CLICKS GROUP LIMITED



Annual financial statements

2026

Contents

Directors' responsibility statement	2
Certificate by the company secretary	2
Directors' responsibility	2
Directors' report	3
Audit and risk committee report	4
Independent auditor's report	7
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated statement of cash flows	13
Segmental analysis	14
Material accounting policies	15
Notes to the financial statements	25
Company statement of comprehensive income	50
Company statement of financial position	50
Company statement of changes in equity	50
Company statement of cash flows	51
Notes to the company statement of cash flows	51
Interest in subsidiary companies	52
Analysis of shareholders	53
Corporate information	55
Shareholders' diary	55

Reporting suite 2026



The integrated report is the group's primary reporting medium and is supplemented by additional reports and information.

All reports are available online at www.clicksgroup.co.za

Financial reporting
- Annual financial statements 2026
- Five-year financial review
- Annual results 2026
- Annual results 2026 presentation

Governance
- Corporate governance and King V report 2026
- Social and ethics committee report 2026

Annual general meeting
- Notice to shareholders
- Form of proxy

Sustainability
- Sustainability report 2026

Remuneration
- Remuneration report 2026

Annual financial statements for the year ended 31 August 2026

These are the annual financial statements of the group and the company for the year ended 31 August 2026.

They have been prepared under the supervision of the chief financial officer, GD Traill (CA).



Report navigation

Page reference

Online reference

As a leader in the healthcare market Clicks Group is committed to increasing access to affordable healthcare for all South Africans. Clicks is the country's leading health, wellness and beauty retailer and foremost pharmacy chain, with an expanding network of over 1 100 stores and 840 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.

CLICKS
UniCare
Trusted Health
THE BODY SHOP
Sorbet
kwaMakhi
UPD

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the annual financial statements and group annual financial statements of Clicks Group Limited,

comprising the statements of financial position at 31 August 2026; the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of material accounting policies and other explanatory notes, in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards) and the requirements of the Companies Act of South Africa and including the audit and risk committee report on page 4. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and the group to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead. The financial statements have accordingly been prepared on this basis.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The consolidated and separate annual financial statements of Clicks Group Limited, as identified in the first paragraph, were approved by the board of directors on 6 November 2026 and signed by:



Mfundiso Njeke
Independent non-executive chairman



Bertina Engelbrecht
Chief executive officer



Gordon Traill
Chief financial officer

Cape Town
6 November 2026

Certificate by the company secretary

I certify that Clicks Group Limited has filed all Clicks Group returns and notices as required by a public company in terms of section 88(2)(e) of the Companies Act No. 71 of 2008, as amended, and that such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.



Annalize Barnard
Company secretary

Cape Town
6 November 2026

Directors' responsibility

The chief executive officer and the chief financial officer hereby confirm, in accordance with the JSE Listings Requirements paragraph 5.9 that:

(a) the annual financial statements set out on pages 10 to 52, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS® Accounting Standards;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the group and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the group;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and, where required, have taken steps to remedy the deficiencies; and

(f) we are not aware of any fraud involving directors.



Bertina Engelbrecht
Chief executive officer



Gordon Traill
Chief financial officer

Cape Town
6 November 2026

Directors' report

Nature of business

The company is an investment holding company listed in the Food and Drug Retailers sector of the JSE Limited. Its subsidiaries house South Africa's leading health and beauty retailer and its leading pharmaceutical distributor and wholesaler, amongst other businesses. The company operates in southern Africa.

Group financial results

The results of operations for the year are set out in the consolidated statement of comprehensive income on page 10. The profit attributable to ordinary shareholders for the year is R3 318.6 million (2025: R3 236.3 million).

Share capital

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

235 930 939	Ordinary shares issued at 31 August 2025
(4 220 674)	Repurchase and cancellation of shares: September 2025 – August 2026
231 710 265	Ordinary shares issued at 31 August 2026

Dividends to shareholders

Interim

The directors approved an interim dividend of 258.0 cents per ordinary share (2025: 238.0 cents per ordinary share).

Final

The directors have approved a final ordinary dividend of 667.0 cents per ordinary share (2025: 648.0 cents per ordinary share).

The source of such dividends will be from distributable reserves. The dividend will be payable on 25 January 2027 to shareholders registered on 22 January 2027.

Events after the financial year-end

The following significant event took place between the end of the financial year and the date of this report:

- the declaration of the final dividend; and
- the group increased its shareholding in the premium beauty retailer ARC Stores to 61.0%, through the acquisition of a further 35.3% interest for R507 million. The transaction remains subject to approval by the competition authorities.

Directors and secretary

The names of the directors in office at the date of this report are:

Independent non-executive directors

Mfundiso Njeke (chairman)
Richard Inskip
Nomgando Matyumza
Penelope Moumakwa
Sango Ntsaluba
Christine Ramon
Bertie van Sittert

Executive directors

Chief executive officer: Bertina Engelbrecht

Chief financial officer: Gordon Traill

The company secretary's details are set out on page 55.

Retirement and re-election of directors

Bertina Engelbrecht, Richard Inskip and Christine Ramon retire by rotation and are recommended to shareholders for re-election to the board. Bertie van Sittert, who was appointed as a non-executive director by the board after the 2026 AGM, will also retire voluntarily at the 2027 AGM and will be recommended by the board for election by shareholders.

Directors' interest in shares

Gordon Traill – on-market purchase of 2 931 shares on 8 December 2025 by a subsidiary for the benefit of the director in terms of the company's minimum shareholding requirement policy.

Bertina Engelbrecht – on-market purchase of 3 100 shares on 23 January 2026.

Gordon Traill – on-market purchase of 3 060 shares on 23 January 2026.

Gordon Traill – on-market purchase of 13 000 shares on 29 June 2026.

Bertina Engelbrecht – on-market purchase of 20 000 shares on 3 July 2026.

Incentive schemes

Information relating to the incentive schemes is set out on pages 36 to 39.

Special resolutions

Special resolutions passed at the annual general meeting held on 29 January 2026:

Special Resolution No. 1:
General authority to repurchase shares

Special Resolution No. 2:
Approval of directors' fees

Special Resolution No. 3:
General approval to provide financial assistance

Subsidiary companies

The names of the company's main subsidiaries and financial information relating thereto appear on page 52.

Audit and risk committee report

The Clicks Group audit and risk committee is a formal statutory committee in terms of the Companies Act and sub-committee of the board. The committee functions in accordance with the board-approved terms of reference and complies with relevant legislation, regulation and governance codes. This report of the audit and risk committee is presented to shareholders in compliance with the requirements of the Companies Act and the revised King Code of Governance Principles (King V).

Role of the committee

The audit and risk committee (the committee) has an independent role with accountability to both the board and to shareholders.
The committee's responsibilities include the statutory duties prescribed by the Companies Act, activities recommended by King V as well as additional responsibilities assigned by the board.

Integrated reporting

- Review the annual financial statements, interim reports, preliminary results announcement and summarised integrated information and ensure compliance with IFRS® Accounting Standards;
- Monitor the adequacy and effectiveness of the internal control framework on financial reporting to support the CEO and CFO annual attestation;
- Consider the frequency of interim reports and whether interim results should be assured;
- Review and approve the appropriateness of accounting and tax policies, disclosure policies and the effectiveness of internal financial controls;
- Recommend the interim and final dividend proposal to the board;
- Perform an oversight role on the group's integrated reporting and consider factors and risks that could impact on the integrity of the integrated report;
- Review sustainability disclosure in the integrated report and ensure it does not conflict with financial information;
- Consider external assurance of material sustainability issues; and
- Recommend the integrated report for approval by the board.

Combined assurance

- Ensure the combined assurance model addresses all significant risks facing the group; and
- Monitor the relationship between external and internal assurance providers and the group.

Finance function

- Consider the expertise and experience of the chief financial officer; and
- Consider the expertise, experience and resources of the group's finance function.

Internal audit

- Oversee the functioning of the internal audit department and approve the appointment and performance assessment of the group head of internal audit;
- Approve the annual internal audit plan; and
- Ensure the internal audit function is subject to independent quality review as appropriate.

Information technology (IT) governance

- Focus on strategic alignment, operational resilience and risk mitigation of the organisation's IT infrastructure;
- Ensure oversight of the enterprise resource planning (ERP) system upgrade; evaluate and approve a governance framework, approve a capital expenditure budget and assess vendor dependencies;
- Monitor legacy data clean-up and migration; and
- Consider the cybersecurity framework and specifically address data migration vulnerabilities and third-party risks.

Risk management

- Ensure the group maintains an effective enterprise risk management framework that is fully embedded across the business and promotes a strong, risk-aware culture;
- Monitor the group's key and emerging risks to confirm risk mitigation and response strategies are adequate and consistent with the defined risk appetite;
- Monitor implementation of the risk management policy and plan;
- Review the group's IT strategic plan and monitor the operational activities in line with business priorities;
- Make recommendations to the board on levels of risk tolerance and risk appetite; and
- Review the group's insurance arrangements to ensure that the key risks are appropriately covered and aligned to business needs.

External audit

- Nominate the external auditor for appointment by shareholders;
- Approve the terms of engagement and remuneration of the auditor;
- Ensure the appointment of the auditor complies with relevant legislation;
- Monitor and report on the independence of the external auditor;
- Define a policy for non-audit services which the auditor may provide and approve non-audit service contracts;
- Review the quality and effectiveness of the external audit process; and
- Ensure a process is in place for the committee to be informed of any reportable irregularities identified by the external auditor.

Audit and risk committee report *continued*

Composition of the committee

The executive directors, group head of internal audit and senior management attend meetings at the invitation of the committee, together with the external auditor.

The committee also meets separately with the external and internal auditors, without members of executive management being present. The committee comprised four independent non-executive directors during the period. These directors include suitably skilled directors having recent and relevant financial experience. The committee is elected by shareholders at the annual general meeting.

The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process.

The following non-executive directors currently serve on the audit and risk committee:

Independent non-executive director	Qualifications
Sango Ntsaluba	BCom, BCompt (Hons), H Dip Tax Law, MCom (Development Finance), CA (SA)
Nomgando Matyumza	BCom, BCompt (Hons), CA (SA), LLB
Richard Inskip	BCom
Christine Ramon	BCompt, BCompt (Hons), CA (SA), Senior Executive Programme (Harvard)

At the 2027 annual general meeting Mr Inskip, Ms Matyumza, Mr van Sittert and Ms Ramon will be recommended to shareholders for election to the audit and risk committee.

Biographical details of the committee members appear on pages 29 to 31 of the integrated annual report, with supplementary information contained in annexures to the notice of annual general meeting.

Fees paid to the committee members for 2026 and the proposed fees for 2027 are disclosed on page 22 of the remuneration report.

Internal audit

The internal audit function provides information to assist in the establishment and maintenance of an effective system of internal control to manage the risks associated with the business. The role of internal audit is contained in the internal audit charter. The charter is reviewed annually and is aligned with the recommendations of King V and the Global Internal Audit Standards.

Internal audit is responsible for assessing the adequacy and effectiveness of the following:

- Governance processes, including ethics;
- The risk methodology and internal financial controls; and
- Business processes and associated controls in accordance with the annual audit plan and combined assurance model.

The internal audit function is established by the board and its responsibilities are determined by the committee. Administratively the group head of internal audit reports to the chief financial officer who, in turn, reports to the chief executive officer. The group head of internal audit has direct and unrestricted access to the chairman of the committee. The group head of internal audit is appointed and removed by the committee, which also determines and recommends remuneration for the position. The chairman of the committee meets with the group head of internal audit on a regular basis.

Internal control

Systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against misstatement or loss.

While the board is responsible for the internal control systems and for reviewing their adequacy and effectiveness, responsibility for their actual implementation and maintenance rests with executive management. The systems of internal control are based on established organisational structures, together with written policies and procedures, and provide for suitably qualified employees, segregation of duties, clearly defined lines of authority and accountability. They also include cost and budgeting controls, and comprehensive management reporting.

Internal financial controls

The committee has considered the results of the formal documented review of the company's system of internal financial controls and risk management, including the design, implementation and effectiveness of the internal financial controls, conducted by the internal audit function during the 2026 financial year. The committee has also assessed information and explanations given by management and discussions with the external auditor on the results of the audit. Through this process nothing has come to the committee's or board's attention that indicates the internal financial controls are ineffective or do not provide a sound basis for the preparation of reliable financial statements.

External audit

The committee appraised the independence, expertise and objectivity of KPMG Inc. as the external auditor, as well as approving the terms of engagement and the fees paid to KPMG.

The external auditor has unrestricted access to the group's records and management. The auditor furnishes a written report to the committee on significant findings arising from the annual audit and can raise matters of concern directly with the chairman of the committee.

The group has received confirmation from KPMG that the partners and staff responsible for the audit comply with all legal and professional requirements with regards to rotation and independence. The committee is satisfied that KPMG is independent of the company and complies with the JSE Listings Requirements.

The audit partner in charge of the audit is Ivan Engels.

This is KPMG's third year as auditor of the group and is considered independent. The audit and risk committee members are satisfied with the quality of work produced by the external auditors and are not aware of any adverse quality indicators.

Audit and risk committee report *continued*

Policy on non-audit services

Non-audit services provided by the external auditor may not exceed 25% of the total auditors' remuneration. These services should exclude any work which may be subject to external audit and which could compromise the auditor's independence. All non-audit services undertaken during the year were approved in accordance with this policy.

During the year KPMG will receive fees of R1.4 million (2025: R1.4 million) for non-audit services, equating to 10.4% (2025: 10.4%) of the total audit remuneration. These services related mainly to agreed-upon procedures for third-party confirmation, advisory services and the assurance (ISAE 3402) of the systems related to distribution services provided by UPD to third parties.

KPMG satisfied the committee that appropriate safeguards have been adopted to maintain the independence of the external auditor when providing non-audit services.

Activities of the committee

The committee met four times during the financial year and attendance at the meetings is detailed in the corporate governance report in the integrated annual report on page 34. Members of the committee, the external auditor and the group head of internal audit may request a non-scheduled meeting if they consider this necessary. The chairman of the committee will determine if such a meeting should be convened.

Minutes of the meetings of the committee, except those recording private meetings with the external and internal auditors, are circulated to all directors and supplemented by an update from the committee chairman at each board meeting. Matters requiring action or improvement are identified and appropriate recommendations made to the board.

The chairman of the committee attends all statutory shareholder meetings to answer any questions on the committee's activities.

The committee performed the following activities relating to the audit function during the year under review, with certain of these duties being required in terms of the Companies Act:

- Recommended to the board and shareholders the appointment of the external auditors, approved their terms of engagement and remuneration, and monitored their independence, objectivity and effectiveness;
- In alignment with King V, the audit committee provided rigorous oversight of the group's IT infrastructure and reviewed the artificial intelligence (AI) policy;
- Through a robust combined assurance framework, the committee evaluated internal controls over automated financial processes into the enterprise risk management model and monitored cybersecurity resilience;
- Maintained close governance oversight over the implementation and control readiness of the ongoing IT systems upgrade programme;
- The committee confirmed that executive leadership and internal audit possess the digital fluency required to manage our evolving technological footprint;
- Determined the nature and extent of any non-audit services which the external auditor may provide to the group and preapproved any proposed contracts with the external auditors;
- Reviewed the group's internal financial control and financial risk management systems;
- Monitored and reviewed the effectiveness of the group's internal audit functions;
- Reviewed and recommended to the board for approval the integrated annual report and annual financial statements; and
- Evaluated the effectiveness of the committee.

An overview of the risk management process and function is set out in the corporate governance report on the Clicks website.

Evaluation of chief financial officer and finance function

The committee is satisfied that the expertise and experience of the chief financial officer is appropriate to meet the responsibilities of the position. This is based on the qualifications, levels of experience, continuing professional education and the board's assessment of the financial knowledge of the chief financial officer.

The committee is also satisfied as to the appropriateness, expertise and adequacy of resources of the finance function and the experience of senior members of management responsible for the finance function.

Focus areas for 2027 financial year

- Further enhancing the group's sound IT general control environment through proactive oversight of control improvements and timely remediation of potential deficiencies;
- Maintain oversight of technology-enabled financial reporting risks, including automated controls and the governance of AI-enabled solutions and tools;
- Consider cyber resilience, third-party assurance, fraud and payment controls, and material regulatory or litigation-related financial reporting implications;
- The committee will maintain focus on post-IT systems implementation governance. This includes monitoring the long-term effectiveness of the remapped internal controls, maintaining data governance standards and tracking the realisation of commercial efficiencies;
- Maintain focus on master data clean-up and stabilisation; and
- Oversee the ongoing refinement of the combined assurance model to support King V reporting requirements and improve group-wide co-ordination, effectiveness and efficiency of assurance activities.

Approval of the audit and risk committee report

The committee confirms that it has functioned in accordance with its terms of reference for the 2026 financial year and that its report to shareholders has been approved by the board.



Christine Ramon
Chairman: Audit and risk committee

6 November 2026

Independent auditor's report

To the shareholders of Clicks Group Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Clicks Group Limited (the Group and Company) set out on pages 10 to 52, which comprise the consolidated statement of financial position at 31 August 2026, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated statement of cash flows, segmental analysis, material accounting policies, notes to the financial statements, the company statement of financial position at 31 August 2026, company statement of comprehensive income, company statement of changes in equity, company statement of cash flows for the year then ended, notes to the company statement of cash flows and interest in subsidiary companies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Clicks Group Limited as at 31 August 2026, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code), as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the consolidated and separate financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated and separate financial statements as a whole as follows:

	Consolidated financial statements	Separate financial statements
Final materiality	R226 million which represents 5% (rounded) of profit before tax	R34 million which represents 1% (rounded) of total assets
Rationale for benchmark and percentage applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. The percentages applied to the benchmarks were based on our professional judgement after consideration of qualitative factors that impact both the Group and Company.	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most likely to be measured by users when evaluating an investment holding company and is a generally accepted benchmark.

Group audit scope

Our risk assessment procedures performed determined our audit scope considering which components of the Group are likely to include risks of material misstatement to the consolidated financial statements. In performing this assessment, we consider the size and risk profile of the components in the Group, the organisational structure, the Group's system of internal controls and the effectiveness of Group-wide controls and any changes in the business environment.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be performed at each component either by us, as the Group auditor, or by component auditors under our instruction to address the identified risks of material misstatement.

In total, we identified 27 components, having considered our evaluation of the risks of material misstatement to the consolidated financial statements. Of those, we identified four components at which further audit procedures were performed on the entire financial information of the component, either because audit evidence needed to be obtained on all or a significant proportion of the component's financial information, or that component represents a pervasive risk of material misstatement to the consolidated financial statements.

We have not identified any components at which further audit procedures were performed on one or more classes of transactions, account balances or disclosures based on the assessed risks of material misstatement to the consolidated financial statements.

Accordingly, we performed audit procedures on four components, of which we involved component auditors in performing the audit work on one component.

We also performed an analysis at an aggregate Group level on the remaining financial information, where procedures were not performed, to re-examine our assessment that there is less than a reasonable possibility of a material misstatement in this remaining financial information.

We considered the scope of the audit, as communicated to the Audit and Risk Committee, to be an appropriate basis for our audit opinion.

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted risk assessment and planning discussion meetings with component auditors to discuss the Group audit risks relevant to the respective components.

As Group auditor, we engaged with the component auditors to assess the audit risks and strategy relating to their respective components. During these engagements, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further audit procedures required by us were then performed by the component auditors.

We also inspected the work performed by component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

Independent auditor's report *continued*

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in respect of the separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Inventory valuation and classification of vendor income

Refer to the Significant accounting estimates and judgements – Allowance for net realisable value of inventories, Rebates received from vendors and the accounting policy for revenue with reference to advertising income and notes 1 – Revenue and 17 – Inventories to the financial statements.

Key audit matter	How the matter was addressed in our audit
At 31 August 2026 the Group held inventory at a carrying value of R8 690 million. In accordance with IAS 2 – Inventories (IAS 2), inventory is measured at the lower of cost and net realisable value. The Group sells a wide range of pharmacy, front-shop health, beauty and personal care and general merchandise products. This increases the risk that, as demand changes, inventories may need to be sold below their recorded cost. In arriving at the carrying value of inventory at the lower of cost and net realisable value, management identifies slow-moving and obsolete inventories and determines the related inventory allowance. The determination of this allowance requires judgement and includes comparing inventory holdings to projected likely future sales less selling costs, using factors existing at the reporting date. The valuation of inventory is also impacted by purchase incentives and rebates received from vendors, which are reflected in the cost of inventory or cost of merchandise sold, as appropriate. Other arrangements with vendors may give rise to income for distinct services provided by the Group, which is recognised as revenue in accordance with IFRS 15 – Revenue from Contracts with Customers. Determining the appropriate accounting treatment and classification of these vendor arrangements requires consideration of the nature and terms of the underlying arrangements. As a result of the significant audit effort required to assess the judgements made by management in determining the net realisable value of inventory and the appropriate accounting treatment and classification of income and rebates arising from vendor arrangements, the valuation of inventory and classification of vendor income were considered a key audit matter in our audit of the consolidated financial statements.	Our procedures included the following: **Inventory valuation** • We obtained an understanding of management's process for determining inventory allowances and evaluated the design and implementation of relevant controls. • We assessed management's methodology for determining inventory allowances against the requirements of IAS 2. • We compared the Group's obsolescence allowance, as a percentage of inventory on hand, with prior periods and considered the reasonableness of changes in the context of current and expected market conditions. • We tested management's calculation of the obsolescence allowance by agreeing selected inputs to the underlying inventory records, testing mathematical accuracy, and challenging key assumptions with reference to indicators of inventory obsolescence. • We assessed the accounting treatment of vendor rebates and other related costs against the requirements of IAS 2 and independently recalculated their allocation between closing inventory and cost of merchandise sold, including assessing the period of purchases represented by inventory held at the reporting date. **Vendor income classification** • We selected a sample of vendor agreements and assessed the nature and substance of the underlying arrangements. • We independently assessed whether the related vendor income was appropriately recognised as revenue in accordance with IFRS 15 or as a reduction in the cost of merchandise sold or closing inventory in accordance with IAS 2 and compared our assessment with management's classification. • We inspected relevant calculations and supporting documentation to assess whether any necessary reclassification adjustments had been appropriately reflected in the consolidated financial statements. • We assessed the appropriateness of the related presentation and disclosures in the consolidated financial statements. Based on the above procedures performed, we found the valuation of inventory and the classification of vendor income to be appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Clicks Group Limited Integrated Report 2026" and in the document titled "Clicks Group Limited consolidated and separate Financial Statements for the year ended 31 August 2026", which includes the Directors' Report, the Audit and risk committee report and the Certificate by the company secretary, as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report *continued*

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards) 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Clicks Group Limited for three years.

KPMG Inc.

KPMG Inc.

Per IM Engels

Chartered Accountant (SA)
Registered Auditor
Director

6 November 2026

Consolidated statement of comprehensive income

for the year ended 31 August

	Notes	2026 R'000	2025 R'000
Revenue	1	**54 408 683**	51 426 992
Turnover	1	**50 414 003**	47 828 079
Cost of merchandise sold	17	**(38 712 883)**	(36 428 426)
Gross profit		**11 701 120**	11 399 653
Other income	1	**3 913 599**	3 461 208
Total income		**15 614 719**	14 860 861
Expenses		**(10 716 652)**	(10 182 338)
Depreciation and amortisation	2	**(1 961 098)**	(1 811 683)
Occupancy costs	3	**(226 419)**	(212 044)
Employment costs	4	**(5 409 353)**	(5 282 102)
Other costs	5	**(3 114 169)**	(2 873 327)
Impairment allowance – IFRS 9 ECL	18	**(5 613)**	(3 182)
Trading profit		**4 898 067**	4 678 523
(Loss)/Profit on disposal of property, plant and equipment		**(5 937)**	2 810
Profit before financing costs		**4 892 130**	4 681 333
Net financing expense	6	**(368 049)**	(242 970)
Financial income	1, 6	**81 081**	137 705
Financial expense	6	**(449 130)**	(380 675)
Profit before earnings from associates		**4 524 081**	4 438 363
Share of profit/(loss) of associates	13	**25**	(4 935)
Profit before taxation		**4 524 106**	4 433 428
Income tax expense	7	**(1 203 476)**	(1 197 095)
Profit for the year		**3 320 630**	3 236 333
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss, net of tax			
Remeasurement of post-employment benefit obligations		**(1 351)**	2 892
Items that may be subsequently reclassified to profit or loss, net of tax			
Exchange differences on translation of foreign subsidiaries	22	**(11 963)**	(10 702)
Cash flow hedges		**(15 786)**	16 125
Cost of hedging reserve		**(13 603)**	(19 921)
Other comprehensive income for the year, net of tax		**(42 703)**	(11 606)
Total comprehensive income for the year		**3 277 927**	3 224 727
Profit attributable to:			
Owners of the parent		**3 318 643**	3 236 333
Non-controlling interest		**1 987**	–
		3 320 630	3 236 333
Total comprehensive income attributable to:			
Owners of the parent		**3 275 940**	3 224 727
Non-controlling interest		**1 987**	–
		3 277 927	3 224 727
Earnings per share (cents)	8	**1 419.8**	1 362.6
Diluted earnings per share (cents)	8	**1 419.8**	1 362.6

Consolidated statement of financial position

at 31 August

	Notes	2026 R'000	2025 R'000
ASSETS			
Non-current assets		**9 165 878**	8 351 031
Property, plant and equipment	9	**3 328 858**	3 087 950
Right-of-use assets	25	**4 062 428**	3 685 047
Intangible assets	10	**1 057 260**	941 551
Goodwill	11	**240 295**	215 371
Deferred tax assets	12	**51 336**	72 968
Investment in associates	13	**51 151**	12 501
Loans receivable	14	**137 480**	127 980
Financial assets at fair value through profit or loss	15	**237 070**	207 663
Current assets		**14 960 074**	14 240 885
Inventories	17	**8 689 968**	7 818 704
Trade and other receivables	18	**3 947 173**	3 139 516
Income tax receivable		**1 506**	2 011
Loans receivable	14	**20 000**	24 884
Cash and cash equivalents		**2 301 427**	3 255 770
Total assets		**24 125 952**	22 591 916
EQUITY AND LIABILITIES			
Total equity		**6 805 608**	6 857 593
Share capital	19	**2 318**	2 360
Share premium	19	**1 064 953**	1 064 953
Cash flow hedge reserve	20	**(363)**	(2 937)
Cost of hedging reserve		**(1 839)**	(4 233)
Foreign currency translation reserve	22	**(31 498)**	(19 535)
Distributable reserve		**5 763 308**	5 816 985
Equity attributable to owners of the parent		**6 796 879**	6 857 593
Non-controlling interest		**8 729**	–
Non-current liabilities		**3 234 523**	2 922 669
Lease liabilities	25	**3 012 422**	2 708 327
Deferred tax liabilities	12	**51 533**	26 922
Employee benefits	24	**170 568**	187 420
Current liabilities		**14 085 821**	12 811 654
Trade and other payables	26	**12 108 566**	10 912 537
Lease liabilities	25	**1 476 872**	1 334 154
Employee benefits	24	**294 890**	400 710
Income tax payable		**204 011**	155 572
Derivative financial liabilities	16	**1 482**	8 681
Total equity and liabilities		**24 125 952**	22 591 916

Consolidated statement of changes in equity

for the year ended 31 August

	Number of shares (Note 19) '000	Share capital (Note 19) R'000	Share premium (Note 19) R'000	Cash flow hedge reserve (Note 20) R'000	Cost of hedging reserve R'000	Foreign currency translation reserve (Note 22) R'000	Distributable reserve R'000	Equity attributable to owners of the parent R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 September 2024	238 062	2 381	1 064 953	(8 532)	(4 950)	(8 833)	5 240 520	6 285 539	–	6 285 539
Transactions with owners, recorded directly in equity										
Dividends paid to shareholders (refer note 27)	–	–	–	–	–	–	(1 911 348)	(1 911 348)	–	(1 911 348)
Shares repurchased and cancelled	(2 131)	(21)	–	–	–	–	(751 412)	(751 433)	–	(751 433)
Total transactions with owners	(2 131)	(21)	–	–	–	–	(2 662 760)	(2 662 781)	–	(2 662 781)
Total comprehensive income for the year	–	–	–	16 125	(19 921)	(10 702)	3 239 225	3 224 727	–	3 224 727
Profit for the year	–	–	–	–	–	–	3 236 333	3 236 333	–	3 236 333
Remeasurement of post-employment benefit obligations	–	–	–	–	–	–	2 892	2 892	–	2 892
Cash flow hedge reserve	–	–	–	16 125	–	–	–	16 125	–	16 125
Cost of hedging reserve	–	–	–	–	(19 921)	–	–	(19 921)	–	(19 921)
Exchange differences on translation of foreign subsidiaries	–	–	–	–	–	(10 702)	–	(10 702)	–	(10 702)
Transfer of reserves to inventories	–	–	–	(10 530)	20 638	–	–	10 108	–	10 108
Balance at 31 August 2025	**235 931**	**2 360**	**1 064 953**	**(2 937)**	**(4 233)**	**(19 535)**	**5 816 985**	**6 857 593**	–	**6 857 593**
Transactions with owners, recorded directly in equity										
Dividends paid to shareholders (refer note 27)	**–**	**–**	**–**	**–**	**–**	**–**	**(2 117 131)**	**(2 117 131)**	**–**	**(2 117 131)**
Shares repurchased and cancelled	**(4 221)**	**(42)**	**–**	**–**	**–**	**–**	**(1 253 838)**	**(1 253 880)**	**–**	**(1 253 880)**
Total transactions with owners	**(4 221)**	**(42)**	**–**	**–**	**–**	**–**	**(3 370 969)**	**(3 371 011)**	**–**	**(3 371 011)**
Total comprehensive income for the year	**–**	**–**	**–**	**(15 786)**	**(13 603)**	**(11 963)**	**3 317 292**	**3 275 940**	**1 987**	**3 277 927**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**3 318 643**	**3 318 643**	**1 987**	**3 320 630**
Remeasurement of post-employment benefit obligations	**–**	**–**	**–**	**–**	**–**	**–**	**(1 351)**	**(1 351)**	**–**	**(1 351)**
Cash flow hedge reserve	**–**	**–**	**–**	**(15 786)**	**–**	**–**	**–**	**(15 786)**	**–**	**(15 786)**
Cost of hedging reserve	**–**	**–**	**–**	**–**	**(13 603)**	**–**	**–**	**(13 603)**	**–**	**(13 603)**
Exchange differences on translation of foreign subsidiaries	**–**	**–**	**–**	**–**	**–**	**(11 963)**	**–**	**(11 963)**	**–**	**(11 963)**
Transfer of reserves to inventories	**–**	**–**	**–**	**18 360**	**15 997**	**–**	**–**	**34 357**	**–**	**34 357**
Non-controlling interest on acquisition of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6 742**	**6 742**
Balance at 31 August 2026	**231 710**	**2 318**	**1 064 953**	**(363)**	**(1 839)**	**(31 498)**	**5 763 308**	**6 796 879**	**8 729**	**6 805 608**

Consolidated statement of cash flows

for the year ended 31 August

The statement of cash flows has been prepared by applying the indirect method.

	Notes	2026 R'000	2025 R'000
Cash effects from operating activities			
Profit before working capital changes		**6 921 822**	6 533 617
Working capital changes		**(652 278)**	72 848
Cash generated by operations		**6 269 544**	6 606 465
Interest income		**81 081**	136 070
Interest paid	6	**(431 473)**	(363 958)
Taxation paid		**(1 116 048)**	(1 166 561)
Settlement of derivative financial asset used to hedge the long-term incentive scheme		**–**	29 224
Cash inflow from operating activities before dividends paid		**4 803 104**	5 241 240
Dividends paid to shareholders	27	**(2 117 131)**	(1 911 348)
Net cash effects from operating activities		**2 685 973**	3 329 892
Cash effects from investing activities			
Investment in property, plant and equipment and intangible assets to maintain operations		**(306 359)**	(311 839)
Investment in property, plant and equipment and intangible assets to expand operations		**(859 247)**	(672 689)
Proceeds from disposal of property, plant and equipment		**2 779**	3 903
Acquisition of subsidiary		**(13 268)**	–
Acquisition of investments		**–**	(7 046)
Acquisition of associate		**(8 625)**	–
Investment in associate		**(30 000)**	–
Repayment of loan by associate		**10 000**	2 500
Other loans receivable (advanced)/repaid		**(12 796)**	17 667
Insurance proceeds on property, plant and equipment		**–**	5 986
Net cash effects from investing activities		**(1 217 516)**	(961 518)
Cash effects from financing activities			
Shares repurchased		**(1 253 880)**	(751 433)
Repayment of lease liabilities		**(1 168 920)**	(1 066 132)
Net cash effects from financing activities		**(2 422 800)**	(1 817 565)
Net (decrease)/increase in cash and cash equivalents		**(954 343)**	550 809
Cash and cash equivalents at the beginning of the year		**3 255 770**	2 704 961
Cash and cash equivalents at the end of the year		**2 301 427**	3 255 770

Notes to the consolidated statement of cash flows

for the year ended 31 August

	2026 R'000	2025 R'000
Cash flow information		
Profit before working capital changes		
Profit before taxation	**4 524 106**	4 433 428
Adjustment for:		
Non-cash flow items:	**2 023 730**	1 860 029
Depreciation and amortisation	**2 053 162**	1 881 982
Fair value adjustments on financial assets at fair value through profit or loss	**(29 407)**	(26 888)
Share of (profit)/loss of associates	**(25)**	4 935
Items presented elsewhere in the consolidated statement of cash flows:	**5 937**	(2 810)
Loss/(Profit) on disposal of property, plant and equipment	**5 937**	(2 810)
Net financing expense	**368 049**	242 970
	6 921 822	6 533 617
Working capital changes		
Increase in inventories	**(861 453)**	(753 496)
Increase in trade and other receivables	**(792 035)**	(82 234)
Increase in trade and other payables	**1 143 390**	870 691
(Decrease)/Increase in employee benefits	**(142 180)**	37 887
	(652 278)	72 848
Tax paid		
Income tax payable at the beginning of the year	**(153 561)**	(144 254)
Income tax – acquisition	**(1 853)**	–
Normal tax charged to profit or loss	**(1 163 139)**	(1 175 868)
Income tax payable at the end of the year	**202 505**	153 561
	(1 116 048)	(1 166 561)
Cash and cash equivalents at the end of the year		
Current accounts	**238 847**	602 818
Short-term deposits	**62 580**	25 352
Money market fund*	**2 000 000**	2 627 600
	2 301 427	3 255 770

* Low-risk corporate money market fund convertible into cash within one business day and held for short-term requirements.

	2026 R'000	2025 R'000
Acquisition of subsidiary		
Effective 31 October 2025, the group acquired 74% of the issued share capital of Mr First Aid Proprietary Limited. The cash paid to obtain control was as follows:		
Total purchase price paid in cash	**26 640**	–
Less: Cash of Mr First Aid Proprietary Limited	**(13 372)**	–
Cash paid to obtain control net of cash acquired	**13 268**	–
Acquisition of investments		
Sorbet Group Proprietary Limited acquired corporate stores during the prior financial year. The cash paid was as follows:		
Total purchase price paid in cash	**–**	7 046
Less: Cash of corporate stores	**–**	–
Cash paid to obtain control net of cash acquired	**–**	7 046
Investment in associate		
The group acquired an additional 3% interest in Mistragystix Proprietary Limited on 5 September 2025. The cash paid was as follows:		
Total purchase price paid in cash	**30 000**	–

Segmental analysis

for the year ended 31 August

R'000		Retail[1] (Note 34)		Distribution (Note 34)		Intragroup elimination		Total operations	
		31 August 2026	31 August 2025	31 August 2026	31 August 2025	31 August 2026	31 August 2025	31 August 2026	31 August 2025
Statement of financial position									
Property, plant and equipment		**2 930 474**	2 707 259	**398 384**	380 691	**–**	–	**3 328 858**	3 087 950
Right-of-use assets		**4 054 204**	3 671 255	**8 224**	13 792	**–**	–	**4 062 428**	3 685 047
Intangible assets		**884 307**	761 496	**172 953**	180 055	**–**	–	**1 057 260**	941 551
Goodwill		**144 019**	119 095	**96 276**	96 276	**–**	–	**240 295**	215 371
Inventories		**5 950 890**	5 612 761	**2 779 563**	2 264 789	**(40 485)**	(58 846)	**8 689 968**	7 818 704
Trade and other receivables		**1 252 854**	886 244	**3 879 982**	3 331 882	**(1 185 663)**	(1 078 610)	**3 947 173**	3 139 516
Cash and cash equivalents		**2 275 203**	3 213 931	**26 224**	41 839	**–**	–	**2 301 427**	3 255 770
Other assets		**975 349**	938 552	**5 889 568**	4 561 820	**(6 366 374)**	(5 052 365)	**498 543**	448 007
Total assets		**18 467 300**	17 910 593	**13 251 174**	10 871 144	**(7 592 522)**	(6 189 821)	**24 125 952**	22 591 916
Lease liabilities		**4 483 040**	4 028 763	**6 254**	13 718	**–**	–	**4 489 294**	4 042 481
Employee benefits – non-current		**157 949**	172 946	**12 619**	14 474	**–**	–	**170 568**	187 420
Trade and other payables		**7 050 142**	7 519 079	**6 250 972**	4 478 955	**(1 192 548)**	(1 085 497)	**12 108 566**	10 912 537
Employee benefits – current		**274 326**	365 734	**20 564**	34 976	**–**	–	**294 890**	400 710
Other liabilities		**6 116 396**	4 736 769	**505 076**	504 805	**(6 364 446)**	(5 050 399)	**257 026**	191 175
Total liabilities		**18 081 853**	16 823 291	**6 795 485**	5 046 928	**(7 556 994)**	(6 135 896)	**17 320 344**	15 734 323
Net assets		**385 447**	1 087 302	**6 455 689**	5 824 216	**(35 528)**	(53 925)	**6 805 608**	6 857 593
Statement of comprehensive income									
Turnover		**39 126 351**	37 554 480	**20 376 749**	18 658 096	**(9 089 097)**	(8 384 497)	**50 414 003**	47 828 079
Gross profit		**11 593 650**	11 047 800	**76 025**	217 069	**31 445**	134 784	**11 701 120**	11 399 653
Other income		**2 565 526**	2 204 423	**1 752 114**	1 625 918	**(404 041)**	(369 133)	**3 913 599**	3 461 208
Total income		**14 159 176**	13 252 223	**1 828 139**	1 842 987	**(372 596)**	(234 349)	**15 614 719**	14 860 861
Expenses		**(9 839 422)**	(9 320 813)	**(1 268 188)**	(1 218 133)	**390 958**	356 608	**(10 716 652)**	(10 182 338)
Depreciation and amortisation		**(1 873 482)**	(1 730 655)	**(87 616)**	(81 028)	**–**	–	**(1 961 098)**	(1 811 683)
Occupancy costs		**(225 287)**	(210 499)	**(2 847)**	(3 231)	**1 715**	1 686	**(226 419)**	(212 044)
Employment costs		**(5 024 649)**	(4 897 092)	**(384 704)**	(385 025)	**–**	15	**(5 409 353)**	(5 282 102)
Other costs		**(2 716 025)**	(2 478 855)	**(787 387)**	(749 379)	**389 243**	354 907	**(3 114 169)**	(2 873 327)
Impairment recovery/(allowance) – IFRS 9 ECL		**21**	(3 712)	**(5 634)**	530	**–**	–	**(5 613)**	(3 182)
Trading profit		**4 319 754**	3 931 410	**559 951**	624 854	**18 362**	122 259	**4 898 067**	4 678 523
Ratios									
Increase in turnover	%	**4.2**	6.0	**9.2**	5.1	**8.4**	8.2	**5.4**	5.3
Selling price inflation	%	**1.5**	2.6	**0.6**	1.3	**–**	–	**1.2**	2.1
Comparable stores turnover growth	%	**1.8**	4.3	**–**	–	**–**	–	**1.8**	4.3
Gross profit margin	%	**29.6**	29.4	**0.4**	1.2	**–**	–	**23.2**	23.8
Total income margin	%	**36.2**	35.3	**9.0**	9.9	**–**	–	**31.0**	31.1
Operating expenses as a percentage of turnover	%	**25.1**	24.8	**6.2**	6.5	**–**	–	**21.3**	21.3
Increase in operating expenses	%	**5.6**	7.9	**4.1**	1.9	**–**	–	**5.2**	6.7
Increase/(Decrease) in trading profit	%	**9.9**	8.4	**(10.4)**	9.0	**–**	–	**4.7**	12.1
Trading profit margin	%	**11.0**	10.5	**2.7**	3.3	**–**	–	**9.7**	9.8
Inventory days		**79**	77	**50**	45	**–**	–	**82**	78
Trade debtor days		**4**	5	**47**	48	**–**	–	**28**	29
Trade creditor days		**57**	64	**88**	71	**–**	–	**77**	73
Number of stores[2]		**1 110**	1 060	**–**	–	**–**	–	**1 110**	1 060
as at 31 August 2024/2025		**1 060**	1 002	**–**	–	**–**	–	**1 060**	1 002
opened/acquired		**60**	63	**–**	–	**–**	–	**60**	63
closed		**(10)**	(5)	**–**	–	**–**	–	**(10)**	(5)
Number of pharmacies		**840**	780	**–**	–	**–**	–	**840**	780
as at 31 August 2024/2025		**780**	720	**–**	–	**–**	–	**780**	720
new/converted		**64**	62	**–**	–	**–**	–	**64**	62
closed		**(4)**	(2)	**–**	–	**–**	–	**(4)**	(2)
Total leased area	m^2	**618 193**	591 002	**–**	–	**–**	–	**618 193**	591 002
Weighted retail trading area	m^2	**503 420**	474 516	**–**	–	**–**	–	**503 420**	474 516
Weighted annual sales per m^2	R	**76 951**	78 432	**–**	–	**–**	–	**76 951**	78 432
Number of permanent employees		**20 689**	19 601	**527**	501	**–**	–	**21 216**	20 102

The intragroup turnover elimination for the year comprises R9 089.1 million (2025: R8 384.5 million) of sales from Distribution to Retail.
[1] Retail includes Clicks + The Body Shop + Group Services + Sorbet + 180 Degrees Marketing + KwaMakhi + UniCare.
[2] Total stores excludes 193 Sorbet franchise stores, but includes 18 corporate stores.

Material accounting policies

Clicks Group Limited is a company domiciled in South Africa. The consolidated financial statements as at and for the year ended 31 August 2026 comprise the company, its subsidiaries and associates (collectively referred to as "the group").

Basis of preparation

The consolidated financial statements for the group and the separate financial statements for the company are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the South African Companies Act.

The financial statements are presented in South Africa Rand (Rands), rounded to the nearest thousand. They are prepared on the basis that the group and the company are going concerns, using the historical cost basis of measurement, except for certain financial instruments which have been measured at fair value. The accounting policies set out below have been applied consistently in all material respects to all periods presented in these consolidated financial statements.

The preparation of financial statements in accordance with IFRS® Accounting Standards requires management to make estimates, judgements and assumptions that affect the accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant accounting estimates and judgements

Estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below and disclosed in the relevant notes to the financial statements.

Allowance for net realisable value of inventories

The group evaluates its inventory to ensure that it is carried at the lower of cost or net realisable value. Provision is made against slow moving, obsolete and damaged inventories. Damaged inventories are identified and written down through the inventory counting procedures conducted within each business. Allowance for slow moving and obsolete inventories is assessed by each business as part of their ongoing financial reporting. Obsolescence is assessed based on comparison of the level of inventory holding to the projected likely future sales less selling costs using factors existing at the reporting date. Refer to note 17 for further detail.

Rebates received from vendors

The group enters into agreements with many of its vendors providing for inventory purchase rebates based upon achievement of specified volumes of purchases, with many of these agreements applying to the calendar year. For certain agreements, the rebates increase as a proportion of purchases as higher quantities or values of purchases are made relative to the prior period. The group accrues the receipt of vendor rebates as part of its cost of sales for products sold, taking into consideration the cumulative purchases of inventory to date. Rebates are accrued monthly, with an extensive reassessment of the rebates earned being performed at the reporting date. Consequently, the rebates actually received may vary from that accrued in the financial statements.

Impairment of financial assets

At the reporting date the group recognises a loss allowance for financial assets.

Trade receivables: The loss allowances for financial assets recognised by the group at the reporting date are based on the assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions. These assumptions are based on the group's history, existing market conditions as well as forward-looking information at the end of each reporting period.

The group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (by product type and revenue stream, i.e. pharmacy, wholesale and rebate debtors).

The provision matrix is initially based on the group's historical observed default rates. The group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. pharmaceutical regulations) are expected to deteriorate over the next year, which can lead to an increased number of defaults in pharmacy debtors, the historical default rates are adjusted. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the group's trade receivables is disclosed in note 18.

The determination of recoverability is established using the ECL model. Refer to note 18 for further detail.

Impairment of non-financial assets

Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually.

Intangible assets with a finite useful life and property, plant and equipment are considered for impairment when an indication of possible impairment exists. In determining the recoverable amount, defined as the higher of its fair value less costs of disposal and its value in use, recent market transactions are considered. If no such transactions can be identified an appropriate valuation model is used.

Intangible assets with an indefinite useful life: The group assesses intangible assets with an indefinite useful life for impairment annually or whenever there is an indication of potential impairment. The group evaluates the carrying value of intangible assets with an indefinite useful life by comparing their recoverable amount to their carrying amounts. The recoverable amount is determined based on the higher of the asset's fair value less costs to sell or its value in use. Fair value is determined using appropriate valuation techniques. Value in use is calculated by discounting estimated future cash flows generated by the asset.

Details of the assumptions used in the intangible assets' impairment test are detailed in note 10.

Goodwill: Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated.

The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable pre-tax discount rate that is reflective of the cash-generating unit's risk profile, in order to calculate the value in use. Details of the assumptions used in the impairment test are detailed in note 11.

Assessment of useful lives and residual values of property, plant and equipment and right-of-use assets: Assessments of estimated useful lives and residual values are performed annually after considering factors such as technological innovation, maintenance programmes, relevant market information and management consideration. In assessing residual values, the group considers the remaining life of the asset, its projected disposal value and future market conditions. The group assesses the right-of-use assets for impairment upon identification of any impairment indicators.

Material accounting policies *continued*

Income tax

The group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the provision for tax as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax issues based on estimates of the taxes that are likely to become due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Refer to note 7 for further detail.

Deferred tax

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. The group assesses how uncertain tax positions affect the determination of income tax and deferred income tax. The group also considers whether tax authorities will accept certain tax treatments, determines the probabilities of the acceptance and the impact on income tax and deferred income tax. Refer to note 12 for further detail.

Employee benefits liabilities

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are performed to assess the financial position of the relevant funds and are based on assumptions which include mortality rates, healthcare inflation, the expected long-term rate of return on investments, the discount rate and current market conditions. Additionally, the group operates a long-term incentive scheme, which involves significant estimates. Valuation of the scheme is based on performance metrics, expected payout rates, and other relevant assumptions. Refer to note 24 for further detail, including the valuation methodology, key assumptions and any sensitivity analysis conducted.

Measurement of share-based payments

The cumulative expense recognised in terms of the group's share-based payment scheme reflects the extent, in the opinion of management, to which the vesting period has expired and the number of rights to options granted that will ultimately vest. At the end of each reporting date the unvested rights are adjusted by the number forfeited during the period to reflect the actual number of instruments outstanding. Management is of the opinion that this represents the most accurate estimate of the number of instruments that will ultimately vest. The fair value attached to share options granted is valued using the Monte Carlo option pricing model. The key assumptions used in the calculation include estimates of the group's expected share price volatility, dividend yield, risk-free interest rate and forfeiture rate.

Clicks ClubCard customer loyalty scheme

The ClubCard points earned by customers provide them with a material right to obtain a credit in future, which results in a performance obligation on the group to fulfil. The transaction price is allocated to the product and the points on a relative standalone selling price basis. When estimating the standalone selling price of the loyalty points, the group considers the likelihood that the customer will redeem the points. The redemption rate is based on historical experience, which is subject to uncertainty.

Insurance cell captive

The group has determined that it does not have control over its insurance cell captive as the assets and liabilities are considered to belong to the insurer and not the investee. The cell captive has therefore not been consolidated and, as the group is exposed to financial risk rather than insurance risk, the group has accounted for its investment as a financial asset at fair value through profit or loss in accordance with IFRS 9.

Valuation of lease liabilities and right-of-use assets

The application of IFRS 16 requires the group to make judgements and estimates that affect the valuation of lease liabilities and the valuation of right-of-use assets. These include determining contracts in the scope of IFRS 16, the lease term and the interest rate used for discounting future cash flows.

The group generally enters into property leases with renewal options. The lease term determined by the group generally comprises non-cancellable periods of lease contracts, periods covered by an option to extend the lease if the group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option. The same term is applied as economic useful life of right-of-use assets.

The group applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive to exercise either the renewal or termination. The group has concluded that at the inception of the lease, there are significant uncertainties as to whether the group may exercise the extension options. Therefore, renewal periods for property leases are generally not included as part of the lease term as these are not reasonably certain to be exercised at the commencement date.

After the commencement date the group will reassess the lease term upon the occurrence of a significant event or change in circumstances that are within the control of the group and affect whether the group is reasonably certain or not to exercise an option not previously included in its determination of the lease term. The group will also reassess its estimation of the non-cancellable period for any lease terminating within 12 months. Any change to the non-cancellable period will be considered a change in estimate and will be applied prospectively. The carrying amount of the lease liability is adjusted to reflect the payments to be made over the revised term, which are discounted at the revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term.

The group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects which rate the group could borrow at, which requires estimation when no observable rates are available.

The group uses a portfolio approach when determining the discount rate as lease terms are similar and are concluded under similar economic conditions. The majority of leases are concluded in South Africa and are negotiated at a group level. The group estimates the IBR using observable inputs (such as the Johannesburg Interbank Average Rate (JIBAR)) and adjusts it with certain entity-specific estimates such as a credit spread applicable to the lease term and a group-specific discount, taking into account the group's credit rating observed in the period when the lease contract commences or is modified.

Material accounting policies *continued*

Basis of consolidation

The group financial statements include the financial statements of the company and subsidiaries that it controls. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and could affect those returns through its power over the investee.

The group considers all relevant facts and circumstances in assessing whether it has the power over an investee and reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. The financial results of subsidiaries are included in the consolidated financial statements from the date that control was obtained and, where applicable, up to the date that control ceased. All intragroup transactions and balances, including any unrealised gains and losses arising from intragroup transactions, are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. The company carries its investments in subsidiaries at cost less accumulated impairment.

Fair value measurement

The group measures financial instruments, such as derivatives and certain investments at fair value, at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments does not reasonably approximate their fair value at each reporting date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input (other than quoted prices included in Level 1) that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between the levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Goodwill

Goodwill is initially measured at cost, being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the gain from a bargain purchase is recognised in profit or loss. After initial recognition goodwill is measured at cost less any accumulated impairment losses.

Contingent consideration

In accordance with IFRS 3, Business Combinations, the group recognises and accounts for a contingent consideration arising from business combinations.
The group's contingent consideration represents obligations that arise from the group's commitment to transfer additional assets to the acquiree upon the occurrence of specified future events. The group's contingent consideration is initially recognised at fair value at the acquisition date as part of the purchase consideration. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.
The group periodically reassesses the fair value of the contingent consideration, taking into account any new information and developments that may affect the probability of the contingency's outcome. Any adjustments resulting from these reassessments are recorded in the financial statements in the reporting period in which they occur.

Investment in associates

An associate is an entity in which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.
The group's interests in its associates are accounted for using the equity method.
On initial recognition the investment in associates is recognised at cost and subsequently the carrying amount is increased or decreased to recognise the group's share of the net assets of the associates after the date of acquisition. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The group's share of the associates' profit or loss is recognised in profit or loss, outside of trading profit and represents profit or loss after tax of the associates. Where there has been a change recognised directly in other comprehensive income or equity of the associates, the group recognises its share of any changes and discloses this, where applicable, in the group statement of other comprehensive income or group statement of changes in equity. Distributions received from the associates reduce the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the group and the associates are eliminated to the extent of the group's interest in the associates.
After application of the equity method the group determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associates.
The group determines at each reporting date whether there is objective evidence that the investment in associates is impaired.
If there is such evidence the group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and then recognises the loss in profit or loss. Where the group's interest in associates is reduced but the equity method continues to be applied, the group reclassifies to profit or loss the proportion of the gain or loss previously recognised in other comprehensive income (where appropriate) relative to that reduction in ownership interest. The use of the equity method should cease from the date that significant influence is lost.

Material accounting policies *continued*

Foreign currency

Functional and presentation currency

All items in the financial statements of the group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The group's consolidated financial statements are presented in Rands, which is the company's functional and the group's presentation currency.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of group entities at rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rates of exchange ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rands at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Rands at the average exchange rates for the period. Gains and losses on translation are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the related amount in the FCTR is transferred to profit or loss.

Financial instruments

Initial recognition

The group recognises a financial asset or financial liability when it becomes a party to the contractual provisions of the instrument.

Financial assets

A financial asset is classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. The group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not at fair value through profit or loss. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the group commits to purchase or sell the asset.

Financial liabilities

Classification of financial liabilities

A financial liability is classified, at initial recognition in either of the following categories:

Financial liability at fair value through profit or loss

Financial liabilities classified at fair value through profit or loss are initially recognised at fair value and any gains or losses arising on remeasurement are recognised in profit or loss. This category includes financial instruments, such as forward exchange contracts; or

Financial liabilities at amortised cost

Financial liabilities classified at amortised cost are recognised at fair value plus transaction costs, in the case of a financial liability not at fair value through profit or loss. This category includes trade and other payables.

Subsequent measurement

For purposes of subsequent measurement, the group's financial assets are classified into the following categories:

- financial assets at amortised cost (debt instruments); and
- financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the group. The group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPIs on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group's financial assets at amortised cost includes trade receivables, cash and cash equivalents and loans receivable.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPIs are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments, investments in collective investment schemes and the insurance cell captive.

Cash and cash equivalents

Cash and cash equivalents are categorised as a financial asset at amortised cost and, subsequent to initial recognition, are measured at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in money market instruments, net of bank overdrafts, all of which are available for use by the group unless otherwise stated.

Material accounting policies *continued*

Interest-bearing borrowings

Interest-bearing borrowings are financial liabilities with fixed or determinable payments. Subsequent to initial recognition these financial instruments are measured at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Trade and other payables

Subsequent to initial recognition trade and other payables are measured at amortised cost.

Derivative financial instruments and hedging activities

The group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. Subsequent to initial recognition derivatives are measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Where a derivative financial instrument is used to hedge the variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in a firm commitment, the hedge is classified as a cash flow hedge.

Hedge relationships are formally documented and designated at inception. The documentation includes identification of the hedged item and the hedging instrument, and details the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. If the hedge is not highly effective in off-setting changes in fair values or cash flows attributable to the hedged risk, consistent with the documented risk management strategy, hedge accounting is discontinued.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective portion of the gain or loss on the hedging instrument is recognised in OCI. The ineffective portion is recognised in profit or loss.

When the forecast transaction results in the recognition of a financial asset or financial liability the cumulative gain or loss is reclassified from OCI in the same period in which the hedged forecast cash flows/ hedged item affect profit or loss. Otherwise, the cumulative gain or loss is removed from OCI and recognised in profit or loss at the same time as the hedged transaction. When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

Hedge accounting is discontinued if the hedge no longer meets the criteria for hedge accounting; if the hedging instrument expires or is sold, terminated or exercised; if the forecast transaction is no longer expected to occur; or if hedge designation is revoked. On the discontinuance of hedge accounting (except where a forecast transaction is no longer expected to occur), the cumulative unrealised gain or loss recognised in OCI is reclassified to profit or loss when the forecast transaction occurs and affects profit or loss. Where a forecast transaction is no longer expected to occur the cumulative unrealised gain or loss is recognised immediately in profit or loss.

The group designates the spot element of forward contracts as a hedge instrument. As such, the hedging relationship of the hedge instruments to the hedged risk components is equal but opposite.

Hedge effectiveness testing is based on the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items. Hedge ineffectiveness arises from differences in the timing of the cash flows of the hedged items and the hedging instruments, as well as changes to the forecast amount of cash flows of hedged items and hedging instruments. The forward element is recognised directly in a separate cost of hedging reserve under equity. The forward contracts hedge foreign currency risk relating to inventory purchases. Upon recognition of the inventory the amount accumulated in the cost of hedging reserve is removed from the reserve and recognised directly in the initial cost of inventory. This does not constitute a reclassification adjustment and will therefore be transferred directly out of equity and not through OCI.

Derivatives not qualifying for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership or control of the financial asset are transferred. Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Off-set

Financial assets and financial liabilities are off-set and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment, including owner-occupied buildings, are stated at historical cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost less impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Installation and other costs, which comprise materials and direct labour costs necessarily incurred in order to acquire property, plant and equipment, are also included in cost. When parts of property, plant and equipment have different useful lives they are accounted for as separate items (major components) of property, plant and equipment. Borrowing costs are capitalised in line with the accounting policy outlined under financial expenses. Gains or losses on the disposal of property, plant and equipment, comprising the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss.

Material accounting policies *continued*

Subsequent costs

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits embodied within the item will flow to the group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of the asset in order to reduce the cost of the asset to its residual value. Residual value is the amount that an entity could receive for the asset at the reporting date if the asset were already of the age and the condition that it will be in when the entity expects to dispose of it. Residual value does not include expected future inflation. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Computer equipment	3 to 7 years
Equipment	3 to 10 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Leases

Initial recognition and measurement

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The election for short-term leases is made by class of the underlying asset to which the right of use relates. The election for leases where the underlying asset is of low value is made on a lease-by-lease basis. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The group recognises lease payments in respect of leases of low-value assets and short-term leases that have a lease term of 12 months or less as an expense on a straight-line basis over the lease term.

A right-of-use asset and a lease liability are recognised at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct cost incurred by the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. These include:

- fixed payments, less any lease incentive receivables;
- variable lease payments that depend on a rate, initially measured using the rate as at the commencement date;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors such as sales volume. Variable payments not included in the initial measurement of the lease liability are recognised directly in profit or loss in the period in which the event or condition that triggers payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date since the interest rate implicit in the lease is not readily determinable. After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease term determined by the group comprises:

- non-cancellable periods of lease contracts;
- periods covered by an option to extend the lease if the group is reasonably certain to exercise that option at the inception of the lease; and
- periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option at the inception of the lease.

Subsequent measurement

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation, any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The lease liability is measured by increasing the carrying value to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any lease modifications.

Intangible assets (other than goodwill)

Intangible assets (other than goodwill) are initially recognised at cost if acquired externally, or at fair value if acquired as part of a business combination. Expenditure on internally generated development activity is capitalised if the product or process is technically and commercially feasible, the group has sufficient resources to complete development, the group has intention to complete and use or sell it, it is probable that future economic benefits relating to the asset will flow to the group and the cost can be measured reliably. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the associated intangible asset. Other research and development expenditure is recognised in profit or loss as an expense when incurred. No value is attached to internally developed and maintained trademarks or brand names. Expenditure incurred to maintain trademarks and brand names is recognised in profit or loss as incurred. Intangible assets which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment. Intangible assets that are assessed as having a finite useful life are amortised over their useful lives on a straight-line basis from the date they become available for use and are tested for impairment if indications exist that they may be impaired. Intangible assets with indefinite useful lives are not amortised and are tested annually for impairment. The estimated useful lives of intangible assets for the current and comparative periods are as follows:

Capitalised software development and purchased computer software	3 to 10 years
Contractual rights	5 years
Trademarks	Indefinite useful life
Other trademarks	10 to 20 years

Amortisation methods, residual values and remaining useful lives of intangible assets with finite useful lives are reassessed annually.

Material accounting policies *continued*

Inventories

Merchandise for resale is valued on the weighted average cost basis and is stated at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition and is stated net of purchase incentives.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and sell the product. The cost of merchandise sold includes normal shrinkage, wastage and inventory losses. Obsolete, redundant and slow-moving inventories are identified on a regular basis and are written down to their net realisable value. The carrying amount of inventory is recognised as an expense in the period in which the related revenue is recognised.

Impairment of assets

Non-financial assets

The carrying amounts of the group's non-financial assets other than inventories (see accounting policy note for inventories) and deferred tax assets (see accounting policy note for deferred tax), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date. Whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised in profit or loss. As goodwill is not capable of generating cash flows independently of other assets, in assessing the recoverable amount of goodwill, it is allocated to cash-generating units on a reasonable and consistent basis. Where appropriate, corporate assets are also allocated to cash-generating units on a reasonable and consistent basis. The recoverable amount of the cash-generating unit (including an allocation of goodwill and corporate assets) is assessed with reference to the future cash flows of the cash-generating unit. Where an impairment is identified for a cash-generating unit, the impairment is applied first to the goodwill allocated to the cash-generating unit and then to other assets on a pro rata basis comprising the cash-generating unit, provided that each identifiable asset is not reduced to below its recoverable amount.

Recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and its value in use. Recoverable amounts are estimated for individual assets or, if an asset does not generate largely independent cash flows, for a cash-generating unit. A cash-generating unit is the smallest collection of assets capable of generating cash flows independent of other assets or other cash-generating units. The fair value less costs of disposal is the amount obtainable from the sale of an asset or cash-generating unit in an orderly transaction between market participants at the measurement date.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. The estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment losses

Impairment losses recognised in prior years are assessed at each reporting date for any indicators that the losses have decreased or no longer exist. Reversal of impairment losses recognised in prior years are recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased, either as a result of an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the affected asset is not increased to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior years. The reversal is recorded as income in profit or loss. An impairment loss in respect of goodwill is never reversed.

Financial assets

The group applies the expected credit loss (ECL) model for recognition of the loss allowance on financial instruments at amortised cost. The ECL represents a probability-weighted estimate of credit losses over the expected useful life of the financial instrument. Credit losses are defined as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive. The ECL is calculated as the present value of these expected cash shortfalls, discounted at the financial asset's original effective interest rate if discounting is material. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss for financial assets at amortised cost.

The group applies the simplified approach for ECLs on trade receivables. The simplified approach uses the lifetime ECLs for each class of receivables. A loss rate for each class of receivables is established, based on past losses for retail and distribution debtors. The loss rate is adjusted for forward-looking information, reflecting reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. This rate is applied to each class of receivables to calculate the allowance.

The group established the following macroeconomic factors to influence its forward-looking assessment:

- **Retail**: The group identified pharmacy/ medical regulations, inflation and foreign currency movements as items considered when the loss rates were determined.
- **Distribution**: The group identified inflation, interest rates and petrol prices as items considered when the loss rates were determined.

The macroeconomic factors considered are those factors which might influence the ability of the counterparty to settle their debt and cause the group not to recover the debt.

The group applies the general approach for establishing the allowance in terms of the ECL model for loans and other receivables. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The group determines whether the credit risk of a financial instrument has increased significantly since initial recognition by considering reasonable and supportable information that is available without undue cost or effort. This information includes both quantitative and qualitative factors. Refer to note 29 for further detail.

Material accounting policies *continued*

Share capital

Share capital

Ordinary share capital represents the value of ordinary shares issued.

Share premium

Share premium represents the excess consideration received by the company over the par value of ordinary shares issued and the accumulated IFRS 2 share-based payment expense relating to the employee share ownership scheme and is classified as equity.

Share repurchases

Ordinary shares in Clicks Group Limited have been acquired by the group in terms of an approved share repurchase programme. Immediately after the repurchases an instruction letter is sent to the JSE to cancel these shares. The cost of these shares is deducted from distributable reserves, the share capital is reduced with the issued ordinary share value and the number of shares is deducted from both the number of shares in issue and the weighted average number of shares.

Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to wages, salaries, bonuses and annual leave represent the amount which the group has a present obligation to pay as a result of employees' services provided up to the reporting date.

The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

Other long-term employee benefits

Liabilities for long-term employee benefits, other than pension plans, which are not expected to be settled within 12 months, are discounted to present value using the market yields at the reporting date on government bonds with maturity dates that most closely match the terms of maturity of the group's related liabilities.

Defined contribution retirement funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group operates a retirement scheme comprising a number of defined contribution funds in South Africa, the assets of which are held in separate trustee administered funds. The retirement schemes are funded by payments from employees and the relevant group entity. Contributions to these funds are recognised as an expense in profit or loss as incurred.

Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments are available.

Post-retirement medical aid benefits – defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The group's obligation to provide post-retirement medical aid benefits to certain employees is calculated by estimating the amount of future benefit that qualifying employees have earned in return for their service in the current and prior periods.

This benefit is discounted to determine its present value using a discount rate based on the market yields at the reporting date on government bonds with maturity dates that most closely match the terms of maturity of the group's obligation.

The calculation is performed by a qualified actuary using the projected unit credit method.

Current service costs represent the increase in the defined benefit plan resulting from employee services in the current year and is recognised in profit or loss as employee services are rendered. Past service costs are recognised in profit or loss at the earlier of the date of the plan amendment or curtailment, and the date that the group recognises restructuring-related costs. The group recognises actuarial gains or losses from defined benefit plans immediately in OCI.

Cash-settled share-based compensation benefits

The group grants cash-settled appreciation rights to management in terms of a long-term incentive scheme. The value of these appreciation rights is linked to the total shareholder return (capital gain plus dividends) over the vesting period. The cost of cash-settled transactions is measured initially at fair value at the grant date, further details of which are given in note 24.1. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense (see note 4).

Cash-settled earnings-based compensation benefits

The group grants cash-settled appreciation rights to management in terms of a long-term incentive scheme. The value of these appreciation rights is linked to the performance of diluted headline earnings per share (HEPS). The liability, which is not expected to be settled within 12 months, is discounted to present value using market yields at the reporting date on government bonds with maturity dates that most closely match the terms of maturity of the group's related liabilities. Any difference between projected performance and actual performance is recognised through an actuarial gain or loss based on the projected unit credit method which is recognised immediately in profit or loss.

Financial guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under IFRS 9: Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Revenue

Revenue from contracts with customers

Revenue from contracts with customers is recognised upon the satisfaction of a performance obligation, when control of all goods and services are transferred to the customer and is measured at the consideration to which the group is entitled.

Turnover

Revenue from sale of retail and wholesale goods are recognised at the point when goods are transferred to the customer. The revenue is measured at the amount to which the group expects to be entitled to with regards to the sale and is therefore the consideration less any rebates, discounts and deferred revenue.

Distribution and logistics fee income

Distribution and logistics fee income are recognised at the point when the goods are delivered to the client, on delivery of the service and are measured at the consideration receivable less rebates and discounts.

Advertising income

Where advertising income represents payment for a distinct service (as in co-operative agreements), income received is recognised at the point when the performance obligation in terms of the contract is satisfied, when the service is provided to the customer. Advertising income is measured at the amount as entitled by the group in terms of the contract with the customer and included within cost recoveries and other income (refer to note 1).

Material accounting policies *continued*

Variable consideration/deferred revenue

Right of return

Customers have the right to return goods purchased from the group, within the time frame as set out in the group's returns policy. The group uses the expected value method to estimate the goods that will not be returned since this method best predicts the amount of variable consideration to which the group will be entitled. For goods that are expected to be returned, instead of revenue, the group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Loyalty cards

The group operates a loyalty scheme through Clicks ClubCard. The card allows customers to accumulate ClubCard points that entitle them, subject to certain criteria, to vouchers that may be used in-store.

The loyalty points give rise to a performance obligation as they provide a material right to the customer to claim a future credit. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative standalone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of the points by the customer and upon expiration of the points.

When estimating the standalone selling price of the loyalty points, the group considers the likelihood that the customer will redeem the points. The group updates its estimates of the points that will be redeemed and any adjustments to the contract liability balance are charged against revenue.

Gift cards/vouchers

Customers have the option of buying gift cards and vouchers at all retail stores. The vouchers may be used in-store. On purchase, the fair value (cash value) of the vouchers is recognised as a liability and is recognised as revenue on redemption of the gift cards/vouchers by the customers as well as upon expiration of the gift cards/vouchers.

Assets and liabilities arising from revenue from contracts with customers

Right of return assets

The sale of certain goods provides the customer with a right to return the asset in terms of the group's returns policy. The right of return provides the group with a probable right to receive return assets. These assets are recognised as part of inventory and are measured at the cost of assets sold that will, in all probability, be returned to the group.

Refund liabilities

The customer's right to return certain goods sold provides the group with a probable obligation to refund the customer with the consideration received. The refund liability is recognised as part of trade and other payables and is recognised at the consideration received for the sale of the goods, including VAT.

Financial income

Financial income comprises interest income and dividend income. Interest income is recognised in profit or loss on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity when it is probable that such income will accrue to the group.

Dividend income is recognised when the right to receive payment is established. In the statement of cash flows the group and the company classifies interest received as operating activities and the company classifies dividends received from subsidiaries as investing activities.

Financial expenses

Financial expenses comprise interest payable on lease liabilities, interest payable on borrowings calculated using the effective interest method and unwinding of the discount on provisions and long-term employee benefits. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. In the statement of cash flows the group classifies interest paid as operating activities.

Income tax

Income tax expense on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity in which case the tax is recognised in OCI or in equity, respectively. Current tax is the expected tax payable on the taxable profit for the current year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised for all temporary differences between the tax value of an asset or liability and the carrying amount for financial reporting purposes, except for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities, to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously. Deferred tax assets are recognised for all deductible temporary differences and tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividends withholding tax

Dividends withholding tax is levied on the beneficial owner of the shares instead of the group. The tax is withheld by the regulated intermediary and paid over to the South African Revenue Service (SARS) on the beneficiaries' behalf. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge for the group. Amounts not yet paid over to SARS are included in trade and other payables and the measurement of the dividend amount is not impacted by the withholding tax. In the statement of cash flows the group classifies dividends paid as operating activities.

Segment reporting

The group has adopted the "management approach" to reporting segment information, basing this on the group's internal management reporting data used internally by the chief operating decision-maker (CODM). An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The group has identified its Retail and Distribution segments as reporting segments.

Material accounting policies *continued*

Earnings per share

The group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the dilutive effects of all dilutive potential ordinary shares. Headline earnings circular 1/2023 issued by the SAICA is taken into account when calculating EPS.

Recent accounting developments

Standards, amendments and interpretations issued but not yet effective and under review as to their effect on the group

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued several standards, amendments and interpretations, with an effective date after the date of these financial statements, which management believes could impact the group in future periods.

Financial instruments classification and measurement

Amendments made to IFRS 9 and IFRS 7 will clarify how financial assets and financial liabilities are recognised and derecognised at settlement date, except for regular purchases or sales of financial assets and financial liabilities that meet the new exception. The new exception allows early derecognition of certain financial liabilities settled via electronic payments systems.

Contracts referencing nature-dependent electricity

In December 2024 the IASB issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7), which:

- Clarify the application of the "own-use" requirements for in-scope contracts. Under the amendments, the sale of unused nature-dependent electricity will be in accordance with an entity's expected purchase or usage requirements, if specified criteria are met.
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments will allow an entity to designate a variable nominal volume of forecast electricity transactions as a hedged item, if specified criteria are met.
- Clarifies the treatment of non-recourse assets and contractually linked instruments.
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. IFRS 7 has been amended to require specific disclosures relating to contracts that have been excluded from the scope of IFRS 9 as a result of the amendments.
- The amendments only apply to contracts that reference nature-dependent electricity. These are contracts that expose the group to variability in an underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions, typically associated with renewable electricity sources such as sun and wind.

Volume 11

The IASB issued nine narrow-scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1: First-time Adoption of International Financial Reporting Standards, IFRS 7: Financial Instruments – Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9: Financial Instruments, IFRS 10: Consolidated Financial Statements and IAS 7: Statement of Cash Flows.

The above amendments are effective for periods beginning on or after 1 January 2026. The group has elected not to early adopt these amendments and does not expect these amendments to have a material impact on the group's financial statements.

Presentation and disclosure in financial statements

IFRS 18 replaces IAS 1: Presentation of Financial Statements and introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to IAS 7: Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest.

The group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Subsidiaries without public accountability

The IASB has introduced a new IFRS accounting standard, IFRS 19: Subsidiaries without Public Accountability – Disclosures, aimed at simplifying financial reporting for eligible subsidiary companies. This standard provides relief for subsidiaries that meet certain criteria, allowing them to adopt simplified accounting measures. The initiative aims to reduce complexity and costs associated with financial reporting, enhancing efficiency and facilitating more streamlined compliance processes.

The group's equity instruments are publicly traded, therefore the group is not eligible to elect to apply IFRS 19.

The above amendments are effective for periods beginning on or after 1 January 2027. The group has elected not to early adopt these amendments.

IFRS 20: Regulatory Assets and Regulatory Liabilities

On 27 May 2026 the IASB issued IFRS 20: Regulatory Assets and Regulatory Liabilities. IFRS 20 sets out the requirements for the recognition, measurement, presentation and disclosure of regulatory assets, regulatory liabilities, regulatory income and regulatory expense.

IFRS 20 introduces requirements that will result in information that supplements the information an entity already provides by applying IFRS accounting standards. Such information enables users of financial statements to understand the total allowed compensation for regulatory goods or services supplied in each reporting period and the related rights and obligations.

The above amendment is effective for periods beginning on or after 1 January 2029. The group has elected not to early adopt this amendment and does not expect this amendment to have a material impact on the group's financial statements.

Notes to the financial statements

for the year ended 31 August

	Group	
	2026 R'000	2025 R'000
1 Revenue		
Revenue from contracts with customers		
Goods sold to customers	**50 414 003**	47 828 079
Other income	**3 913 599**	3 461 208
Distribution and logistics fees	**1 564 371**	1 452 233
Cost recoveries and other	**2 349 228**	2 008 975
Total revenue from contracts with customers	**54 327 602**	51 289 287
Financial income	**81 081**	137 705
Total revenue	**54 408 683**	51 426 992
Retail turnover can be further disaggregated between the following retail categories:		
Pharmacy	**10 792 458**	10 058 622
Front shop health	**9 840 218**	9 625 386
Beauty and personal care	**12 753 720**	12 202 074
General merchandise	**5 739 955**	5 668 398
Total Retail turnover	**39 126 351**	37 554 480
Distribution turnover can be further disaggregated between the following categories:		
Fine wholesale	**14 685 836**	13 888 770
Clicks	**8 855 699**	8 116 146
Private hospitals	**5 051 602**	5 024 752
Independent pharmacies and other	**778 535**	747 872
Bulk wholesale	**5 690 913**	4 769 326
Total Distribution turnover	**20 376 749**	18 658 096
Intragroup elimination	**(9 089 097)**	(8 384 497)
Total Group turnover	**50 414 003**	47 828 079
2 Depreciation and amortisation		
Depreciation of property, plant and equipment (see note 9)	**653 344**	596 866
Depreciation of right-of-use assets (see note 25)	**1 238 352**	1 142 361
Amortisation of intangible assets (see note 10)	**161 466**	142 755
Total depreciation and amortisation	**2 053 162**	1 881 982
Depreciation included in cost of merchandise sold	**(92 064)**	(70 299)
Depreciation and amortisation included in expenses	**1 961 098**	1 811 683

	Group	
	2026 R'000	2025 R'000
3 Occupancy costs		
Turnover rental expense	**48 961**	47 562
Other rental expenses[1]	**177 458**	164 482
Total occupancy cost	**226 419**	212 044

[1] Other rental expenses include expenses paid to landlords related to property leases not qualifying for IFRS 16 recognition, other than the turnover rental expense, which is separately disclosed.

4 Employment costs		
Directors' emoluments (excluding incentives, see note 4.1)	**28 606**	26 468
Non-executive fees	**7 982**	7 114
Executive	**20 624**	19 354
Salary	**18 935**	17 770
Other benefits	**1 689**	1 584
Long-term incentive scheme – TSR (see note 24.1)	**(11 118)**	(11 504)
Long-term incentive scheme – HEPS (see note 24.2)	**(7 556)**	41 861
Long-term incentive scheme – ROIC (see note 24.2)	**29 620**	30 946
Staff salaries and wages	**5 179 793**	4 853 276
Contributions to defined contribution plans	**294 565**	271 507
Leave pay costs (see note 24.5)	**24 261**	26 065
Bonuses (see note 24.5)	**132 867**	265 906
Post-retirement medical aid benefit (see note 24.2)	**683**	722
Total employment costs	**5 671 721**	5 505 247
Employment costs included in cost of merchandise sold and inventories	**(262 368)**	(223 145)
Employment costs included in expenses	**5 409 353**	5 282 102
For further detail of directors' emoluments refer to the remuneration report available on the group's website.		
Included in total employment costs are the following aggregate amounts (including directors' emoluments and non-executive directors' fees) relating to transactions with key management personnel:	**62 749**	95 104
Short-term employee benefits	**33 750**	42 331
Post-employment benefits	**2 967**	3 373
Short-term incentive scheme	**–**	24 313
Long-term incentive scheme	**26 032**	25 087
Non-executive directors' fees	**7 982**	7 114
	70 731	102 218

Notes to the financial statements *continued*

4 Employment costs *continued*

4.1 Directors' remuneration

Executive directors' remuneration

Director (R'000)	Salary	Pension fund	Other benefits	Total annual guaranteed pay	RONA short-term incentive	Performance based long-term incentive[1]	Total variable pay	Total
2026								
Bertina Engelbrecht	**11 867**	**757**	**–**	**12 624**	**–**	**13 286**	**13 286**	**25 910**
Gordon Traill	**7 068**	**932**	**–**	**8 000**	**–**	**7 303**	**7 303**	**15 303**
Total	**18 935**	**1 689**	**–**	**20 624**	**–**	**20 589**	**20 589**	**41 213**
2025								
Bertina Engelbrecht	11 143	711	–	11 854	8 891	10 133	19 024	30 878
Gordon Traill	6 627	873	–	7 500	4 500	5 072	9 572	17 072
Total	17 770	1 584	–	19 354	13 391	15 205	28 596	47 950

[1] Payments relating to the performance for the year ended 31 August are paid in December. The expense is provided for over the three-year vesting period and two-year retention period in the relevant financial year.

The total number of ordinary shares in issue is 231 710 265 (2025: 235 930 939). Percentage of issued share capital held by directors is 0.1% (2025: 0.1%).

4.1 Directors' remuneration *continued*

Non-executive directors' remuneration

Director (R'000)	2026 directors' fees			2025 directors' fees		
	Holding company	Subsidiary company	Total	Holding company	Subsidiary company	Total
David Nurek[1]	**–**	**–**	**–**	828	–	828
Mfundiso Njeke[3]	**2 473**	**–**	**2 473**	1 808	–	1 808
Penelope Moumakwa[4]	**657**	**106**	**763**	593	100	693
Sango Ntsaluba[5]	**1 160**	**–**	**1 160**	1 001	–	1 001
Richard Inskip	**953**	**–**	**953**	828	–	828
Nomgando Matyumza	**1 054**	**–**	**1 054**	933	–	933
Christine Ramon	**1 218**	**–**	**1 218**	1 023	–	1 023
Albertus van Sittert[2]	**361**	**–**	**361**	–	–	–
Total	**7 876**	**106**	**7 982**	7 014	100	7 114
Total directors' remuneration						
Executive directors			**41 213**			47 950
Non-executive directors			**7 982**			7 114
Total directors' remuneration			**49 195**			55 064

[1] Retired as a non-executive director and chair 30 January 2025.
[2] Appointed as a non-executive director 1 February 2026.
[3] Appointed as independent non-executive chairman effective 30 January 2025.
[4] The fees paid to Penelope Moumakwa include fees for her appointment as director of New Clicks South Africa Proprietary Limited.
[5] Appointed as lead independent director effective 30 January 2025.

Notes to the financial statements *continued*

	Group	
	2026 R'000	2025 R'000
5 Other costs		
Other operating costs include:		
Fees paid for outside services		
Technical services	**79 098**	66 792
Foreign exchange losses realised	**18 445**	1 975
Water and electricity[1]	**499 405**	433 051
Advertising expenses	**473 463**	424 354
Transport fees	**261 667**	238 733
Data fees	**282 460**	268 384
Commissions expense	**259 618**	240 478
Auditors' remuneration	**14 620**	13 407
Financial statements audit[2]	**13 184**	12 045
Other assurance work[3]	**1 227**	1 155
Non-audit services	**209**	207

[1] Water and electricity costs include generator fuel costs.
[2] Included in this amount is R0.4 million which relates to the prior-year audit fees.
[3] Relates to ISAE 3402 reasonable assurance work for distribution business.

	Group	
	2026 R'000	2025 R'000
6 Net financing expense		
Recognised in profit or loss:		
Interest income on bank deposits and investments	**59 569**	115 593
Other interest income	**21 512**	22 112
Financial income	**81 081**	137 705
Interest expense on financial liabilities measured at amortised cost	**431 473**	363 958
Cash interest expense	**46 117**	24 125
Lease liability interest expense (see note 25)	**385 356**	339 833
Other interest expense (see note 24.2)	**17 657**	16 717
Financial expense	**449 130**	380 675
Net financing expense	**368 049**	242 970

	Group		Company	
	2026 R'000	2025 R'000	2026 R'000	2025 R'000
7 Income tax expense				
South African normal tax				
Current tax				
Current year	**1 152 120**	1 164 916	**703**	617
Capital gains tax	**–**	682	**–**	–
Prior-year overprovision	**(16 681)**	(21 043)	**–**	–
Deferred tax				
Current year	**37 316**	3 216	**–**	–
Prior-year (overprovision)/underprovision	**(1 102)**	7 374	**–**	–
Withholding tax	**113**	–	**–**	–
Foreign tax				
Current tax				
Current year	**19 077**	15 639	**–**	–
Withholding tax	**8 510**	15 674	**–**	3 500
Deferred tax				
Current year	**2 579**	10 141	**–**	–
Prior-year underprovision	**1 544**	496	**–**	–
Income tax expense per statement of comprehensive income	**1 203 476**	1 197 095	**703**	4 117
Deferred tax – current year	**1 337**	3 404	**–**	–
Cash flow hedge recognised in other comprehensive income	**(5 839)**	5 964	**–**	–
Cash flow hedge recognised in equity	**6 791**	(3 895)	**–**	–
Remeasurement of post-employment benefit obligations	**(500)**	1 070	**–**	–
Cost of hedging reserve	**885**	265	**–**	–
Total income tax charge	**1 204 813**	1 200 499	**703**	4 117
Reconciliation of rate of tax	**%**	%	**%**	%
Standard rate – South Africa	**27.00**	27.00	**27.00**	27.00
Adjusted for:				
Disallowable expenditure*	**0.26**	0.37	**–**	–
Exempt income and allowances**	**(0.47)**	(0.45)	**(26.98)**	(26.98)
Foreign tax rate variations	**(0.02)**	(0.02)	**–**	–
Foreign withholding tax	**0.19**	0.35	**–**	0.14
Prior-year net overprovision	**(0.36)**	(0.30)	**–**	–
Capital gains tax	**–**	0.02	**–**	–
Share of loss in associate	**–**	0.03	**–**	–
Effective tax rate	**26.60**	27.00	**0.02**	0.16

* Disallowable expenditure consists of expenses not in the production of income and expenditure of a capital nature, which includes legal fees, consulting fees, share-related expenses and donations.
** Exempt income and allowances consist of tax-free allowances received such as the employment tax incentive and the learnership tax allowance and dividend income within the company standalone financials.

Two of the subsidiaries of the group have estimated tax losses of R7.0 million (2025: R15.4 million for one subsidiary) available for set-off against future taxable income of the subsidiaries. A deferred tax asset of R1.9 million (2025: R4.2 million) has been recognised in respect of the total estimated tax loss (see note 12).

The group falls within the scope of the OECD Pillar Two global minimum top-up tax and has applied the IAS 12 exception regarding the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes. Since at least one Transitional Safe Harbour test has been satisfied in each jurisdiction, the top-up tax is considered nil for the group.

Notes to the financial statements *continued*

8 Earnings per share

The calculation of basic and headline earnings per share at 31 August 2026 was based on profit for the year attributable to ordinary shareholders of Clicks Group Limited of R3 318.6 million (2025: R3 236.3 million) and headline earnings of R3 323.0 million (2025: R3 234.3 million) divided by the weighted average number of ordinary shares as follows:

	Group	
	2026 R'000	2025 R'000
Reconciliation of headline earnings		
Profit attributable to owners of the parent	**3 318 643**	3 236 333
Adjusted for:	**4 358**	(2 051)
Loss/(profit) on disposal of property, plant and equipment	**5 937**	(2 810)
Total tax effect of adjustments	**(1 579)**	759
Headline earnings	**3 323 001**	3 234 282

	2026 cents	2025 cents
Earnings per share	**1 419.8**	1 362.6
Headline earnings per share	**1 421.7**	1 361.7
Diluted earnings per share	**1 419.8**	1 362.6
Diluted headline earnings per share	**1 421.7**	1 361.7

	2026 '000	2025 '000
Reconciliation of shares in issue to weighted average number of shares in issue		
Total number of shares in issue at the beginning of the year	**235 931**	238 062
Shares purchased and cancelled during the year weighted for the period held	**(2 193)**	(550)
Weighted average number of shares in issue for the year	**233 738**	237 512
Reconciliation of weighted average number of shares to weighted average diluted number of shares in issue		
Weighted average number of shares in issue for the year	**233 738**	237 512
Dilution	**–**	–
Weighted average diluted number of shares in issue for the year	**233 738**	237 512

9 Property, plant and equipment

	Group			
	2026		2025	
	Cost R'000	Accumulated depreciation and impairment losses R'000	Cost R'000	Accumulated depreciation and impairment losses R'000
Land	**25 809**	**–**	25 809	–
Buildings	**662 117**	**(101 624)**	660 066	(96 941)
Computer equipment	**1 020 774**	**(643 525)**	939 861	(581 176)
Equipment	**951 573**	**(508 283)**	861 600	(424 576)
Furniture and fittings	**4 028 901**	**(2 163 905)**	3 606 156	(1 951 726)
Motor vehicles	**98 134**	**(41 113)**	84 364	(35 487)
	6 787 308	**(3 458 450)**	6 177 856	(3 089 906)

All group property is owner-occupied.

The carrying amount of the group's property, plant and equipment is reconciled as follows:

	Land R'000	Buildings R'000	Computer equipment R'000	Equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
Carrying amount at 1 September 2024	25 809	527 049	314 732	368 543	1 572 578	36 321	2 845 032
Additions	–	44 219	158 260	153 033	468 218	22 734	846 464
Additions due to acquisitions	–	–	10	64	204	–	278
Disposals	–	(2 088)	(1 214)	(367)	(828)	(2 461)	(6 958)
Depreciation	–	(6 055)	(113 103)	(84 249)	(385 742)	(7 717)	(596 866)
Carrying amount at 31 August 2025	**25 809**	**563 125**	**358 685**	**437 024**	**1 654 430**	**48 877**	**3 087 950**
Additions	**–**	**2 051**	**146 380**	**103 413**	**630 030**	**20 062**	**901 936**
Additions due to acquisitions	**–**	**–**	**76**	**104**	**346**	**506**	**1 032**
Disposals	**–**	**–**	**–**	**(507)**	**(6 151)**	**(2 058)**	**(8 716)**
Depreciation	**–**	**(4 683)**	**(127 892)**	**(96 744)**	**(413 659)**	**(10 366)**	**(653 344)**
Carrying amount at 31 August 2026	**25 809**	**560 493**	**377 249**	**443 290**	**1 864 996**	**57 021**	**3 328 858**

Notes to the financial statements *continued*

	Group			
	2026		2025	
	Cost R'000	Accumulated amortisation and impairment losses R'000	Cost R'000	Accumulated amortisation and impairment losses R'000
10 Intangible assets				
Clicks trademark (see note 10.1)	**272 000**	**–**	272 000	–
Link trademark	**6 000**	**(6 000)**	6 000	(6 000)
Contractual rights	**27 939**	**(27 048)**	27 939	(23 902)
Purchased and capitalised computer software development	**1 411 724**	**(728 429)**	1 246 048	(654 511)
Other trademarks	**119 030**	**(17 956)**	85 694	(11 717)
	1 836 693	**(779 433)**	1 637 681	(696 130)

The carrying amount of the group's intangible assets is reconciled as follows:

	Clicks trademark R'000	Contractual rights R'000	Purchased and capitalised software development R'000	Other trademarks R'000	Total R'000
Carrying amount at 1 September 2024	272 000	7 183	588 485	78 695	946 363
Additions	–	–	138 064	–	138 064
Amortisation	–	(3 146)	(134 891)	(4 718)	(142 755)
Disposals	–	–	(121)	–	(121)
Carrying amount at 31 August 2025	**272 000**	**4 037**	**591 537**	**73 977**	**941 551**
Additions	**–**	**–**	**243 743**	**19 927**	**263 670**
Additions due to acquisitions	**–**	**–**	**97**	**13 408**	**13 505**
Amortisation	**–**	**(3 146)**	**(152 082)**	**(6 238)**	**(161 466)**
Carrying amount at 31 August 2026	**272 000**	**891**	**683 295**	**101 074**	**1 057 260**

Assessment of impairment of intangible assets

10.1 The Clicks trademark is part of the Clicks cash-generating unit and is considered to have an indefinite useful life. There is no apparent legal or other restriction to the use of the trademark or risk of technical or other obsolescence. Given the strategic importance of the trademark to the future sustainability of the group, the group's intention is to continue to use the trademark indefinitely. The directors consider that there is no foreseeable limit to the period over which this asset is expected to generate cash inflows for the group and, on this basis, the directors have concluded that the indefinite useful life assumption is appropriate.

In accordance with the group's accounting policy, an impairment test was performed on the carrying values of intangible assets with indefinite useful lives at year-end. The recoverable amount was determined based on the value in use.

Budgeted operating cash flows for the related business units were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the trademarks were not impaired.

The following key assumptions were made in determining the value in use:

i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2026 financial year, whereafter a perpetuity growth rate of 7.0% (2025: 7.0%) is used.

ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of intangible assets under IAS 36: Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

iv) A discount rate of 11.64% (2025: 12.43%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Distribution business, both businesses largely operate within South Africa and are subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts.

Notes to the financial statements *continued*

	Group 2026 R'000	2025 R'000
11 Goodwill		
Balance at the beginning of the year	**215 371**	209 114
Acquired in business acquisition	**24 924**	6 257
Balance at the end of the year	**240 295**	215 371
Goodwill comprises:		
United Pharmaceutical Distributors Proprietary Limited (UPD) (see note 11.1)	**96 277**	96 277
Amalgamated Pharmacy Group Proprietary Limited (Amalgamated Pharmacy Group) (see note 11.2)	**6 529**	6 529
The Sorbet Experience Proprietary Limited (see note 11.3)	**24 919**	24 919
180 Degrees Marketing Proprietary Limited (see note 11.2)	**66 589**	66 589
H. Mallach and Associates Proprietary Limited (see note 11.4)	**21 057**	21 057
Mr First Aid Proprietary Limited (see note 11.1)	**24 924**	–

Assessment of impairment of goodwill

11.1 Due to the synergies that arose on acquisition, goodwill relating to the purchase of Mr First Aid Proprietary Limited has been attributed to the UPD business as a cash-generating unit, which represents the lowest level within the group at which goodwill is monitored for internal management purposes.

Applying IAS 36, goodwill relating to the above acquisitions has been tested for impairment at the same level as the UPD business unit.

Budgeted operating cash flows for the UPD business units were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the goodwill was not impaired.

The following key assumptions were made in determining the value in use of the UPD cash-generating unit:

i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2026 financial year, whereafter a perpetuity growth rate of 6.5% (2025: 6.5%) is used.

ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36: Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

iv) A discount rate of 11.64% (2025: 12.43%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Clicks business, both businesses largely operate within South Africa and are subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts.

11.2 Due to the synergies that arose on acquisition, goodwill relating to the purchase of the pharmacy business from Amalgamated Pharmacy Group and 180 Degrees Marketing Proprietary Limited has been attributed to the Clicks business as a cash-generating unit, which represents the lowest level within the group at which goodwill is monitored for internal management purposes.

Applying IAS 36, goodwill relating to the above acquisitions has been tested for impairment at the same level as the Clicks business unit.

Budgeted operating cash flows for the related business units were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that goodwill was not impaired.

The following key assumptions were made in determining the value in use:

i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2026 financial year, whereafter a perpetuity growth rate of 7.0% (2025: 7.0%) is used.

ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36: Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

iv) A discount rate of 11.64% (2025: 12.43%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as, together with the Clicks business, both businesses largely operate within South Africa and are subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts.

Notes to the financial statements *continued*

11 Goodwill *continued*

11.3 Due to the synergies that arose on acquisition, goodwill relating to the purchase of the salon beauty franchise has been attributed to The Sorbet Experience Proprietary Limited as a cash-generating unit, which represents the lowest level within the group at which goodwill is monitored for internal management purposes.

Applying IAS 36, goodwill relating to the above acquisition has been tested for impairment at the same level as the Sorbet business unit.

Budgeted operating cash flows for the related business units were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that goodwill was not impaired.

The following key assumptions were made in determining the value in use:

i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2026 financial year, whereafter a perpetuity growth rate of 7.0% (2025: 7.0%) is used.

ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36: Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

iv) A discount rate of 11.64% (2025: 12.43%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as the business largely operates within South Africa and is subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts.

11.4 Due to the synergies that arose on acquisition, goodwill relating to the purchase of the 24-hour pharmacy business has been attributed to UniCare a division of Clicks Retailers Proprietary Limited (formerly known as H. Mallach and Associates Proprietary Limited) as a cash-generating unit, which represents the lowest level within the group at which goodwill is monitored for internal management purposes.

Applying IAS 36, goodwill relating to the above acquisition has been tested for impairment at the same level as the H. Mallach and Associates Proprietary Limited business unit.

Budgeted operating cash flows for the related business unit were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that goodwill was not impaired.

The following key assumptions were made in determining the value in use:

i) A forecast horizon of three years was used. The forecast horizon comprises the three-year plan drafted in the last quarter of the 2026 financial year, whereafter a perpetuity growth rate of 10.0% (2025: 7.0%) is used.

ii) The values assigned to the three-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.

iii) The key assumptions for the recoverable amount are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36: Impairment of Assets and does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.

iv) A discount rate of 11.64% (2025: 12.43%) per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre-tax weighted average cost of capital is deemed appropriate as the business largely operates within South Africa and is subject to similar market risks.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts to exceed their recoverable amounts.

Notes to the financial statements *continued*

	Group		Company	
	2026 R'000	2025 R'000	2026 R'000	2025 R'000
12 Deferred tax assets/(liabilities)				
Deferred tax assets	**51 336**	72 968	**–**	–
Deferred tax liabilities	**(51 533)**	(26 922)	**–**	–
	(197)	46 046	**–**	–
Balance at the beginning of the year	**46 046**	70 677	**–**	–
Deferred tax on acquisition of subsidiary	**(4 569)**	–	**–**	–
Current deferred tax charge to profit or loss (see note 7)	**(40 337)**	(21 227)	**–**	–
Current deferred tax debit to other comprehensive income and equity (see note 7)	**(1 337)**	(3 404)	**–**	–
Balance at the end of the year	**(197)**	46 046	**–**	–
Arising as a result of:				
Capital gains tax	**(46 392)**	(46 392)	**–**	–
Derivative financial assets and liabilities	**4 602**	2 344	**–**	–
Employee obligations	**97 072**	125 282	**–**	–
Income and expense accrual	**119 158**	148 162	**–**	–
Inventories	**39 001**	43 792	**–**	–
Lease assets and liabilities:	**141 812**	120 594	**–**	–
Lease liabilities	**1 238 667**	1 115 557	**–**	–
Right-of-use assets	**(1 096 855)**	(994 963)	**–**	–
Prepayments	**(43 470)**	(48 147)	**–**	–
Property, plant and equipment and intangible assets	**(240 428)**	(230 298)	**–**	–
Tax losses	**1 900**	4 161	**–**	–
Trademarks	**(73 452)**	(73 452)	**–**	–
Balance at the end of the year	**(197)**	46 046	**–**	–

The capital gains deferred tax liability arises on the revaluation of a forward purchase of shares by the company in a subsidiary company.

Derivative financial assets and liabilities include a debit of R1.0 million (2025: credit of R2.1 million) recognised in other comprehensive income and equity.

In respect of the deferred tax asset recognised by two (2025: one) subsidiary companies, the directors consider that sufficient future taxable income will be generated by those subsidiary companies to utilise the deferred tax assets recognised.

13 Investment in associates

The group acquired a 22.67% economic interest in Mistragystix Proprietary Limited in the 2021 financial year for R13 million, paid on signing of the contract. An additional investment was made during the 2026 financial year to the value of R30.0 million, increasing ownership interest by 3% to a total shareholding of 25.67% at year-end. The group's interest in Mistragystix is accounted for using the equity method in the consolidated financial statements.

The following amounts represent the group's interest in the associates:

	Group	
	2026 R'000	2025 R'000
Group's carrying amount of the investment	**51 151**	12 501
Group's proportionate share of profit/(loss) for the year	**25**	(4 935)

Notes to the financial statements *continued*

	Group	
	2026 R'000	2025 R'000
14 Loans receivable		
Mistragystix Proprietary Limited (see note 14.1)	**107 500**	127 980
UPD Owner-driver scheme (see note 14.2)	**28 980**	–
Hairbar conversion (see note 14.3)	**1 000**	–
Non-current loans receivable	**137 480**	127 980
Mistragystix Proprietary Limited (see note 14.1)	**20 000**	10 000
Abbott Laboratories SA Proprietary Limited	**–**	14 884
Current loans receivable	**20 000**	24 884
Total loans receivable	**157 480**	152 864

14.1 The loan carries interest at three-month JIBAR plus 5.36% and is fully repayable by 1 March 2029. The loan is secured by a pledge and cession of the shareholders of Mistragystix Proprietary Limited's shares and underlying company assets (including moveable assets and stock) in favour of K2021423995 (South Africa) Proprietary Limited, a subsidiary of Clicks Group Limited.

14.2 The amount relates to loans to various individuals who participated in the UPD Owner-driver Scheme. The loans are interest free.

14.3 These loans were provided to enable Candi & Co franchisees to convert their businesses to the Sorbet Hairbar brand. The loans are unsecured and interest free and will be written off after five years, provided that historically disadvantaged persons continue to hold at least 50% ownership of the franchise business during that period.

15 Financial assets at fair value through profit or loss

	Group	
	2026 R'000	2025 R'000
Investment in Guardrisk Insurance Company Limited (Cell number 171) (see note 15.1)	**24 431**	16 564
Collective investment scheme funds (see note 15.2)	**212 639**	191 099
Total financial assets at fair value through profit or loss	**237 070**	207 663

15.1 The investment in Guardrisk Insurance Company Limited is the net investment in the group's insurance cell captive which is not deemed to be under the group's control in accordance with IFRS 10: Consolidated Financial Statements.

15.2 The New Clicks Foundation Trust invests in collective investment schemes.

16 Derivative financial instruments

	Group			
	2026		2025	
	Assets R'000	Liabilities R'000	Assets R'000	Liabilities R'000
Equity derivative hedge – current	**–**	**–**	–	–
Forward exchange contracts – current	**–**	**(1 482)**	–	(8 681)
	–	**(1 482)**	–	(8 681)

Forward exchange contracts

For currency derivatives, fair values are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange and interest rates. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 August 2026 were R422 million (2025: R642 million). Refer to note 20 detailing the foreign exchange hedging impact on profit or loss and other comprehensive income.

Notes to the financial statements *continued*

17 Inventories

	Group	
	2026 R'000	2025 R'000
Inventories comprise:		
Goods for resale	**8 334 525**	7 430 090
Right of return asset	**16 374**	17 325
Goods in transit	**339 069**	371 289
Total inventories	**8 689 968**	7 818 704
Inventories stated at net realisable value[1]	**57 560**	22 322
Cost of inventories recognised as cost of sales	**38 712 883**	36 428 426
The group's inventory balances are stated net of impairment allowances. The analysis of impairment allowances is as follows:		
Balance at the beginning of the year	**66 513**	104 049
Inventory allowance raised during the year	**30 617**	40 093
Inventory allowance derecognised on sale of goods	**(27 253)**	(77 629)
Balance at the end of the year	**69 877**	66 513

[1] The value of inventories stated at net realisable value is determined based on management's best estimate of the likely selling price at which the inventories in question could be sold in the ordinary course of business less the directly attributable selling costs.

18 Trade and other receivables

	Group	
	2026 R'000	2025 R'000
Trade and other receivables comprise:		
Trade receivables	**2 008 338**	1 916 048
Less: Impairment of trade receivables	**(20 528)**	(19 035)
Trade receivables – net	**1 987 810**	1 897 013
Prepayments	**219 067**	233 374
Income accruals	**760 415**	485 534
Logistics fees and other receivables	**979 881**	523 595
Total trade and other receivables	**3 947 173**	3 139 516

The carrying amount of trade and other receivables approximates their fair value. Trade and other receivables are predominantly non-interest bearing. Refer to note 29.4 for the credit risk management of trade and other receivables.

Impairment losses are recorded in the allowance account until the group is satisfied that the amount is irrecoverable and is written off against the financial asset directly. Impairment losses have been included in the statement of comprehensive income.

The movement in the allowance for impairment loss in respect of trade receivables during the year was as follows:

Balance at the beginning of the year	**19 035**	23 292
Impairment provision raised/(reversed)	**3 229**	(3 948)
Impairment loss utilised	**(1 736)**	(309)
Balance at the end of the year	**20 528**	19 035
The impairment allowance charged to profit or loss can be reconciled as follows:		
Trade receivables expected credit loss (recognised)/reversed	**(3 229)**	3 948
Other receivables impairment allowance	**(2 384)**	(7 130)
	(5 613)	(3 182)

Notes to the financial statements *continued*

19 Share capital and share premium

	Group and Company	
	2026 R'000	2025 R'000
Authorised – group and company		
600 million (2025: 600 million) ordinary shares of one cent each	**6 000**	6 000
Issued ordinary shares – group and company		
231.710 million (2025: 235.931 million) ordinary shares of one cent each	**2 318**	2 360
Share premium – group	**1 064 953**	1 064 953
Share premium – company	**3 301 189**	3 301 189

The company and the group have different values for share premium due to the issue of ordinary shares at the 30-day volume-weighted average price (VWAP) on 2 February 2018 which was settled by The Clicks Group Employee Share Ownership Trust, a subsidiary of the group. Other differences arose in previous years, being preliminary expenses written off against share premium related to the acquisition of certain businesses in 1996 and the cancellation of shares at a holding company level at market value while on consolidation the cancellation was carried out at cost.

	Group and Company	
Ordinary shares	Total 2026 '000	Total 2025 '000
Reconciliation of total number of shares in issue to net number of shares in issue		
Total number of shares in issue at the end of the year	**231 710**	235 931
Net number of shares in issue at the end of the year	**231 710**	235 931

During the year the group repurchased and cancelled 4 220 674 Clicks Group Limited ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

20 Cash flow hedge reserve

The cash flow hedge reserve represents the effective portion of fair value gains or losses in respect of cash flow hedges.

	Group	
	2026 R'000	2025 R'000
Reconciliation of cash flow hedging reserve		
Balance at the beginning of year	**(2 937)**	(8 532)
Movement relating to forward exchange contracts	**2 574**	5 595
Total (loss)/gain for the year recognised in other comprehensive income	**(15 786)**	16 125
Losses/(Gains) reclassified to inventories directly from the statement of changes in equity	**18 360**	(10 530)
Balance at the end of the year	**(363)**	(2 937)

21 Cost of hedging reserve

The cost of hedging reserve represents the cumulative gains or losses associated with the time value of options and forward points on derivatives used for hedging.

22 Foreign currency translation reserve

	Group	
	2026 R'000	2025 R'000
Unrealised loss on the translation of assets and liabilities of subsidiaries whose financial statements are denominated in foreign currencies	**(31 498)**	(19 535)
	(31 498)	(19 535)
Reconciliation of foreign currency translation reserve		
Balance at the beginning of the year	**(19 535)**	(8 833)
Exchange differences on translation of foreign subsidiaries	**(11 963)**	(10 702)
Balance at the end of the year	**(31 498)**	(19 535)

23 Distributable reserves

The reserves represent retained earnings available for distribution to shareholders, subject to the provisions of the Companies Act No. 71 of 2008 and any other applicable regulations.

Notes to the financial statements *continued*

	Group	
	2026 R'000	2025 R'000
24 Employee benefits		
Long-term incentive schemes	**109 071**	130 852
Post-retirement medical obligations	**61 497**	56 568
Total long-term employee benefits	**170 568**	187 420
Accounted for as follows:		
Long-term employee benefits recognised in terms of IFRS 2: Share-based Payments (see note 24.1)	**–**	11 189
Long-term employee benefits recognised in terms of IAS 19: Employee Benefits (see note 24.2)	**170 568**	176 231
Total long-term employee benefits	**170 568**	187 420

24.1 Long-term incentive scheme – total shareholder return (TSR)

Long-term employee benefits recognised in terms of IFRS 2: Share-based Payments **Long-term cash-settled share-based payment liability**	Long-term incentive scheme – TSR (Note 24.1) R'000
Balance at 1 September 2024	37 772
Release from cash-settled share-based payment	(11 504)
Reclassification to short-term benefits	(15 079)
Balance at 31 August 2025	**11 189**
Release from cash-settled share-based payment	**(11 118)**
Reclassification to short-term benefits	**(71)**
Balance at 31 August 2026	**–**

During 2024 the group replaced the TSR element of its long-term incentive scheme with a return on invested capital model to align the interests of executives with those of shareholders by including both an earnings performance metric as well as efficient management of the group's capital.

Tranche 17 is the only tranche in issue with options where the TSR performance measure applies. The group has 0.1 million (2025: 0.3 million) cash-settled appreciation rights issued to management.

The value of these appreciation rights is linked to the TSR (capital gain plus dividends) over a three-year, four-year and five-year vesting period. These appreciation rights are classified as cash-settled share-based payment benefits and the liability has been valued using the Monte Carlo option pricing model by an independent, external valuator.

The September 2022 (tranche 17) options of 60% were settled during the year. 20% of the September 2022 (tranche 17) options were forfeited at year-end. The contractual life of the remaining 20% September 2022 (tranche 17) options outstanding at year-end is one year.

Details of share option allocations – 2026:

	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year[1]	Forfeited during the year	Balance at the end of the year
September 2022 options	**R83.86**	**335 721**	**–**	**(201 432)**	**(24 454)**	**109 835**

[1] The exercise date VWAP was R375.64.

The assumptions used in estimating the fair value at year-end are listed below:

	Share price at grant date	Risk-free rate (%)	Expected dividend yield (%)	Expected volatility (%)	Expected forfeiture rate (%)
September 2022 options five-year vesting period	**R298.29**	**7.95**	**2.35**	**20.69**	**4.00**

Notes to the financial statements *continued*

24 Employee benefits *continued*

24.1 Long-term incentive scheme – total shareholder return (TSR) *continued*

Details of share option allocations – 2025:

	Option price	Balance at the beginning of the year	Granted during the year	Delivered during the year[1]	Forfeited during the year	Balance at the end of the year
September 2021 options	R18.79	329 707	–	(329 707)	–	–
September 2022 options	R83.86	400 337	–	–	(64 616)	335 721

[1] The exercise date VWAP was R358.27.

The assumptions used in estimating the fair value at year-end are listed below:

	Share price at grant date	Risk-free rate (%)	Expected dividend yield (%)	Expected volatility (%)	Expected forfeiture rate (%)
September 2021 options three-year vesting period	R288.97	7.62	1.80	26.13	4.00
September 2022 options five-year vesting period	R298.29	7.95	2.35	20.69	4.00

The risk-free rate is derived from the zero coupon curve published by the Bond Exchange of South Africa.

The dividend yield is the 12-month trailing yield (nominal annual and compounded annuity).

The implied volatility is the 180-day historic volatility of the share price.

The expected exercise rate is based on the historic trend of option forfeitures and excludes options already exercised or forfeited.

24.2 Long-term employee benefits recognised in terms of IAS 19: Employee Benefits

Long-term employee benefits	Long-term incentive scheme – HEPS (Note 24.3) R'000	Long-term incentive scheme – ROIC (Note 24.4) R'000	Post-retirement medical obligations (Note 24.5) R'000	Total R'000
Balance at 1 September 2024	44 152	11 782	57 149	113 083
Current service cost	54 549	30 946	722	86 217
Benefit payments	–	–	(3 263)	(3 263)
Interest expense	7 679	3 115	5 923	16 717
Actuarial gain recognised in profit or loss	(12 687)	–	–	(12 687)
Actuarial gain recognised in other comprehensive income – financial assumptions	–	–	(3 849)	(3 849)
Actuarial gain recognised in other comprehensive income – demographical assumptions	–	–	(114)	(114)
Reclassification to short-term employee benefits	(19 873)	–	–	(19 873)
Balance at 31 August 2025	**73 820**	**45 843**	**56 568**	**176 231**
Current service cost	**35 619**	**29 776**	**683**	**66 078**
Benefit payments	**–**	**–**	**(3 622)**	**(3 622)**
Interest expense	**7 227**	**4 412**	**6 018**	**17 657**
Actuarial gain recognised in profit or loss	**(43 175)**	**(156)**	**–**	**(43 331)**
Actuarial gain recognised in other comprehensive income – financial assumptions	**–**	**–**	**6 144**	**6 144**
Actuarial loss recognised in other comprehensive income – demographical assumptions	**–**	**–**	**(4 294)**	**(4 294)**
Reclassification to short-term employee benefits	**(22 735)**	**(21 560)**	**–**	**(44 295)**
Balance at 31 August 2026	**50 756**	**58 315**	**61 497**	**170 568**

Notes to the financial statements *continued*

24 Employee benefits *continued*

24.3 Long-term incentive scheme – headline earnings per share (HEPS)

During 2026 the group issued 0.7 million (2025: 0.9 million) cash-settled appreciation rights to management. The value of these appreciation rights is linked to the performance of diluted HEPS over a three-year period. The amount to be provided in the current year is over a three-year projection of 60%, a four-year projection of 20% and a five-year projection of 20% of diluted HEPS for tranches 17 – 20.

Any difference between projected performance and actual performance is recognised through an actuarial (gain)/loss based on the projected unit credit method which is taken to profit or loss.

The exercise price of each appreciation right was determined as R163.40 (2025: R143.22) per right ("base value"). In order to determine the amount to be provided a fixed factor of 12 is applied to the HEPS at the end of the three-year period. The differential between the factor multiplied by HEPS and the base value is the amount that will be paid out per right.

Should employees leave during the vesting period the rights will be forfeited.

24.4 Long-term incentive scheme – return on invested capital (ROIC)

During 2026 the group issued an allocation of R59.3 million (2025: R66.4 million) cash-settled ROIC incentives to management. The participant's settlement value is linked to the performance of ROIC over a three-year period, combined with a three, four and five-year retention-related vesting period. The amount provided in the current year is based on a three-year projection of 60%, a four-year projection of 20% and a five-year projection of 20% of ROIC.

Any difference between projected performance and actual performance is recognised through an actuarial (gain)/loss based on the projected unit credit method which is taken to profit or loss.

Should employees leave during the vesting period the rights will be forfeited.

24.5 Post-retirement medical obligations

The group subsidises a portion of the medical aid contributions of certain retired employees.

An actuarial valuation of the Clicks post-retirement medical aid scheme has determined that the unfunded liability in respect of pensioner post-retirement medical benefits amounts to R61.5 million (2025: R56.6 million). Provision has been made for the full unfunded liability.

The principal actuarial assumptions at the last valuation date (31 August 2026) are:

i) a discount rate of 10.0% (2025: 12.3%) per annum;
ii) general increases to medical aid contributions of 6.8% (2025: 7.9%);
iii) a retirement age of 65 (2025: 65);
iv) husbands are on average four (2025: four) years older than their spouses;
v) mortality of pensioners determined in accordance with PA90 ultimate male and female tables; and
vi) mortality of in-service members determined in accordance with SA 85-90 (Light) ultimate table.

24.5 Post-retirement medical obligations *continued*

	2026 R'000	2025 R'000
– Medical aid inflation increases by 1% per annum over assumptions made	**7 057**	6 321
– Medical aid inflation decreases by 1% per annum over assumptions made	**(6 063)**	(5 447)
– Discount rate increases by 1% per annum over assumptions made	**(5 741)**	(5 109)
– Discount rate decreases by 1% per annum over assumptions made	**6 770**	5 996
– Retirement age decreases by two years	**5 100**	4 887
– Life expectancy of male pensioners increases by one year	**482**	423
– Life expectancy of male pensioners decreases by one year	**(470)**	(414)
– Life expectancy of female pensioners increases by one year	**961**	820
– Life expectancy of female pensioners decreases by one year	**(952)**	(816)

The following undiscounted payments are expected contributions in future years from post-retirement medical obligations.

Within 12 months	**4 019**	3 622
Between 1 and 5 years	**17 336**	16 849
Between 5 and 10 years	**31 017**	31 417
Between 10 and 20 years	**89 201**	107 763
Between 20 and 30 years	**84 731**	123 072
Between 30 and 40 years	**45 652**	80 780
Beyond 40 years	**10 314**	24 157
Total expected payments	**282 270**	387 660

The average duration of the post-retirement medical obligations at year-end is 10.5 years (2025: 11.4 years).

Notes to the financial statements *continued*

24 Employee benefits *continued*

24.5 Post-retirement medical obligations *continued*

Amounts for the current and previous four periods are as follows:

	Post-retirement medical obligations				
	2026 R'000	2025 R'000	2024 R'000	2023 R'000	2022 R'000
Defined benefit obligation	**61 497**	56 568	57 149	62 958	58 844

Short-term employee benefits	Long-term incentive scheme – TSR (Note 24.1) R'000	Long-term incentive scheme – HEPS (Note 24.3) R'000	Long-term incentive scheme – ROIC (Note 24.4) R'000	Leave pay accrual (Note 24.6) R'000	Bonus accrual (Note 24.7) R'000	Overtime accrual (Note 24.8) R'000	Total R'000
Balance at 1 September 2024	22 849	45 712	–	112 843	194 256	10 973	386 633
Reclassification from long-term employee benefits	15 079	19 873	–	–	–	–	34 952
Benefit payments	(23 267)	(45 435)	–	(15 142)	(224 423)	(26 900)	(335 167)
Charge included in profit or loss	–	–	–	26 065	265 906	22 321	314 292
Balance at 31 August 2025	**14 661**	**20 150**	**–**	**123 766**	**235 739**	**6 394**	**400 710**
Reclassification from long-term employee benefits	**71**	**22 735**	**21 560**	**–**	**–**	**–**	**44 366**
Benefit payments	**(14 661)**	**(20 547)**	**–**	**(16 351)**	**(260 894)**	**(29 098)**	**(341 551)**
Charge included in profit or loss	**–**	**–**	**–**	**24 261**	**132 867**	**34 237**	**191 365**
Balance at 31 August 2026	**71**	**22 338**	**21 560**	**131 676**	**107 712**	**11 533**	**294 890**

24.6 The leave pay accrual is based on actual leave days by an employee multiplied by the employee's current total daily cost to company.

24.7 The bonus accrual includes a guaranteed thirteenth cheque and an incentive bonus based on the business or group's performance. The bonus is provided for all employees who qualify in respect of the expected cash payment.

24.8 The overtime accrual is in respect of overtime worked in August 2026 which is paid in September 2026.

24.9 Pension and provident funds

Two funds, which are registered and governed in terms of the Pension Funds Act, No. 24 of 1956, are operated by the group. Effective 1 July 2026, Clicks Group Negotiated Funds were transferred in terms of section 14 of the Pension Funds Act to Alexander Forbes Retirement Fund.

These funds are:

- the Clicks Group Retirement Fund; and
- Alexander Forbes Retirement Fund (previously the Clicks Group Negotiated Pension Fund; and the Clicks Group Negotiated Provident Fund).

All permanent full-time staff members in South Africa, Lesotho and Eswatini are obliged to join one of the funds. Employees in Namibia are members of the Namflex Umbrella Pension Fund and those in Botswana are members of the Sentlhaga Pension Fund.

The funds are all defined contribution schemes and the group carries no liability in relation to these funds. All funds provide death and disability cover, while the Alexander Forbes Retirement Fund also includes a funeral benefit. Combined membership across the funds was 20 426 (2025: 19 415) at year-end.

24.10 Medical aid funds

Membership of one of the Discovery Health Medical Aid Scheme benefit options is actively encouraged.

At year-end 16 744 (2025: 16 398) South African employees were principal members of a medical aid scheme, of which 16 711 (2025: 16 360) were principal members of a Discovery Health medical aid scheme and 33 (2025: 38) were principal members of various other medical aid schemes.

At year-end eight (2025: six) Botswana employees were principal members with BOMaid, 27 (2025: 22) Namibian employees were principal members of Namibia Health Plan and 20 (2025: 19) Eswatini employees were principal members of Oracle Health.

At year-end 79.0% (2025: 82.5%) of the permanent full-time employees were members of a medical aid scheme. Increasing the health benefits available to employees will be a focus area for the group in the years ahead.

Employee and company contributions to the above funds are included in employment costs detailed in note 4.

Notes to the financial statements *continued*

25 Leases

The group enters into lease agreements for all of its retail stores, its distribution administration building and other equipment items. The group accounts for its leases of retail stores and its distribution administration buildings in terms of IFRS 16 and applies the "short-term leases" and "low-value items" exemptions to its equipment leases, assessed by class of underlying asset and on a lease-by-lease basis, respectively. Leases of the group's retail stores have an average lease term of five years (2025: five years), although leases could be negotiated with varying terms. Several of these lease contracts include renewal options. The group assesses on a contract-by-contract basis whether it is probable that these options will be entered into and whether the options should be capitalised to the lease term 12 months prior to the option being exercisable. The group discounts future lease payments at the group's average incremental borrowing rate on inception of the lease, which was 8.1% at 31 August 2026 (8.4% at 31 August 2025). The group entered into lease contracts for stores which have not opened yet, amounting to R93.3 million (2025: R133.1 million).

Reconciliation of right-of-use assets

	Total R'000
As at 1 September 2024	3 505 081
Additions	1 251 319
New stores	314 983
Renewals	936 336
Depreciation	(1 142 361)
Remeasurements, modifications and terminations	71 008
As at 31 August 2025	3 685 047
Additions	**1 574 584**
New stores	**306 849**
Acquisition of subsidiary	**3 344**
Renewals	**1 264 391**
Depreciation	**(1 238 352)**
Remeasurements, modifications and terminations	**41 149**
As at 31 August 2026	**4 062 428**

Reconciliation of lease liabilities

As at 1 September 2024	3 786 286
Additions	1 251 319
New stores	314 983
Renewals	936 336
Interest	339 833
Payments	(1 405 965)
Remeasurements, modifications and terminations	71 008
As at 31 August 2025	4 042 481
Additions	**1 574 584**
New stores	**306 849**
Acquisition of subsidiary	**3 344**
Renewals	**1 264 391**
Interest	**385 356**
Payments	**(1 554 276)**
Remeasurements, modifications and terminations	**41 149**
As at 31 August 2026	**4 489 294**

	2026 R'000	2025 R'000
Non-current lease liabilities	**3 012 422**	2 708 327
Current lease liabilities	**1 476 872**	1 334 154
	4 489 294	4 042 481

The group's rental agreements include both fixed and variable payments. The fixed rental payments relate to base rentals that are paid to landlords based on the contractual obligation of the group. The variable rental payments consist of both other lease-related costs not included in the lease liability, as well as turnover rentals, which represents lease payments calculated as a percentage of the turnover of the specific store. The percentage payable is determined as part of the rental agreement. Turnover rental averages 0.1% (2025: 0.1%) of turnover.

	2026 R'000	2025 R'000
Fixed rental payments reducing the lease liability	**1 554 276**	1 405 965
Rental payments as a result of short-term leases	**31 055**	32 541
Rental payments as a result of low-value assets	**12 109**	12 091
Variable lease payments not reducing the lease liability	**215 342**	201 350
Total cash outflow	**1 812 782**	1 651 947

Maturity of lease commitments

The group leases all its retail premises and certain of its pharmaceutical distribution centre sites.

The lease agreements provide for minimum payments together, in certain instances, with contingent rental payments determined on the basis of achieving a specified threshold turnover.

The leases are discounted at the group's average borrowing rate.

Future minimum lease payments under non-cancellable leases due:

	2026 R'000	2025 R'000
– Not later than one year	**1 557 186**	1 411 925
– Later than one year, not later than five years	**3 735 204**	3 331 887
– Later than five years	**263 366**	243 934
	5 555 756	4 987 746

Notes to the financial statements *continued*

26 Trade and other payables

The following are included in trade and other payables:

	Group 2026 R'000	Group 2025 R'000
Trade payables (see note 26.1)	**9 341 824**	8 366 717
Loyalty programme deferred income (see note 26.2)	**146 827**	204 396
Refund liability	**20 697**	24 212
Non-trade payables and accruals (see note 26.3)	**2 599 218**	2 317 212
	12 108 566	10 912 537
The following are excluded from financial liabilities (see note 29.5), but included in trade and other payables:		
Loyalty programme deferred income (see note 26.2)	**(146 827)**	(204 396)
Other deferred income (see note 26.4)	**(427 983)**	(377 671)
Value-added tax	**(105 081)**	(259 002)
Financial liabilities (see note 29.5)	**11 428 675**	10 071 468

26.1 Supplier finance arrangements

Trade payables also consist of amounts due to suppliers who have entered into a supplier finance arrangement. Suppliers have the option to receive a discounted advance payment from the finance provider instead of being paid according to the originally agreed-upon payment terms for the supply of goods and services. If this option is chosen the finance provider assumes ownership of the group's liability from the supplier. The group continues to recognise the trade payable liability up until the point in time when the group pays the finance provider. The value and terms of the liabilities remain unchanged at year-end. The group has not provided any security nor incurred any additional cost in securing the finance arrangement.

	Group 2026 R'000	Group 2025 R'000
Trade payables subject to supplier finance arrangements	**475 219**	695 605

The range of payment due dates are as follows:

Trade payables subject to supplier finance arrangements	90 – 120 days after invoice
Trade payables not subject to supplier finance agreements	30 – 60 days after invoice

See note 28 for details on liquidity risk management and note 29.5 for details on maturity analysis of the group's financial liabilities.

26.2 Loyalty programme deferred income

The deferred income relating to points is determined based on the value of unredeemed vouchers in issue, as well as the value of points on qualifying sales that have not been converted into vouchers.

Based on the historic redemption rate, it is assumed that 90% of all points in issue are ultimately redeemed.

Estimates are made based on historic trends regarding the value of points on qualifying sales that will ultimately convert into vouchers issued.

Revenue recognised during the current year which was included in the loyalty programme deferred income opening balance amounted to R204 million (2025: R181 million).

26.3 Non-trade payables and accruals consist of expense and payroll accruals, value-added tax, unredeemed gift cards and income received in advance.

26.4 Relating to non-applicant marketing and distribution fees that United Pharma Marketing Proprietary Limited receives from the supplier.

Revenue recognised during the current year which was included in the other deferred income opening balance amounted to R378 million (2025: R243 million).

Notes to the financial statements *continued*

	Group	
	2026 R'000	2025 R'000
27 Dividends to shareholders		
Previous year final cash dividend out of distributable reserves – 648.0 cents per share paid 26 January 2026 (2025: 566.0 cents per share paid 27 January 2025 out of distributable reserves)	**1 515 354**	1 347 433
A current-year interim cash dividend of 258.0 cents per share was paid 6 July 2026 out of distributable reserves (2025: 238.0 cents per share was paid 7 July 2025 out of distributable reserves)	**603 335**	563 915
Dividend received from repurchased shares	**(1 558)**	–
Total dividends to shareholders	**2 117 131**	1 911 348

On 20 October 2026 the directors approved the final proposed dividend of 667.0 cents per share.

The source of such a dividend will be from distributable reserves and paid in cash and will be recognised in the statement of changes in equity in 2027 financial year.

Dividend payout ratio

The dividend payout ratio is 65%.

For further details refer to the directors' report on page 3.

28 Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, interest rate risk), credit risk and liquidity risk.

This note presents information about the group's exposure to each of the above risks; the group's objectives, policies and processes for measuring and managing risk; and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

The group treasury functions within the parameters of the treasury policy and reports to a sub-committee of management.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The group buys derivatives to hedge economic exposures in the ordinary course of business to manage foreign currency risks.

Currency risk

The group is exposed to foreign exchange risk through its imports of merchandise.

The currencies in which these transactions are primarily denominated are USD, EUR, GBP and CNY.

The group's treasury risk management policy is to take out forward exchange contracts, to cover both committed and anticipated exposures.

The impact of a 10% strengthening or weakening of the currency against the USD, EUR, GBP and CNY with all other variables held constant is disclosed in note 29.2. The effect of this movement is based on the outstanding forward foreign exchange contracts held by the group at year-end.

Interest rate risk

The group has interest-bearing assets and liabilities in the form of call deposits, money market investments and short-term borrowings. Interest-bearing assets and liabilities have variable rates which are impacted by market factors and expose the group to cash flow interest rate risk.

In May 2024 the South African Reserve Bank (SARB) published an update prepared by the Market Practitioners Group (MPG) on the transition from the Johannesburg Interbank Average Rate (JIBAR), including the expected transition timelines. In terms of the current transition plan JIBAR is expected to cease before the end of May 2027 and will be replaced by the South African Overnight Index Average (ZARONIA), which has been designated by the MPG as the alternative reference rate.

The group is potentially exposed to interest rate risk, partly due to interest-bearing assets and liabilities in the form of call deposits, money market investments, short-term borrowings and lease liabilities that are linked to JIBAR. Management continues to monitor developments relating to the benchmark reform and assess the potential impact of the transition to ZARONIA on the group's financial instruments, risk management practices and processes and is of the opinion that the impact of the anticipated changes will not be material.

There were no material interest rate sensitivities at year-end.

Price risk

The group's exposure to other price risk relates to fluctuations in the share price of the company as a result of the options that have been granted to employees in terms of the long-term incentive scheme (see note 24.1). At year-end, the exposure amounted to R0.07 million. The impact of reasonably possible changes in the company's share price is therefore considered immaterial.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the group's receivables. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, money market investments, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to Distribution and Retail customers, including outstanding receivables and committed transactions.

Notes to the financial statements *continued*

28 Financial risk management *continued*

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In relation to the Retail business, trade receivables primarily relate to recoverables from vendors with which the group has a trading relationship and medical aids with respect to pharmacy recoverables, while in Distribution, customers (excluding intercompany) are primarily hospitals and independent pharmacists.

In relation to the Distribution business, the risk management has been delegated to the management of the subsidiary business.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

Credit Guarantee Insurance Corporation of Africa Limited is utilised to cover the majority of wholesale customers with a credit balance over a predetermined amount.

Goods are sold subject to retention of title clauses in the Distribution business so that in the event of non-payment the group may have a secured claim.

The group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

The main components of this allowance are specific loss components that relate to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been expected but not yet identified.

The collective loss allowance is determined based on historical data of payment statistics of similar financial assets and forward-looking information.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the group's reputation. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by holding availability through credit lines. At year-end the group's total uncommitted facilities available were R4 931 million and USD77 million (2025: R4 166 million and USD64 million).

See note 29.5 for details for maturity analysis of the group's financial liabilities.

The group's supplier finance arrangements facility is R1 300 million (2025: R1 300 million). There were no material business combinations or foreign exchange differences in either period or other non-cash transfers relating to trade payables under supplier finance arrangements.

Refer to note 26.1 for more detail of the group's trade and other payables under supplier finance arrangements.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The group's target of maintaining a ratio of shareholders' interest to total assets is in the range of 30% to 35%. This is obtained through achieving the group's earnings targets, management of working capital, share buybacks and dividends.

In 2026 the shareholders' interest to total assets was 28.2% (2025: 30.4%).

29 Financial instruments

Market risk

29.1 Treasury risk management

The treasury committee meets on a regular basis to analyse currency and interest rate exposures and re-evaluate treasury management strategies.

29.2 Foreign exchange risk management

The group is exposed to foreign currency risk as it imports merchandise. This risk is mitigated by entering into forward exchange contracts. These contracts are matched with anticipated future cash flows in foreign currencies.

The group does not use forward exchange contracts for speculative purposes.

The group has measured these instruments at fair value (see note 16).

Exposure to currency risk – foreign exchange contracts

	2026				2025			
	USD '000	GBP '000	EUR '000	CNY '000	USD '000	GBP '000	EUR '000	CNY '000
Forecast purchases and payables due at the end of the year	**34 511**	**4 317**	**9 177**	**159 551**	24 387	3 523	6 465	112 353
Forward exchange contracts subject to cash flow hedging	**12 017**	**1 630**	**3 004**	**54 674**	17 604	2 056	2 392	88 050
Net exposure	**22 494**	**2 687**	**6 173**	**104 877**	6 783	1 467	4 073	24 303

The following exchange rates applied during the year:

	Average rate		Reporting date mid-spot rate	
	2026	2025	2026	2025
USD	**16.67**	18.09	**16.16**	17.73
GBP	**22.36**	23.59	**21.89**	23.93
EUR	**19.40**	19.90	**18.73**	20.68
CNY	**2.51**	2.51	**2.40**	2.47

Notes to the financial statements *continued*

29 Financial instruments *continued*

29.2 Foreign exchange risk management *continued*

Foreign exchange rate sensitivity analysis

The following table details the group's sensitivity to a 10% strengthening in the South African Rand against the relevant foreign currencies. A 10% sensitivity rate is used when reporting foreign currency risk internally to management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and their adjusted translation for a 10% change in foreign currency rates.

	USD impact		GBP impact		EUR impact		CNY impact	
	2026 R'000	2025 R'000	2026 R'000	2025 R'000	2026 R'000	2025 R'000	2026 R'000	2025 R'000
Decrease in other comprehensive income	**(14 324)**	(23 243)	**(2 612)**	(3 660)	**(4 161)**	(3 618)	**(9 713)**	(16 361)
Increase in profit before tax	**36 370**	12 024	**5 881**	3 510	**11 560**	8 424	**25 190**	6 013

For a 10% weakening of the South African Rand against the relevant currency, there would be an equal but opposite increase in other comprehensive income and a decrease in profit before tax.

29.3 Fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		2026		2025	
		Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
Financial assets					
Trade receivables (see note 18)	Amortised cost	**1 987 810**	**1 987 810**	1 897 013	1 897 013
Logistics fees and other receivables (see note 18)	Amortised cost	**979 881**	**979 881**	523 595	523 595
Income accruals (see note 18)	Amortised cost	**760 415**	**760 415**	485 534	485 534
Loans receivable (see note 14)	Amortised cost	**157 480**	**157 480**	152 864	152 864
Financial assets at fair value through profit or loss (see note 15)	Financial assets at fair value through profit or loss	**237 070**	**237 070**	207 663	207 663
Cash and cash equivalents	Amortised cost	**2 301 427**	**2 301 427**	3 255 770	3 255 770
Financial liabilities					
Trade and other payables (see note 26)	Financial liabilities measured at amortised cost	**11 428 675**	**11 428 675**	10 071 468	10 071 468
Forward exchange contracts designated as hedging instruments (see note 16)	Financial liabilities measured at fair value through other comprehensive income	**1 482**	**1 482**	8 681	8 681

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Derivatives

Fair values of currency are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange, interest rates and share price.

Notes to the financial statements *continued*

29 Financial instruments *continued*

29.3 Fair values of financial instruments *continued*

Non-derivative financial assets and liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date except for the insurance cell captive where fair value is determined based on the net asset value at the reporting date.

The fair value of unit trusts are determined by reference to the quoted price in an active market.

The table below provides the valuation method of financial instruments carried at fair value. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial assets and financial liabilities measured at fair value

Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2026				
Financial assets				
Financial assets at fair value through profit or loss – Investment in Guardrisk Insurance Company Limited (see note 15)	**–**	**24 431**	**–**	**24 431**
Financial assets at fair value through profit or loss – collective investment schemes (see note 15)	**212 639**	**–**	**–**	**212 639**
Total	**212 639**	**24 431**	**–**	**237 070**
Financial liabilities				
Forward exchange contracts designated as hedging instruments (see note 16)	**–**	**(1 482)**	**–**	**(1 482)**
2025				
Financial assets				
Financial assets at fair value through profit or loss – Investment in Guardrisk Insurance Company Limited (see note 15)	–	16 564	–	16 564
Financial assets at fair value through profit or loss – collective investment schemes (see note 15)	191 099	–	–	191 099
Total	191 099	16 564	–	207 663
Financial liabilities				
Forward exchange contracts designated as hedging instruments (see note 16)	–	(8 681)	–	(8 681)

There have been no transfers between levels 1, 2 and 3 during the period.

29.4 Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligation, resulting in financial loss to the group. The group is exposed to credit risk arising from cash equivalents, a money market investment, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to Distribution and Retail customers, including outstanding receivables and committed transactions. Management has a formal credit policy in place as a means of mitigating the risk of financial loss to the group.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2026 R'000	2025 R'000
Trade receivables (see note 18)	**1 987 810**	1 897 013
Logistics fees and other receivables (see note 18)	**979 881**	523 595
Cash and cash equivalents	**2 301 427**	3 255 770
Loans receivable (see note 14)	**157 480**	152 864
	5 426 598	5 829 242

Notes to the financial statements *continued*

29 Financial instruments *continued*

29.4 Credit risk management *continued*

Trade receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers who purchase from the group. The group uses the expected credit loss model whereby a provision matrix is performed on the simplified method to calculate the provision.

Trade receivables can be categorised into Distribution customers and Retail customers.

	Carrying amount	
	2026 R'000	2025 R'000
Retail customers	**156 833**	169 285
Distribution customers	**1 830 977**	1 727 728
	1 987 810	1 897 013

Expected credit loss model

At each reporting date the group performs an impairment analysis using a provision matrix to determine the expected credit loss of trade receivables. The receivables balances are disaggregated according to similar characteristics and loss patterns, being pharmacy and wholesale debtors. The group used historical loss rates, adjusted for forward-looking information as per the group accounting policy to determine the loss rate as outlined below:

The group's trade receivables are stated net of impairment losses. An analysis of impairment losses are as follows:

	Retail		Distribution	
	2026 R'000	2025 R'000	2026 R'000	2025 R'000
Balance at the beginning of the year	**(8 368)**	(9 028)	**(10 667)**	(14 264)
Impairment allowance (recognised)/reversed during the year	**524**	660	**(3 753)**	3 288
Trade receivables written off during the year as uncollectible	**–**	–	**1 736**	309
Balance at the end of the year	**(7 844)**	(8 368)	**(12 684)**	(10 667)

The creation of impairment losses has been included in note 18.

Amounts charged to the allowance account are generally written off to the financial asset when there is no expectation of recovery.

Retail customers

The ageing of trade receivables at the reporting date was:

	2026				2025			
	Loss rate %	Estimated gross carrying amount at default R'000	Expected credit loss R'000	Net R'000	Loss rate %	Estimated gross carrying amount at default R'000	Expected credit loss R'000	Net R'000
Not past due	**4.8**	**164 677**	**(7 844)**	**156 833**	4.7	177 653	(8 368)	169 285

Retail trade receivables mainly relate to receivables from medical aids with respect to pharmacy debtors.

Trade debtors are classified as past due when they have passed their payment date by one day.

Distribution customers

The ageing of trade receivables at the reporting date was:

	2026				2025			
	Loss rate %	Estimated gross carrying amount at default R'000	Expected credit loss R'000	Net R'000	Loss rate %	Estimated gross carrying amount at default R'000	Expected credit loss R'000	Net R'000
Not past due	**0.3**	**1 241 632**	**(3 681)**	**1 237 951**	0.4	1 001 965	(3 653)	998 312
Past due 0 – 30 days	**0.2**	**440 118**	**(933)**	**439 185**	0.1	500 537	(610)	499 927
Past due more than 30 days	**5.0**	**161 911**	**(8 070)**	**153 841**	2.7	235 893	(6 404)	229 489
Total	**0.7**	**1 843 661**	**(12 684)**	**1 830 977**	0.6	1 738 395	(10 667)	1 727 728

Distribution customers are primarily hospitals and independent pharmacists. The Distribution business minimises its exposure to credit risk by insuring debtors with balances greater than a predetermined amount. There is an excess (which varies between hospitals and independent pharmacists) that is carried by the Distribution business with the balance being covered by Credit Guarantee Insurance Corporation of Africa Limited.

Notes to the financial statements *continued*

29 Financial instruments *continued*

29.4 Credit risk management *continued*

The split between insured and uninsured debtors is as follows:

	Gross amount	
	2026 R'000	2025 R'000
Insured	**1 843 661**	1 738 395

The exposure to credit risk in respect of these debtors is managed through credit evaluations. Expected credit losses are immaterial.

Cash and cash equivalents

The group's banking facilities are with reputable institutions, all of which have a strong credit rating and expected credit losses are immaterial.

Other loans

Other loans are reviewed at least on an annual basis to assess their recoverability. The recoverability of the loans have been assessed and no impairments have been noted. Expected credit losses on loans are immaterial.

29.5 Liquidity risk management

Liquidity and interest risk tables

The following tables detail the group's remaining contractual maturity for its financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount R'000	Contractual cash flows R'000	Not later than one year R'000	Later than one year, not later than five years R'000	Later than five years R'000
2026					
Liabilities					
Derivative financial liabilities (see note 16)	**1 482**	**1 482**	**1 482**	**–**	**–**
Trade and other payables (see note 26)	**11 428 675**	**11 428 675**	**11 428 675**	**–**	**–**
Lease liabilities (see note 25)	**4 489 294**	**5 555 756**	**1 557 186**	**3 735 204**	**263 366**
	15 919 451	**16 985 913**	**12 987 343**	**3 735 204**	**263 366**
2025					
Liabilities					
Derivative financial liabilities (see note 16)	8 681	8 681	8 681	–	–
Trade and other payables (see note 26)	10 071 468	10 071 468	10 071 468	–	–
Lease liabilities (see note 25)	4 042 481	4 987 746	1 411 925	3 331 887	243 934
	14 122 630	15 067 895	11 492 074	3 331 887	243 934

30 Capital commitments

	Group	
	2026 R'000	2025 R'000
Capital expenditure approved by the directors		
Contracted	**303 031**	147 764
Not contracted	**1 150 418**	1 108 747
	1 453 449	1 256 511

Capital commitments relate to the group's investment in property, plant and equipment and intangible assets to maintain and expand operations.

The capital expenditure will be financed from internally generated funds and borrowings.

31 Financial guarantees

Group companies provide surety for other group companies to the value of R4 931 million and USD77 million (2025: R4 166 million and USD64 million) with respect to facilities held with various banks. At year-end these facilities had no drawings by group companies (2025: nil). The fair values of the financial guarantees are considered negligible.

32 Related party transactions

32.1 Group

Clicks Group Limited is the ultimate holding company of the group.

Transactions between group subsidiaries

During the year, in the ordinary course of business, certain companies within the group entered into transactions with one another. These intragroup transactions have been eliminated on consolidation. For a list of the group's subsidiaries, see page 52.

Related party transactions include:

i) dividends paid and received from subsidiary companies;
ii) interest received from or paid to subsidiary companies;
iii) loans to or from subsidiary companies;
iv) sale of goods between subsidiary companies; and
v) administration fees received from or paid to subsidiary companies.

Notes to the financial statements *continued*

32 Related party transactions *continued*

32.1 Group *continued*

Directors and key management

Certain non-executive directors are also non-executive directors of other public companies which transact with the group.

The relevant directors do not believe that they have control, joint control or significant influence over the financial or operating policies of those companies.

Executive directors' employment contracts do not provide for a defined period of employment, but specify a notice period for the chief executive officer of 12 months and six months for the other executive directors. During this notice period all standard benefits accrue to the directors in question. Contracts do not provide for predetermined compensation on termination other than that accorded to employees in terms of the group's remuneration policies.

Employee benefits paid to directors and key management personnel are detailed in note 4.

Shares held by directors and their related entities

The percentage of shares held by directors of the company at year-end is disclosed on page 54.

	Group	
	2026 R'000	2025 R'000
Transactions with Mistragystix Proprietary Limited		
Interest income	**16 718**	18 125
Loan receivable (see note 14)	**127 500**	137 980

Other related parties

The group has identified The Clicks Helping Hand Trust as a related party because of the group's involvement in the charitable and developmental activities of the trust. The group has not consolidated the trust as it is not exposed to variable returns from it and any non-financial benefit is considered to be insignificant. The total net assets for the trust are R18.0 million (2025: R13.0 million) and a net surplus of R5.0 million (2025: R1.6 million). Donations to the trust during the year from subsidiary companies were:

	Group	
	2026 R'000	2025 R'000
The Clicks Helping Hand Trust	**31 865**	25 384

No financial benefits were derived by the group from this relationship.

Contributions to pension and provident fund

Contributions paid to pension and provident funds are included in note 4 and additional information in note 24.

32.2 Company

The company has the following related party transactions:

	Company	
	2026 R'000	2025 R'000
32.2.1 Dividend income		
New Clicks South Africa Proprietary Limited	**3 224 000**	2 415 000
Clicks Group Eswatini Proprietary Limited	**–**	35 000
Total dividend income from related parties	**3 224 000**	2 450 000
32.2.2 Loans by subsidiary companies		
New Clicks South Africa Proprietary Limited	**2 755 821**	2 872 003
Clicks Centurion Proprietary Limited	**9 000**	9 000
Clicks Group Eswatini Proprietary Limited	**3 500**	35 000
Total loans by subsidiary companies	**2 768 321**	2 916 003

A schedule of the loans and investments in related parties is included on page 52.

Notes to the financial statements *continued*

33 Borrowing powers

In terms of the memorandum of incorporation, the borrowing powers of the company are unlimited.

34 Operating segments

The group has identified two reportable segments, as described below. For each of the operating brands, the group's chief decision-makers review internal management reports on a monthly basis. The following describes the operations in each of the group's reportable segments:

Retail

Retail comprises Clicks, a specialist health, beauty and homeware retailer; Sorbet, a franchise of hair and beauty salons; 180 Degrees Marketing, a software development company; The Body Shop, which specialises in naturally inspired luxury toiletries, cosmetics, gifting and grooming; UniCare, 24-hour specialised pharmacies; KwaMakhi, a new neighbourhood convenience brand targeting South Africa's township market, with stores in the Republic of South Africa, Namibia, Eswatini, Botswana and Lesotho.

The revenue, assets and liabilities recognised in countries outside of South Africa are not significant in relation to those recognised locally.

Distribution

UPD is a national full-range pharmaceutical wholesaler and also provides distribution capability for the Clicks Group. UPD operates within the Republic of South Africa.

The information regarding the results of each reportable segment is included on page 14. Performance is measured based on segment trading profit, as included in the internal management reports that are reviewed by the group's chief operating decision-makers. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment transactions are on an arm's length basis.

Major customers

There are no external customers that account for more than 10% of the group's revenue.

35 Investment in subsidiaries

Effective 31 October 2025, the group acquired 74% of the issued share capital of Mr First Aid Proprietary Limited for a total consideration of R42.6 million, comprising R13.3 million paid in cash and a contingent consideration of R29.3 million. The company is incorporated in South Africa and operates in the South African medical consumables industry.

The contingent consideration is subject to a conditional amount of R29.3 million payable by the group to the previous owners of Mr First Aid Proprietary Limited contingent to the satisfaction of the conditions stipulated in the sale agreement.

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

	R'000
Assets	
Non-current assets	**20 800**
Current assets	**23 935**
Liabilities	
Non-current liabilities	**(44 922)**
Current liabilities	**(4 727)**
Fair value of net liabilities assumed	**(4 914)**
Non-controlling interest	**6 742**
Fair value of net liabilities assumed	**4 914**
Purchase price paid in cash net of cash acquired	**13 268**
Goodwill	**24 924**

36 Events after reporting date

On 28 September 2026 the group announced its agreement to acquire an additional 35.3% interest in Mistragystix Proprietary Limited trading as ARC Store for total consideration of R507 million. The transaction remains subject to approval by the relevant competition authorities. The group will account for the transaction in accordance with IFRS 3: Business Combinations once the remaining conditions precedent have been fulfilled and the required regulatory approvals obtained.

On 20 October 2026 a final gross cash dividend of 667.0 cents per share (R1 545.5 million) was declared out of distributable reserves.

Company statement of comprehensive income

for the year ended 31 August 2026

	Notes	2026 R'000	2025 R'000
Dividend income from subsidiary	32.2.1	**3 224 000**	2 450 000
Other income		**5 000**	–
Bank charges		**(11)**	(13)
Operating costs		**(85)**	(56)
Profit before financing income		**3 228 904**	2 449 931
Financial income		**2 615**	2 298
Profit before taxation		**3 231 519**	2 452 229
Income tax expense	7	**(703)**	(4 117)
Profit for the year		**3 230 816**	2 448 112
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**3 230 816**	2 448 112

Company statement of financial position

as at 31 August

	Notes	2026 R'000	2025 R'000
ASSETS			
Non-current assets			
Interest in subsidiary companies (see page 52)		**3 393 071**	3 540 753
Current assets		**10 296**	9 131
Cash and cash equivalents		**10 296**	9 131
Total assets		**3 403 367**	3 549 884
Equity		**3 390 039**	3 530 234
Share capital	19	**2 318**	2 360
Share premium	19	**3 301 189**	3 301 189
Distributable reserve		**86 532**	226 685
Current liabilities		**13 328**	19 650
Trade and other payables		**11 695**	11 610
Income tax payable		**1 633**	8 040
Total equity and liabilities		**3 403 367**	3 549 884

Company statement of changes in equity

for the year ended 31 August 2026

	Number of shares (Note 19) '000	Share capital (Note 19) R'000	Share premium (Note 19) R'000	Distributable reserve R'000	Total R'000
Balance at 1 September 2024	238 062	2 381	3 301 189	441 333	3 744 903
Total comprehensive income for the year	–	–	–	2 448 112	2 448 112
Shares repurchased and cancelled	(2 131)	(21)	–	(751 412)	(751 433)
Dividends declared to shareholders (see note 27)	–	–	–	(1 911 348)	(1 911 348)
Balance at 31 August 2025	**235 931**	**2 360**	**3 301 189**	**226 685**	**3 530 234**
Total comprehensive income for the year	**–**	**–**	**–**	**3 230 816**	**3 230 816**
Shares repurchased and cancelled	**(4 221)**	**(42)**	**–**	**(1 253 838)**	**(1 253 880)**
Dividends declared to shareholders (see note 27)	**–**	**–**	**–**	**(2 117 131)**	**(2 117 131)**
Balance at 31 August 2026	**231 710**	**2 318**	**3 301 189**	**86 532**	**3 390 039**

Company statement of cash flows

for the year ended 31 August 2026

	2026 R'000	2025 R'000
Cash effects of operating activities		
Profit/(Loss) before working capital changes	**4 904**	(69)
Working capital changes	**85**	9 342
Cash generated by operations	**4 989**	9 273
Interest income	**2 615**	2 298
Taxation paid	**(7 110)**	(4 074)
Cash inflow from operating activities before dividends paid	**494**	7 497
Dividends paid to shareholders	**(2 117 131)**	(1 911 348)
Net cash effects of operating activities	**(2 116 637)**	(1 903 851)
Cash effects of investing activities		
Repayment of loans by subsidiaries	**116 182**	247 260
Dividend income from subsidiary	**3 255 500**	2 415 000
Net cash effects of investing activities	**3 371 682**	2 662 260
Cash effects of financing activities		
Shares repurchased	**(1 253 880)**	(751 433)
Net cash effects of financing activities	**(1 253 880)**	(751 433)
Net movement in cash and cash equivalents	**1 165**	6 976
Cash and cash equivalents at the beginning of the year	**9 131**	2 155
Cash and cash equivalents at the end of the year	**10 296**	9 131

Notes to the company statement of cash flows

for the year ended 31 August 2026

	2026 R'000	2025 R'000
Profit/(Loss) before working capital changes		
Profit before taxation	**3 231 519**	2 452 229
Adjustment for:		
Dividend income	**(3 224 000)**	(2 450 000)
Interest income	**(2 615)**	(2 298)
	4 904	(69)
Working capital changes		
Increase in trade and other payables	**85**	9 342
	85	9 342
Taxation paid		
Income tax payable at the beginning of the year	**8 040**	7 997
Current tax charge	**703**	4 117
Income tax payable at the end of the year	**(1 633)**	(8 040)
	7 110	4 074

Interest in subsidiary companies

at 31 August

Name of company/entity and nature of business	Country of incorporation	Ordinary issued share capital/ trust capital[1]	Shares at cost less amounts written off 2026 R'000	Shares at cost less amounts written off 2025 R'000	Amount owing by subsidiaries[2] 2026 R'000	Amount owing by subsidiaries[2] 2025 R'000
Directly held						
i) Trading						
New Clicks South Africa Proprietary Limited	South Africa	R500	**272 439**	272 439	**2 755 821**	2 872 003
ii) Clicks Centurion Proprietary Limited	South Africa	R10	*	*	**9 000**	9 000
iii) New Clicks Foundation Trust	South Africa	R5 000	–	–	–	–
Indirectly held						
i) Trading						
Clicks Group (Eswatini) Proprietary Limited	Eswatini	E2	–	–	**3 500**	35 000
Clicks Group (Botswana) Proprietary Limited	Botswana	BWP3 000	–	–	–	–
Clicks Group (Namibia) Proprietary Limited	Namibia	N$100	–	–	–	–
Clicks Group (Lesotho) Proprietary Limited	Lesotho	M1 000	–	–	–	–
Clicks Retailers Proprietary Limited	South Africa	R200	–	–	–	–
Clicks Investments Proprietary Limited	South Africa	R16 685 175 000	–	–	–	–
180 Degrees Services Proprietary Limited	South Africa	R120	–	–	–	–
K2021423995 (South Africa) Proprietary Limited	South Africa	R100	–	–	–	–
180 Degrees Marketing Proprietary Limited	South Africa	R100	–	–	–	–
Sorbet Group Proprietary Limited	South Africa	R11 200 400	–	–	–	–
H. Mallach and Associates Proprietary Limited (trading as M-Kem)	South Africa	R100	–	–	–	–
United Pharma Marketing Proprietary Limited	South Africa	R1 000	–	–	–	–
Mr First Aid Proprietary Limited	South Africa	R100	–	–	–	–
ii) Name protection and dormant						
One company (2025: one company)			–	–	–	–
			272 439	272 439	**2 768 321**	2 916 003

Shares at cost less amounts written off	**272 439**	272 439
Amounts owing by subsidiary companies	**2 768 321**	2 916 003
Share-based payments capitalised	**352 311**	352 311
Interest in subsidiaries	**3 393 071**	3 540 753

All other loans are interest free, unsecured and repayable by agreement.

* Values less than R1 000.
[1] All directly and indirectly owned subsidiaries are wholly owned by the group, except for Mr First Aid Proprietary Limited.
[2] There is no intention for the company to recall the loans in the next 12 months after the reporting date.

Analysis of shareholders

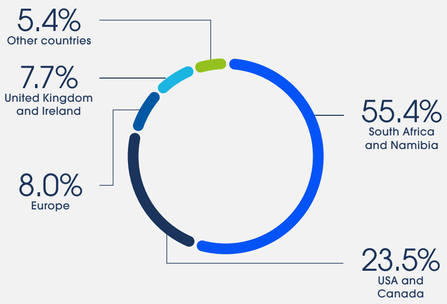
at 31 August

	Number of shares	Percentage of shares
Public and non-public shareholders		
Public shareholders	**231 541 084**	**99.9%**
Non-public shareholders		
Shares held by directors	**169 181**	**0.1%**
Total non-public shareholders	**169 181**	**0.1%**
Total shareholders	**231 710 265**	**100.0%**

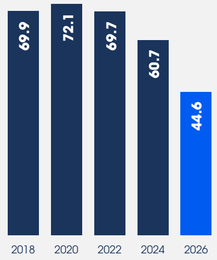
According to the company's register of shareholders, read in conjunction with the company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following fund managers managed 3% or more of the issued share capital at 31 August 2026:

	Percentage of shares	
	August 2026	August 2025
Major fund managers managing 3% or more:		
Public Investment Corporation (SA)	**18.4%**	19.1%
BlackRock (US and UK)	**6.6%**	4.9%
The Vanguard Group (US)	**4.4%**	4.2%
Old Mutual (SA)	**3.4%**	2.6%
Lazard Asset Management (US and UK)	**3.2%**	2.7%
JPMorgan Asset Management (US and UK)	**3.1%**	3.5%
Funds no longer managing 3% or more:		
GIC Asset Management (Singapore)	**1.1%**	4.5%
RBC Global Asset Management (UK)	**0.2%**	3.8%

Geographic distribution of shareholders



Offshore shareholding (%)





Analysis of shareholders *continued*

	Number of shares	Percentage of shares
Major beneficial shareholders holding 3% or more		
Government Employees Pension Fund	**47 984 233**	**20.7%**
Classification of registered shareholdings		
Banks/Brokers	**95 138 174**	**41.1%**
Retirement funds	**64 404 863**	**27.8%**
Mutual funds	**50 097 417**	**21.6%**
Individuals	**9 152 474**	**3.9%**
Insurance companies	**4 947 221**	**2.1%**
Trusts	**3 886 892**	**1.7%**
Private companies	**1 446 932**	**0.6%**
Endowment funds	**1 310 889**	**0.6%**
Other	**1 325 403**	**0.6%**
	231 710 265	**100.0%**

	Number of holders	Percentage of holders	Number of shares	Percentage of shares
Distribution of registered shareholdings				
1 – 1 000	**32 149**	**88.6%**	**6 173 813**	**2.7%**
1 001 – 10 000	**3 214**	**8.9%**	**8 645 251**	**3.7%**
10 001 – 100 000	**672**	**1.8%**	**21 309 239**	**9.2%**
100 001 – 1 000 000	**201**	**0.6%**	**63 227 756**	**27.3%**
1 000 001 shares and over	**34**	**0.1%**	**132 354 206**	**57.1%**
	36 270	**100.0%**	**231 710 265**	**100.0%**

	2026			2025		
	Direct beneficial shares	Indirect beneficial shares	Total	Direct beneficial shares	Indirect beneficial shares	Total
Directors' shareholdings						
Bertina Engelbrecht	**123 368**	**–**	**123 368**	100 268	–	100 268
Sango Ntsaluba	**492**	**–**	**492**	492	–	492
Gordon Traill	**36 572**	**8 749**	**45 321**	20 512	5 818	26 330
Total	**160 432**	**8 749**	**169 181**	121 272	5 818	127 090

The total number of ordinary shares in issue is 231 710 265 (2025: 235 930 939). Percentage of issued share capital held by directors is 0.07% (2025: 0.05%). Details of all dealings in Clicks Group shares by directors during the financial year are contained in the directors' report on page 3. There were no changes in directors' shareholding between the end of the financial year and the date of approval of the annual financial statements.

Corporate information

Clicks Group Limited

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

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

Registered address

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

Postal address

PO Box 5142
Cape Town 8000

Company secretary

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

Auditors

KPMG Inc.

Principal bankers

FirstRand Bank Limited

JSE sponsor

Investec Bank Limited

Transfer secretaries

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

Investor relations consultants

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

Shareholders' diary

Annual general meeting	**28 January 2027**
Preliminary results announcements	
Interim results to February 2027	on or about 22 April 2027
Final results to August 2027	on or about 21 October 2027
Publication of 2027 integrated report	**November 2027**
Ordinary share dividend	
2026 final dividend	
Last day to trade with dividend included	19 January 2027
Date of dividend payment	25 January 2027

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

