

CLICKS GROUP L I M I T E D

Annual Group Results
for the year ended
31 August 2023



Contents

-
- 2 Financial summary
 - 3 Commentary
 - 5 Independent auditor's review report on condensed consolidated financial statements
 - 6 Consolidated statement of comprehensive income
 - 7 Consolidated statement of financial position
 - 8 Consolidated statement of changes in equity
 - 10 Consolidated statement of cash flows
 - 11 Notes to the cash flow statement
 - 12 Segmental analysis
 - 14 Accounting policies and notes
 - 16 Store footprint
 - 16 Analysis of shareholders
 - 17 Definitions
 - 18 Presentation
-

Key features

Group turnover up

8.2%*

(Group IFRS turnover up 5.1%)

Retail turnover up

12.2%*

(Retail IFRS turnover up 7.9%)

Adjusted operating margin up

30 bps**
to 8.7%

Adjusted diluted HEPS up

11.5%**

Total dividend up

6.6%

to 679 cents per share

R5.9 billion

cash generated by
operations

R2.3 billion

returned to shareholders

R2.5 billion

cash on balance sheet

* Excluding vaccinations in current and prior periods

** Excluding insurance proceeds in prior period

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 over 880 stores and over 710 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.



Financial summary

		Year to 31 August 2023	Year to 31 August 2022	% change
Consolidated statement of comprehensive income				
Turnover	R'000	41 621 681	39 587 142	5.1%
Gross profit	R'000	9 313 851	8 432 257	10.5%
Total income	R'000	12 160 474	11 299 681	7.6%
Headline earnings	R'000	2 542 916	2 522 870	0.8%
Net financing cost	R'000	(139 352)	(164 835)	(15.5%)
Consolidated statement of financial position				
Equity	R'000	5 964 814	5 698 807	4.7%
Total assets	R'000	19 034 854	17 863 916	6.6%
Consolidated statement of cash flows				
Net cash effects from operating activities	R'000	3 310 073	1 917 075	72.7%
Capital expenditure	R'000	930 004	837 599	11.0%
Capital commitments	R'000	879 550	935 837	(6.0%)
Depreciation and amortisation	R'000	1 519 026	1 374 610	10.5%
Performance				
Turnover growth	%	5.1	6.0	
Comparable stores turnover growth	%	3.5	8.4	
Gross profit growth	%	10.5	16.0	
Gross profit margin	%	22.4	21.3	
Total income growth	%	7.6	14.4	
Total income margin	%	29.2	28.5	
Operating margin	%	8.7	9.2	
Net working capital days		34	36	
Inventory days		71	72	
Trade debtor days		34	27	
Trade creditor days		71	63	
Current ratio	:1	1.1	1.1	
Return on total assets	%	13.8	14.4	
Return on shareholders' interest	%	43.6	48.0	
Shareholders' interest to total assets	%	31.3	31.9	
Interest-bearing debt, including cash, to shareholders' interest at year-end	%	13.1	19.0	
Statistics				
Number of permanent employees		18 447	16 492	11.9%
Number of stores		950	898	5.8%
Weighted retail trading area	m ²	425 440	397 120	7.1%
Share statistics				
Number of ordinary shares in issue	'000	241 161	243 970	(1.2%)
Weighted average diluted number of shares in issue	'000	243 460	244 306	(0.3%)
Headline earnings per share				
– basic	cents	1 044.5	1 032.7	1.1%
– diluted	cents	1 044.5	1 032.7	1.1%
Dividend per share				
– interim	cents	185.0	180.0	2.8%
– final	cents	494.0	457.0	8.1%
Dividend payout ratio	%	65.0	61.7	
Share price				
– closing	cents	27 350	29 802	(8.2%)
– high	cents	31 764	32 107	
– low	cents	23 442	26 830	
Net asset value per share	cents	2 473	2 336	5.9%
Net tangible asset value per share	cents	1 987	1 998	(0.6%)
Market capitalisation	R'000	65 957 534	72 707 939	(9.3%)
Price earnings ratio	times	26.2	28.9	
Volume of ordinary shares traded	'000	185 110	203 684	
Percentage of ordinary shares traded	%	76.0	83.4	
Free float	%	99.9	99.9	
Shareholders' return	cents	(1 773)	183	
Change in share price	cents	(2 452)	(454)	
Dividend per share	cents	679	637	
Other information				
Inflation rate				
CPI	%	4.8	7.6	
Internal selling price inflation	%	4.9	3.0	
Interest rates				
Prime overdraft rate				
– closing	%	11.75	9.00	
– average	%	10.96	7.77	
FTSE/JSE Africa share indices				
All Share Index		74 954	67 257	11.4%
General Retailers Index		5 875	6 209	(5.4%)
Food and Drug Retailers Index		14 269	13 584	5.0%
Exchange rate				
Rand/US dollar				
– closing	R/US\$	18.71	16.89	10.8%
– average	R/US\$	18.07	15.58	16.0%

Financial reporting for impact of civil unrest

In line with the group's recent reporting practice, certain financial information for the prior period has been adjusted for insurance recoveries related to the impact of the 2021 KwaZulu-Natal civil unrest to present a normalised view of the underlying operating performance of the group.

Overview

Clicks Group delivered another resilient performance as improving margins and robust cash flow generation contributed to adjusted diluted headline earnings per share (HEPS) increasing by 11.5%. The group achieved all its medium-term financial targets.

Clicks delivered stronger second half turnover growth and recorded market share gains in all core product categories in an environment of growing pressure on consumer disposable income. Strong growth in private label sales and the sustained recovery in the beauty category were supported by the Clicks ClubCard loyalty programme which has grown to 10.4 million active members.

The group successfully concluded three strategic acquisitions totalling R320 million to further entrench its leadership position in health and beauty retailing. These businesses are the Sorbet beauty salon franchise chain of 194 outlets, M-Kem, a long-established 24-hour pharmacy in the Western Cape, and 180 Degrees, a pharmacy software development company.

UPD reported improved turnover and profitability in the second half of the year. The business was impacted by the lower increase in the regulated single exit price (SEP) of medicines and operational challenges during the systems implementation in three of its distribution centres. The operational metrics in the distribution centres have normalised.

The group continued to invest for longer term growth, with record capital expenditure of R930 million committed to the expansion of the store network and integrated supply chain, as Clicks opened its 850th store and 700th pharmacy during the year.

Financial performance

Group turnover increased by 8.2% (excluding vaccinations) to R41.6 billion (up 5.1% including vaccinations), with retail turnover increasing by 12.2%. Distribution turnover grew by 1.5% for the year as UPD was impacted by lost sales opportunities to Clicks and private hospitals during the systems implementation in the first half, lower demand from independent pharmacies and the shift of products within UPD from the preferred supplier to the bulk distribution channel.

Adjusted total income grew by 10.8% to R12.2 billion (up 7.6% including the insurance recoveries). The retail margin expanded by 130 basis points and continued to benefit from the strong growth in higher margin private label products and the recovery in the beauty category, while the low margin vaccination programme came to an end. The increase in the distribution margin of 20 basis points reflects improved management of shrinkage and waste in UPD. The group's total income margin expanded by 150 basis points to 29.2% due to the stronger growth of retail relative to distribution.

Retail costs were impacted by higher insurance premiums and diesel costs, increasing by 11.4% with comparable retail cost growth of 7.4%. Distribution costs increased by 13.4% due to higher insurance, transport and diesel costs as well as increased employment costs to maintain service levels during the systems implementation. The group's diesel costs to operate generators during load shedding totalled R53.8 million.

Adjusted group operating profit excluding the insurance recoveries increased by 9.0% to R3.6 billion (decreased by 0.7% including insurance recoveries) while the group's adjusted operating margin increased by 30 basis points to 8.7%. The retail operating margin expanded by 60 basis points to 10.0% due to the growth in higher margin product categories. While UPD's margin reduced by 50 basis points due to the combined impact of load shedding, higher insurance costs, the low SEP increase and labour inefficiencies in the first half, the margin recovered in the second half to reach 2.8% for the year and is back within management's medium-term target range.

Total headline earnings, including insurance recoveries in the prior year, grew by 0.8% to R2.5 billion. Basic earnings per share declined by 3.5% to 1 042 cents with diluted HEPS increasing by 1.1% to 1 045 cents. Adjusting for the insurance recoveries in the prior year, diluted HEPS grew by 11.5%.

Inventory levels were well managed and grew by only 2.4%. Group inventory days reduced to 71 days (2022: 72 days), with the prior period benefitting from the faster stock turn of vaccines.

Cash generated by operations totalled R5.9 billion. Capital expenditure of R930 million (2022: R838 million) was invested mainly in new stores and pharmacies, store refurbishments, supply chain and information technology.

The group returned R2.3 billion to shareholders in dividend payments of R1.6 billion and share buybacks of R704 million. At year end the group held cash resources of R2.5 billion. Shares totalling R392 million have been repurchased post the year end.

Trading performance

Retail sales, which includes Clicks, GNC, The Body Shop and Sorbet, increased by 12.2% (excluding vaccinations). Comparable store sales grew by 7.7%.

Clicks expanded its retail footprint to 885 stores with the opening of a net 45 new stores. The national pharmacy presence was extended to 711 following the opening of a net 38 pharmacies.

UPD's total managed turnover, combining wholesale and bulk distribution, increased by 4.8% to R32.1 billion. Wholesale turnover increased by 3.5%, reflecting the impact of the further consolidation of independent pharmacies.

Outlook

The group expects trading conditions to remain extremely constrained in the new financial year. The business model remains resilient and defensive and the group has proven its ability to adapt to changing market dynamics.

Management is confident that the organic growth opportunities in Clicks, together with the group's strong cash generation and healthy balance sheet, should ensure that the group continues to deliver on its medium-term financial and operating targets.

Clicks plans to open 40 – 50 new stores and 40 – 50 pharmacies for the financial year and remains committed to its longer-term target of 1 200 stores.

Capital investment of R880 million is planned for the 2024 financial year. This includes R487 million for new stores and pharmacies and the refurbishment of 50 – 60 stores. R393 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 2023 of 494.0 cents per share (2022: 457.0 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 98.8 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 395.2 cents net of DT.

The company has 239 712 465 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, 23 January 2024
Shares trade "ex" the dividend	Wednesday, 24 January 2024
Record date	Friday, 26 January 2024
Payment to shareholders	Monday, 29 January 2024

Share certificates may not be dematerialised or re-materialised between Wednesday, 24 January 2024 and Friday, 26 January 2024, both days inclusive.

David Nurek
Chairman

Bertina Engelbrecht
Chief executive officer

Gordon Traill
Chief financial officer

Cape Town
26 October 2023

Independent auditor's review report on condensed consolidated financial statements

To the shareholders of Clicks Group Limited

We have reviewed the condensed consolidated financial statements of Clicks Group Limited, set out on pages 6 to 15 of the accompanying condensed consolidated financial statements, which comprise the condensed consolidated statement of financial position as at 31 August 2023 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements, as set out in note 1.1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Clicks Group Limited for the year ended 31 August 2023 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements, as set out in note 1.1 to the financial statements, and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.
Director – Malcolm Rapson
Chartered Accountant
Registered Auditor

26 October 2023
Waterway House
3 Dock Road
Cape Town

Consolidated statement of comprehensive income

R'000	Year to 31 August 2023	Year to 31 August 2022	% change
Revenue	44 560 532	42 500 019	
Turnover	41 621 681	39 587 142	5.1%
Cost of merchandise sold	(32 307 830)	(31 154 885)	3.7%
Gross profit	9 313 851	8 432 257	10.5%
Other income	2 846 623	2 541 537	12.0%
Insurance proceeds – civil unrest	–	325 887	
Total income	12 160 474	11 299 681	7.6%
Expenses	(8 537 435)	(7 649 266)	11.6%
Depreciation and amortisation	(1 460 574)	(1 320 795)	10.6%
Occupancy costs	(189 309)	(163 250)	16.0%
Employment costs	(4 393 494)	(4 003 148)	9.8%
Other costs	(2 485 393)	(2 147 507)	15.7%
Impairment allowance – IFRS 9 ECL	(8 665)	(14 566)	
Operating profit	3 623 039	3 650 415	(0.7%)
Loss on disposal of property, plant and equipment	(7 381)	(4 460)	
Insurance proceeds on property, plant and equipment – civil unrest	–	167 002	
Profit before financing costs	3 615 658	3 812 957	(5.2%)
Net financing expense	(139 352)	(164 835)	(15.5%)
Financial income	92 228	45 453	102.9%
Financial expense	(231 580)	(210 288)	10.1%
Profit before earnings from associates	3 476 306	3 648 122	(4.7%)
Share of loss of associates	(5 201)	(8 974)	
Profit before taxation	3 471 105	3 639 148	(4.6%)
Income tax expense	(933 577)	(1 000 468)	(6.7%)
Profit for the year	2 537 528	2 638 680	(3.8%)
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss, net of tax			
Remeasurement of post-employment benefit obligations	(159)	1 033	
Items that may be subsequently reclassified to profit or loss, net of tax			
Exchange differences on translation of foreign subsidiaries	6 353	11 837	
Cash flow hedges	53 226	37 211	
Cost of hedging reserve	(17 846)	(17 791)	
Other comprehensive income for the year, net of tax	41 574	32 290	
Total comprehensive income for the year	2 579 102	2 670 970	
Earnings per share (cents)	1 042.3	1 080.1	(3.5%)
Diluted earnings per share (cents)	1 042.3	1 080.1	(3.5%)

Consolidated statement of financial position

R'000	As at 31 August 2023	As at 31 August 2022
ASSETS		
Non-current assets	7 201 109	6 491 054
Property, plant and equipment	2 643 136	2 374 962
Right-of-use assets	2 999 297	2 827 826
Intangible assets	968 207	720 988
Goodwill	204 829	102 806
Deferred tax assets	70 423	108 145
Investment in associates	21 214	25 389
Loans receivable	130 597	91 814
Financial assets at fair value through profit or loss	163 406	145 052
Derivative financial assets	–	94 072
Current assets	11 833 745	11 372 862
Inventories	6 309 809	6 164 453
Trade and other receivables	3 019 488	3 047 040
Loans receivable	28 030	34 582
Cash and cash equivalents	2 455 176	2 014 553
Derivative financial assets	21 242	112 234
Total assets	19 034 854	17 863 916
EQUITY AND LIABILITIES		
Equity	5 964 814	5 698 807
Share capital	2 412	2 440
Share premium	1 064 953	1 064 953
Cash flow hedge reserve	(2 984)	7 234
Cost of hedging reserve	(6 166)	(4 983)
Foreign currency translation reserve	(507)	(6 860)
Distributable reserve	4 907 106	4 636 023
Non-current liabilities	2 270 392	2 238 914
Lease liabilities	2 152 485	2 087 725
Deferred tax liabilities	–	21 335
Employee benefits	117 907	129 854
Current liabilities	10 799 648	9 926 195
Trade and other payables	9 268 898	8 368 721
Lease liabilities	1 086 440	1 012 159
Employee benefits	295 942	354 552
Income tax payable	146 735	190 063
Derivative financial liabilities	1 633	700
Total equity and liabilities	19 034 854	17 863 916

Consolidated statement of changes in equity

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 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 inventories	-	-	-
Balance at 31 August 2022	243 970	2 440	1 064 953
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	-	-	-
Shares repurchased and cancelled	(2 809)	(28)	-
Total transactions with owners	(2 809)	(28)	-
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 2023	241 161	2 412	1 064 953

Cash flow hedge reserve	Cost of hedging reserve	Foreign currency translation reserve	Distributable reserve	Total equity
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
-	-	-	(1 562 794)	(1 562 794)
-	-	-	(703 492)	(703 520)
-	-	-	(2 266 286)	(2 266 314)
53 226	(17 846)	6 353	2 537 369	2 579 102
-	-	-	2 537 528	2 537 528
-	-	-	(159)	(159)
53 226	-	-	-	53 226
-	(17 846)	-	-	(17 846)
-	-	6 353	-	6 353
(63 444)	16 663	-	-	(46 781)
(2 984)	(6 166)	(507)	4 907 106	5 964 814

Consolidated statement of cash flows

R'000	Year to 31 August 2023	Year to 31 August 2022
Cash effects from operating activities		
Profit before working capital changes (refer note 1)	5 190 836	5 022 565
Working capital changes (refer note 2)	672 811	(744 466)
Cash generated by operations	5 863 647	4 278 099
Interest received	92 228	45 453
Interest paid	(218 946)	(197 663)
Taxation paid	(968 671)	(938 159)
Acquisition of derivative financial asset used to hedge the long term incentive scheme	-	(64 230)
Settlement of derivative financial asset used to hedge the long term incentive scheme	104 609	80 515
Cash inflow from operating activities before dividends paid	4 872 867	3 204 015
Dividends paid to shareholders	(1 562 794)	(1 286 940)
Net cash effects from operating activities	3 310 073	1 917 075
Cash effects from investing activities		
Investment in property, plant and equipment and intangible assets to maintain operations	(356 542)	(337 616)
Investment in property, plant and equipment and intangible assets to expand operations	(573 462)	(499 983)
Proceeds from disposal of property, plant and equipment	13 972	1 503
Acquisition of investments (refer note 3)	(241 008)	-
Investment in associate	(14 193)	(8 715)
Loan to associate	-	(153 721)
Repayment of loan by associate	4 717	46 808
Other loans receivable advanced	(44 418)	-
Other loans receivable repaid	-	707
Insurance proceeds on property, plant and equipment – civil unrest	-	167 002
Net cash effects from investing activities	(1 210 934)	(784 015)
Cash effects from financing activities		
Shares repurchased	(703 520)	(445 597)
Repayment of lease liabilities	(954 996)	(879 537)
Net cash effects from financing activities	(1 658 516)	(1 325 134)
Net increase/(decrease) in cash and cash equivalents	440 623	(192 074)
Cash and cash equivalents at the beginning of the year	2 014 553	2 206 627
Cash and cash equivalents at the end of the year	2 455 176	2 014 553

Notes to the cash flow statement

R'000	Year to 31 August 2023	Year to 31 August 2022
Cash flow information		
1. Profit before working capital changes		
Profit before tax	3 471 105	3 639 148
Adjustment for:		
Non-cash flow items:		
Depreciation and amortisation	1 519 026	1 374 610
Fair value adjustments on financial assets at fair value through profit or loss	(18 354)	(19 170)
Net loss of associates	7 706	10 925
Release of cash flow hedge to profit or loss	64 620	12 994
Impairment of loan	-	1 765
Items presented elsewhere in the consolidated statement of cash flows:		
Loss on disposal of property, plant and equipment	7 381	4 460
Insurance proceeds on property, plant and equipment – civil unrest	-	(167 002)
Net financing expense	139 352	164 835
	5 190 836	5 022 565
2. Working capital changes		
Increase in inventories	(127 165)	(711 961)
Decrease in trade and other receivables	50 357	426 034
Increase/(decrease) in trade and other payables	833 028	(396 173)
Decrease in employee benefits	(83 409)	(62 366)
	672 811	(744 466)
3. Acquisition of investment in subsidiaries		
The group acquired interest in H. Mallach and Associates Proprietary Limited (trading as M-Kem) during the current financial year. The cash paid to obtain control was as follows:		
Total purchase price paid in cash	50 000	
Less: Cash of H. Mallach and Associates Proprietary Limited	(8 789)	
Cash paid to obtain control net of cash acquired	41 211	
The group acquired interest in 180 Degrees Marketing Proprietary Limited during the current financial year. The cash paid to obtain control was as follows:		
Total purchase price paid in cash	120 000	
Less: Cash of 180 Degrees Marketing Proprietary Limited	(5 441)	
Cash paid to obtain control net of cash acquired	114 559	
The group acquired interest in Sorbet Group Proprietary Limited during the current financial year. The cash paid to obtain control was as follows:		
Total purchase price paid in cash	105 000	
Less: Cash of Sorbet Group Proprietary Limited	(19 762)	
Cash paid to obtain control net of cash acquired	85 238	

Segmental analysis

For the year to 31 August 2023

		Retail ¹		Distribution	
R'000		31 August 2023	31 August 2022	31 August 2023	31 August 2022
Statement of financial position					
Property, plant and equipment		2 287 344	2 097 374	355 792	277 588
Right-of-use assets		2 952 146	2 763 578	47 151	64 248
Intangible assets		780 895	583 696	187 312	137 292
Goodwill		108 552	6 529	96 277	96 277
Inventories		4 655 780	4 108 677	1 805 492	2 183 643
Trade and other receivables		661 561	758 874	3 302 648	3 182 005
Cash and cash equivalents		2 437 424	2 010 279	17 752	4 274
Other assets		892 395	1 108 952	3 591 485	3 447 505
Total assets		14 776 097	13 437 959	9 403 909	9 392 832
Lease liabilities		3 193 914	3 040 230	45 011	59 654
Employee benefits – non-current		108 432	121 105	9 475	8 749
Trade and other payables		5 915 107	4 473 799	4 305 397	4 795 647
Employee benefits – current		283 504	319 114	12 438	35 438
Other liabilities		3 690 602	3 650 534	504 806	504 805
Total liabilities		13 191 559	11 604 782	4 877 127	5 404 293
Net assets		1 584 538	1 833 177	4 526 782	3 988 539
Statement of comprehensive income					
Turnover		31 724 875	29 405 126	17 175 276	16 922 347
Gross profit		9 146 149	8 227 580	186 996	207 831
Other income		1 689 904	1 726 276	1 413 337	1 370 601
Total income		10 836 053	9 953 856	1 600 333	1 578 432
Expenses		(7 676 923)	(6 893 465)	(1 112 827)	(981 552)
Depreciation and amortisation		(1 413 734)	(1 282 367)	(46 840)	(38 428)
Occupancy costs		(187 099)	(159 584)	(3 871)	(5 241)
Employment costs		(4 034 839)	(3 677 955)	(358 655)	(325 193)
Other costs		(2 036 618)	(1 761 669)	(699 429)	(610 014)
Impairment allowance – IFRS 9 ECL		(4 633)	(11 890)	(4 032)	(2 676)
Operating profit/(loss)		3 159 130	3 060 391	487 506	596 880
Ratios					
Increase/(decrease) in turnover	%	7.9	11.7	1.5	(2.6)
Selling price inflation	%	7.0	4.0	1.0	1.5
Comparable stores turnover growth	%	3.5	8.4	–	–
Gross profit margin	%	28.8	28.0	1.1	1.2
Total income margin	%	34.2	33.9	9.3	9.3
Operating expenses as a percentage of turnover	%	24.2	23.4	6.5	5.8
Increase/(decrease) in operating expenses	%	11.4	10.1	13.4	5.5
Increase/(decrease) in operating profit	%	3.2	27.6	(18.3)	12.1
Operating profit margin	%	10.0	10.4	2.8	3.5
Inventory days		75	71	39	48
Trade debtor days		4	6	53	45
Trade creditor days		61	49	72	72
Number of stores		950	898	–	–
as at 31 August 2022/2023		898	841	–	–
opened/acquired ²		59	63	–	–
closed		(7)	(6)	–	–
Number of pharmacies		711	673	–	–
as at 31 August 2022/2023		673	621	–	–
new/converted		45	55	–	–
closed		(7)	(3)	–	–
Total leased area	m ²	528 788	493 242	–	–
Weighted retail trading area	m ²	425 440	397 120	–	–
Weighted annual sales per m ²	R	73 200	72 822	–	–
Number of permanent employees		17 865	15 885	582	607

¹ Retail includes Clicks + The Body Shop + Group Services + Sorbet + 180 Degrees Marketing

² Opened/acquired stores excludes 190 Sorbet franchise stores, but includes 4 corporate stores

Intragroup elimination		Total operations	
31 August 2023	31 August 2022	31 August 2023	31 August 2022
-	-	2 643 136	2 374 962
-	-	2 999 297	2 827 826
-	-	968 207	720 988
-	-	204 829	102 806
(151 463)	(127 867)	6 309 809	6 164 453
(944 721)	(893 839)	3 019 488	3 047 040
-	-	2 455 176	2 014 553
(4 048 968)	(3 945 169)	434 912	611 288
(5 145 152)	(4 966 875)	19 034 854	17 863 916
-	-	3 238 925	3 099 884
-	-	117 907	129 854
(951 606)	(900 725)	9 268 898	8 368 721
-	-	295 942	354 552
(4 047 040)	(3 943 241)	148 368	212 098
(4 998 646)	(4 843 966)	13 070 040	12 165 109
(146 506)	(122 909)	5 964 814	5 698 807
(7 278 470)	(6 740 331)	41 621 681	39 587 142
(19 294)	(3 154)	9 313 851	8 432 257
(256 618)	(229 453)	2 846 623	2 867 424
(275 912)	(232 607)	12 160 474	11 299 681
252 315	225 751	(8 537 435)	(7 649 266)
-	-	(1 460 574)	(1 320 795)
1 661	1 575	(189 309)	(163 250)
-	-	(4 393 494)	(4 003 148)
250 654	224 176	(2 485 393)	(2 147 507)
-	-	(8 665)	(14 566)
(23 597)	(6 856)	3 623 039	3 650 415
8.0	5.8	5.1	5.5
-	-	4.9	3.0
-	-	3.5	8.4
-	-	22.4	21.3
-	-	29.2	28.5
-	-	20.5	19.3
-	-	11.6	7.9
-	-	(0.7)	29.0
-	-	8.7	9.2
-	-	71	72
-	-	34	27
-	-	71	63
-	-	950	898
-	-	898	841
-	-	59	63
-	-	(7)	(6)
-	-	711	673
-	-	673	621
-	-	45	55
-	-	(7)	(3)
-	-	528 788	493 242
-	-	425 440	397 120
-	-	73 200	72 822
-	-	18 447	16 492

Accounting policies and notes

- 1.1. These condensed consolidated financial statements for the year ended 31 August 2023 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for condensed consolidated financial statements and the requirements of the Companies Act of South Africa. The Listings Requirements require condensed consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) 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 condensed consolidated financial statements contained on pages 6 to 15 of this report and has expressed an unmodified review conclusion on the condensed consolidated financial statements. Their review report is set out on page 5. These condensed consolidated financial statements have been prepared under the supervision of Mr G Traill (CA), the chief financial officer of the group.

The accounting policies used in the preparation of the condensed consolidated financial statements for the year ended 31 August 2023 are in terms of IFRS and are consistent with those applied in the Audited Annual Financial Statements for the year ended 31 August 2022.

- 1.2. Related party transactions for the current year are similar to those disclosed in the group's Audited Annual Financial Statements for the year ended 31 August 2022 with the exception of additional related party transactions arising from the acquisitions in subsidiaries.
- 1.3. During the year, the group repurchased and cancelled 2 808 812 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 non-current and current derivative financial assets comprise the forward exchange contracts and hedge obligations under the cash-settled share compensation scheme.

1.6 Revenue R'000	31 August 2023	31 August 2022	% change
The group's revenue from contracts with customers is disaggregated as disclosed below:			
Goods sold to customers	41 621 681	39 587 142	5.1%
Other income	2 846 623	2 541 537	12.0%
Distribution and logistics fees	1 283 509	1 266 787	1.3%
Cost recoveries and other	1 563 114	1 274 750	22.6%
Revenue from contracts with customers	44 468 304	42 128 679	5.6%
Insurance proceeds – civil unrest	–	325 887	
Financial income	92 228	45 453	102.9%
Revenue	44 560 532	42 500 019	4.8%

The group administered Covid-19 vaccines to medical aid patients and unfunded patients. During the current financial year, the group administered vaccines to the value of R4 million (2022: R1 136 million). Excluding the impact of the vaccines in the current and prior year, turnover as disclosed in the statement of comprehensive income increased by 8.2% for the group and 12.2% for retail.

1.7. Headline earnings reconciliation

R'000	Year to 31 August 2023	Year to 31 August 2022	% change
Profit attributable to equity holders of the parent	2 537 528	2 638 680	(3.8%)
Adjusted for:			
Loss on disposal of property, plant and equipment	7 381	4 460	
Insurance proceeds on property, plant and equipment – civil unrest	–	(167 002)	
Total tax effects of adjustments	(1 993)	46 732	
Headline earnings	2 542 916	2 522 870	0.8%
Headline earnings per share (cents)	1 044.5	1 032.7	1.1%
Diluted headline earnings per share (cents)	1 044.5	1 032.7	1.1%

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

As disclosed in the group's 2022 annual financial statements, 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.

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

R'000	Year to 31 August 2023	Year to 31 August 2022	% change
Headline earnings	2 542 916	2 522 870	0.8%
Adjusted for:			
Insurance proceeds related to non-capital items – civil unrest	–	(325 887)	
Total tax effects of adjustments	–	91 248	
Adjusted headline earnings	2 542 916	2 288 231	11.1%
Group adjusted headline earnings per share (cents)	1 044.5	936.6	11.5%
Group diluted adjusted headline earnings per share (cents)	1 044.5	936.6	11.5%

1.9. Acquisition of investment in subsidiaries

During the year the group acquired individually immaterial businesses in pharmacy, IT and health and beauty operations, for anticipated synergistic benefits.

The acquisition date fair value of the assets and liabilities assumed were as follows:

Intangible assets	200 909
Goodwill	102 023
Other assets	178 701
Liabilities assumed	(219 247)
Total purchase price paid in cash	(275 000)
Less: Cash of subsidiaries acquired	33 992
Cash paid to obtain control net of cash acquired	(241 008)

1.10. Subsequent events

Post year-end, the group repurchased and cancelled 1 448 334 Clicks Group Limited ordinary shares to the value of R392.0 million.

Store footprint

	Clicks	Clicks Baby	The Body Shop	Sorbet	Total retail
Number of stores at 31 August 2023	881	4	61	4	950
as at 31 August 2022	837	3	58	-	898
opened/acquired	51	1	3	4	59
closed	(7)	-	-	-	(7)
Presence in Clicks stores at 31 August 2023	257				
Number of pharmacies at 31 August 2023	711				711
as at 31 August 2022	673				673
new/converted	45				45
closed	(7)				(7)
Number of clinics at 31 August 2023	203				

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 2023	August 2022		August 2023	August 2022
Public Investment Corporation (SA)	16.8	16.6	South Africa and rest of Africa	31.7	30.3
JPMorgan Asset Management (UK and US)	6.1	5.9	Offshore holdings	68.3	69.7
GIC Asset Management (Singapore)	5.6	3.5	USA and Canada	31.8	33.8
T Rowe Price (UK and US)	4.9	4.2	United Kingdom and Ireland	14.3	13.7
Federated Hermes (UK)	4.7	4.8	Europe	11.7	13.4
BlackRock (US and UK)	4.7	4.0	Other countries	10.5	8.8
RBC Global Asset Management (UK)	4.6	4.6			
The Vanguard Group (US)	4.0	3.9			
<i>Funds no longer managing 3% or more:</i>					
Fidelity Management & Research (US)	2.1	3.9			
William Blair (US)	1.6	3.4			

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 year 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 condensed 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 year-end 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, interest-bearing borrowings, deferred tax and taxation payable).

Return on invested capital ("ROIC") excluding the impact of IFRS 16

Operating profit as reported in the group consolidated statement of comprehensive income adjusted for IFRS 16 depreciation and lease payments, net of a tax charge at the group effective tax rate, expressed as a percentage of invested capital. Invested capital comprises equity and interest-bearing debt.

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 year-end (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

ANNUAL RESULTS for the year ended 31 August 2023



Agenda

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





CLICKS GROUP
LIMITED

01 Review of the year

Bertina Engelbrecht

3

Review of the year

CLICKS GROUP
LIMITED

- Performance continues to prove the resilience and defensiveness of the group
 - Adjusted dHEPS up **11.5%**
- Clicks opened 850th store and 700th pharmacy
- Market share gains in all categories
- Acquisitions of Sorbet, M-Kem and 180 Degrees
- Better performance from UPD in H2
- Record capital investment

CLICKS GROUP ANNUAL RESULTS 2023

4

ESG integrated into the business

- In FTSE4Good Index for last seven years
- AA ESG rating from MSCI
- Top Employer* in retail sector for 7th year
- Diversity leadership recognised in The Gender Mainstreaming Awards Africa
- Solar on all owned DCs and head office, and investing in solar battery storage
- Supporting national health initiatives
 - Girls on the Go / Students on the Go
 - Phelophepa clinic train and Gift of the Givers

* Top Employers Institute

CLICKS GROUP
LIMITED



CLICKS GROUP ANNUAL RESULTS 2023

5



CLICKS GROUP
LIMITED

02

Financial Results

Gordon Traill

6

Financial highlights

CLICKS GROUP
LIMITED

Turnover up
8.2%**

Retail turnover up
12.2%**
UPD reported turnover
up **1.5%**

Operating margin
up from 8.4%* to
8.7%

Adjusted dHEPS up
11.5%*

Total dHEPS up
1.1%
to 1 045 cps

Cash generated
by operations
R5.9 bn

Returned to
shareholders
R2.3 bn
2.8m shares repurchased

Return on equity
down from 48.0% to
43.6%

Total dividend up
6.6%
to 679 cps

* FY2022 adjusted for SASRIA insurance proceeds received

** Excluding vaccinations in both periods

CLICKS GROUP ANNUAL RESULTS 2023 7

Impact of insurance payout on base

CLICKS GROUP
LIMITED

R'm	2023	Reported 2022	Adjustment (see notes below)	Adjusted 2022	% change
Turnover	41 622	39 587		39 587	
Gross profit	9 314	8 432		8 432	
Other income	2 846	2 867	(325) ¹	2 542	
Expenses	(8 537)	(7 649)		(7 649)	
Operating profit	3 623	3 650	(325)	3 325	9.0
Capital items	(7)	163	(167) ²	(4)	
Taxation	(934)	(1 000)	136	(864)	
Headline earnings	2 543	2 523	(235)³	2 288	11.1
dHEPS (cents)	1 044.5	1 032.7	(96.1)	936.6	11.5

Notes:

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

CLICKS GROUP ANNUAL RESULTS 2023 8

Turnover

CLICKS GROUP
LIMITED

R'm	2023	2022	% change	% same stores growth*	% inflation
Retail	31 725	29 405	7.9	7.7	7.0
Distribution	17 175	16 922	1.5		1.0
Intragroup turnover	(7 278)	(6 740)	8.0		
Total group	41 622	39 587	5.1		4.9

- Retail turnover up 12.2% excluding vaccinations
 - Administered R4m vaccinations in 2023 versus R1.1bn in 2022
- UPD growth impacted by low SEP increase, post systems implementation and switch of products from preferred supplier to bulk distribution

* Excluding vaccinations in both periods

CLICKS GROUP ANNUAL RESULTS 2023

9

Total income

CLICKS GROUP
LIMITED

R'm	2023	2022	% change	2023 % margin	2022 % margin
Retail	10 836	9 662	12.2	34.2	32.9
Distribution	1 600	1 544	3.6	9.3	9.1
Intragroup turnover	(276)	(232)			
Total group	12 160	10 974	10.8	29.2	27.7

- Retail margin continued to benefit from recovery in Beauty, strong growth in private label and end of vaccination programme
- Improved shrink and waste in UPD

Note: FY2022 adjusted to exclude insurance payments of R325m

CLICKS GROUP ANNUAL RESULTS 2023

10

Operating expenditure – Retail

CLICKS GROUP
LIMITED

R'm	2023	2022	% change
Depreciation – PPE	511	462	10.7
Depreciation – ROU asset	903	820	10.0
Occupancy costs	187	160	17.2
Employment costs	4 035	3 678	9.7
Other operating costs	2 041	1 773	15.1
Total retail costs	7 677	6 893	11.4
% of turnover	24.2%	23.4%	
Finance costs – lease liability	200	183	8.9

- Comparable retail cost growth **7.4%**
- Other operating costs impacted by insurance and R40m diesel for generators

CLICKS GROUP ANNUAL RESULTS 2023 11

Operating expenditure – Distribution

CLICKS GROUP
LIMITED

R'm	2023	2022	% change
Depreciation – PPE	29	29	2.4
Depreciation – ROU asset	18	10	79.0
Occupancy costs	4	5	(26.1)
Employment costs	359	325	10.3
Other operating costs	703	613	14.8
Total distribution costs	1 113	982	13.4

- Employment costs increased during systems rollout
- R13.5m in diesel costs during load shedding
- Higher insurance premiums

CLICKS GROUP ANNUAL RESULTS 2023 12

Operating profit

CLICKS GROUP
LIMITED

R'm	2023	2022	% change	2023 % margin	2022 % margin
Retail	3 159	2 769	14.1	10.0	9.4
Distribution	488	563	(13.4)	2.8	3.3
Intragroup	(24)	(7)			
Total group	3 623	3 325	9.0	8.7	8.4

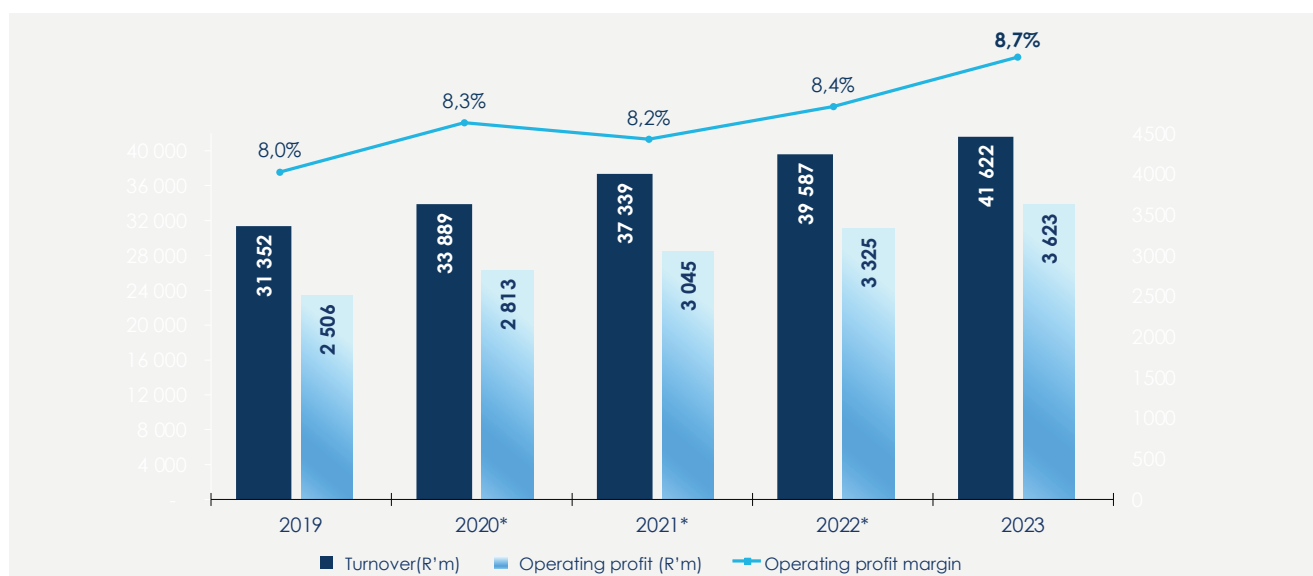
- Benefit of recovery of higher margin categories in Retail; impact of low margin vaccinations in FY2022
- UPD impacted by load shedding, higher insurance costs, low SEP increase and labour cost inefficiencies in H1

Note: FY2022 adjusted for impact of civil unrest

CLICKS GROUP ANNUAL RESULTS 2023 13

Growth in turnover, profit and margin

CLICKS GROUP
LIMITED



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

CLICKS GROUP ANNUAL RESULTS 2023 14

Inventory

CLICKS GROUP
LIMITED

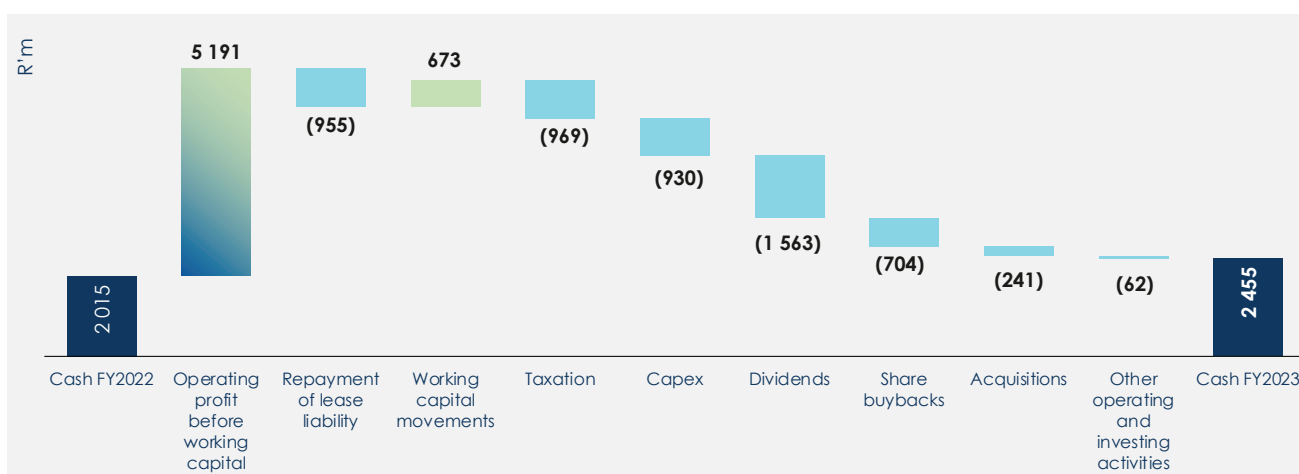
	Days in stock		Inventory (R'm)		
	2023	2022	2023	2022	% change
Retail	75	71	4 656	4 109	13.3
Distribution	39	48	1 805	2 183	(17.3)
Intragroup inventory			(151)	(128)	
Total group	71	72	6 310	6 164	2.4

- Retail days in prior year benefited from much faster stock turn of vaccines
- Improved stock management in UPD and benefit of lower Covid stocks required

CLICKS GROUP ANNUAL RESULTS 2023 15

Cash management

CLICKS GROUP
LIMITED



- R392m additional shares repurchased post year end
- R1.2 billion final dividend to be paid to shareholders in January 2024

CLICKS GROUP ANNUAL RESULTS 2023 16

Acquisitions

CLICKS GROUP
LIMITED

-  **M-Kem** – 1 April 2023
 - 24-hour specialised pharmacy in Cape Town
 - Annual turnover of R240m and EBIT of R8-10m
-  – 1 May 2023
 - Pharmacy software development company
 - R40-50m p.a. cost efficiencies and revenue generation on 3-year roll out
-  – 1 June 2023
 - Beauty salon franchise chain of 194 outlets; products sold in salons & Clicks stores
 - Annual EBIT of R25-30m

CLICKS GROUP ANNUAL RESULTS 2023 17

Capital expenditure

CLICKS GROUP
LIMITED

- **R880m** capex planned for FY2024
 - R487m on stores:
 - 40 – 50 new Clicks stores and 40 – 50 new pharmacies
 - 50 – 60 store refurbishments
 - R393m on infrastructure:
 - R77m on UPD IT and warehouse equipment
 - R316m on retail systems and infrastructure – including 6 000m² expansion of Centurion DC
 - Investment of R36m in solar and battery storage in FY2023 and FY2024

CLICKS GROUP ANNUAL RESULTS 2023 18

Medium-term financial targets

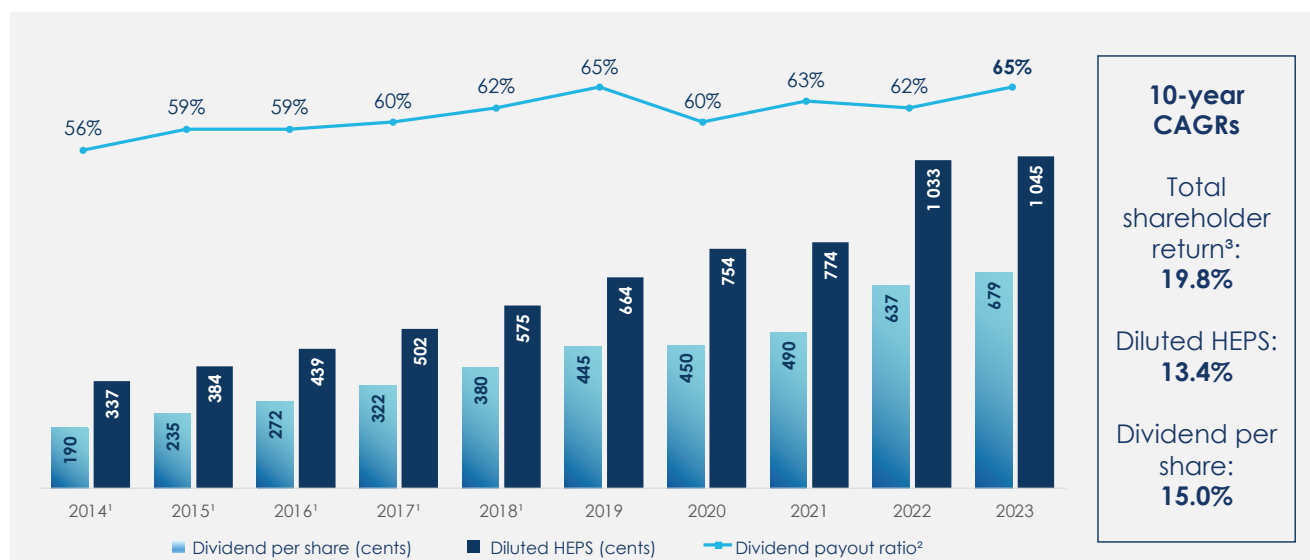
CLICKS GROUP
LIMITED

	Achieved in FY2023	Medium-term target
ROE (%)	43.6	40 – 50
ROIC excluding IFRS 16 (%)	41.5	40 – 50
ROIC (%)	28.4	20 – 30
ROA (%)	13.8	11 – 15
Net working capital days	34	30 – 35
Group operating margin (%)	8.7	8.0 – 9.0
Retail	10.0	9.0 – 10.0
Distribution	2.8	2.8 – 3.3
Dividend payout ratio (%)	65	60 – 65

CLICKS GROUP ANNUAL RESULTS 2023 19

Sustained financial performance

CLICKS GROUP
LIMITED



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

CLICKS GROUP ANNUAL RESULTS 2023 20



CLICKS GROUP
LIMITED

03

Trading Performance

Bertina Engelbrecht

21



CLICKS GROUP
LIMITED

Clicks business review

22

Retail sales performance



	% change*	% contribution
Pharmacy	9.7	28.2
Front shop health	5.3	25.4
Beauty and personal care	18.3	31.0
General merchandise	15.1	15.4
Total turnover	12.2	100.0

- Comparable stores turnover growth of 7.7%*
 - Inflation 7.0%
 - Volume growth of 0.7%

* Excluding vaccinations in both periods

CLICKS GROUP ANNUAL RESULTS 2023 23

Market shares



%	2023	2022
Health		
Retail pharmacy*	24.0	23.6
Front shop health**	32.8	32.3
Baby**	21.0	20.5
Beauty		
Skincare**	43.6	42.1
Haircare**	33.0	32.3
Personal care**	21.1	20.2
General merchandise		
Small electrical appliances**	19.5	18.4

* Per IQVIA (Private Retail Pharmacy S1-6) (restated)

** Per AC Nielsen (restated)

CLICKS GROUP ANNUAL RESULTS 2023 24

Performance and strategy



• Maintaining **value**

- Price competitive with all national retailers
- Promotional sales +14.9% to 43.6% of turnover
- In pharmacy, generics +8.8% to 59% of sales and 70% of volume
- R689 million cashback paid to ClubCard members

Clicks price index* vs:	
Retailer A	98.2
Retailer B	99.0
Retailer C	99.4
Retailer D	94.8

* Excluding all promotional pricing, bulk deals and 3 for 2 promotions



CLICKS GROUP ANNUAL RESULTS 2023 25

Performance and strategy



• **Differentiating** our product offer

- Private label +15.4% to 25.2% of sales (front shop 30.3%, pharmacy 11.3%)
- Clicks Made 4 Baby nappy range won SA Product of the Year 2023
- Roll out of new look beauty halls
- Strong performance from Sorbet
- Extending Clicks Baby store-in-stores and standalone stores



CLICKS GROUP ANNUAL RESULTS 2023 26

Performance and strategy



- Engaging customers through **personalisation**
 - 10.4m active ClubCard members, 80.2% of sales
 - Best strategic use of data analytics / CRM applications¹
 - Top brand for experience, function and meaning²
 - Coolest health and beauty store³

1. South African Loyalty Awards 2023
2. Kantar BrandZ 2023 Top 30 Most Valuable South African Brands
3. Sunday Times GenNext 2023 Awards



CLICKS GROUP ANNUAL RESULTS 2023 27

Performance and strategy



- Extending **convenience**
 - 885 Clicks stores with 711 pharmacies
 - 50% of population < 5.1km of a pharmacy
 - Successful onboarding of M-Kem
 - 228 stores located in low income areas (22.5% of retail turnover), with 18 stores opened this year
 - Online purchases 1.2% of front shop, and together with 'research online purchase offline' (ROPO), comprise 4% of sales

Format	Total
Convenience	664
Destination	221
Total	885

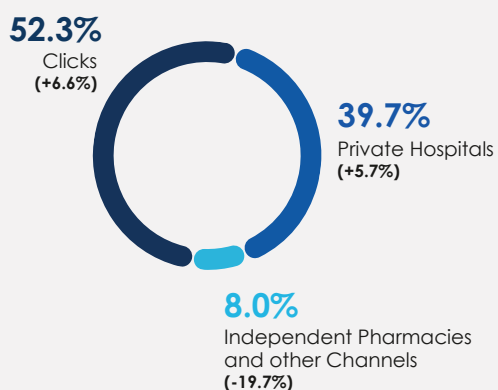


CLICKS GROUP ANNUAL RESULTS 2023 28

UPD business review

CLICKS GROUP ANNUAL RESULTS 2023 29

Fine wholesale turnover



* MAT per IQVIA (restated)

- Wholesale turnover up 3.5%
 - Impact of systems change on Clicks purchases from UPD in H1
 - Hospital volumes +10.8% - shift in case and product mix
- Wholesale market share down from 28.8% to 28.0%*

CLICKS GROUP ANNUAL RESULTS 2023 30

Review of the year



- Total managed turnover +4.8% to R32.1bn
 - Rationalising portfolio to focus on profitable bulk contracts
- Proven business continuity credentials
- Improved H2 performance
- Generic medicines +5.3% to 73% of volume
- ERP and WMS implementation
 - Lea Glen DC went live on 1 September 2023
 - Systems are stable, with further efficiencies to be realised in FY2024

CLICKS GROUP ANNUAL RESULTS 2023 31



04

Strategy and outlook

Bertina Engelbrecht

32

Group strategic objectives

CLICKS GROUP
LIMITED

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

CLICKS GROUP ANNUAL RESULTS 2023 33

Outlook

CLICKS GROUP
LIMITED

- Consumer environment will remain extremely constrained
- 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 2023 34



05 Questions

35

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'.

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

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this presentation include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic business and market conditions; changes in the domestic regulatory and legislative environments; changes to domestic operational, social, economic and political risks; and the effects of both current and future litigation.

Clicks Group does not undertake to update any forward-looking statements contained in this presentation and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.

Notes

[illegible]

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

Directors

DM Nurek * (Chairman)
JA Bester *
BD Engelbrecht
(Chief Executive Officer)
R Inskip *s
NNA Matyumza *&
MJN Njeke *
SS Ntsaluba *
PM Osiris * (née Moumakwa)
KC Ramon *#
GD Traill ~^ (Chief Financial Officer)

* Independent non-executive
& Appointed 1 September 2022

^ Appointed 1 January 2023

Appointed 7 February 2023

s Appointed 1 July 2023

~ British

Company secretary

Matthew Welz, LLB
E-mail: [companysecretary@
clicksgroup.co.za](mailto:companysecretary@clicksgroup.co.za)

Auditors

Ernst & Young Inc. (EY)

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



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