

CLICKS GROUP LIMITED

Annual Group Results
for the year ended
31 August 2022



Contents

- 1 Financial summary
 - 2 Commentary
 - 4 Consolidated statement of comprehensive income
 - 5 Consolidated statement of financial position
 - 6 Consolidated statement of changes in equity
 - 8 Consolidated statement of cash flows
 - 9 Notes to the cash flow statement
 - 10 Segmental analysis
 - 12 Accounting policies and notes
 - 15 Store footprint
 - 15 Analysis of shareholders
 - 16 Definitions
 - 17 Presentation
-

Group turnover up

6.0%

Retail turnover up

11.7%

Group diluted HEPS up

33.5%

Dividend up

30.0%

to 637 cents per share

Diluted HEPS adjusted for impact of civil unrest up

11.9%*

* Continuing operations

Return on equity increased to

48.0%

R4.3bn

cash generated by operations

R1.7bn

returned to shareholders

Financial summary

		Year to 31 August 2022	Year to 31 August 2021	% change
Consolidated statement of comprehensive income				
Turnover	R'000	39 587 142	37 339 028	6.0%
Gross profit	R'000	8 432 257	7 271 996	16.0%
Total income	R'000	11 299 681	9 881 232	14.4%
Headline earnings from continuing operations	R'000	2 522 870	1 961 225	28.6%
Headline earnings	R'000	2 522 870	1 911 549	32.0%
Net financing cost	R'000	(164 835)	(186 111)	(11.4%)
Consolidated statement of financial position				
Equity	R'000	5 698 807	4 805 193	18.6%
Total assets	R'000	17 863 916	17 173 482	4.0%
Consolidated statement of cash flows				
Net cash effects from operating activities	R'000	1 917 075	2 311 727	(17.1%)
Capital expenditure	R'000	837 599	689 735	21.4%
Capital commitments	R'000	935 837	846 814	10.5%
Depreciation and amortisation	R'000	1 374 610	1 260 421	9.1%
Performance				
Turnover growth	%	6.0	10.2	
Comparable stores turnover growth from continuing operations	%	8.4	5.1	
Gross profit growth	%	16.0	2.9	
Gross profit margin	%	21.3	19.5	
Total income growth	%	14.4	7.2	
Total income margin	%	28.5	26.5	
Operating margin	%	9.2	7.8	
Net working capital days		36	30	
Inventory days		72	66	
Trade debtor days		27	38	
Trade creditor days		63	74	
Current ratio	:1	1.1	1.1	
Return on total assets	%	14.4	11.8	
Return on shareholders' interest	%	48.0	38.2	
Shareholders' interest to total assets	%	31.9	28.0	
Interest-bearing debt, including cash, to shareholders' interest at year-end	%	19.0	14.9	
Statistics				
Number of permanent employees		16 492	15 871	3.9%
Number of stores		898	841	6.8%
Weighted retail trading area	m ²	397 120	384 844	3.2%
Share statistics				
Number of ordinary shares in issue	'000	243 970	245 557	(0.6%)
Weighted average diluted number of shares in issue	'000	244 306	247 084	(1.1%)
Headline earnings per share from continuing operations	cents	1 032.7	793.7	30.1%
	- basic	cents	793.7	30.1%
	- diluted	cents	793.7	30.1%
Dividend per share	cents	180.0	142.5	
	- interim	cents	347.5	31.5%
	- final	cents	63.3	
Dividend payout ratio	%	61.7	63.3	
Share price	cents	29 802	30 256	(1.5%)
	- closing	cents	30 256	
	- high	cents	26 830	
	- low	cents	21 863	
Net asset value per share	cents	2 336	1 957	19.4%
Net tangible asset value per share	cents	1 998	1 642	21.7%
Market capitalisation	R'000	72 707 939	74 295 726	(2.1%)
Price earnings ratio	times	28.9	39.1	
Volume of ordinary shares traded	'000	203 684	217 040	
Percentage of ordinary shares traded	%	83.4	87.8	
Free float	%	99.9	99.9	
Shareholders' return	cents	183	7 746	
Decrease/(increase) in share price	cents	(454)	7 256	
Dividend per share	cents	637	490	
Other information				
Inflation rate				
CPI	%	7.6	4.9	
Internal selling price inflation	%	3.0	2.7	
Interest rates				
Prime overdraft rate	- closing	%	9.00	7.00
	- average	%	7.77	7.00
FTSE/JSE Africa share indices				
All Share Index		67 257	67 428	(0.3%)
General Retailers Index		6 209	6 992	(11.2%)
Food and Drug Retailers Index		13 584	12 943	5.0%
Exchange rate				
Rand/US dollar	- closing	R/US\$	16.89	14.60
	- average	R/US\$	15.58	14.78

Commentary

Financial reporting for impact of civil unrest

The civil unrest in KwaZulu-Natal in July 2021 had a significant impact on the group. Certain financial information has been adjusted for the impact of the civil unrest and the subsequent insurance recoveries to present a normalised view of the underlying operating performance of the group.

Overview

Clicks Group continued to show the resilience of its business model and the defensiveness of its core retail categories as the group overcame severe headwinds to deliver an 11.9% increase in adjusted diluted headline earnings per share.

Retail trading was hampered by the prolonged impact of the July 2021 civil unrest, significantly higher levels of load shedding disruption in the second half of the year and depressed consumer spending and confidence.

In this environment Clicks performed well as the beauty category recovered strongly post Covid-19 and the chain supported the national Covid-19 vaccination programme. As the largest vaccination provider in the private sector, Clicks has administered over 3.5 million vaccinations since the start of the programme.

Turnover growth in UPD was impacted by the high base set in the prior financial year which included the second and third waves of Covid-19.

The group generated cash inflows from operations of R4.3 billion. The dividend was increased by 30.0% to 637 cents per share, in line with group HEPS which grew by 33.5%. Return on equity increased from 38.2% to 48.0%, at the upper end of the group's medium-term target range of 40% – 50%.

Financial performance

Group turnover increased by 6.0% to R39.6 billion. Retail sales grew by 11.7%, with selling price inflation of 4.0%.

During the year Clicks administered 2.9 million Covid-19 vaccinations which generated turnover of R1.1 billion. This resulted in an uplift of 3.5% in retail sales and 2.5% in group sales.

Retail turnover, excluding vaccinations, increased by 9.4% in the second half of the year after growing by 7.1% in the civil unrest-impacted first half.

Distribution turnover declined by 2.6% due to the base effect caused by strong demand for medicines during the severe waves of Covid-19 in the 2021 financial year.

Adjusted total income grew by 9.8% to R11.0 billion. The retail margin reduced by 30 basis points due to the impact of the lower margin vaccinations and the return of the cold and flu season. The distribution margin improved by 50 basis points as a result of growth in the bulk distribution business. The group total income margin expanded by 90 basis points to 27.7% due to the faster growth of retail as the economy recovered from the impact of Covid-19.

Adjusted retail costs were held below turnover growth and increased by 10.5%, with comparable costs contained to growth of 5.0%. Adjusted distribution costs were impacted by the new bulk distribution contracts as well as higher fuel, security, insurance and electricity costs and increased by 6.2%, below the 7.6% growth in total managed turnover.

Adjusted group operating profit increased by 9.2% to R3.3 billion. The group's adjusted operating margin increased by 20 basis points to 8.4%.

Headline earnings from continuing operations grew by 28.6% to R2.5 billion. Earnings per share from continuing operations increased by 39.4% to 1 080 cents with HEPS from continuing operations increasing by 30.1% to 1 033 cents.

Adjusted headline earnings from continuing operations grew by 10.7% and adjusted diluted HEPS from continuing operations by 11.9%.

Group inventory days increased to 72 days (2021: 66 days) owing to inventory levels in UPD increasing by 13 days due to lower than expected demand from the hospital channel arising from reduced Covid-19 hospitalisations and the slower return of elective surgical procedures. Inventory levels are expected to normalise towards the end of October 2022 as hospital occupancy rates continue to improve. Retail inventory days improved from 74 to 71 days.

Cash generated from operating activities before dividends paid totalled R3.2 billion. Capital expenditure of R838 million (2021: R690 million) was invested mainly in new stores and pharmacies, store refurbishments, supply chain and information technology.

The group returned R1.7 billion to shareholders in dividend payments (R1 287 million) and share buy-backs (R446 million). At year end, the group held cash resources of R2.0 billion and the final dividend totalling R1.1 billion will be paid to shareholders in January 2023.

Trading performance

Retail sales, including Clicks and the international franchise brands GNC and The Body Shop, increased by 11.7%. Comparable store sales grew by 8.4% with volume growth of 4.4%.

Clicks expanded its retail footprint to 840 stores with the opening of 58 new stores over the past year. A further 52 pharmacies were opened, extending the national pharmacy presence to 673. The Clicks ClubCard active membership base increased by over 500 000 to 9.7 million members and accounted for 80.2% of sales in the year.

UPD's total managed turnover, combining wholesale and bulk distribution, increased by 7.6% to R30.6 billion. Three new bulk distribution contracts were secured in the period. Wholesale turnover declined by 5.2% owing mainly to lower sales to private hospitals post the Covid-19 pandemic and the consolidation of independent pharmacies.

Outlook

Trading conditions will remain extremely constrained owing to the increasing pressures on consumer disposable income in the current low growth, high inflationary environment. This will be compounded by the trading disruption from ongoing electricity load shedding.

Clicks has proven its ability to adapt to changing market dynamics and its growth drivers of value, convenience, customer loyalty and product differentiation position the business to respond to the needs of customers, particularly in the current weak economic environment.

Management has shown its confidence in the growth prospects of Clicks by increasing its long-term target from 900 to 1 200 stores, with 40 to 50 stores and 40 to 50 pharmacies planned to open each year.

Record capital investment of R936 million is planned for the new financial year. This includes R477 million for new stores and pharmacies and the refurbishment of 60 stores. R459 million will be invested in supply chain, technology and infrastructure.

Final dividend

The board of directors has approved a final gross ordinary dividend for the period ended 31 August 2022 of 457.0 cents per share (2021: 347.5 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information

Dividends Tax (DT) of 20% amounting to 91.4 cents per ordinary share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from DT will therefore receive a dividend of 365.6 cents net of DT.

The company has 243 969 611 ordinary shares. Its income tax reference number is 9061/745/71/8.

Shareholders are advised of the following salient dates in respect of the final dividend:

Last day to trade "cum" the dividend	Tuesday, 24 January 2023
Shares trade "ex" the dividend	Wednesday, 25 January 2023
Record date	Friday, 27 January 2023
Payment to shareholders	Monday, 30 January 2023

Share certificates may not be dematerialised or re-materialised between Wednesday, 25 January 2023 and Friday, 27 January 2023, both days inclusive.

David Nurek
Chairman

Bertina Engelbrecht
Chief executive officer

Michael Fleming
Chief financial officer

Cape Town
20 October 2022

Consolidated statement of comprehensive income

R'000	Year to 31 August 2022	Year to 31 August 2021	% change
Revenue	42 500 019	39 982 414	
Turnover	39 587 142	37 339 028	6.0%
Cost of merchandise sold	(31 154 885)	(29 733 393)	4.8%
Cost of merchandise written off – civil unrest	-	(333 639)	
Gross profit	8 432 257	7 271 996	16.0%
Other income	2 541 537	2 391 845	6.3%
Insurance proceeds – civil unrest	325 887	217 391	
Total income	11 299 681	9 881 232	14.4%
Expenses	(7 649 266)	(6 984 370)	9.5%
Depreciation and amortisation	(1 320 795)	(1 180 103)	11.9%
Occupancy costs	(163 250)	(161 158)	1.3%
Employment costs	(4 003 148)	(3 659 289)	9.4%
Other costs	(2 147 507)	(1 938 192)	10.8%
Other costs – civil unrest	-	(31 589)	
Impairment allowance – IFRS 9 ECL	(14 566)	(14 039)	
Operating profit	3 650 415	2 896 862	26.0%
Loss on disposal of property, plant and equipment	(4 460)	(4 199)	6.2%
Impairment of property, plant and equipment – civil unrest	-	(61 251)	
Insurance proceeds on property, plant and equipment – civil unrest	167 002	-	
Profit before financing costs	3 812 957	2 831 412	34.7%
Net financing expense	(164 835)	(186 111)	(11.4%)
Financial income	45 453	34 150	33.1%
Financial expense	(210 288)	(220 261)	(4.5%)
Profit before earnings from associates	3 648 122	2 645 301	37.9%
Share of loss of associates	(8 974)	(3 476)	
Profit before taxation	3 639 148	2 641 825	37.8%
Income tax expense	(1 000 468)	(727 724)	37.5%
Profit for the year from continuing operations	2 638 680	1 914 101	37.9%
Loss from discontinued operations, net of tax	-	(76 245)	
Profit for the year	2 638 680	1 837 856	43.6%
Other comprehensive income/(loss):			
Items that will not be subsequently reclassified to profit or loss, net of tax			
Remeasurement of post-employment benefit obligations	1 033	-	
Items that may be subsequently reclassified to profit or loss, net of tax			
Exchange differences on translation of foreign subsidiaries	11 837	(27 335)	
Cash flow hedges	37 211	(14 089)	
Cost of hedging reserve	(17 791)	(19 699)	
Other comprehensive income/(loss) for the year, net of tax	32 290	(61 123)	
Total comprehensive income for the year	2 670 970	1 776 733	
Earnings per share (cents)	1 080.1	743.8	45.2%
– Continuing operations	1 080.1	774.7	39.4%
– Discontinued operations	-	(30.9)	
Diluted earnings per share (cents)	1 080.1	743.8	45.2%
– Continuing operations	1 080.1	774.7	39.4%
– Discontinued operations	-	(30.9)	

Consolidated statement of financial position

R'000	As at 31 August 2022	As at 31 August 2021
ASSETS		
Non-current assets	6 491 054	5 935 366
Property, plant and equipment	2 374 962	2 138 102
Right-of-use assets	2 827 826	2 601 684
Intangible assets	720 988	670 457
Goodwill	102 806	102 806
Deferred tax assets	108 145	106 215
Investment in associates	25 389	27 599
Loans receivable	91 814	9 896
Financial assets at fair value through profit or loss	145 052	125 882
Derivative financial assets	94 072	152 725
Current assets	11 372 862	11 238 116
Inventories	6 164 453	5 449 364
Trade and other receivables	3 047 040	3 473 074
Loans receivable	34 582	12 059
Cash and cash equivalents	2 014 553	2 206 627
Derivative financial assets	112 234	96 992
Total assets	17 863 916	17 173 482
EQUITY AND LIABILITIES		
Equity	5 698 807	4 805 193
Share capital	2 440	2 456
Share premium	1 064 953	1 064 953
Cash flow hedge reserve	7 234	34 817
Cost of hedging reserve	(4 983)	(7 167)
Foreign currency translation reserve	(6 860)	(18 697)
Distributable reserve	4 636 023	3 728 831
Non-current liabilities	2 238 914	2 172 869
Lease liabilities	2 087 725	1 975 938
Deferred tax liabilities	21 335	11 767
Employee benefits	129 854	185 164
Current liabilities	9 926 195	10 195 420
Trade and other payables	8 368 721	8 751 621
Lease liabilities	1 012 159	946 976
Employee benefits	354 552	350 016
Income tax payable	190 063	145 270
Derivative financial liabilities	700	1 537
Total equity and liabilities	17 863 916	17 173 482

Consolidated statement of changes in equity

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 2020	248 663	2 487	1 064 953
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	-	-	-
Shares repurchased and cancelled	(3 106)	(31)	-
Total transactions with owners	(3 106)	(31)	-
Total comprehensive income for the year	-	-	-
Profit for the year	-	-	-
Remeasurement of post-employment benefit obligations	-	-	-
Cash flow hedge reserve	-	-	-
Cost of hedging reserve	-	-	-
Exchange differences on translation of foreign subsidiaries	-	-	-
Transfer of reserves to inventories	-	-	-
Balance at 31 August 2021	245 557	2 456	1 064 953
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	-	-	-
Shares repurchased and cancelled	(1 587)	(16)	-
Total transactions with owners	(1 587)	(16)	-
Total comprehensive income for the year	-	-	-
Profit for the year	-	-	-
Remeasurement of post-employment benefit obligations	-	-	-
Cash flow hedge reserve	-	-	-
Cost of hedging reserve	-	-	-
Exchange differences on translation of foreign subsidiaries	-	-	-
Transfer of reserves to inventory	-	-	-
Balance at 31 August 2022	243 970	2 440	1 064 953

Cash flow hedge reserve	Cost of hedging reserve	Foreign currency translation reserve	Distributable reserve	Total equity
11 686	(5 968)	8 638	4 112 155	5 193 951
-	-	-	(1 468 901)	(1 468 901)
-	-	-	(752 279)	(752 310)
-	-	-	(2 221 180)	(2 221 211)
(14 089)	(19 699)	(27 335)	1 837 856	1 776 733
-	-	-	1 837 856	1 837 856
-	-	-	-	-
(14 089)	-	-	-	(14 089)
-	(19 699)	-	-	(19 699)
-	-	(27 335)	-	(27 335)
37 220	18 500	-	-	55 720
34 817	(7 167)	(18 697)	3 728 831	4 805 193
-	-	-	(1 286 940)	(1 286 940)
-	-	-	(445 581)	(445 597)
-	-	-	(1 732 521)	(1 732 537)
37 211	(17 791)	11 837	2 639 713	2 670 970
-	-	-	2 638 680	2 638 680
-	-	-	1 033	1 033
37 211	-	-	-	37 211
-	(17 791)	-	-	(17 791)
-	-	11 837	-	11 837
(64 794)	19 975	-	-	(44 819)
7 234	(4 983)	(6 860)	4 636 023	5 698 807

Consolidated statement of cash flows

R'000	Year to 31 August 2022	Year to 31 August 2021
Cash effects from operating activities		
Profit before working capital changes (refer note 1)	5 022 565	4 017 185
Working capital changes (refer note 2)	(744 466)	541 809
Cash generated by operations	4 278 099	4 558 994
Interest received	45 453	34 150
Interest paid	(197 663)	(208 845)
Taxation paid	(938 159)	(670 814)
Acquisition of derivative financial asset used to hedge the long term incentive scheme	(64 230)	(50 467)
Settlement of derivative financial asset used to hedge the long term incentive scheme	80 515	117 610
Cash inflow from operating activities before dividends paid	3 204 015	3 780 628
Dividends paid to shareholders	(1 286 940)	(1 468 901)
Net cash effects from operating activities	1 917 075	2 311 727
Cash effects from investing activities		
Investment in property, plant and equipment and intangible assets to maintain operations	(337 616)	(217 418)
Investment in property, plant and equipment and intangible assets to expand operations	(499 983)	(472 317)
Proceeds from disposal of property, plant and equipment	1 503	1 335
Acquisition of investments	-	(6 000)
Investment in associate	(8 715)	(13 000)
Loan to associate	(153 721)	(11 008)
Repayment of loan by associate	46 808	-
Decrease in other loans receivable	707	-
Insurance proceeds on property, plant and equipment - civil unrest	167 002	-
Net cash effects from investing activities	(784 015)	(718 408)
Cash effects from financing activities		
Shares repurchased	(445 597)	(752 310)
Repayment of lease liabilities	(879 537)	(786 865)
Net cash effects from financing activities	(1 325 134)	(1 539 175)
Net (decrease)/increase in cash and cash equivalents	(192 074)	54 144
Cash and cash equivalents at the beginning of the year	2 206 627	2 152 483
Cash and cash equivalents at the end of the year	2 014 553	2 206 627

Notes to the cash flow statement

R'000	Year to 31 August 2022	Year to 31 August 2021
Cash flow information		
1. Profit before working capital changes		
Profit before tax from continuing operations	3 639 148	2 641 825
Loss before tax from discontinued operations	-	(106 214)
Adjustment for:		
Depreciation and amortisation	1 374 610	1 260 421
Impairment of and loss on disposal of property, plant and equipment and right-of-use assets	4 460	102 351
Insurance proceeds on property, plant and equipment – civil unrest	(167 002)	-
Release of cash flow hedge to profit or loss	12 994	(66 841)
Fair value adjustments on financial assets at fair value through profit or loss	(19 170)	(5 931)
Impairment of loan	1 765	-
Net loss of associates	10 925	5 463
Net financing expense	164 835	186 111
	5 022 565	4 017 185
2. Working capital changes		
Increase in inventories	(711 961)	(529 644)
Decrease/(increase) in trade and other receivables	426 034	(905 859)
(Decrease)/increase in trade and other payables	(396 173)	1 972 693
(Decrease)/increase in employee benefits	(62 366)	4 619
	(744 466)	541 809

Segmental analysis

For the year to 31 August 2022

R'000	Retail – continuing operations ¹		Distribution		
	31 August 2022	31 August 2021	31 August 2022	31 August 2021	
Statement of financial position					
Property, plant and equipment	2 097 374	1 887 908	277 588	250 194	
Right-of-use assets	2 763 578	2 591 043	64 248	10 641	
Intangible assets	583 696	590 564	137 292	79 893	
Goodwill	6 529	6 529	96 277	96 277	
Inventories	4 108 677	3 912 152	2 183 643	1 657 153	
Trade and other receivables	758 874	957 864	3 182 005	3 291 665	
Cash and cash equivalents	2 010 279	2 144 949	4 274	63 922	
Other assets	1 108 952	1 028 989	3 447 505	3 144 948	
Total assets	13 437 959	13 119 998	9 392 832	8 594 693	
Lease liabilities	3 040 230	2 908 693	59 654	10 389	
Employee benefits – non-current	121 105	174 083	8 749	11 081	
Trade and other payables	4 473 799	4 864 664	4 795 647	4 662 399	
Employee benefits – current	319 114	308 845	35 438	41 103	
Other liabilities	3 650 534	3 291 337	504 805	507 535	
Total liabilities	11 604 782	11 547 622	5 404 293	5 232 507	
Net assets	1 833 177	1 572 376	3 988 539	3 362 186	
Statement of comprehensive income					
Turnover	29 405 126	26 329 145	16 922 347	17 378 201	
Gross profit	8 227 580	7 145 424	207 831	164 449	
Other income	1 726 276	1 515 905	1 370 601	1 298 222	
Total income	9 953 856	8 661 329	1 578 432	1 462 671	
Expenses	(6 893 465)	(6 263 059)	(981 552)	(930 147)	
Depreciation and amortisation	(1 282 367)	(1 143 265)	(38 428)	(36 838)	
Occupancy costs	(159 584)	(160 052)	(5 241)	(2 575)	
Employment costs	(3 677 955)	(3 358 219)	(325 193)	(301 070)	
Other costs	(1 761 669)	(1 595 592)	(610 014)	(581 556)	
Impairment allowance – IFRS 9 ECL	(11 890)	(5 931)	(2 676)	(8 108)	
Operating profit/(loss)	3 060 391	2 398 270	596 880	532 524	
Ratios					
Increase/(decrease) in turnover	%	11.7	8.3	(2.6)	12.3
Selling price inflation	%	4.0	3.2	1.5	1.9
Comparable stores turnover growth	%	8.4	5.1	-	-
Gross profit margin	%	28.0	27.1	1.2	0.9
Total income margin	%	33.9	32.9	9.3	8.4
Operating expenses as a percentage of turnover	%	23.4	23.8	5.8	5.4
Increase/(decrease) in operating expenses	%	10.1	8.2	5.5	15.6
Increase/(decrease) in operating profit	%	27.6	4.0	12.1	3.8
Operating profit margin	%	10.4	9.1	3.5	3.1
Inventory days		71	74	48	35
Trade debtor days		6	9	45	52
Trade creditor days		49	60	72	78
Number of stores		898	841	-	-
as at 31 August 2021/2022		841	806	-	-
opened		63	41	-	-
closed		(6)	(6)	-	-
Number of pharmacies		673	621	-	-
as at 31 August 2021/2022		621	585	-	-
new/converted		55	38	-	-
closed		(3)	(2)	-	-
Total leased area	m ²	493 242	476 266	-	-
Weighted retail trading area	m ²	397 120	374 798	-	-
Weighted annual sales per m ²	R	72 822	68 934	-	-
Number of permanent employees		15 885	15 252	607	619

¹ Retail includes Total Clicks + The Body Shop + Group Services

Intragroup elimination		Total continuing operations		Musica		Total operations	
31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021
-	-	2 374 962	2 138 102	-	-	2 374 962	2 138 102
-	-	2 827 826	2 601 684	-	-	2 827 826	2 601 684
-	-	720 988	670 457	-	-	720 988	670 457
-	-	102 806	102 806	-	-	102 806	102 806
(127 867)	(121 010)	6 164 453	5 448 295	-	1 069	6 164 453	5 449 364
(893 839)	(776 498)	3 047 040	3 473 031	-	43	3 047 040	3 473 074
-	-	2 014 553	2 208 871	-	(2 244)	2 014 553	2 206 627
(3 945 169)	(3 642 569)	611 288	531 368	-	-	611 288	531 368
(4 966 875)	(4 540 077)	17 863 916	17 174 614	-	(1 132)	17 863 916	17 173 482
-	-	3 099 884	2 919 082	-	3 832	3 099 884	2 922 914
-	-	129 854	185 164	-	-	129 854	185 164
(900 725)	(783 384)	8 368 721	8 743 679	-	7 942	8 368 721	8 751 621
-	-	354 552	349 948	-	68	354 552	350 016
(3 943 241)	(3 640 640)	212 098	158 232	-	342	212 098	158 574
(4 843 966)	(4 424 024)	12 165 109	12 356 105	-	12 184	12 165 109	12 368 289
(122 909)	(116 053)	5 698 807	4 818 509	-	(13 316)	5 698 807	4 805 193
(6 740 331)	(6 368 318)	39 587 142	37 339 028	-	197 019	39 587 142	37 536 047
(3 154)	(37 877)	8 432 257	7 271 996	-	28 331	8 432 257	7 300 327
(229 453)	(204 891)	2 867 424	2 609 236	-	7 184	2 867 424	2 616 420
(232 607)	(242 768)	11 299 681	9 881 232	-	35 515	11 299 681	9 916 747
225 751	208 836	(7 649 266)	(6 984 370)	-	(103 092)	(7 649 266)	(7 087 462)
-	-	(1 320 795)	(1 180 103)	-	(28 291)	(1 320 795)	(1 208 394)
1 575	1 469	(163 250)	(161 158)	-	(8 248)	(163 250)	(169 406)
-	-	(4 003 148)	(3 659 289)	-	(42 384)	(4 003 148)	(3 701 673)
224 176	207 367	(2 147 507)	(1 969 781)	-	(23 599)	(2 147 507)	(1 993 380)
-	-	(14 566)	(14 039)	-	(570)	(14 566)	(14 609)
(6 856)	(33 932)	3 650 415	2 896 862	-	(67 577)	3 650 415	2 829 285
5.8	8.0	6.0	10.2	-	(58.5)	5.5	9.2
-	-	3.0	2.7	-	-	3.0	2.7
-	-	8.4	5.1	-	-	8.4	5.1
-	-	21.3	19.5	-	14.4	21.3	19.4
-	-	28.5	26.5	-	18.0	28.5	26.4
-	-	19.3	18.7	-	52.3	19.3	18.9
-	-	9.5	9.0	-	(48.3)	7.9	7.3
-	-	26.0	3.0	-	(47.4)	29.0	2.3
-	-	9.2	7.8	-	(34.3)	9.2	7.5
-	-	72	66	-	-	72	66
-	-	27	38	-	-	27	38
-	-	63	74	-	-	63	74
-	-	898	841	-	-	898	841
-	-	841	806	-	78	841	884
-	-	63	41	-	-	63	41
-	-	(6)	(6)	-	(78)	(6)	(84)
-	-	673	621	-	-	673	621
-	-	621	585	-	-	621	585
-	-	55	38	-	-	55	38
-	-	(3)	(2)	-	-	(3)	(2)
-	-	493 242	476 266	-	-	493 242	476 266
-	-	397 120	374 798	-	10 046	397 120	384 844
-	-	72 822	68 934	-	19 613	72 822	67 647
-	-	16 492	15 871	-	-	16 492	15 871

Accounting policies and notes

- 1.1. These condensed consolidated financial statements for the year ended 31 August 2022 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 - Interim Financial Reporting.

Ernst & Young Inc., the group's independent auditor, has reviewed the preliminary condensed consolidated financial statements contained on pages 4 to 14 of this preliminary report and has expressed an unmodified review conclusion on the preliminary condensed consolidated financial statements. Their review report is available for inspection at the company's registered office together with the preliminary condensed consolidated financial statements identified in the auditor's report. These condensed financial statements have been prepared under the supervision of Mr M Fleming CA (SA), the chief financial officer of the group.

The accounting policies used in the preparation of the financial results for the year ended 31 August 2022 are in terms of IFRS and are consistent with those applied in the Audited Financial Statements for the year ended 31 August 2021.

- 1.2. Related party transactions for the current year are similar to those disclosed in the group's annual financial statements for the year ended 31 August 2021.
- 1.3. During the year, the group repurchased and cancelled 1 587 455 Clicks Group Limited ordinary shares. Refer to the statement of changes in equity.
- 1.4. The carrying value of all financial instruments approximates fair value. All financial instruments are held at amortised cost, with the exception of derivative instruments which are designated as hedging instruments, the investment in Guardrisk Insurance Company Limited and investments held by the New Clicks Foundation Trust, which are accounted for at fair value through profit or loss. The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques; if all significant inputs required to fair value an instrument are observable, the instrument is included in level 2 and if the significant inputs required to fair value an instrument are unobservable, the instrument is included in level 3. The derivative instruments comprise equity derivative hedges which are calculated using a Monte Carlo option pricing model with reference to the closing share price, 250-day historical volatility, the 12-month trailing dividend yield and the risk-free rate; and forward exchange contracts which are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange rates and interest rates; both of which are classified as level 2 instruments. All financial instruments accounted for at fair value through profit or loss are considered to be level 2 instruments with the exception of investments held by the New Clicks Foundation Trust which are considered to be level 1 instruments, since the investments are listed instruments with a valuation based on listed prices. There have been no transfers between levels 1, 2 and 3 instruments during the period. The group applies hedge accounting and where derivative instruments are designated as hedging instruments in a cash flow hedge, fair value gains/losses are recognised in other comprehensive income and released either to profit or loss or as a basis adjustment to the hedged item when the forecast transaction takes place.
- 1.5. The majority of the non-current and current derivative financial assets are to hedge obligations under the cash-settled share compensation scheme.

1.6 Revenue R'000	31 August 2022	31 August 2021	% change
The group's revenue from contracts with customers is disaggregated as disclosed below:			
Goods sold to customers	39 587 142	37 339 028	6.0%
Other income	2 541 537	2 391 845	6.3%
Distribution and logistics fees	1 266 787	1 209 415	4.7%
Cost recoveries and other	1 274 750	1 182 430	7.8%
Revenue from contracts with customers	42 128 679	39 730 873	6.0%
Insurance proceeds – civil unrest	325 887	217 391	
Financial income	45 453	34 150	33.1%
Revenue	42 500 019	39 982 414	6.3%

1.7. Headline earnings reconciliation

R'000	Year to 31 August 2022	Year to 31 August 2021	% change
Profit from continuing operations attributable to equity holders of the parent	2 638 680	1 914 101	37.9%
Adjusted for continuing operations:			
Loss on disposal of property, plant and equipment	4 460	4 199	
Impairment of property, plant and equipment – civil unrest	-	61 251	
Insurance proceeds on property, plant and equipment – civil unrest	(167 002)	-	
Total tax effects on adjustments	46 732	(18 326)	
Headline earnings from continuing operations	2 522 870	1 961 225	28.6%
Loss from discontinued operations, net of tax	-	(76 245)	
Adjusted for discontinued operations:			
Loss on disposal of property, plant and equipment	-	6 485	
Impairment of property, plant and equipment and right-of-use assets	-	30 417	
Total tax effect of adjustments	-	(10 333)	
Headline earnings	2 522 870	1 911 549	32.0%
Headline earnings per share (cents)	1 032.7	773.6	33.5%
- Continuing operations	1 032.7	793.7	30.1%
- Discontinued operations	-	(20.1)	
Diluted headline earnings per share (cents)	1 032.7	773.6	33.5%
- Continuing operations	1 032.7	793.7	30.1%
- Discontinued operations	-	(20.1)	

1.8. Impact of civil unrest

The civil unrest in KwaZulu-Natal (KZN) in July 2021 impacted 52 Clicks stores and one The Body Shop store, as well as two of the group's distribution centres. The group suffered significant physical damage and loss to its fixed assets, cash on hand and inventory in the affected stores and distribution centres. 339 Clicks stores and 26 The Body Shop stores were closed at the peak of the unrest to protect employees and customers, and to limit potential losses.

By 31 August 2022, 49 of the impacted stores had been reopened and currently four stores remain closed. The remaining closed stores are scheduled to open in the 2023 financial year.

The UPD and Clicks distribution centres in KZN were both looted and damaged, and reopened on 26 July 2021 and 16 August 2021 respectively.

The group had adequate South African Special Risks Insurance Association (SASRIA) and general insurance cover for material damage to assets, stock and business interruption.

The group entered into a full and final settlement agreement with SASRIA amounting to R710.3 million. An amount of R523.9 million was recovered for loss of stock, R19.4 million for other costs and R167.0 million for replacement of fixed assets.

Accounting policies and notes (continued)

The group and continuing operations headline earnings excluding the impact of the civil unrest is disclosed as follows:

R'000	Year to 31 August 2022	Year to 31 August 2021	% change
Headline earnings from continuing operations	2 522 870	1 961 225	28.6%
Adjusted for:			
Cost of merchandise written off – civil unrest	–	333 639	
Insurance proceeds – civil unrest	(325 887)	(217 391)	
Other costs – civil unrest	–	31 589	
Total tax effects on adjustments	91 248	(41 394)	
Adjusted headline earnings from continuing operations	2 288 231	2 067 668	10.7%
Discontinued operations headline earnings	–	(49 676)	
Group adjusted headline earnings	2 288 231	2 017 992	13.4%
Group adjusted headline earnings per share (cents)	936.6	816.7	14.7%
– Continuing operations	936.6	836.8	11.9%
– Discontinued operations	–	(20.1)	
Group diluted adjusted headline earnings per share (cents)	936.6	816.7	14.7%
– Diluted continuing operations	936.6	836.8	11.9%
– Diluted discontinued operations	–	(20.1)	

1.9. Covid-19 vaccine administration

The group acquired all Covid-19 vaccines from the Department of Health (DOH) and administers these to medical aid patients and unfunded patients for the DOH. Unfunded vaccination fees are recovered from the DOH. Included in trade and other receivables is an amount of R94 million recoverable from the DOH. Included in trade and other payables is an amount of R211 million related to the vaccine purchases from the DOH.

1.10. Acquisition of pharmacy licences

On 1 October 2021 the Competition Commission approved the merger for Clicks Retailers to acquire 25 retail pharmacies from Pick n Pay which includes the pharmacy licences, the ethical drug stock and all staff employed in the pharmacies. At the reporting date all pharmacy licences were transferred from Pick n Pay to Clicks Retailers.

Store footprint

	Clicks	Clicks Baby	The Body Shop	Total retail
Number of stores at 31 August 2022	837	3	58	898
as at 31 August 2021	781	1	59	841
opened	61	2	-	63
closed	(5)	-	(1)	(6)
Presence in Clicks stores at 31 August 2022			248	
Number of pharmacies at 31 August 2022	673			673
as at 31 August 2021	621			621
new/converted	55			55
closed	(3)			(3)
Number of clinics at 31 August 2022	199			

Analysis of shareholders

Fund managers managing 3% or more of the issued share capital:

Major fund managers	Percentage of shares		Geographic distribution of shareholders	Percentage of shares	
	August 2022	August 2021		August 2022	August 2021
Public Investment Corporation (SA)	16.6	15.0	South Africa and rest of Africa	30.3	31.0
JPMorgan Asset Management (UK and US)	5.9	6.8	Offshore holdings	69.7	69.0
Federated Hermes (UK)	4.8	3.6	USA and Canada	33.8	34.5
RBC Global Asset Management (UK)	4.6	5.5	United Kingdom and Ireland	13.7	14.0
T Rowe Price (UK and US)	4.2	3.3	Europe	13.4	11.0
BlackRock (US and UK)	4.0	4.9	Other countries	8.8	9.5
Fidelity Management & Research (US)	3.9	4.9			
The Vanguard Group (US)	3.9	3.7			
GIC Asset Management (Singapore)	3.5	4.1			
William Blair (US)	3.4	3.2			

Definitions

Capital expenditure

Maintenance capital expenditure

Capital expenditure incurred in replacing existing capital or capital expenditure with a return below the group's required return.

Growth capital expenditure

Capital expenditure that is not maintenance capital expenditure.

Cash flow

Financing activities

Activities that result in changes to the capital and funding structure of the group.

Investing activities

Activities relating to the acquisition, holding and disposal of capital assets and long-term investments.

Operating activities

Activities that are not financing or investing activities that arise from the operations conducted by the group.

Comparable stores turnover growth

Turnover growth expressed as a percentage of growth for stores that have been operating for the full period during the current and previous financial years.

Current ratio

Current assets at year-end divided by current liabilities at year-end.

Dividend per share

Dividend per share is the actual interim cash dividend paid and the final cash dividend declared, expressed as cents per share.

Earnings per share

Earnings per share

Profit for the year divided by the weighted average number of shares in issue for the year.

Diluted earnings per share

Profit for the year divided by the weighted average diluted number of shares in issue for the year.

Headline earnings per share

Headline earnings divided by the weighted average number of shares in issue for the year.

Diluted headline earnings per share

Headline earnings divided by the weighted average diluted number of shares in issue for the year.

Effective tax rate

The tax charge in the income statement as a percentage of profit before tax.

Free float

The number of ordinary shares that are freely tradable on the JSE Limited, excluding treasury shares and shares held by directors and employee share schemes.

Gross profit margin

Gross profit expressed as a percentage of turnover.

Headline earnings

Profit for the year adjusted for the after-tax effect of certain capital items.

IFRS

International Financial Reporting Standards, as adopted by the International Accounting Standards Board ("IASB"), and interpretations

issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB. Clicks Group's consolidated financial statements are prepared in accordance with IFRS.

Interest-bearing debt, including cash, to shareholders' interest at year-end

Interest-bearing debt (including bank overdraft), net of cash balances, at the end of the year divided by shareholders' interest at the end of the year.

Inventory days

Closing inventory at yearend divided by the cost of merchandise sold during the year, multiplied by 365 days.

Issued shares

Ordinary shares and unlisted "A" shares having a par value of one cent each in the authorised share capital of Clicks Group Limited.

Market capitalisation

The closing market price per share at year-end multiplied by the number of ordinary shares in issue at year-end.

Net asset value per share

Net assets at year-end divided by the number of ordinary shares in issue at year-end (net of treasury shares).

Net tangible asset value

per share
Net assets at year-end, less intangible assets (such as goodwill and trademarks), divided by the number of ordinary shares in issue at year-end (net of treasury shares).

Operating profit

Operating profit before financing costs, as reported in the group consolidated statement of comprehensive income adjusted to exclude profit/loss on disposal of property, plant and equipment.

Operating profit margin

Operating profit expressed as a percentage of turnover.

Percentage of ordinary shares traded

The number of ordinary shares traded on the JSE Limited during the year as a percentage of the weighted average number of ordinary shares in issue (net of treasury shares).

Price earnings ratio

The closing market price per share at year-end divided by diluted headline earnings per share for the year.

Return on shareholders' interest ("ROE")

Headline earnings expressed as a percentage of the average shareholders' interest for the year.

Return on total assets ("ROA")

Headline earnings expressed as a percentage of the average total assets for the year.

Return on invested capital (ROIC)

Operating profit as reported in the group consolidated statement of comprehensive income adjusted for the group effective tax rate, expressed as a percentage of invested capital. Invested capital comprises equity, non-current liabilities and the current portion of the lease liability.

Return on net assets ("RONA")

Operating profit as defined for RONA divided by average net assets for the year as defined for RONA. Operating profit as defined for RONA is the reported operating profit for the group inclusive of capital gains and losses relating to continuing operations of the business and excluding the employee short-term bonus. Net assets as defined for RONA are the average assets less liabilities for the year excluding taxation and financial-related assets and liabilities (cash, overdrafts, loans receivable, derivative financial assets, financial assets/liabilities at fair value through profit or loss, interestbearing borrowings, deferred tax and taxation payable).

Segmental reporting

The group has two reportable segments, being the retail division and the distribution division.

Selling price inflation

The change in the weighted average selling price of a sample of products for the year relative to the previous year expressed as a percentage of the weighted average selling price of the same sample of products for the previous year. Only products sold in both the current and previous years are included in the sample.

Shareholders' interest

Share capital and share premium (reduced by the cost of treasury shares) and other reserves comprising equity.

Shareholders' interest to total assets

The shareholders' interest divided by the total assets at year-end.

Total income

Gross profit plus other income.

Total income margin

Total income expressed as a percentage of turnover.

Trade creditor days

Closing trade creditors at year-end (adjusted to exclude VAT) divided by the cost of merchandise sold during the year, multiplied by 365 days.

Trade debtor days

Closing trade debtors at yearend (adjusted to exclude VAT) divided by sales for the year, multiplied by 365 days.

Treasury shares

Issued shares in Clicks Group Limited held by a group company in terms of an approved share repurchase programme and the Clicks Group Employee Share Ownership Trust.

Weighted average number of shares

The number of ordinary shares in issue, increased by shares issued during the year and reduced by treasury shares purchased or shares cancelled during the year, weighted on a time basis for the period during which they have participated in the income of the group.

Weighted average diluted number of shares

The weighted average number of ordinary shares adjusted for the effects of all dilutive potential shares.

Presentation

CLICKS GROUP
LIMITED

ANNUAL RESULTS
for the year ended
31 August 2022



Presentation outline

- 01** Review of the year
- 02** Financial results
- 03** Trading performance
- 04** Strategy and outlook
- 05** Questions

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01 Review of the year

Bertina Engelbrecht

Review of the year

- Performance continues to prove the resilience and defensiveness of the group
 - Continuing adjusted dHEPS up **11.9%**
- Clicks administered over 2.9 million Covid vaccinations
- Strong recovery in Beauty category
- UPD impacted by high base in hospital business in 2021
- Record investment in new stores, pharmacies, supply chain and information technology

ESG integrated into the business

- Included in FTSE4Good Index for last six years
- AA ESG rating from MSCI
- Recognised as Top Employer* in retail sector for 6th year
- Investing in alternative energy solutions

* Top Employers Institute

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CLICKS GROUP ANNUAL RESULTS 2022 5

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02

Financial results

Michael Fleming

Financial highlights

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Turnover up

6.0%

Retail turnover up **11.7%**,
with 3.5% uplift from
vaccinations

UPD reported turnover
down **2.6%**

Operating margin

up from 8.2% to

8.4%*

Continuing adjusted dHEPS up

11.9%*

Group dHEPS up

33.5%

to 1 033 cps

Cash generated by operations

R4.3 bn

Returned to shareholders

R1.7 bn

Return on equity up

from 38.2% to

48.0%

Dividend up

30.0%

to 637 cps

* Both years adjusted for impact of civil unrest

CLICKS GROUP ANNUAL RESULTS 2022 7

Impact of civil unrest

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R'm	Reported 2022	Adjustment (see notes below)	Adjusted 2022	Adjusted 2021*	% change
Turnover	39 587		39 587	37 339	
Gross profit	8 432		8 432	7 606	
Other income	2 867	(325) ¹	2 542	2 392	
Expenses	(7 649)		(7 649)	(6 953)	
Operating profit	3 650	(325)	3 325	3 045	9.2
Capital items	163	(167) ²	(4)	(4)	
Taxation	(1 000)	136	(864)	(786)	
Headline earnings	2 523	(235)³	2 288	2 068	10.7
dHEPS (cents)	1 032.7	(96.1)	936.6	836.8	11.9

Notes:

1. Second and third SASRIA payments
2. PPE insurance portion
3. Insurance income portion after tax

* FY2021 adjusted to exclude stock write-off of R334m, costs of R31m and insurance proceeds of R217m

CLICKS GROUP ANNUAL RESULTS 2022 8

Turnover

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R'm	2022	2021	% change	% same stores growth	% inflation
Retail	29 405	26 329	11.7	8.4	4.0
Distribution	16 922	17 378	(2.6)		1.5
Intragroup turnover	(6 740)	(6 368)	5.8		
Total group	39 587	37 339	6.0		3.0

- Administered 2.9m vaccines in the year with turnover of R1.1bn, an uplift of 3.5% to retail sales and 2.5% to group sales
- Retail turnover up 9.4% in H2 (excluding vaccinations)
- UPD growth impacted by high base in 2021 due to the severity of the second and third Covid-19 waves

CLICKS GROUP ANNUAL RESULTS 2022 9

Total income

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R'm	2022	2021	% change	2022 % margin	2021 % margin
Retail	9 662	8 746	10.5	32.9	33.2
Distribution	1 544	1 494	3.4	9.1	8.6
Intragroup turnover	(232)	(243)			
Total group	10 974	9 997	9.8	27.7	26.8

- Retail margin impacted by lower margin vaccinations and return of cold & flu season
- UPD benefited from new bulk distribution contracts

Note: FY2022 adjusted to exclude insurance payments of R325m and FY2021 adjusted to exclude stock write-off of R334m and insurance proceeds of R217m

CLICKS GROUP ANNUAL RESULTS 2022 10

Operating expenditure – Retail

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R'm	2022	2021	% change
Depreciation – PPE	462	399	15.7
Depreciation – ROU asset	820	744	10.3
Occupancy costs	160	160	(0.3)
Employment costs	3 678	3 358	9.5
Other operating costs	1 773	1 576	12.6
Total retail costs	6 893	6 237	10.5
% of turnover	23.4%	23.7%	
Finance costs – lease liability	183	195	(6.0)

- Comparable retail cost growth contained to **5.0%**

Note: FY2021 adjusted to exclude R26m costs related to civil unrest

CLICKS GROUP ANNUAL RESULTS 2022 11

Operating expenditure – Distribution

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R'm	2022	2021	% change
Depreciation – PPE	29	30	(5.3)
Depreciation – ROU asset	10	6	48.8
Occupancy costs	5	3	103.5
Employment costs	325	301	8.0
Other operating costs	613	584	4.9
Total distribution costs	982	924	6.2

- Cost growth contained below total managed turnover growth of 7.6%

Note: FY2021 adjusted to exclude R5m costs related to civil unrest

CLICKS GROUP ANNUAL RESULTS 2022 12

Operating profit

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R'm	2022	2021	% change	2022 % margin	2021 % margin
Retail	2 769	2 509	10.3	9.4	9.5
Distribution	563	569	(1.2)	3.3	3.3
Intragroup	(7)	(33)			
Total group	3 325	3 045	9.2	8.4	8.2

- Impact of very low margin of vaccinations in Retail
- Lower wholesale turnover in UPD largely offset by new contracts

Note: Both years adjusted for impact of civil unrest

CLICKS GROUP ANNUAL RESULTS 2022 13

Inventory

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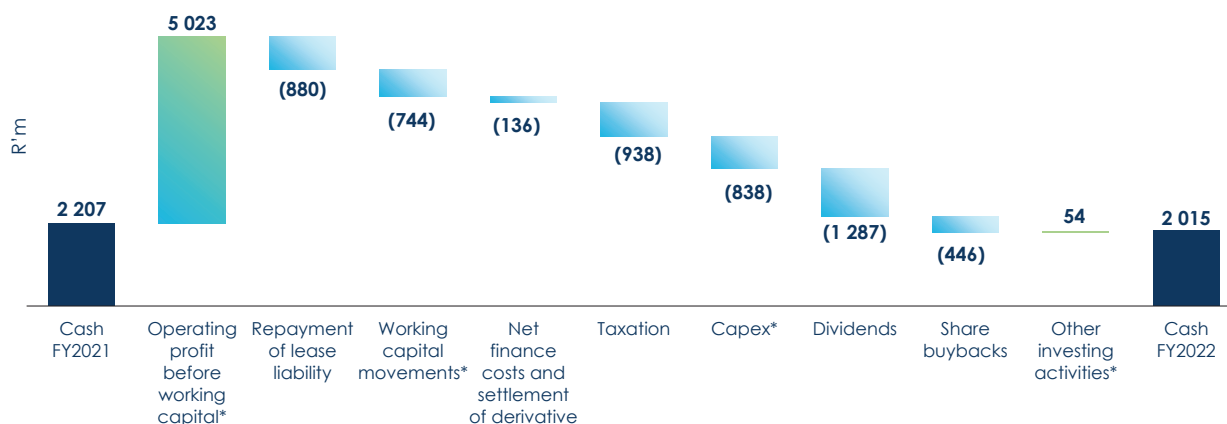
	Days in stock		Inventory (R'm)		
	2022	2021	2022	2021	% change
Retail	71	74	4 109	3 913	5.0
Distribution	48	35	2 183	1 657	31.8
Intragroup inventory			(128)	(121)	
Total group	72	66	6 164	5 449	13.1

- UPD inventory impacted by lower hospital demand, but already normalising post year end

CLICKS GROUP ANNUAL RESULTS 2022 14

Cash management

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- R1.1 billion final dividend to be paid to shareholders in January 2023

* Impacted by civil unrest (receipt of insurance payments, extension of creditor terms from August to September/October 2021, and PPE replacement)

CLICKS GROUP ANNUAL RESULTS 2022 15

Capital expenditure

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- R936m capex planned for FY2023, including R32m rolled forward from FY2022
 - R477m on stores, including:
 - 40 - 50 new Clicks stores and 40 - 50 new pharmacies
 - 60 store refurbishments
 - R459m on infrastructure, including:
 - R189m on UPD IT and warehouse equipment
 - R270m on retail systems and infrastructure

CLICKS GROUP ANNUAL RESULTS 2022 16

Medium-term financial targets

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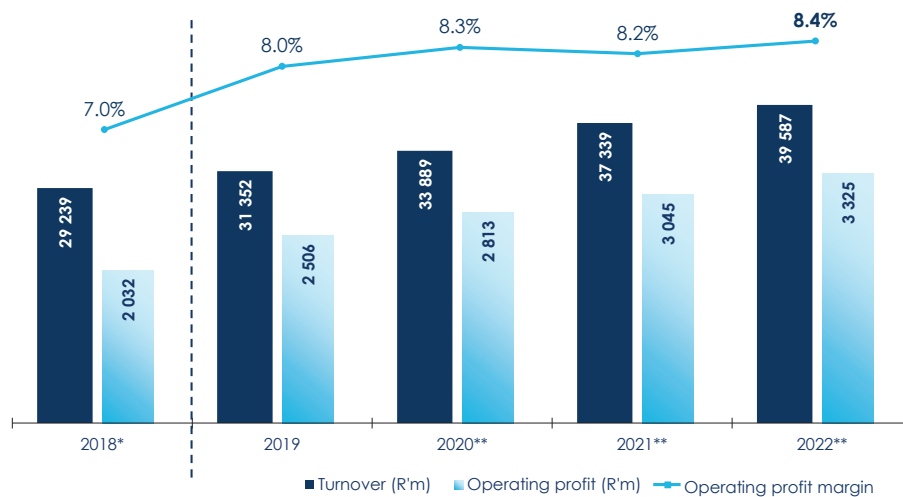
	Achieved in FY2022	Medium-term target
ROE (%)	48.0	40 – 50
ROIC (%)	29.6	20 – 30
ROA (%)	14.4	11 – 15
Net working capital days	36	30 – 35
Group operating margin (%)	8.4*	8.0 – 9.0
Retail	9.4*	9.0 – 10.0
Distribution	3.3*	2.8 – 3.3
Dividend payout ratio (%)	61.7	60 – 65

* Adjusted for impact of civil unrest

CLICKS GROUP ANNUAL RESULTS 2022 17

Growth in turnover, profit and margin

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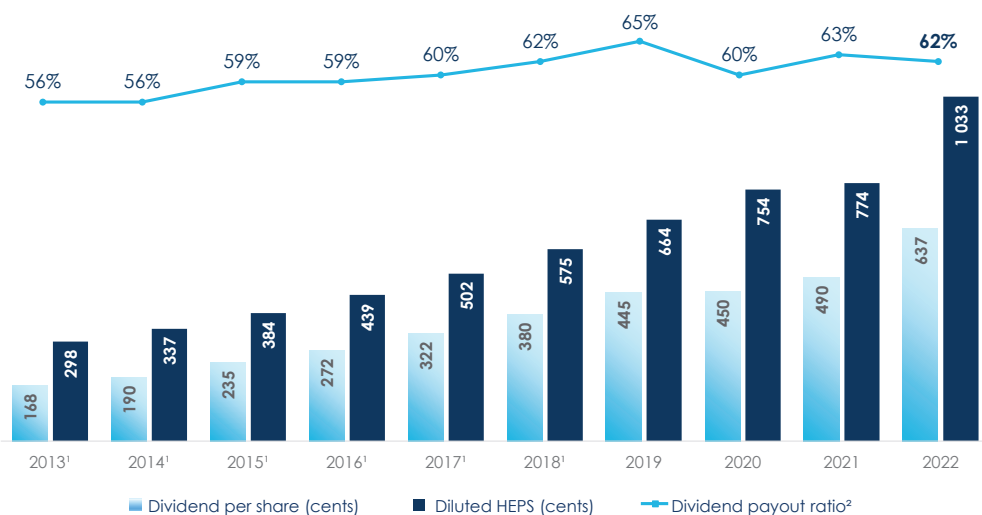


* Pre-IFRS 16 operating profit and margin ** Continuing operations, FY2021 and FY2022 adjusted for impact of civil unrest

CLICKS GROUP ANNUAL RESULTS 2022 18

Sustained financial performance

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10-year CAGRs

Total shareholder return³:
20.9%

Diluted HEPS:
14.2%

Dividend per share:
15.4%

¹ Pre-IFRS 16 ² Based on HEPS ³ Based on reinvestment of dividends paid and the closing share price

CLICKS GROUP ANNUAL RESULTS 2022 19



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03

Trading performance

Bertina Engelbrecht



Clicks business review

Retail sales performance



	% change	% contribution
Pharmacy	7.7	27.6
Vaccinations	>100	3.9
Front shop health	3.9	25.8
Beauty and personal care	13.1	28.3
General merchandise	8.2	14.4
Total turnover	11.7	100.0

- Comparable stores turnover growth of 8.4%
 - Inflation 4.0%
 - Volume growth of 4.4%

Market shares



%	2022	2021
Health		
Retail pharmacy*	23.7	23.2
Front shop health**	32.4	32.4
Baby**	19.2	19.9
Beauty and personal care		
Skincare**	42.7	41.4
Haircare**	32.0	30.9
Personal care**	21.7	20.6
General merchandise		
Small electrical appliances***	18.6	17.2

* Per IQVIA (Private Retail Pharmacy S1-6) (restated) ** Per AC Nielsen as at July, as August not yet available (restated) *** Per GfK (restated)

CLICKS GROUP ANNUAL RESULTS 2022 23

Performance and strategy



• Maintaining value

- Price competitive with all national retailers
- Promotional sales +8.5% to 42.3% of turnover
- In pharmacy, generics +9.9% to 58% of sales and 70% of volume
- R601 million cashback paid to ClubCard members

Clicks price index* vs:	
Retailer A	92.7%
Retailer B	92.5%
Retailer C	90.3%
Retailer D	98.6%

* Excluding 3 for 2 promotions



CLICKS GROUP ANNUAL RESULTS 2022 24

Performance and strategy



- **Differentiating** our product offer
 - Private label now 24.2% of sales (front shop 29.6%, pharmacy 10.2%)
- impact of exclusive beauty brands exiting the country
 - New look beauty hall piloted and now being rolled out
 - Four Clicks Baby stores now open



CLICKS GROUP ANNUAL RESULTS 2022 25

Performance and strategy



- Engaging customers through **personalisation**
 - 9.7m active ClubCard members, 80.2% of sales
 - Clicks app downloaded by 3.0m customers
 - Voted best loyalty programme¹
 - Coolest health and beauty brand²
 - Best experience and function³

1. South African Loyalty Awards
2. Sunday Times GenNext Awards
3. Kantar BrandZ Top 30 Most Valuable South African Brands



CLICKS GROUP ANNUAL RESULTS 2022 26

Performance and strategy



- Extending **convenience**

- 837 Clicks stores with 673 pharmacies*
- 210 stores located in low income areas (22.7% of retail turnover)
- 50% of population < 5.3km of a pharmacy
- Remaining 14 of 25 Pick n Pay pharmacies now included, one transferred to a new Clicks store
- Online sales stabilised at 1.3% of front shop sales (3-year CAGR of 60.9%)

Format	Total*
Convenience	624
Destination	213
Total	837

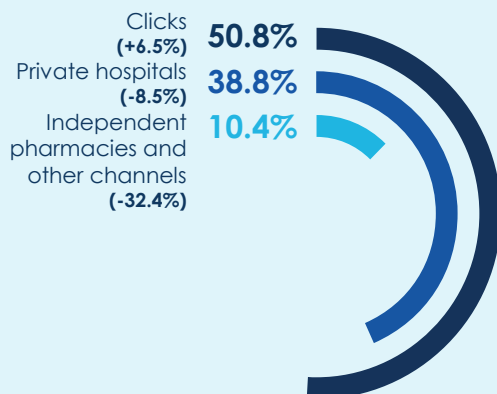


* Excludes 3 Clicks Baby stores and includes stores still closed due to civil unrest damage



UPD business review

Fine wholesale turnover



- Wholesale turnover down 5.2%
- Hospitals had a strong base due to Covid-19 (up 37.5% in FY2021 and 3-year CAGR of 22.0% to FY2022)
- Impact of consolidation of independent pharmacies
- Wholesale market share down from 31.1% to 28.8%*

* MAT per IQVIA (restated)

CLICKS GROUP ANNUAL RESULTS 2022 29

Review of the year



- Total managed turnover +7.6% to R30.6bn
 - Two new bulk distribution clients in H1 and one in H2
- Generic medicines +11.2% (73% of volume)
- ERP and WMS implementation
 - Gqeberha DC completed in July 2022
 - Cape Town DC due to be completed end November 2022
- Installation of solar panels at all DCs completed
- Second Cape Town DC should become operational from November 2022

CLICKS GROUP ANNUAL RESULTS 2022 30



04

Strategy and outlook

Bertina Engelbrecht

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 market share

4

Deliver operational excellence with an efficient centralised supply chain

5

Create an inclusive and transformed organisation with a strong talent pipeline to support business growth

6

Ensure sustainability through efficient cash and capital management and adopt robust environmental, social and governance practices

Outlook

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- Consumer environment will remain extremely constrained
 - Continued impact of loadshedding and inflation
- New target of **1 200 Clicks stores**
 - Plan to open 40 - 50 stores and pharmacies per year
- Focus on innovation in technology, products and service
- Commitment to carbon neutrality
- Business model remains resilient, with proven ability to adapt to changing market dynamics
- Confident of the group's ability to continue delivering on medium-term targets

CLICKS GROUP ANNUAL RESULTS 2022 33

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05

Questions

Disclaimer

Clicks Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

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Clicks Group 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

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F Abrahams*, JA Bester*,
BD Engelbrecht (Chief
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(Chief financial officer),
N Matyumza**, P Moumakwa*,
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M Rosen*

* Independent non-executive

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Appointed 1 September 2021

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