it more resilient to extreme weather events, which can reduce operational disruptions while building long-term sustainability.

06

Shareholder information

Clicks Group has proven to be increasingly attractive to international investors over the past decade and over 60% of the group's shares are held by offshore fund managers.

Shareholder analysis

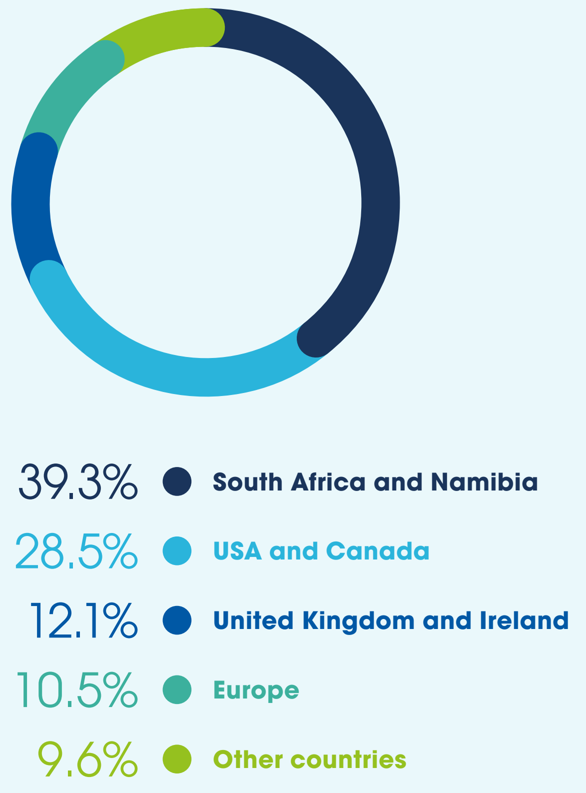
at 31 August 2024

	Number of shares	Percentage of shares
Public and non-public shareholders		
Public shareholders	237 897 466	99.9%
Non-public shareholders		
Shares held by directors	164 999	0.1%
Total non-public shareholders	164 999	0.1%
Total shareholders	238 062 465	100.0%

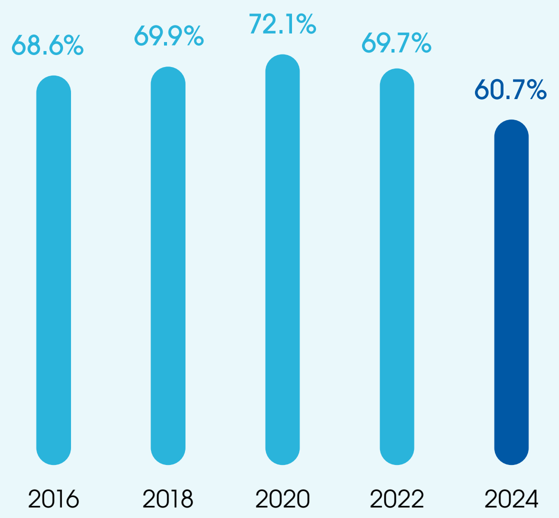
According to the company's register of shareholders, read in conjunction with the company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following fund managers managed 3% or more of the issued share capital at 31 August 2024:

	August 2024 Percentage of shares	August 2023 Percentage of shares
Major fund managers managing 3% or more		
Public Investment Corporation (SA)	17.9%	16.8%
JPMorgan Asset Management (UK and US)	5.4%	6.1%
Ninety One Asset Management (SA)	5.1%	1.7%
BlackRock (US and UK)	4.8%	4.7%
GIC Asset Management (Singapore)	4.5%	5.6%
The Vanguard Group (US)	4.0%	4.0%
RBC Global Asset Management (UK)	3.8%	4.6%
Federated Hermes (UK)	3.4%	4.7%
Funds no longer managing 3% or more		
T Rowe Price (UK and US)	2.7%	4.9%

Geographic distribution of shareholders



Offshore shareholding



Corporate information

Clicks Group Limited

Incorporated in the Republic of South Africa
Registration number 1996/000645/06
Income tax number 9061/745/71/8

JSE share code: CLS
ISIN: ZAE000134854
ADR ticker symbol: CLCGY
ADR CUSIP code: 18682W205

Registered address

Cnr Searle and Pontac Streets
Cape Town 8001
Telephone: +27 (0)21 460 1911

Postal address

PO Box 5142
Cape Town 8000

Company secretary

Annalize Barnard, CA (SA)
E-mail: companysecretary@clicksgroup.co.za

Auditors

KPMG Inc.

Principal bankers

FirstRand Bank Limited

JSE sponsor

Investec Bank Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited
Business address: Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
Postal address: Private Bag X9000, Saxonwold 2132
Telephone: +27 (0)11 370 5000

Investor relations consultants

Tier 1 Investor Relations
E-mail: ir@tier1ir.co.za

Shareholders' diary

Annual general meeting	**30 January 2025**
Preliminary results announcements	
Interim results to February 2025	on or about 17 April 2025
Final results to August 2025	on or about 23 October 2025
Publication of 2025 integrated report	**November 2025**
Ordinary share dividend	
2024 final dividend	
Last day to trade with dividend included	21 January 2025
Date of dividend payment	27 January 2025

Forward-looking statements

The integrated report includes forward-looking statements which relate to the possible future financial position and results of Clicks Group's (the group) operations. These statements by their nature involve risk and uncertainty as they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not statements of fact, but statements by the group's management based on its current estimates, expectations and assumptions regarding future performance.

The group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events, other than to comply with the JSE Listings Requirements. The forward-looking statements have not been reviewed or reported on by the group's independent auditor.

Forward-looking statements made by the group at the time of releasing its 2024 financial results were informed by the group's business plans, financial and economic forecasts at October 2024.

For more information, please visit our website at www.clicksgroup.co.za