

CLICKS GROUP LIMITED

Interim group results
for the six months ended
29 February 2024



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Key features

Group turnover up

9.0%

Retail turnover up

12.4%

Operating margin up

30 bps

to 8.5%

Diluted HEPS up

13.0%

Interim dividend up

13.5%

to 210 cents per share

R2.0 billion

returned to shareholders

Return on equity up to

43.4%

Financial summary

| | | Six months to 29 February 2024 | Six months to 28 February 2023 | % change | Year to 31 August 2023 |
|--|----------------|--------------------------------------|--------------------------------------|-------------|------------------------------|
| Consolidated statement of comprehensive income | | | | | |
| Turnover | R'000 | 21 804 067 | 20 005 786 | 9.0% | 41 621 681 |
| Gross profit | R'000 | 5 147 251 | 4 473 179 | 15.1% | 9 313 851 |
| Total income | R'000 | 6 585 748 | 5 774 090 | 14.1% | 12 160 474 |
| Headline earnings | R'000 | 1 273 435 | 1 152 127 | 10.5% | 2 542 916 |
| Net financing cost | R'000 | (117 097) | (61 603) | 90.1% | (139 352) |
| Consolidated statement of financial position | | | | | |
| Equity | R'000 | 5 235 769 | 5 727 773 | (8.6%) | 5 964 814 |
| Total assets | R'000 | 18 590 680 | 17 462 718 | 6.5% | 19 034 854 |
| Consolidated statement of cash flows | | | | | |
| Net cash effects from operating activities | R'000 | (26 375) | (136 514) | | 3 310 073 |
| Capital expenditure | R'000 | 313 682 | 350 552 | (10.5%) | 930 004 |
| Capital commitments | R'000 | 617 160 | 606 988 | 1.7% | 879 550 |
| Depreciation and amortisation | R'000 | 851 618 | 746 681 | 14.1% | 1 519 026 |
| Performance | | | | | |
| Turnover growth | % | 9.0 | 2.3 | | 5.1 |
| Comparable stores turnover growth | % | 8.8 | 1.7 | | 3.5 |
| Gross profit growth | % | 15.1 | 8.2 | | 10.5 |
| Gross profit margin | % | 23.6 | 22.4 | | 22.4 |
| Total income growth | % | 14.1 | 5.6 | | 7.6 |
| Total income margin | % | 30.2 | 28.9 | | 29.2 |
| Operating margin | % | 8.5 | 8.2 | | 8.7 |
| Net working capital days | | 44 | 47 | | 34 |
| Inventory days | | 86 | 81 | | 71 |
| Trade debtor days | | 29 | 32 | | 34 |
| Trade creditor days | | 71 | 66 | | 71 |
| Current ratio | :1 | 1.0 | 1.2 | | 1.1 |
| Return on total assets | % | 13.2 | 12.5 | | 13.8 |
| Return on shareholders' interest | % | 43.4 | 41.2 | | 43.6 |
| Return on invested capital (ROIC) | % | 28.0 | 24.7 | | 28.4 |
| Shareholders' interest to total assets | % | 28.2 | 32.8 | | 31.3 |
| Interest-bearing debt, including cash, to shareholders' interest at period-end | % | 54.4 | 36.2 | | 13.1 |
| Statistics | | | | | |
| Number of permanent employees | | 18 741 | 17 476 | 7.2% | 18 447 |
| Number of stores | | 970 | 921 | 5.3% | 950 |
| Weighted retail trading area | m ² | 441 425 | 420 712 | 4.9% | 425 440 |
| Share statistics | | | | | |
| Number of ordinary shares in issue | '000 | 238 062 | 243 970 | (2.4%) | 241 161 |
| Weighted average diluted number of shares in issue | '000 | 238 632 | 243 970 | (2.2%) | 243 460 |
| Headline earnings per share | | | | | |
| - basic | cents | 533.6 | 472.2 | 13.0% | 1 044.5 |
| - diluted | cents | 533.6 | 472.2 | 13.0% | 1 044.5 |
| Dividend per share | | | | | |
| - interim | cents | 210.0 | 185.0 | | 185.0 |
| - final | cents | - | - | | 494.0 |
| Dividend payout ratio | % | 39.4 | 39.2 | | 65.0 |
| Share price | | | | | |
| - closing | cents | 30 009 | 26 750 | 12.2% | 27 350 |
| - high | cents | 32 571 | 31 764 | | 31 764 |
| - low | cents | 23 758 | 25 883 | | 23 442 |
| Net asset value per share | cents | 2 199 | 2 348 | (6.3%) | 2 473 |
| Net tangible asset value per share | cents | 1 712 | 2 015 | (15.0%) | 1 987 |
| Market capitalisation | R'000 | 71 440 026 | 65 261 975 | 9.5% | 65 957 534 |
| Price earnings ratio | times | 30.1 | 30.3 | | 26.2 |
| Volume of ordinary shares traded | '000 | 104 388 | 94 332 | | 185 110 |
| Percentage of ordinary shares traded | % | 43.7 | 38.7 | | 76.0 |
| Free float | % | 99.9 | 99.9 | | 99.9 |
| Shareholders' return | cents | 2 869 | (2 867) | | (1 773) |
| Change in share price | cents | 2 659 | (3 052) | | (2 452) |
| Dividend per share | cents | 210 | 185 | | 679 |
| Other information | | | | | |
| Inflation rate | | | | | |
| CPI | % | 5.6 | 7.0 | | 4.8 |
| Internal selling price inflation | % | 5.5 | 4.7 | | 4.9 |
| Interest rates | | | | | |
| Prime overdraft rate | | | | | |
| - closing | % | 11.75 | 10.75 | | 11.75 |
| - average | % | 11.75 | 10.33 | | 10.96 |
| FTSE/JSE Africa share indices | | | | | |
| All Share Index | | 72 730 | 77 734 | (6.4%) | 74 954 |
| General Retailers Index | | 5 940 | 6 124 | (3.0%) | 5 875 |
| Food and Drug Retailers Index | | 14 592 | 13 668 | 6.8% | 14 269 |
| Exchange rate | | | | | |
| Rand/US dollar | | | | | |
| - closing | R/US\$ | 19.26 | 18.45 | 4.4% | 18.71 |
| - average | R/US\$ | 18.83 | 17.57 | 7.2% | 18.07 |

Commentary

Overview

Clicks Group again showed its resilience in overcoming mounting headwinds in the trading environment and gained market share across the retail health and beauty categories, grew private label products, strengthened margins, generated robust cash flows and improved returns to shareholders. This translated into an increase of 13.0% in the group's diluted headline earnings per share (HEPS) for the half year.

Clicks produced strong turnover and profit growth, driven primarily by the higher demand in the beauty and personal care categories. Growth was supported by the Clicks ClubCard loyalty programme which has grown to 11 million active members, gaining 1 million new members in the past year.

Clicks opened its 900th store in February as the brand expanded its retail footprint to 902 stores with the opening of a net 41 new stores in the past year. A further 27 pharmacies were opened, extending the national pharmacy presence to 718.

The acquisitions of Sorbet, M-Kem and software development company 180 Degrees, which were completed in the previous financial year, have been successfully integrated into the group's operations and are performing ahead of pre-acquisition expectations.

UPD is now positioned for growth following the completion of the large-scale systems implementation early in the reporting period and to benefit from the higher increase in the regulated single exit price (SEP) of medicines relative to the prior year. UPD's stated strategy of rationalising its bulk distribution portfolio to focus on profitable clients has adversely impacted turnover through the non-renewal of two contracts. The strategy is, however, expected to benefit margin and support the acquisition of profitable new clients.

The group returned R2.0 billion to shareholders in dividend payments and share buybacks in the six months. Since 2006, the group has returned R19.1 billion to shareholders in dividends (R12.1 billion) and buybacks (R7.0 billion).

Financial performance

Group turnover increased by 9.0% to R21.8 billion. Retail turnover, which includes Clicks, GNC, The Body Shop and Sorbet corporate stores, increased by 12.4%. Distribution turnover growth of 1.3% was impacted by the systems implementation at the main UPD distribution centre.

Total income grew by 14.1% to R6.6 billion. The retail margin expanded by 60 basis points due to the strong growth in higher margin private label products, the good performance of the beauty category and Sorbet franchise fees. The distribution margin increased by 80 basis points as UPD benefited from the higher SEP increase. The group's total income margin expanded by 130 basis points to 30.2% as a result of the stronger growth of retail relative to distribution.

Retail costs grew by 14.8% mainly due to higher depreciation charges, lease liabilities, provisions for employee incentives, advertising and electricity costs. The three acquisitions completed in the prior financial year added 3.0% to cost growth. Comparable retail costs grew by 8.7%. Distribution costs increased by 10.8% due to higher depreciation charges relating to the investment in systems as well as increased employment costs to maintain service levels during the systems implementation.

Group operating profit increased by 13.5% to R1.9 billion while the group's operating margin increased by 30 basis points to 8.5%.

Headline earnings grew by 10.5% to R1.3 billion. Earnings per share increased by 12.9% to 533 cents with HEPS and diluted HEPS increasing by 13.0% to 534 cents, benefiting from share buybacks in the last 12 months.

Working capital was well managed, with the group's net working capital days improving from 47 to 44 days. Retail inventory days reduced to 82 days (H1 2023: 85) while UPD increased stock levels ahead of the SEP increase which contributed to inventory days moving from 48 to 61 days.

Cash generated from operating activities before dividends paid totalled R1.1 billion. Capital expenditure of R314 million was reinvested mainly in new stores and pharmacies, store refurbishments, supply chain and information technology. The group has invested R36 million in renewable energy solutions, including the recent installation of additional solar panels and battery storage at the head office and UPD's main distribution centre. At end February 2024, the group held cash resources of R853 million.

Outlook

Consumer spending will remain constrained owing to inflationary cost pressures while potential disruption ahead of the general election in May and the resumption of load shedding pose risks to the trading environment.

Clicks plans to accelerate its store expansion programme by opening 50 – 55 stores for the 2024 financial year and remains committed to its longer-term target of 1 200 stores. A further 10 – 20 pharmacies are planned to be opened.

UPD is expected to deliver a stronger second half as the wholesaler continues to improve performance following the recent systems implementation and benefits further from the higher SEP increase.

Capital investment of R920 million is planned for the full financial year. This includes R514 million for new stores and pharmacies, and store refurbishments. A further R406 million will be invested in supply chain, technology and infrastructure, including the ongoing investment in renewable energy solutions.

Full-year earnings forecast

The directors forecast that the group's diluted HEPS for the financial year ending 31 August 2024 will increase by between 10% and 15% over the 2023 financial year.

This forecast is based on the assumptions that the trading environment will remain constrained in the second half of the 2024 financial year, with continued high levels of consumer inflation, uncertainty ahead of the general election in May, ongoing electricity load shedding and no changes in the regulatory environment.

Shareholders are advised that this forecast is the responsibility of the board of directors and has not been reviewed or reported on by the group's independent auditor.

Interim dividend

The board of directors has approved an interim gross ordinary dividend for the period ended 29 February 2024 of 210.0 cents per share (2023: 185.0 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 42.0 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 168.0 cents per share net of DT.

Clicks Group has 238 062 465 ordinary shares and its income tax reference number is 9061/745/71/8.

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

| | |
|--------------------------------------|-------------------------|
| Last day to trade "cum" the dividend | Tuesday, 25 June 2024 |
| Shares trade "ex" the dividend | Wednesday, 26 June 2024 |
| Record date | Friday, 28 June 2024 |
| Payment to shareholders | Monday, 1 July 2024 |

Share certificates may not be dematerialised or rematerialised between Wednesday, 26 June 2024 and Friday, 28 June 2024, both days inclusive.

David Nurek
Chairman

Bertina Engelbrecht
Chief executive officer

Gordon Trill
Chief financial officer

Cape Town
25 April 2024

Consolidated statement of comprehensive income

| R'000 | Six months to 29 February 2024 | Six months to 28 February 2023 | % change | Year to 31 August 2023 |
|--|--------------------------------------|--------------------------------------|-------------|------------------------------|
| Revenue | 23 288 608 | 21 353 432 | | 44 560 532 |
| Turnover | 21 804 067 | 20 005 786 | 9.0 | 41 621 681 |
| Cost of merchandise sold | (16 656 816) | (15 532 607) | 7.2 | (32 307 830) |
| Gross profit | 5 147 251 | 4 473 179 | 15.1 | 9 313 851 |
| Other income | 1 438 497 | 1 300 911 | 10.6 | 2 846 623 |
| Total income | 6 585 748 | 5 774 090 | 14.1 | 12 160 474 |
| Expenses | (4 722 903) | (4 132 444) | 14.3 | (8 537 435) |
| Depreciation and amortisation | (821 040) | (716 436) | 14.6 | (1 460 574) |
| Occupancy costs | (101 733) | (90 866) | 12.0 | (189 309) |
| Employment costs | (2 420 722) | (2 130 179) | 13.6 | (4 393 494) |
| Other costs | (1 378 330) | (1 200 459) | 14.8 | (2 485 393) |
| Impairment (allowance)/recovery – IFRS 9 ECL | (1 078) | 5 496 | | (8 665) |
| Operating profit | 1 862 845 | 1 641 646 | 13.5 | 3 623 039 |
| Loss on disposal of property, plant and equipment | (2 338) | (508) | | (7 381) |
| Profit before financing costs | 1 860 507 | 1 641 138 | 13.4 | 3 615 658 |
| Net financing expense | (117 097) | (61 603) | 90.1 | (139 352) |
| Financial income | 46 044 | 46 735 | (1.5) | 92 228 |
| Financial expense | (163 141) | (108 338) | 50.6 | (231 580) |
| Profit before earnings from associates | 1 743 410 | 1 579 535 | 10.4 | 3 476 306 |
| Share of loss of associates | (3 701) | (3 945) | | (5 201) |
| Profit before taxation | 1 739 709 | 1 575 590 | 10.4 | 3 471 105 |
| Income tax expense | (467 981) | (423 834) | 10.4 | (933 577) |
| Profit for the period | 1 271 728 | 1 151 756 | 10.4 | 2 537 528 |
| Other comprehensive income: | | | | |
| Items that will not be subsequently reclassified to profit or loss, net of tax | | | | |
| Remeasurement of post-employment benefit obligations | - | - | | (159) |
| Items that may be subsequently reclassified to profit or loss, net of tax | | | | |
| Exchange differences on translation of foreign subsidiaries | (166) | 6 140 | | 6 353 |
| Cash flow hedges | 28 886 | 22 927 | | 53 226 |
| Cost of hedging reserve | (9 940) | (8 649) | | (17 846) |
| Other comprehensive income for the period, net of tax | 18 780 | 20 418 | | 41 574 |
| Total comprehensive income for the period | 1 290 508 | 1 172 174 | | 2 579 102 |
| Earnings per share (cents) | 532.9 | 472.1 | 12.9 | 1 042.3 |
| Diluted earnings per share (cents) | 532.9 | 472.1 | 12.9 | 1 042.3 |

Consolidated statement of financial position

| R'000 | As at 29 February 2024 | As at 28 February 2023 | As at 31 August 2023 |
|---|------------------------------|------------------------------|----------------------------|
| ASSETS | | | |
| Non-current assets | 7 666 722 | 6 601 366 | 7 201 109 |
| Property, plant and equipment | 2 633 499 | 2 443 186 | 2 643 136 |
| Right-of-use assets | 3 353 518 | 2 874 607 | 2 999 297 |
| Intangible assets | 950 855 | 710 059 | 968 207 |
| Goodwill | 208 244 | 102 806 | 204 829 |
| Deferred tax assets | 159 974 | 156 684 | 70 423 |
| Investment in associates | 17 513 | 35 348 | 21 214 |
| Loans receivable | 171 396 | 97 210 | 130 597 |
| Financial assets at fair value through profit or loss | 171 723 | 164 551 | 163 406 |
| Derivative financial assets | - | 16 915 | - |
| Current assets | 10 923 958 | 10 861 352 | 11 833 745 |
| Inventories | 7 576 991 | 6 692 060 | 6 309 809 |
| Trade and other receivables | 2 465 704 | 2 958 128 | 3 019 488 |
| Loans receivable | 8 408 | 16 703 | 28 030 |
| Cash and cash equivalents | 853 059 | 1 155 523 | 2 455 176 |
| Derivative financial assets | 19 796 | 38 938 | 21 242 |
| Total assets | 18 590 680 | 17 462 718 | 19 034 854 |
| EQUITY AND LIABILITIES | | | |
| Equity | 5 235 769 | 5 727 773 | 5 964 814 |
| Share capital | 2 381 | 2 440 | 2 412 |
| Share premium | 1 064 953 | 1 064 953 | 1 064 953 |
| Cash flow hedge reserve | 6 040 | (8 550) | (2 984) |
| Cost of hedging reserve | (4 978) | (3 188) | (6 166) |
| Foreign currency translation reserve | (673) | (720) | (507) |
| Distributable reserve | 4 168 046 | 4 672 838 | 4 907 106 |
| Non-current liabilities | 2 722 188 | 2 314 979 | 2 270 392 |
| Lease liabilities | 2 535 631 | 2 184 338 | 2 152 485 |
| Employee benefits | 140 684 | 94 697 | 117 907 |
| Deferred tax liabilities | 45 873 | 35 944 | - |
| Current liabilities | 10 632 723 | 9 419 966 | 10 799 648 |
| Trade and other payables | 9 137 929 | 8 071 611 | 9 268 898 |
| Lease liabilities | 1 168 068 | 1 046 852 | 1 086 440 |
| Employee benefits | 235 158 | 203 542 | 295 942 |
| Income tax payable | 91 388 | 97 961 | 146 735 |
| Derivative financial liabilities | 180 | - | 1 633 |
| Total equity and liabilities | 18 590 680 | 17 462 718 | 19 034 854 |

Consolidated statement of changes in equity

| R'000 | Number of shares '000 | Share capital | Share premium |
|--|-----------------------|---------------|------------------|
| Balance at 1 September 2022 | 243 970 | 2 440 | 1 064 953 |
| Transactions with owners, recorded directly in equity | | | |
| Dividends paid to shareholders | - | - | - |
| Total transactions with owners | - | - | - |
| Total comprehensive income for the period | - | - | - |
| Profit for the period | - | - | - |
| Cash flow hedge reserve | - | - | - |
| Cost of hedging reserve | - | - | - |
| Exchange differences on translation of foreign subsidiaries | - | - | - |
| Transfer of reserves to inventories | - | - | - |
| Balance at 28 February 2023 | 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 period | - | - | - |
| Profit for the period | - | - | - |
| 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 |
| Transactions with owners, recorded directly in equity | | | |
| Dividends paid to shareholders | - | - | - |
| Shares repurchased and cancelled | (3 099) | (31) | - |
| Total transactions with owners | (3 099) | (31) | - |
| Total comprehensive income for the period | - | - | - |
| Profit for the period | - | - | - |
| Cash flow hedge reserve | - | - | - |
| Cost of hedging reserve | - | - | - |
| Exchange differences on translation of foreign subsidiaries | - | - | - |
| Transfer of reserves to inventories | - | - | - |
| Balance at 29 February 2024 | 238 062 | 2 381 | 1 064 953 |

| Cash flow hedge reserve | Cost of hedging reserve | Foreign currency translation reserve | Distributable reserve | Total equity |
|-------------------------------|-------------------------------|---|--------------------------|--------------------|
| 7 234 | (4 983) | (6 860) | 4 636 023 | 5 698 807 |
| - | - | - | (1 114 941) | (1 114 941) |
| - | - | - | (1 114 941) | (1 114 941) |
| 22 927 | (8 649) | 6 140 | 1 151 756 | 1 172 174 |
| - | - | - | 1 151 756 | 1 151 756 |
| 22 927 | - | - | - | 22 927 |
| - | (8 649) | - | - | (8 649) |
| - | - | 6 140 | - | 6 140 |
| (38 711) | 10 444 | - | - | (28 267) |
| (8 550) | (3 188) | (720) | 4 672 838 | 5 727 773 |
| - | - | - | (447 853) | (447 853) |
| - | - | - | (703 492) | (703 520) |
| - | - | - | (1 151 345) | (1 151 373) |
| 30 299 | (9 197) | 213 | 1 385 613 | 1 406 928 |
| - | - | - | 1 385 772 | 1 385 772 |
| - | - | - | (159) | (159) |
| 30 299 | - | - | - | 30 299 |
| - | (9 197) | - | - | (9 197) |
| - | - | 213 | - | 213 |
| (24 733) | 6 219 | - | - | (18 514) |
| (2 984) | (6 166) | (507) | 4 907 106 | 5 964 814 |
| - | - | - | (1 176 029) | (1 176 029) |
| - | - | - | (834 759) | (834 790) |
| - | - | - | (2 010 788) | (2 010 819) |
| 28 886 | (9 940) | (166) | 1 271 728 | 1 290 508 |
| - | - | - | 1 271 728 | 1 271 728 |
| 28 886 | - | - | - | 28 886 |
| - | (9 940) | - | - | (9 940) |
| - | - | (166) | - | (166) |
| (19 862) | 11 128 | - | - | (8 734) |
| 6 040 | (4 978) | (673) | 4 168 046 | 5 235 769 |

Consolidated statement of cash flows

| R'000 | Six months to 29 February 2024 | Six months to 28 February 2023 | Year to 31 August 2023 |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Cash effects from operating activities | | | |
| Profit before working capital changes (refer note 1) | 2 718 166 | 2 346 050 | 5 190 836 |
| Working capital changes (refer note 2) | (888 586) | (871 924) | 672 811 |
| Cash generated by operations | 1 829 580 | 1 474 126 | 5 863 647 |
| Interest received | 46 034 | 46 735 | 92 228 |
| Interest paid | (155 178) | (102 319) | (218 946) |
| Taxation paid | (570 782) | (544 724) | (968 671) |
| Acquisition of derivative financial asset used to hedge the long term incentive scheme | - | - | - |
| Settlement of derivative financial asset used to hedge the long term incentive scheme | - | 104 609 | 104 609 |
| Cash inflow from operating activities before dividends paid | 1 149 654 | 978 427 | 4 872 867 |
| Dividends paid to shareholders | (1 176 029) | (1 114 941) | (1 562 794) |
| Net cash effects from operating activities | (26 375) | (136 514) | 3 310 073 |
| Cash effects from investing activities | | | |
| Investment in property, plant and equipment and intangible assets to maintain operations | (145 537) | (105 245) | (356 542) |
| Investment in property, plant and equipment and intangible assets to expand operations | (168 145) | (245 307) | (573 462) |
| Proceeds from disposal of property, plant and equipment | 149 | 635 | 13 972 |
| Acquisition of investments (refer note 3) | (6 545) | - | (241 008) |
| Investment in associate | - | (7 570) | (14 193) |
| Loan to associate | (30 000) | - | - |
| Repayment of loan by associate | - | 4 717 | 4 717 |
| Other loans receivable repaid | 8 833 | 296 | - |
| Other loans receivable advanced | - | - | (44 418) |
| Net cash effects from investing activities | (341 245) | (352 474) | (1 210 934) |
| Cash effects from financing activities | | | |
| Shares repurchased | (834 790) | - | (703 520) |
| Repayment of lease liabilities | (399 707) | (370 042) | (954 996) |
| Net cash effects from financing activities | (1 234 497) | (370 042) | (1 658 516) |
| Net (decrease)/increase in cash and cash equivalents | (1 602 117) | (859 030) | 440 623 |
| Cash and cash equivalents at the beginning of the period | 2 455 176 | 2 014 553 | 2 014 553 |
| Cash and cash equivalents at the end of the period | 853 059 | 1 155 523 | 2 455 176 |

Notes to the cash flow statement

| R'000 | Six months to 29 February 2024 | Six months to 28 February 2023 | Year to 31 August 2023 |
|--|--------------------------------------|--------------------------------------|------------------------------|
| Cash flow information | | | |
| 1. Profit before working capital changes | | | |
| Profit before tax | 1 739 709 | 1 575 590 | 3 471 105 |
| Adjustment for: | | | |
| Non-cash flow items: | | | |
| Depreciation and amortisation | 851 618 | 746 681 | 1 519 026 |
| Fair value adjustments on financial assets at fair value through profit or loss | (8 317) | (19 499) | (18 354) |
| Net loss of associates | 3 701 | 5 081 | 7 706 |
| Release of cash flow hedge to profit or loss | 12 020 | (23 914) | 64 620 |
| Items presented elsewhere in the consolidated statement of cash flows: | | | |
| Loss on disposal of property, plant and equipment | 2 338 | 508 | 7 381 |
| Net financing expense | 117 097 | 61 603 | 139 352 |
| | 2 718 166 | 2 346 050 | 5 190 836 |
| 2. Working capital changes | | | |
| Increase in inventories | (1 264 700) | (525 148) | (127 165) |
| Decrease in trade and other receivables | 553 784 | 88 912 | 50 357 |
| (Decrease)/increase in trade and other payables | (131 700) | (243 502) | 833 028 |
| Decrease in employee benefits | (45 970) | (192 186) | (83 409) |
| | (888 586) | (871 924) | 672 811 |
| 3. Acquisition of investments | | | |
| The group acquired interest in H. Mallach and Associates Proprietary Limited (trading as M-Kem) during the prior 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 prior 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 prior 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 |
| Sorbet Group Proprietary Limited acquired corporate stores during the current financial period. The cash paid was as follows: | | | |
| Total purchase price paid in cash | 6 545 | | |
| Less: Cash of corporate stores | - | | |
| Cash paid to obtain control net of cash acquired | 6 545 | | |

Segmental analysis

For the six months to 29 February 2024

| R'000 | Retail ¹ | | |
|--|---------------------|-------------------|---------|
| | 29 February 2024 | 28 February 2023 | |
| Statement of financial position | | | |
| Property, plant and equipment | 2 298 455 | 2 160 615 | |
| Right-of-use assets | 3 315 787 | 2 818 695 | |
| Intangible assets | 761 136 | 551 223 | |
| Goodwill | 111 968 | 6 529 | |
| Inventories | 5 095 161 | 4 740 397 | |
| Trade and other receivables | 747 413 | 780 905 | |
| Cash and cash equivalents | 799 706 | 1 167 561 | |
| Other assets | 1 014 915 | 1 024 009 | |
| Total assets | 14 144 541 | 13 249 934 | |
| Employee benefits - non-current | 128 558 | 90 923 | |
| Lease liabilities | 3 667 382 | 3 178 501 | |
| Trade and other payables | 5 833 423 | 4 859 200 | |
| Employee benefits - current | 217 423 | 191 775 | |
| Other liabilities | 3 588 645 | 3 228 515 | |
| Total liabilities | 13 435 431 | 11 548 914 | |
| Net assets | 709 110 | 1 701 020 | |
| Statement of comprehensive income | | | |
| Turnover | 17 283 068 | 15 375 622 | |
| Gross profit | 5 098 845 | 4 442 460 | |
| Other income | 870 443 | 763 018 | |
| Total income | 5 969 288 | 5 205 478 | |
| Expenses | (4 267 294) | (3 718 374) | |
| Depreciation and amortisation | (785 283) | (692 984) | |
| Occupancy costs | (101 239) | (89 762) | |
| Employment costs | (2 224 372) | (1 957 624) | |
| Other costs | (1 156 256) | (984 142) | |
| Impairment (allowance)/recovery - IFRS 9 ECL | (144) | 6 138 | |
| Operating profit/(loss) | 1 701 994 | 1 487 104 | |
| Ratios | | | |
| Increase/(decrease) in turnover | % | 12.4 | 5.5 |
| Selling price inflation | % | 7.4 | 6.6 |
| Comparable stores turnover growth | % | 8.8 | 1.7 |
| Gross profit margin | % | 29.5 | 28.9 |
| Total income margin | % | 34.5 | 33.9 |
| Operating expenses as a percentage of turnover | % | 24.7 | 24.2 |
| Increase in operating expenses | % | 14.8 | 8.1 |
| Increase/(decrease) in operating profit | % | 14.5 | 4.9 |
| Operating profit margin | % | 9.8 | 9.7 |
| Inventory days | | 82 | 85 |
| Trade debtor days | | 6 | 7 |
| Trade creditor days | | 58 | 55 |
| Net working capital days | | 30 | 37 |
| Number of stores | | 970 | 921 |
| as at 28 February 2023 | | 921 | 858 |
| opened/acquired ² | | 53 | 71 |
| closed | | (4) | (8) |
| Number of pharmacies | | 718 | 691 |
| as at 28 February 2023 | | 691 | 646 |
| new/converted | | 30 | 53 |
| closed | | (3) | (8) |
| Total leased area | m ² | 539 487 | 523 691 |
| Weighted retail trading area | m ² | 441 425 | 420 712 |
| Weighted annual sales per m ² | R | 72 339 | 67 517 |
| Number of permanent employees | | 18 206 | 16 866 |
| Capital expenditure | R | 275 718 | 259 983 |

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

² Opened/acquired stores excludes 187 Sorbet franchise stores, but includes 7 corporate stores

| Distribution | | Intragroup elimination | | Total operations | |
|------------------|------------------|------------------------|------------------|------------------|------------------|
| 29 February 2024 | 28 February 2023 | 29 February 2024 | 28 February 2023 | 29 February 2024 | 28 February 2023 |
| 335 044 | 282 571 | - | - | 2 633 499 | 2 443 186 |
| 37 731 | 55 912 | - | - | 3 353 518 | 2 874 607 |
| 189 719 | 158 836 | - | - | 950 855 | 710 059 |
| 96 276 | 96 277 | - | - | 208 244 | 102 806 |
| 2 668 678 | 2 101 379 | (186 848) | (149 716) | 7 576 991 | 6 692 060 |
| 2 507 850 | 2 926 188 | (789 559) | (748 965) | 2 465 704 | 2 958 128 |
| 53 353 | (12 038) | - | - | 853 059 | 1 155 523 |
| 3 551 221 | 3 163 075 | (4 017 326) | (3 660 735) | 548 810 | 526 349 |
| 9 439 872 | 8 772 200 | (4 993 733) | (4 559 416) | 18 590 680 | 17 462 718 |
| 12 126 | 3 774 | - | - | 140 684 | 94 697 |
| 36 317 | 52 689 | - | - | 3 703 699 | 3 231 190 |
| 4 100 950 | 3 968 261 | (796 444) | (755 850) | 9 137 929 | 8 071 611 |
| 17 735 | 11 767 | - | - | 235 158 | 203 542 |
| 564 194 | 564 197 | (4 015 398) | (3 658 807) | 137 441 | 133 905 |
| 4 731 322 | 4 600 688 | (4 811 842) | (4 414 657) | 13 354 911 | 11 734 945 |
| 4 708 550 | 4 171 512 | (181 891) | (144 759) | 5 235 769 | 5 727 773 |
| 8 148 381 | 8 045 869 | (3 627 382) | (3 415 705) | 21 804 067 | 20 005 786 |
| 76 537 | 51 580 | (28 131) | (20 861) | 5 147 251 | 4 473 179 |
| 707 201 | 655 137 | (139 147) | (117 244) | 1 438 497 | 1 300 911 |
| 783 738 | 706 717 | (167 278) | (138 105) | 6 585 748 | 5 774 090 |
| (587 502) | (530 324) | 131 893 | 116 254 | (4 722 903) | (4 132 444) |
| (35 757) | (23 452) | - | - | (821 040) | (716 436) |
| (1 333) | (1 928) | 839 | 824 | (101 733) | (90 866) |
| (196 350) | (172 555) | - | - | (2 420 722) | (2 130 179) |
| (353 128) | (331 747) | 131 054 | 115 430 | (1 378 330) | (1 200 459) |
| (934) | (642) | - | - | (1 078) | 5 496 |
| 196 236 | 176 393 | (35 385) | (21 851) | 1 862 845 | 1 641 646 |
| 1.3 | (1.8) | 6.2 | 6.6 | 9.0 | 2.3 |
| 1.6 | 1.1 | - | - | 5.5 | 4.7 |
| - | - | - | - | 8.8 | 1.7 |
| 0.9 | 0.6 | - | - | 23.6 | 22.4 |
| 9.6 | 8.8 | - | - | 30.2 | 28.9 |
| 7.2 | 6.6 | - | - | 21.7 | 20.7 |
| 10.8 | 13.3 | - | - | 14.3 | 8.6 |
| 11.2 | (36.6) | - | - | 13.5 | (1.4) |
| 2.4 | 2.2 | - | - | 8.5 | 8.2 |
| 61 | 48 | - | - | 86 | 81 |
| 44 | 47 | - | - | 29 | 32 |
| 77 | 69 | - | - | 71 | 66 |
| 28 | 26 | - | - | 44 | 47 |
| - | - | - | - | 970 | 921 |
| - | - | - | - | 921 | 858 |
| - | - | - | - | 53 | 71 |
| - | - | - | - | (4) | (8) |
| - | - | - | - | 718 | 691 |
| - | - | - | - | 691 | 646 |
| - | - | - | - | 30 | 53 |
| - | - | - | - | (3) | (8) |
| - | - | - | - | 539 487 | 523 691 |
| - | - | - | - | 441 425 | 420 712 |
| - | - | - | - | 72 339 | 67 517 |
| 535 | 610 | - | - | 18 741 | 17 476 |
| 37 965 | 90 569 | - | - | 313 683 | 350 552 |

Accounting policies and notes

1.1. These condensed consolidated financial statements for the six months ended 29 February 2024 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports and the requirements of the Companies Act of South Africa. The Listings Requirements require condensed consolidated interim financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The information contained in the condensed consolidated interim financial statements has neither been audited nor reviewed by the group's external auditors. These condensed consolidated interim 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 interim financial statements for the six months ended 29 February 2024, are in terms of IFRS Accounting Standards and are consistent with those applied in the Audited Annual Financial Statements for the year ended 31 August 2023.

- 1.2. Related party transactions for the current period are similar to those disclosed in the group's annual financial statements for the year ended 31 August 2023. No significant related party transactions arose during the current period.
- 1.3. During the period, the group repurchased and cancelled 3 098 334 Clicks Group Limited ordinary shares. Refer to the statement of changes in equity.
- 1.4. The carrying values of all financial instruments approximate 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 are 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 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 | Unaudited six months to 29 February 2024 | Six months to 28 February 2023 | Year to 31 August 2023 |
|--|--|-----------------------------------|---------------------------|
| The group's revenue from contracts with customers is disaggregated as disclosed below: | | | |
| Goods sold to customers | 21 804 067 | 20 005 786 | 41 621 681 |
| Other income | 1 438 497 | 1 300 911 | 2 846 623 |
| Distribution and logistics fees | 552 553 | 596 194 | 1 283 509 |
| Cost recoveries and other | 885 944 | 704 717 | 1 563 114 |
| Revenue from contracts with customers | 23 242 564 | 21 306 697 | 44 468 304 |
| Financial income | 46 044 | 46 735 | 92 228 |
| Revenue | 23 288 608 | 21 353 432 | 44 560 532 |

1.7. Headline earnings reconciliation

| R'000 | Unaudited six months to 29 February 2024 | Six months to 28 February 2023 | % change | Year to 31 August 2023 |
|--|---|--------------------------------------|-------------|------------------------------|
| Total profit for the period | 1 271 728 | 1 151 756 | 10.4 | 2 537 528 |
| Adjusted for: | | | | |
| Loss on disposal of property, plant and equipment | 2 338 | 508 | | 7 381 |
| Total tax effects of adjustments | (631) | (137) | | (1 993) |
| Headline earnings | 1 273 435 | 1 152 127 | 10.5 | 2 542 916 |
| Headline earnings per share (cents) | 533.6 | 472.2 | 13.0 | 1044.5 |
| Diluted headline earnings per share (cents) | 533.6 | 472.2 | 13.0 | 1044.5 |

Store footprint

| | Clicks | Clicks Baby | The Body Shop | Sorbet | Total retail |
|---|------------|-------------|---------------|----------|--------------|
| Number of stores at 29 February 2024 | 897 | 5 | 61 | 7 | 970 |
| as at 28 February 2023 | 857 | 4 | 60 | - | 921 |
| opened/acquired | 44 | 1 | 1 | 7 | 53 |
| closed | (4) | - | - | - | (4) |
| Presence in Clicks stores at 29 February 2024 | | | 257 | | |
| Number of pharmacies at 29 February 2024 | 718 | | | | 718 |
| as at 28 February 2023 | 691 | | | | 691 |
| new/converted | 30 | | | | 30 |
| closed | (3) | | | | (3) |
| Number of clinics at 29 February 2024 | 204 | | | | |

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 | |
|---|----------------------|---------------|---|----------------------|---------------|
| | February 2024 | February 2023 | | February 2024 | February 2023 |
| Public Investment Corporation (SA) | 18.4 | 16.9 | South Africa and rest of Africa | 39.0 | 31.3 |
| JPMorgan Asset Management (UK and US) | 6.2 | 5.8 | Offshore holdings | 61.0 | 68.7 |
| GIC (Singapore) | 5.7 | 3.8 | USA and Canada | 26.6 | 32.7 |
| BlackRock (US and UK) | 4.6 | 4.8 | United Kingdom and Ireland | 12.5 | 13.0 |
| Federated Hermes (UK) | 4.2 | 2.8 | Europe | 11.5 | 13.6 |
| RBC Global Asset Management (UK, US and Canada) | 4.1 | 4.0 | Other countries | 10.4 | 9.4 |
| The Vanguard Group (US) | 4.0 | 3.9 | | | |
| T. Rowe Price (UK and US) | 3.7 | 5.4 | | | |
| <i>No longer managing 3% or more:</i> | | | | | |
| Fidelity Management & Research (US) | 0.2 | 3.7 | | | |
| William Blair Investment Management (US) | 1.1 | 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 period during the current and previous financial periods.

Current ratio

Current assets at period-end divided by current liabilities at period-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 period divided by the weighted average number of shares in issue for the period.

Diluted earnings per share

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

Headline earnings per share

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

Diluted headline earnings per share

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

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 period 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 period-end

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

Inventory days

Closing inventory at period-end divided by the annualised cost of merchandise sold during the period, multiplied by 366/365 days.

Issued shares

Ordinary 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 period-end multiplied by the number of ordinary shares in issue at period-end.

Net asset value per share

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

Net tangible asset value per share

Net assets at period-end, less intangible assets (such as goodwill and trademarks), divided by the number of ordinary shares in issue at period-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 period 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 period-end divided by diluted headline earnings per share for the period.

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 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.

Return on shareholders' interest ("ROE")

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

Return on total assets ("ROA")

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

Return on net assets ("RONA")

Operating profit as defined for RONA divided by average net assets for the period 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 period 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).

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 period relative to the previous period expressed as a percentage of the weighted average selling price of the same sample of products for the previous period. Only products sold in both the current and previous periods 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 the period-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 period-end (adjusted to exclude VAT) divided by the annualised cost of merchandise sold during the period, multiplied by 366/365 days.

Trade debtor days

Closing trade debtors at period-end (adjusted to exclude VAT) divided by the annualised sales for the period, multiplied by 366/365 days.

Treasury shares

Issued shares in Clicks Group Limited held by a group company in terms of an approved share repurchase programme.

Weighted average number of shares

The number of ordinary shares in issue, increased by shares issued during the period and reduced by treasury shares purchased or shares cancelled during the period, 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.

CLICKS GROUP LIMITED

INTERIM RESULTS
for the
six months ended
29 February 2024



Agenda

- 01 Review of the period
- 02 Financial results
- 03 Trading performance
- 04 Outlook
- 05 Questions





01

Review of the period

Bertina Engelbrecht

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Review of the period

- Performance continues to prove resilience and defensiveness
 - Diluted HEPS up **13.0%**
- Clicks opened 900th store & ClubCard membership now 11m
- Strong retail turnover and profit growth
- Acquisitions successfully integrated
- UPD implemented new IT systems at Lea Glen DC
- Ongoing investment in renewable energy solutions



02 Financial Results

Gordon Trail

Financial highlights

Turnover up

9.0%

Retail turnover up **12.4%**

UPD reported turnover up 1.3%

Operating margin up

from 8.2% to

8.5%

Diluted HEPS up

13.0%

to 534 cps

Interim dividend up

13.5%

to 210 cps

Cash returned to
shareholders

R2.0 bn

in the six months

Return on equity up

from 41.2% to

43.4%

Turnover

CLICKS GROUP
LIMITED

| R'm | H1 2024 | H1 2023 | % change | % same stores growth | % inflation |
|---------------------|---------------|---------------|------------|----------------------|-------------|
| Retail | 17 283 | 15 376 | 12.4 | 8.8 | 7.4 |
| Distribution | 8 148 | 8 046 | 1.3 | | 1.6 |
| Intragroup turnover | (3 627) | (3 416) | 6.2 | | |
| Total group | 21 804 | 20 006 | 9.0 | | 5.5 |

- Retail turnover benefiting from convenient value positioning and strong growth in beauty & personal care
- UPD growth impacted by systems implementation at Lea Glen and slow growth in hospital occupancy rates

CLICKS GROUP INTERIM RESULTS 2024 7

Total income

CLICKS GROUP
LIMITED

| R'm | H1 2024 | H1 2023 | % change | H1 2024 % margin | H1 2023 % margin |
|--------------------|--------------|--------------|-------------|------------------|------------------|
| Retail | 5 969 | 5 205 | 14.7 | 34.5 | 33.9 |
| Distribution | 784 | 707 | 10.9 | 9.6 | 8.8 |
| Intragroup | (167) | (138) | | | |
| Total group | 6 586 | 5 774 | 14.1 | 30.2 | 28.9 |

- Retail margin driven by strong growth in private label & beauty, Sorbet franchise fees and fewer pharmacy openings this year
- UPD benefiting from the higher SEP increase (maximum of 6.79% vs 3.28% in H1 2023)

CLICKS GROUP INTERIM RESULTS 2024 8

Operating expenditure – Retail

CLICKS GROUP
LIMITED

| R'm | H1 2024 | H1 2023 | % change |
|---------------------------------|--------------|--------------|-------------|
| Depreciation – PPE | 284 | 247 | 14.8 |
| Depreciation – ROU asset | 502 | 446 | 12.5 |
| Occupancy costs | 101 | 90 | 12.8 |
| Employment costs | 2 224 | 1 958 | 13.6 |
| Other operating costs | 1 156 | 977 | 18.2 |
| Total retail costs | 4 267 | 3 718 | 14.8 |
| % of turnover | 24.7% | 24.2% | |
| Finance costs – lease liability | 131 | 95 | 38.0 |

- Comparable retail costs up **8.7%**; acquisitions added 3.0% to cost growth
- Employment costs also impacted by higher incentive provisions for employees
- Other operating costs include electricity, insurance, security & advertising
- IFRS 16 finance costs impacted by increased number of renewals & discount rate

CLICKS GROUP INTERIM RESULTS 2024 9

Operating expenditure – Distribution

CLICKS GROUP
LIMITED

| R'm | H1 2024 | H1 2023 | % change |
|---------------------------------|------------|------------|-------------|
| Depreciation – PPE | 27 | 15 | 83.5 |
| Depreciation – ROU asset | 9 | 8 | 0.4 |
| Occupancy costs | 1 | 2 | (30.9) |
| Employment costs | 197 | 173 | 13.8 |
| Other operating costs | 354 | 332 | 6.5 |
| Total distribution costs | 588 | 530 | 10.8 |

- Depreciation of PPE driven by investment in systems
- Employment costs increased to maintain service levels during Lea Glen systems rollout

CLICKS GROUP INTERIM RESULTS 2024 10

Operating profit

CLICKS GROUP
LIMITED

| R'm | H1 2024 | H1 2023 | % change | H1 2024 % margin | H1 2023 % margin |
|--------------------|--------------|--------------|-------------|------------------|------------------|
| Retail | 1 702 | 1 487 | 14.5 | 9.8 | 9.7 |
| Distribution | 196 | 176 | 11.2 | 2.4 | 2.2 |
| Intragroup | (35) | (21) | | | |
| Total group | 1 863 | 1 642 | 13.5 | 8.5 | 8.2 |

- Benefit of growth in higher margin categories and private label in Retail
- UPD recovering from prior year systems implementations

CLICKS GROUP INTERIM RESULTS 2024 11

Inventory

CLICKS GROUP
LIMITED

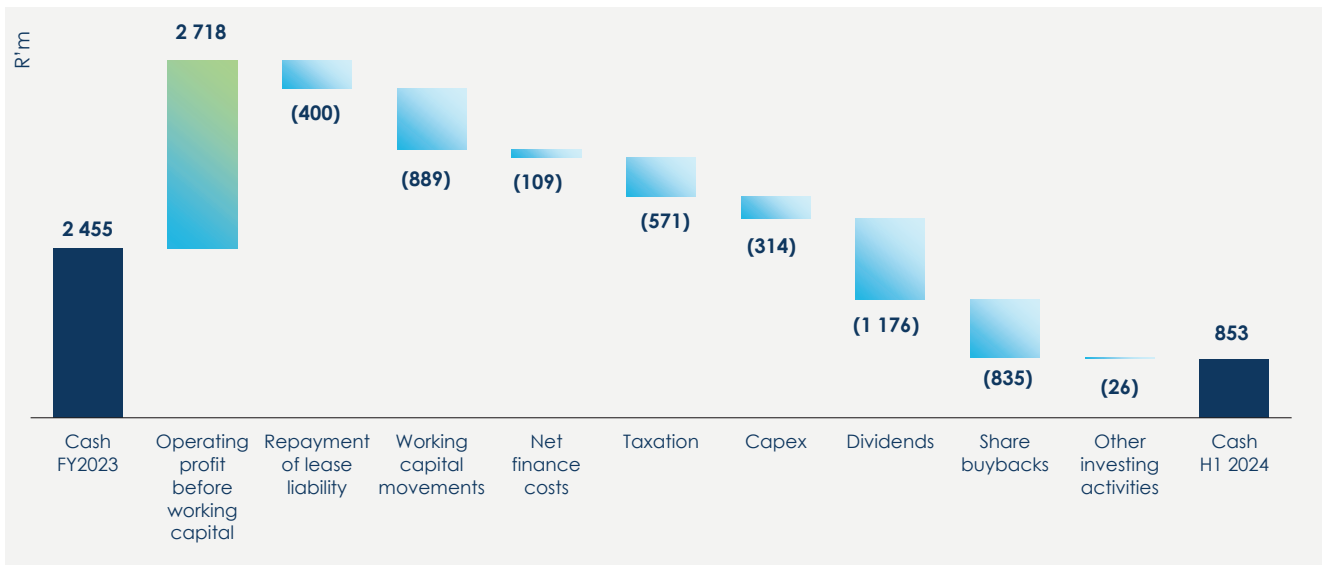
| | Days in stock | | Inventory (R'm) | | |
|----------------------|---------------|-----------|-----------------|--------------|-------------|
| | H1 2024 | H1 2023 | H1 2024 | H1 2023 | % change |
| Retail | 82 | 85 | 5 095 | 4 740 | 7.5 |
| Distribution | 61 | 48 | 2 669 | 2 101 | 27.0 |
| Intragroup inventory | | | (187) | (149) | |
| Total group | 86 | 81 | 7 577 | 6 692 | 13.2 |

- Retail inventories well managed
- UPD stocked up ahead of higher SEP increase
- Group net working capital days down from 47 to 44 days

CLICKS GROUP INTERIM RESULTS 2024 12

Cash management for the six months

CLICKS GROUP
LIMITED



CLICKS GROUP INTERIM RESULTS 2024 13

Capital expenditure

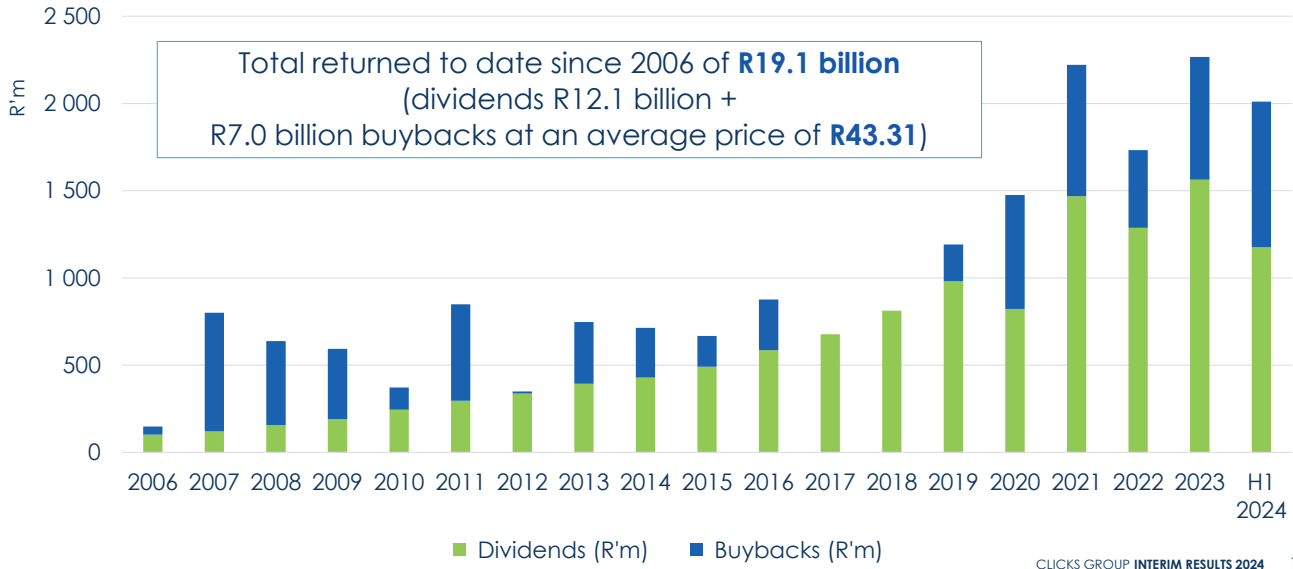
CLICKS GROUP
LIMITED

- **R920m** capex planned for FY2024
 - R514m on stores:
 - 50 – 55 new Clicks stores and 10 – 20 new pharmacies
 - 50 – 60 store refurbishments
 - R406m on infrastructure:
 - R76m on UPD IT and warehouse equipment
 - R330m on retail systems and infrastructure

CLICKS GROUP INTERIM RESULTS 2024 14

Capital returned to shareholders

CLICKS GROUP LIMITED



CLICKS GROUP INTERIM RESULTS 2024 15



CLICKS GROUP LIMITED

03

Trading Performance

Bertina Engelbrecht

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Clicks business review

Retail sales performance



| | % change | % contribution |
|--------------------------|-------------|----------------|
| Pharmacy | 8.7 | 26.2 |
| Front shop health | 9.5 | 24.7 |
| Beauty and personal care | 17.1 | 33.3 |
| General merchandise | 14.0 | 15.8 |
| Total turnover | 12.4 | 100.0 |

- Comparable stores turnover growth of 8.8%
 - Inflation 7.4%
 - Volume growth of 1.4%

Market shares



| % | H1 2024 | H1 2023 |
|-------------------------------|---------|---------|
| Health | | |
| Retail pharmacy* | 24.3 | 23.5 |
| Front shop health** | 33.2 | 32.7 |
| Baby** | 21.0 | 21.3 |
| Beauty | | |
| Skincare** | 44.1 | 42.9 |
| Haircare** | 33.3 | 32.9 |
| Personal care** | 21.8 | 20.6 |
| General merchandise | | |
| Small electrical appliances** | 19.1 | 19.5 |

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

CLICKS GROUP INTERIM RESULTS 2024 19

Performance and strategy



• Maintaining **value**

- Price competitive with all national retailers
- Promotional sales +14.0% to 44.7% of turnover
- R387m cashback paid to ClubCard members in the six months
- In pharmacy, generics +9.4% to 60% of sales and 69% of volume

| Clicks price index* vs: | |
|-------------------------|-------|
| Retailer A | 97.1% |
| Retailer B | 98.3% |
| Retailer C | 99.7% |
| Retailer D | 95.1% |

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



CLICKS GROUP INTERIM RESULTS 2024 20

Performance and strategy



- **Differentiating** our product offer
 - Private label up 14.3% to 26.1% of sales (front shop 30.9%, pharmacy 11.7%)
 - New look Beauty hall now in 36 stores
 - Five Clicks Baby stores and four store-in-stores performing strongly
 - Sorbet salons total turnover up 14.9%
 - The Body Shop franchise agreement extended to 2032

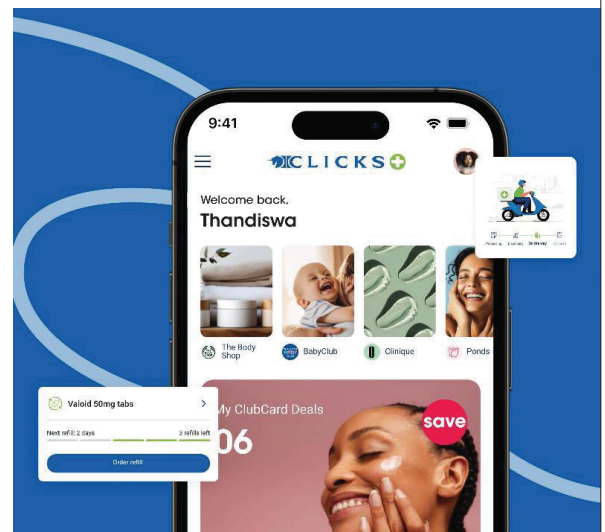


CLICKS GROUP INTERIM RESULTS 2024 21

Performance and strategy



- Engaging customers through **personalisation**
 - 11.0m active ClubCard members, 82.0% of sales
 - New look Clicks app launched
 - New pharmacy management system to be rolled out to 50 pharmacies in H2 of 2024



CLICKS GROUP INTERIM RESULTS 2024 22

Performance and strategy



- Extending **convenience**

- 902* Clicks stores with 718 pharmacies
- 223 stores located in low income areas (22.2% of retail turnover)
- 51% of population < 5.0km of a pharmacy
- Planning for rollout of M-Kem format
- Further investment in online capability
 - New dark store in Cape Town reducing delivery times
 - Added in-store stock availability to online site

* Includes 5 Clicks Baby stores

| Format | Total |
|--------------|------------|
| Convenience | 681 |
| Destination | 221 |
| Total | 902 |



CLICKS GROUP INTERIM RESULTS 2024 23

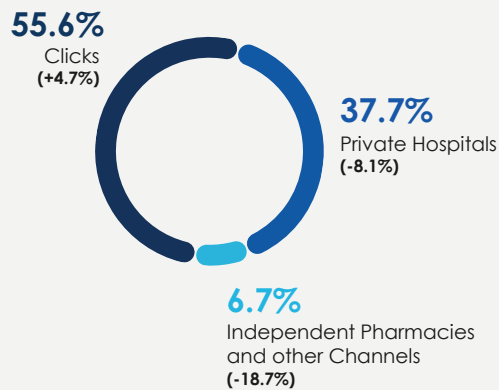


CLICKS GROUP LIMITED

UPD business review

CLICKS GROUP INTERIM RESULTS 2024 24

Fine wholesale turnover



- Wholesale turnover down 2.3% (Q2 +5.7%)
- Short-term impact of systems change on Clicks and hospital purchases
- Lower activity in hospitals
- Wholesale market share down from 28.4% to 27.5%*

* MAT per IQVIA

CLICKS GROUP INTERIM RESULTS 2024 25

Review of the period



- Total managed turnover -6.4%
 - Non-renewal of two contracts (annual turnover of R3bn)
 - Provides capacity for growth in other bulk contracts
 - Will be exiting rented DCs as leases expire
- Generic medicines +6.2% in value (75% of volume)
- SAP ERP and Knapp WMS implementation update
 - Lea Glen DC implementation completed in Q1
 - Clicks Pharmacy purchasing compliance recovered from 93% in H1 2023 to 96%, but targeted to improve to 98%

CLICKS GROUP INTERIM RESULTS 2024 26



04

Outlook

Bertina Engelbrecht

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Outlook for H2 2024

- Consumer environment will remain constrained due to continued impact of inflation & load shedding and disruption of elections
- Accelerating opening of Clicks stores – planning **50 - 55** in FY2024
- Awaiting approval of Unicorn restructure from DoH
- UPD to continue to recover post systems implementation and will benefit further from the SEP increase
- Increased production and use of renewable energy
- Earnings forecast for FY2024: **10 - 15%** growth in dHEPS



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'.

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.

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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.

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)
BD Engelbrecht
(Chief Executive Officer)
RJD Inskip *
NNA Matyumza *
MJN Njeke *
SS Ntsaluba *
PM Osiris * (née Moumakwa)
KC Ramon *
GD Traill ^ (Chief Financial Officer)

* Independent non-executive

^ British

Company secretary

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

Auditors

KPMG Inc.

Principal bankers

FirstRand Bank Limited

JSE sponsor

Investec Bank Limited

Transfer secretaries

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

Investor relations consultants

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



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