

CLICKS GROUP L I M I T E D

Integrated
annual report
2023



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Forward-looking statements

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

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

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

Reporting suite 2023

The integrated report is the group's primary reporting medium and is supplemented by additional reports and information which is also available online at www.clicksgroup.co.za. Following the adoption of the JSE Sustainability Disclosure Guidance which introduces the principle of double materiality, we indicate below how financial and impact materiality relates to the elements of our 2023 reporting suite. Detail on the group's determination of materiality is covered in the Introduction to the 2023 integrated report on page 4.

FINANCIAL MATERIALITY

Financial reporting

- Annual financial statements 2023
- Five-year financial review
- Annual results 2023
- Annual results 2023 presentation

DOUBLE MATERIALITY

Integrated report 2023

Environmental, social and governance reporting

- Sustainability report 2023
- Corporate governance and King IV report 2023
- Social and ethics committee report 2023
- Remuneration report 2023
- Notice of annual general meeting

IMPACT MATERIALITY

Report navigation

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



Financial



Manufactured



Intellectual



Human



Social and relationship



Natural



Page reference



Online reference

As a leader in the healthcare market Clicks Group is committed to increasing access to affordable healthcare for all South Africans. Clicks is the country's leading health, wellness and beauty retailer and foremost pharmacy chain, with an expanding network of over 880 stores and over 710 pharmacies supported by a growing digital presence. UPD is the country's leading full-range pharmaceutical wholesaler, providing the distribution capability for the group's healthcare strategy.



2023 in review

Key features

Group turnover

+8.2%*
to R41.6 billion

Retail turnover

+12.2%*
to R31.7 billion

Dividend 679 cents
per share

+6.6%

Return on equity

43.6%

Record capital
investment

R930 million

Opened

**45 Clicks stores and
38 pharmacies**



Diluted HEPS

+1.1%
to 1 045 cents

Adjusted diluted HEPS

+11.5%**

Cash generated
by operations

R5.9 billion

Returned to
shareholders

R2.3 billion



Refer to the chief financial officer's report
p50 - 55

Clicks ClubCard
loyalty members

10.4 million

UPD total
managed turnover

R32.1 billion

* Excluding vaccinations in both periods

** Excluding insurance proceeds in
prior period

Environmental



Commitment to carbon neutrality

Investment in renewable
energy with installation of solar
panels at head office and all
distribution centres



Refer to the sustainability report
p70 - 78

Social



BBBEE rating maintained at
level 4

Black employees
95%

Female employees
63%

Top employer in the
retail sector for
7th year

Governance



Independent directors
80%

Black board members
60%

Female board members
40%

ESG ratings

FTSE Russell
4.0
rating out of 5

MSCI
AA

Introducing the integrated report

The resilience and defensiveness of the Clicks Group's business model was again evident in a year marked by deteriorating trading conditions due to increasing inflationary pressures on consumer disposable income while load shedding continued to disrupt trading patterns and weigh heavily on consumer sentiment.

The group has pleasure in presenting its integrated report for the 2023 financial year. Our report aims to demonstrate in a balanced way how the group continues to create and preserve value for shareholders during these uncertain times while meeting its responsibilities towards all stakeholders.

Reporting scope and boundary

The report covers material information relating to the business model, strategy, material issues and related risks and opportunities, and performance for the financial year 1 September 2022 to 31 August 2023.

Forward-looking information focuses on the strategic objectives, operating plans and prospects for the 2024 financial year as well as the group's medium-term financial targets.

The financial reporting boundary covers the performance of the group's main operating businesses Clicks and UPD and focuses on the operations in South Africa where the majority of revenue is generated. The group has 53 stores in four neighbouring countries.

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

The integrated report is targeted at our shareholders, who are our primary providers of capital, and the broader investment community, while we also acknowledge the role of our customers, staff, suppliers, industry regulators and

funding institutions in the process of value creation, preservation and erosion.

Reporting and governance compliance

The IFRS Foundation's Integrated Reporting Framework (January 2021) and the recently introduced JSE Sustainability Disclosure Guidance (June 2022) have been applied in preparing the integrated report.

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

All financial reporting complies with International Financial Reporting Standards, the South African Companies Act and the JSE Listings Requirements.

The directors confirm that the group has in all material respects applied the principles of the King IV Report on Corporate Governance (King IV) throughout the 2023 financial year. The application of King IV is covered in the corporate governance and King IV report 2023 which is available on our website.

We support the introduction of the IFRS S1 and IFRS S2 sustainability reporting standards by the International Sustainability Standards Board which the group is required to adopt from our 2025 financial year. The application of uniform global sustainability and climate-related standards will align international reporting and ensure comparability of ESG disclosures across all markets.

Reporting boundaries for the integrated report

RISKS, OPPORTUNITIES AND OUTCOMES

FINANCIAL AND STATUTORY
REPORTING BOUNDARY
(CONTROL AND
SIGNIFICANT INFLUENCE)

CLICKS GROUP
LIMITED

SUBSIDIARIES

INVESTMENTS

CAPITALS APPLIED IN THE CREATION,
PRESERVATION OR EROSION OF VALUE



PRIMARY STAKEHOLDERS



Materiality

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

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

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

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

Independent assurance

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

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

Integrated reporting process

The preparation of the integrated report is the responsibility of a working group led by the

chief executive officer (CEO) and chief financial officer (CFO), comprising senior members of the finance, marketing and sustainability teams, company secretary, head of corporate affairs and the external investor relations consultants.

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

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

Director responsibility

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

The audit and risk committee has oversight responsibility for integrated reporting and recommended the report for approval by the directors. The 2023 integrated report was unanimously approved by the board on 9 November 2023.



David Nurek
Independent
non-executive
Chairman



Bertina Engelbrecht
Chief executive
officer



Gordon Traill
Chief financial
officer





01

About Clicks Group

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

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Group profile

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

Founded in 1968, Clicks is the country's leading health, beauty and wellness retailer and the largest retail pharmacy chain, with an expanding network of over 880 stores and over 710 pharmacies supported by a growing digital presence. UPD is the country's leading full-range pharmaceutical wholesaler, providing the distribution capability for the group's healthcare strategy.

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

The group recognises the importance of environmental, social and governance (ESG) practices in creating a sustainable business and has been included in the FTSE4GoodIndex for the past seven years as well as the FTSE/JSE Responsible Investment Top 30 Index.

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

The group has a level 4 BBBEE rating and was recognised as a top employer in the retail sector by the Top Employers Institute for the seventh year.

Group brands



Our anchor brand

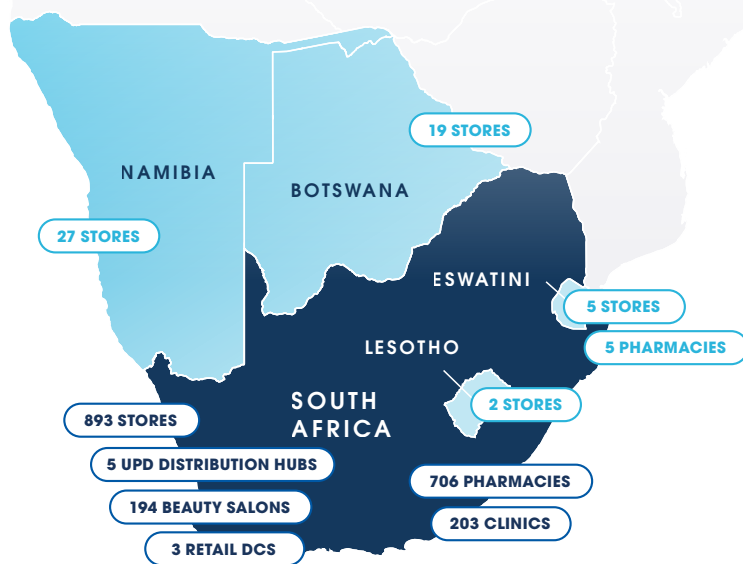
Clicks is South Africa's leading health and beauty retailer, offering value for money in convenient and appealing locations.



Our distribution channel

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

Geographic footprint





Established in 2021

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



Launched in SA in 2001

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



Largest professional beauty salon chain

Sorbet is the country's largest professional beauty salon franchise chain, with a national presence of 194 outlets operating under the Sorbet (all-round beauty therapy), Sorbet Man (male grooming) and Candi & Co (ethnic haircare) brands.

Our vision

To be the leading health and beauty retailer in targeted markets within southern Africa

Our values

We are truly **passionate** about our customers

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

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

We are **disciplined** in our approach

We **deliver** on our goals





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

Refer to Clicks business review on p58



Overview

- Clicks primarily targets consumers in the growing middle- to upper-income markets (LSM 6 – 10), with a growing presence in lower income areas where 26% of stores are now located
- 50% of the population lives within 5.1km of a Clicks pharmacy
- Clicks ClubCard is one of the largest loyalty programmes in South Africa with 10.4 million active members, contributing 80.2% to sales
- Product offering is differentiated through wide ranges of private label and exclusive brands, comprising 25.2% of sales
- In 2001, an exclusive franchise agreement with The Body Shop, which was most recently renewed in 2020, which sells natural, ethically-produced beauty products, provided further differentiation to the retail offering, with a combination of standalone stores and presence in 257 Clicks stores
- The first standalone Clicks Baby store was opened in 2021, showcasing a wide range of mother and baby products
- In June 2023 Clicks acquired the Sorbet beauty salon franchise chain, operating under the Sorbet (all-round beauty therapy), Sorbet Man (men's grooming) and Candi & Co (ethnic hair, treatments and hairstyling) brands

885 stores

664 convenience format
217 destination format
4 baby stores

3

Front shop
distribution centres

711

Pharmacies

203

Clinics

194

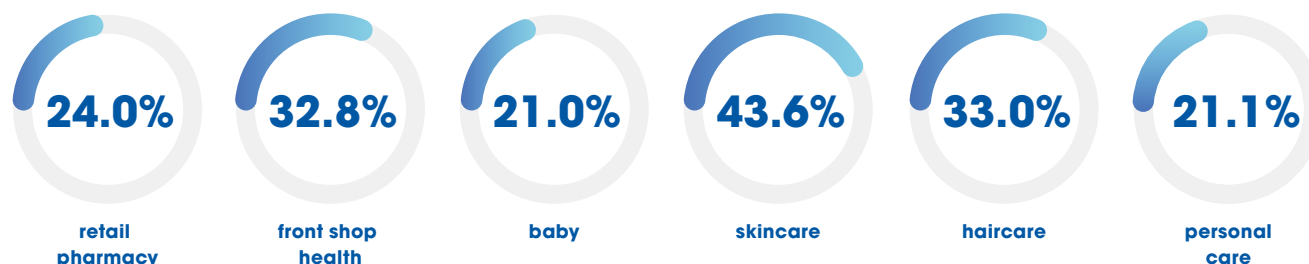
Beauty salons
190 franchised
4 owned

Store footprint

	South Africa	Rest of Africa*	Total	Pharmacies	Clinics
Clicks	832	49	881	711	203
Clicks Baby	4		4		
The Body Shop	57	4	61		
Sorbet Beauty Salons	194		194		
Total	1 087	53	1 140		

* Namibia, Botswana, Eswatini and Lesotho

Market share





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



Refer to UPD business review on p64



Overview

UPD fulfils the pharmaceutical supply needs of Clicks, major private hospital groups and over 1 100 independent pharmacies. UPD also provides bulk distribution services to pharmaceutical manufacturers.

UPD owns distribution centres located in Gauteng (Roodepoort), Cape Town, Durban, Bloemfontein and Port Elizabeth. All the distribution centres are ISO9001:2015 certified. Owing to the increasing scale and size of the third-party distribution business, additional distribution warehouse facilities are rented in Gauteng and Cape Town.

5

Distribution hubs

30

Bulk distribution clients

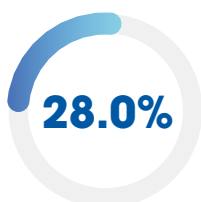
R32.1 billion

Total managed turnover

491 million

Units of medicine distributed

Market share



private pharmaceutical
fine wholesale market



Commitment to environmental, social and governance (ESG) practices

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

 Refer to the sustainability report p70

The sustainability strategy is based on four focus areas:





Level 4

BBBEE rating

60%

Black and

40%

female board members

95%

Black and

63%

female employees

228

Stores located in low income areas (22.5% of retail turnover), improving accessibility to healthcare

Clicks Group is a founding member of the SA Plastics Pact

Solar panels installed on all distribution centres in support of the group's commitment to alternative energy supply

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



No poverty



Good health and well-being



Quality education



Gender equality



Affordable and clean energy



Decent work and economic growth



Reduced inequalities



Responsible consumption and production



Climate action

Business model

Inputs

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

(measured at the end of the 2023 financial year)



Financial capital

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

- Equity of R6.0 billion
- Cash resources R2.5 billion
- Borrowing facilities R2.6 billion
- Working capital inflow of R673 million

SHAREHOLDERS REGULATORS



Manufactured capital

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

- 950 stores trading in five countries
- E-commerce capability
- 711 pharmacies
- 203 clinics
- 8 distribution centres located in five major provinces

CUSTOMERS SUPPLIERS EMPLOYEES



Human capital

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

- 18 447 permanent employees
- 95% black and 63% female employees
- Extensive investment in training and development
- Company-funded healthcare cover available to all employees

EMPLOYEES REGULATORS



Intellectual capital

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

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

EMPLOYEES



Social and relationship capital

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

- 10.4 million Clicks ClubCard loyalty members
- New Clicks Foundation funds of R152 million
- Community support through social investment programme and Helping Hands Trust
- Listing portal for small and medium-sized suppliers
- Small enterprise owner driver scheme contracted to UPD

SHAREHOLDERS CUSTOMERS

EMPLOYEES SUPPLIERS REGULATORS



Natural capital

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

- Sustainable materials used in products and packaging
- Group-wide recycling programme
- R78.5 million invested in alternative energy

CUSTOMERS EMPLOYEES REGULATORS

Our operating model

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

Strategic enablers to provide sustained growth for our stakeholders

People

Centralised supply chain

Information technology



Customer care

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

Value

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

Convenience

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

Differentiation

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

Rewards

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

Outcomes

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



Financial capital

- Group adjusted diluted HEPS up 11.5%
- Dividend of 679 cents per share
- Return on equity 43.6%
- Cash generated by operations R5.9 billion
- R2.3 billion returned to shareholders in dividends and share buy-backs
- Reinvested R930 million in capital expenditure
- Invested R320 million in acquisitions



Manufactured capital

- Opened 45 Clicks stores
- Opened 38 pharmacies
- 50% of customers live within 5.1km of a Clicks pharmacy
- 1.8 million social media followers



Human capital

- R4.4 billion paid to employees
- 4 273 employees trained
- R135 million invested in employee training and development



Intellectual capital

- Retail pharmacy market share 24.0%
- Private pharmaceutical wholesale market share 28.0%
- Constituent of FTSE/JSE Top 40 Index
- Clicks private label sales account for 25.2% of total sales



Social and relationship capital

- R689 million in cashback paid to ClubCard members
- R969 million paid in taxes in all countries of operation
- R35 billion paid to suppliers of goods and services, including landlords
- R93 million invested in enterprise and supplier development programmes
- R57 million paid to 22 small enterprise owner drivers contracted to UPD
- R26.7 million invested in socio-economic development programmes
- 78 bursaries awarded to pharmacy students
- Level 4 BBBEE rating
- Constituent of FTSE4Good Index



Natural capital

- Total carbon emissions 150 436 tonnes CO₂
- Waste recovered from recycling 4.4 million kg
- Produced 3 636 MWh renewable energy



Outputs

Group turnover

R41.6 billion

Cost of merchandise sales

R32.3 billion

Operating profit

R3.6 billion

Carbon emissions (tonnes CO₂)

150 436

Material trade-offs of capitals

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

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

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

Constraints on capitals

The key constraints encountered during the year were in relation to **manufactured capital**.

- Load shedding due to electricity supply constraints has had a significant impact on turnover owing to shorter trading hours in shopping centres and disruption of shopping patterns. The group has invested more than R120.1 million in alternative power solutions over the past two years to limit the impact of electricity outages.
- The weak economic environment and rising fuel, energy, food and borrowing costs have constrained consumer disposable income which has negatively affected discretionary retail spending.

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



Managing material issues

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

Material risks

- 1 Political instability
- 2 Information technology
- 3 Trading environment
- 4 Brand reputation
- 5 Competition
- 6 Regulation
- 7 People
- 8 Climate change

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

In the review of the material issues for the 2024 financial year, the following changes were made:

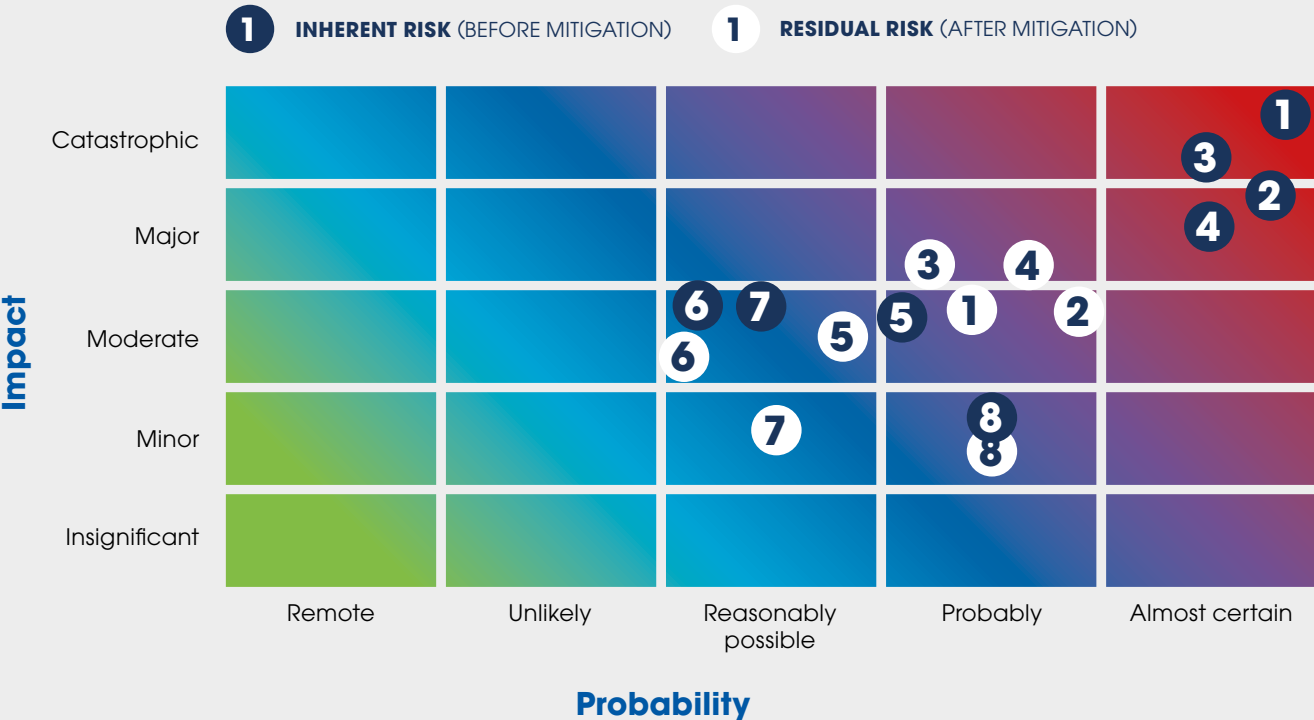
- The risk relating to ‘civil unrest’ has been reclassified and expanded to ‘political instability’, to cover government instability, corruption, high levels of crime, riots and civil unrest;
- The ‘global health pandemic’ risk has been excluded as a material issue as the probability of this risk is significantly reduced.

RISKS

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

OPPORTUNITIES

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



1

Political instability

Incidents of government instability, corruption, crime, riots and civil unrest causing physical damage, business interruption or loss of revenues are becoming an increasingly significant risk in the current environment.

RISKS

- Increase in riots, demonstrations and vandalism as a form of civil unrest becomes the main political risk exposure for companies, resulting in significant losses and insurance claims.
- Impact of civil and political violence can cause business disruption beyond physical property damage.
- Disruption to the economy, transport networks, companies, distribution centres, malls and stores resulting in possible loss of life, and increased hardship.
- Failure by municipalities and Eskom to provide essential services, including electricity, access to free drinking water, infrastructure maintenance, leading to disruptions in supply chain, increased transport costs and civil unrest.
- Increased cost of doing business as a result of higher insurance premiums and security requirements to safeguard against and recover from incidents of civil unrest.

OPPORTUNITIES

- Improved business continuity planning that explicitly addresses civil unrest across the distribution centres, transport and store network.
- Increased co-operation with government, civil society groups and the industry to mitigate and manage threats of civil unrest.
- Implementation of improved, tested and coordinated national supply chain capabilities to respond to incidents of civil unrest.
- Enhanced financial cash flow and liquidity facilities to mitigate short-term working capital impacts in the event of disruption.
- Leverage online capability to meet customer needs.

2

Information technology

Increasing incidence of global and local cyber and ransomware attacks heightens the risk of unauthorised access to customer and sensitive data. This is compounded by persistent power outages due to ongoing maintenance challenges at Eskom resulting in disruptions to trade.

RISKS

- Confidential customer or sensitive internal data compromised as a result of undetected data security breach or cyber attack.
- IT systems and architecture no longer appropriate in an environment of ever-increasing scale and requirement for real-time information.
- Delays and technical challenges with strategic IT projects would negatively impact business operations.
- Inability to restore business operations and IT systems, including UPD automated picking system, in the event of a disaster.
- Power outages impacting the ability to trade and resulting in loss of sales.

OPPORTUNITIES

- Improved information security practices and compliance as a result of increased online presence.
- Planned implementation roadmap for new IT systems with improved system efficiencies and cost savings that support the organic growth strategy.
- Migration to cloud-based business continuity plan.
- Ensure continued trading during power outages by connecting to mall generators where available and back-up power through uninterrupted power solutions.
- Implementation of a managed cyber security service with full-time managed security monitoring capability.

3

Trading environment

Low economic growth, poor economic conditions and the resultant weak consumer sentiment are impacting South Africa's retail trading environment. Consumer disposable income has been further eroded by rising global inflation, geopolitical factors, utility prices, higher health insurance costs and increased general living costs.

RISKS

- Escalating energy, fuel and food prices as well as rising interest rates further eroding consumer spending.
- Criminal activity, including syndicated crime, escalates during times of economic hardship.
- Currency volatility could impact on the cost of direct and indirect imports and result in price increases which cannot be passed on to consumers.
- Increasing use of generic medicines and the added pressure of low single exit price (SEP) increases will continue to impact on UPD's operating margin.
- Global inflation has a significant knock-on impact, including fuel price hikes and cost pressures for South African consumers.

OPPORTUNITIES

- Clicks to improve price competitiveness, grow sales volumes and entrench the perception of the brand as a value retailer.
- Focus on differentiators, including an extensive and expanding convenient store and pharmacy network; private label and exclusive ranges; personalised engagement leveraging the Clicks ClubCard loyalty programme and consistently high levels of customer care.
- Grow Clicks online sales and extend online-only product ranges.
- Hedge foreign exchange exposure by purchasing forward cover.
- UPD to continue to drive efficiencies to mitigate the impact of genericisation on the operating margin.
- Increased security at distribution centres and in stores.

4

Brand reputation

Reputational damage to the group, its operating brands and products could result in a loss of brand equity having an adverse financial impact on the business.

RISKS

- Breakdown in financial and governance controls and reporting could cause serious reputational damage and impact the company's rating on the JSE, as well as incurring fines and censure from regulators.
- Poor product quality, product recalls or customer claims could negatively impact trust in the brand.
- Harmful content or imagery being displayed on online platforms or printed marketing material could impact on brand equity.
- Exponential growth in social media usage with its immediacy and reach can seriously damage the image of brands, regardless of the accuracy of the content.
- Increasing consumer activism and potential brand or product boycotts.
- Inability to attract and retain quality employees if the company has suffered reputational damage.

OPPORTUNITIES

- Robust governance framework and financial controls implemented across the group, with oversight from the board, executive management and internal audit.
- Protocols established to ensure content on group's social media and online platforms is authorised by the responsible executive to limit the impact of potentially viral comments, images or videos.
- Resources to monitor online and social media to respond rapidly.
- Consultants retained by the group to advise on reputational management.
- Strict quality assurance processes to limit risk of product failure.
- Insurance and indemnity cover for product recalls, customer claims and malicious damage to property.

Competition

Clicks faces competition on several fronts, including national food retailers and general merchandise chains, online retailers and other pharmacy businesses.

RISKS

- Expansion by corporate pharmacy and retail chains impact on market share growth in Clicks.
- Increasing price competitiveness and promotional activity of retailers, including competing loyalty schemes, could negatively affect sales and margins in Clicks.
- Customers migrating to alternate online retailers and grocers, with fast home delivery service.

OPPORTUNITIES

- Clicks has an extensive store network and plans to open 40 to 50 stores each year, expanding to over 1 200 stores in the long term.
- Continued expansion of the pharmacy network with the long-term plan to open dispensaries in all stores in South Africa.
- Expanding product offer, including opening further baby stores and extending private label and exclusive brands ranges.
- Expanding Clicks ClubCard membership base, affinity partners and benefits, and migrating members onto the Clicks mobile app.
- Ongoing improvement in pricing, product offer (in store and online) and customer service.
- Increased pharmacy customer convenience through the roll out of smart lockers.



6

Regulation

Healthcare markets are highly regulated across the world and approximately 50% of the group's turnover is in regulated pharmaceutical products. The group supports regulation that advances the government's healthcare agenda of making medicines more affordable and more accessible but opposes regulation which inhibits access to affordable healthcare and limits customer choice.

RISKS

- Healthcare legislative and regulatory changes introduced by the Department of Health (DoH), SA Pharmacy Council (SAPC) and SA Health Products Regulatory Authority (SAHPRA) could impact on Clicks' and UPD's turnover and margins.
- Impacts include the ability to obtain pharmacy licences and to launch private label and exclusive scheduled and complementary medicines.
- Introduction of National Health Insurance (NHI) would impact on the private and public healthcare markets.
- Non-compliance with current and emerging legislation including the Companies Act, Consumer Protection Act, Protection of Personal Information Act, labour law, and copyright legislation could result in monetary sanctions.

OPPORTUNITIES

- Ensure Clicks and UPD are operating efficiently to maintain margins and profitability.
- Continue management engagement with the DoH, SAPC and SAHPRA on legislation and regulation, and to accelerate the granting of pharmacy licences and approval of generic medicines to broaden access to affordable healthcare.
- As the market leaders in retail pharmacy and pharmaceutical wholesaling, position Clicks and UPD to benefit from market consolidation arising from changes in legislation and regulation.
- Partner with government to be a preferred service provider to the NHI scheme.



People

Retail and healthcare skills are scarce and in high demand locally and internationally. Attracting and retaining talent is therefore critical to the group's continued success. As the largest employer of pharmacy staff in the private sector in South Africa the group is actively building capacity to address the critical shortage of pharmacists.

RISKS

- Inability to recruit, attract and retain talent for core business needs, including merchandise and planning, store management and pharmacy.
- Strike action causing disruption to operations, damage to property and financial loss.
- Inability to attract business as a result of not achieving required transformation targets.

OPPORTUNITIES

- Salaries and incentives are externally benchmarked to ensure the group remains competitive.
- Bursary and internship programmes to attract pharmacy graduates.
- Retail graduate and IT learnership programmes offered.
- Accredited training programmes for store management, key store roles and merchandise and planning roles.
- Senior leadership development programme strengthens pool of management talent and provides candidates for succession planning.
- Group resourcing function established, including specialist pharmacy team.
- Improved employee engagement to drive enhanced motivation and affiliation.

Climate change

Extreme weather events and changes in weather patterns can cause disruptions to operations, trading and damage to physical assets.

RISKS

- Unpredictable weather patterns can impact the supply chain and the ability to deliver inventory to stores and distribution centres.
- Employees may be restricted from travelling to places of work due to flooding or fires.
- Inability to trade in locations impacted by adverse weather conditions.
- Inability to meet customer demand for environmentally sustainable products, resulting in a loss of market share.

OPPORTUNITIES

- Reduction in packaging and waste, particularly in private label products, including the use of durable and recyclable bags in stores.
- Increased operational efficiency and environmental friendliness through the use of more energy efficient solutions.
- Alignment with local and international sustainability reporting guidelines to adequately report to shareholders on the company's response to climate impacts.

Managing stakeholder engagement

Clicks Group's stakeholder engagement strategy focuses mainly on the five primary stakeholders that management believe are most likely to impact on the delivery of the group's strategic objectives and influence the ability to create value in the short, medium and long term. Proactive and transparent relationships enable the group to identify and address the needs, expectations and concerns of these stakeholder groups.

Shareholders and lending institutions

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

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

KEY ENGAGEMENT ISSUES IN 2023	ADDRESSING ENGAGEMENT NEEDS, EXPECTATIONS AND CONCERNS
Impact of the deteriorating economic environment on trading in Clicks.	While the group is not immune to the prevailing economic headwinds, the business model is resilient and the core healthcare markets in which the group trades are highly defensive and non-cyclical, with over 80% of group turnover in defensive categories.
Concern over the management of the systems implementation in UPD and the cost impact.	The system's implementation at UPD's largest distribution centre in Gauteng was completed at the beginning of September 2023. While there were transitional challenges, the implementation has been successfully completed and the system is stable. Management expects efficiencies to start being realised from the 2024 financial year.
The group's remuneration policy received 73.1% shareholder support in a non-binding advisory vote at the AGM in January 2023, below the required 75% approval. The remuneration implementation report received the requisite shareholder support.	Feedback from investors has been incorporated into the remuneration reporting and has also informed amendments to the long-term incentive scheme. Return on invested capital (ROIC) has replaced total shareholder return (TSR) as a performance measure and headline earnings per share targets have been set relative to growth based on CPI to align shareholder value creation. The vesting period for long-term incentives has been extended from three to five years. A minimum shareholder requirement has also been introduced for the executive directors. Shareholders raised a concern that the remuneration committee comprised a majority of members who had served on the committee for more than 14 years. A policy has been adopted which will limit members to serve a maximum of three terms of three years plus a final three year term during which period a successor is to be appointed. In the year, 75% of the members of the remuneration committee had less than five years' service.

Suppliers

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

Impact of load shedding on the distribution centre network.	The group has continued to invest in renewable energy through the provision of rooftop solar energy at its eight distribution centres. This is contributing to the reduction in the group's carbon emissions, reducing the cost of electricity and partially mitigating the impact of load shedding. Battery storage is being installed at the largest distribution centre which will allow the facility to operate independently of the national electricity grid.
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Customers

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

UPD customers include Clicks, major private hospital groups, pharmaceutical manufacturers and independent pharmacies.

Employees

All permanent and part-time employees across the group.

Government and industry regulators

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

KEY ENGAGEMENT ISSUES IN 2023	ADDRESSING ENGAGEMENT NEEDS, EXPECTATIONS AND CONCERNS
Ongoing electricity load shedding disrupted store operations and negatively impacted on the customer shopping experience.	Approximately 40% of the group's retail turnover is covered by generators (mostly installed and owned by shopping centre landlords), while the remainder of the stores in South Africa have a combination of inverters, batteries or UPS units to enable them to continue trading and serving customers. Clicks has also installed lithium batteries in 357 stores to provide back-up power in stores to minimise disruptions and enable customers to enjoy their shopping experience across the store network and have uninterrupted access to medicines. The three retail distribution centres have generators and backup generators.
As pressure on disposable income mounts, customers are increasingly seeking value and buying on promotions.	As a value retailer, Clicks offers competitive everyday pricing and appealing promotions. This is reflected in the 14.9% increase in promotional turnover in the reporting period, with promotions now accounting for 43.6% of turnover in Clicks. Value is offered through the extensive range of private label products and the generous loyalty benefits of the Clicks ClubCard. Clicks is also committed to offering patients a lower-priced generic alternative to originator medicines.
Supporting employee well-being.	The group expanded its employee wellness response by increasing support in particular on the mental, financial and physical health pillars with a focus on enabling positive, resilient and sustainable lifestyle changes.
Employee engagement.	The group's employee engagement survey achieved a record participation rate of 87%, with the outcome of the survey indicating that engagement levels have remained relatively stable. The focus of the employee engagement programme is on improving the employee experience, connecting employees to meaning and purpose, and adding to the group's employer value proposition.
Skills shortages in the health sector, particularly in relation to pharmacists.	The group's multifaceted approach to address the chronic skills shortage includes the provision of bursaries to pharmacy students, provision of training, tutorship and internship opportunities.
The Constitutional Court ruled against the Clicks Group in the case against the Independent Community Pharmacy Association (ICPA) concerning the relationship between the group and its pharmaceutical manufacturing division, Unicorn Pharmaceuticals.	The group prepared for the possible negative outcome of the case and is in ongoing discussions with the Department of Health to reach an amicable resolution. The ruling does not prevent Clicks pharmacies from dispensing Unicorn generic medicines. Clicks opened a net 38 pharmacies in the financial year.
Approval and granting of pharmacy licences.	The group lobbies and engages with the pharmacy licencing regulator on an ongoing basis to secure licences, follow up on outstanding applications and resolve queries or disputes.
Approval of new private label medicines.	The group engages with the regulator regarding outstanding medical product approvals as well as any amendments to legislation.

Group strategy

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



Group strategic objectives

- 1 Increase customer appeal and access by expanding the store, pharmacy and online presence**



- 2 Accelerate market share gains in pharmacy and core front shop categories**



- 3 Promote UPD's national pharmaceutical wholesale and distribution services to grow market share**



- 4 Deliver operational excellence with an efficient centralised supply chain**



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



- 6 Ensure sustainability through efficient cash and capital management and entrench robust environmental, social and governance practices**



Strategic drivers of longer-term growth

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

Favourable market dynamics



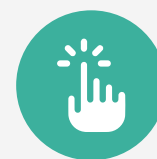
Healthcare markets are defensive and offer long-term growth opportunities in South Africa.

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

An increasing proportion of the population is entering the private healthcare market.

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

Convenience



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

Clicks Baby standalone stores enable the group to capitalise on the growth in this strategic category.

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

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

Differentiation



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

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

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

Sorbet beauty salon chain further differentiates offering.



[Refer to the investment case p28](#)

Personalisation



Clicks ClubCard is one of the largest retail loyalty programmes in South Africa, with 10.4 million active members.

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

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

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

Growth opportunities for UPD



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

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

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

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

Investment case

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

 This investment case should be read together with the group strategy report on pages 26 and 27 which outlines the group's strategic objectives and drivers of longer-term growth.



Market leadership

Clicks has the largest retail pharmacy chain footprint in South Africa, with a sizable private network of clinics

- UPD is the country's leading national full range pharmaceutical wholesaler



Healthcare markets defensive and growing

Over 80% of group turnover is in defensive merchandise categories

- Improving living standards, increasing urbanisation and longer life expectancy is contributing to a growing market for health and beauty products
- Increasing proportion of the population is entering the private healthcare market

Globally competitive operating margins

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



Convenient and growing retail footprint

Goal to expand Clicks store base to 1 200

- Over 880 Clicks stores
- 75% of stores located in convenience and neighbourhood shopping centres
- Expanding store base to areas serving lower to middle income customers
- Rolling out standalone specialist baby stores as showrooms to support online sales
- Acquired the Sorbet beauty salon franchise chain comprising 194 stores
- Targeting to open 40 - 50 Clicks stores each year

Accessible and expanding pharmacy network

Aim to operate a pharmacy in every Clicks store in South Africa

- 711 pharmacies in Clicks stores
- Currently 50% of the population live within 5.1km of a Clicks pharmacy
- Targeting to open 40 - 50 pharmacies each year
- Retail pharmacy market share goal of 30% in the long term (2023: 24.0%)



**To open
40-50
pharmacies
each year**



Growing personalisation and engagement

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

- 10.4 million active ClubCard members generate 80.2% of sales
- Online store offers full Clicks product range for in-store



collection or home delivery as well as online-only range extensions



Robust supply chain

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

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

Sustainable business

Commitment to sound environmental, social and governance practices

- ESG practices aligned with eight selected United Nations Sustainable Development Goals
- Inclusion in the FTSE4Good Index recognises the standard of the group's ESG practices
- R78.5 million invested in alternative energy sources and solar storage
- R771 million invested in training and development over the past five years
- Experienced, independent, diverse and well-balanced board



98%
of product through centralised distribution



Efficient cash and capital management

Highly cash generative business

- R17.7 billion cash generated from operating activities before dividends paid over past five years
- Returns enhanced through active capital management
- R8.9 billion returned to shareholders in dividends and share buy-backs in past five years
- Well-invested store base and supply chain
- R3.7 billion capital expenditure in past five years



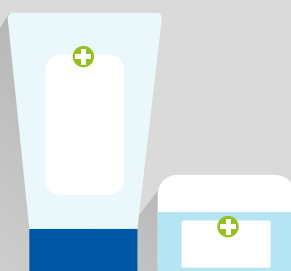
Differentiated product offer

Private label and exclusive brands offer differentiated ranges at higher margins

- Target to grow private label to 30.0% of retail sales; currently 25.2%
- Clicks offers differentiated products through exclusive health and beauty brands such as The Body Shop, GNC and Sorbet

Private label sales

25.2%
of total sales



R8.9 billion
returned to shareholders





02

Governance

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

32 Chairman's report

34 Board of directors

38 Corporate governance report

Chairman's report

Over the past year a myriad of global and domestic economic factors have conspired to create significant inflationary pressures for South Africans which has eroded consumer disposable income and confidence.

While the Clicks Group is not immune to the country's prevailing economic headwinds, our business model is resilient and the core healthcare markets in which we operate are highly defensive and non-cyclical. The business has also proven its ability to adapt to changing market dynamics time and time again.

UPD was challenged by a major systems implementation which impacted performance in the first half of the year. Decisive action was taken by management and UPD reported an improved performance in the second half, and the board is confident of the business making a recovery in the new financial year. Clicks compensated for the slower UPD performance and delivered outstanding results in the adverse retail trading conditions.

Group turnover increased by 8.2% to R41.6 billion (excluding vaccinations), with retail turnover growing by 12.2%. Diluted headline earnings per share (HEPS), adjusting for the insurance recoveries last year, increased by 11.5% and the dividend was increased by 6.6% to 679 cents per share. The group generated cash inflows from operations of R5.9 billion, an increase of R1.6 billion over last year, and returned R2.3 billion to shareholders in dividend payments and share buybacks.

The performance of the past year maintains the group's consistent growth trajectory of the past decade or more. Since 2014 the group

has generated a compound annual total shareholder return of 19.8% per annum. Diluted HEPS has grown by a 10-year compound rate of 13.4% and the dividend per share by 15.0% per annum.

Over the past five years since 2018, which includes the period impacted by Covid-19, the destructive civil unrest in KwaZulu-Natal, unprecedented load shedding and one of the most severe consumer downturns in many years, the group grew diluted HEPS at a compound rate of 12.7% per annum, again confirming the resilience of the business.

The strong balance sheet and robust cash flows enable the group to reinvest for growth, with capital expenditure of R6.0 billion over the past 10 years. More than R12 billion has been returned to shareholders in dividends and share buy-backs, underpinning the quality and premium rating of the Clicks Group share.

Board succession and tenure

We acknowledge the benefits of an experienced and knowledgeable board but also recognise the oversight advantages and benefits that stem from fresh insights and debate in the boardroom.

During the year we continued to progress our structured succession plan aimed at refreshing the composition of the board. Long-standing directors Prof Fatima Abrahams and Martin Rosen retired at the annual general meeting (AGM) in January 2023 while John Bester will be retiring at the forthcoming AGM in February 2024.

We welcomed Christine Ramon as an independent non-executive director in February 2023. Christine's wide-ranging financial, strategic and leadership experience in large listed companies, together with her governance experience, make her an asset for any board. Richard Inskip was appointed to the board in July 2023 and brings a wealth of retail expertise which included holding senior executive positions in two large listed retailers. He has current and highly relevant experience in specialist areas of retail across technology, e-commerce, data management, supply chain and strategy.

Christine and Richard are already making a positive and substantial contribution to our board deliberations.



More than
R12bn
returned to
shareholders over
the past 10 years

Black board
members
60%
Target 50%

Female board
members
40%
Target 33%

Following the February 2024 AGM, six of our seven non-executive directors will have served on the board for four years or less.

The board refresh will be completed when my current term of office comes to an end at the AGM in 2025 and I will retire as a director and chairman of the company. The board has initiated a process to identify a successor and we are confident of appointing a candidate from within the ranks of the current board.

It is important for shareholders to note that the board refresh does not signal a shift in the strategic direction of the group.

Board developments

Following the early retirement of Michael Fleming in December 2022, Gordon Traill was appointed as chief financial officer (CFO) and an executive director with effect from 1 January 2023.

The benefit of appointing an internal candidate of Gordon's calibre and 17 years' wide-ranging experience within the group has been evident in the immediate impact he has made on the group's financial and capital management portfolio, while he has been instrumental in completing and integrating the group's recent acquisitions.

The retirement of Prof Fatima Abrahams as a director resulted in changes to our board committees, with Nomgando Matyumza being appointed as chair of the social and ethics committee and Sango Ntsaluba as chair of the remuneration committee.

The remuneration and nominations committee has been restructured and will in future function as a separate remuneration committee, with the functions of the nominations committee being assumed by the board. In order to enhance the oversight of the group's risk function, an additional meeting of the audit and risk committee will be convened each year to focus exclusively on risk management.

Our board is diverse in its composition and thinking, and this diversity ensures that the board considers the needs and concerns of all our stakeholders and interest groups. Currently 60% of our directors are black and 40% female, exceeding our voluntary targets of 50% black and 33% female representation on the board.

Governance and oversight

Governance, compliance and oversight practices are continually enhanced, supporting our belief that robust governance can benefit long-term equity performance and enhance shareholder value.

Following extensive and positive engagement with shareholders, the group's long-term incentive (LTI) scheme for executives has been amended to align our remuneration practices

more closely with global best practice. Return on invested capital has been adopted as a performance measure to replace total shareholder return to further strengthen executive alignment to shareholder value creation while the vesting period for long-term incentives has been extended from three to five years. Our remuneration policy has been further enhanced with the introduction of a minimum shareholding requirement for the members of the group's executive committee. Refer to the remuneration report on the group's website for further details.

We have appointed KPMG Inc. as the group's new external auditor for the 2024 financial year, subject to shareholder approval at the AGM in February 2024. Ernst & Young Inc. (EY) have served as the group's auditor for 11 years and on behalf of the board we thank the partners and staff for their service and support over this time.

Environmental, social and governance (ESG) practices have continued to be integrated and entrenched across the business. The group's progress is reflected in our performance relative to global standards, achieving a 'AA' ESG rating from MSCI and being included in the FTSE4Good Index for the seventh successive year.

As part of the independent evaluation for inclusion in this index, the group again achieved the maximum score for the governance element, confirming that our governance is in line with international standards. The group achieved an overall ESG score of 4 out of 5, far outperforming the drug retailers' sector average score of 2.4.

Acknowledgements

The performance of the past year reflects the quality of the leadership, management and staff in the Clicks Group. Thank you to our CEO Bertina Engelbrecht, CFO Gordon Traill and the executive teams in Clicks and UPD for their inspirational leadership in navigating the group through this turbulent trading environment.

Thank you to our 18 400 employees at head office, stores and distribution centres across the country for a job well done.

My fellow non-executive directors provide invaluable support in governing the group's affairs and I thank them for their continued commitment, counsel and guidance. On behalf of the board, I extend my gratitude to our retiring directors for their outstanding contributions to the board and committees over several years, and we wish them well into the future.



David Nurek
Independent
non-executive chairman

Board of directors

Independent non-executive directors



David Nurek (73)

Non-executive chairman

Dip Law, Grad Dip Company Law



Appointed 1996

Directorships:

Trencor (chairman) and Textainer Group Holdings.

Expertise and experience:

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



Mfundiso Njeke (65)

Lead non-executive director

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



Appointed 2020

Directorships:

Datatec, Delta Property Fund and Motus Holdings.

Expertise and experience:

Accounting, finance, commercial and strategic planning. Mfundiso (JJ) is a chartered accountant by profession. After serving as an audit partner at PricewaterhouseCoopers for six years he co-founded Kagiso Trust Investments where he was group managing director from 1994 to 2010. JJ is currently the chairperson of investment company Dlonlobala Capital, which he co-founded in 2012. He is a past chairman of the SA Institute of Chartered Accountants.



John Bester (77)

Non-executive director

BCom (Hons), CA (SA), CMS (Oxon)



Appointed 2008

Directorships:

Intembeko Investment Administrators and Personal Trust. Trustee of the Children's Hospital Trust and the Children's Hospital Foundation Trust.

Expertise and experience:

Accounting and finance. John spent 16 years in the accounting profession, including serving as a partner of Ernst & Young for 10 years. He has been involved in commerce and industry for a further 42 years.

- Chair
- Audit and risk committee
- Remuneration committee
- Nominations committee
- Social and ethics committee



Richard Inskip (61)

Non-executive director

BCom

Appointed July 2023

Directorships:

Hyprop Investments and
Mr Price Group.

Expertise and experience:

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



Nomgando Matyumza (60)

Non-executive director

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



Appointed 2022

Directorships:

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

Expertise and experience:

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

Board diversity policy

The group has adopted a policy to ensure diversity on the board, specifically relating to race and gender but also in respect of broader diversity attributes such as skills, qualifications and experience, age and culture. The recent appointments of Christine Ramon and Richard Inskip were made in line with this policy. The board exceeds its voluntary targets in respect of race and gender representation, with 60% of directors being black (target 50%) and 40% of directors being women (target 33%).

Tenure



Age



Board profile

Gender



Race



Classification



Independent non-executive directors



Sango Ntsaluba (63)

Non-executive director

*BCom, BCompt (Hons), MCom
(Development Finance), H Dip Tax Law,
CA (SA)*



Appointed 2021

Directorships:

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

Expertise and experience:

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



**Dr Penny Osiris
(neé Moumakwa) (58)**

Non-executive director

MBChB, MAP (Wits), GMP (Harvard)



Appointed 2021

Directorships:

Growthpoint Healthcare Property
Holdings, RCL Foods, Wits University
Donald Gordon Medical Centre and
the Witkoppen Health and Welfare
Centre.

Expertise and experience:

Healthcare and sustainability. Penny is
a medical doctor with extensive senior
executive experience in the private
and public healthcare sectors. She
was previously an executive director
of Discovery Health and an executive
committee member of Discovery
Holdings, including serving on the
sustainability committee of Discovery.
She is the founding CEO of Mohau
Equity Partners.



Christine Ramon (56)

Non-executive director

*BCompt, BCompt (Hons), CA (SA)
Senior Executive Programme (Harvard)*



Appointed February 2023

Directorships:

Vodafone plc and Discovery

Expertise and experience:

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

Executive directors



Bertina Engelbrecht (60)

Chief executive officer

BProc, LLM, admitted attorney



Appointed as a director in 2008

Expertise and experience:

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



Gordon Traill (52)

Chief financial officer

BAcc (Hons) with French, CA

Appointed as a director in January 2023

Expertise and experience:

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

Corporate governance report

The Clicks Group's governance and compliance framework is premised on the principles of accountability, transparency, ethical management and fairness. The group's corporate governance standards are independently rated as aligning with global best practice.



[Refer to the corporate governance report 2023 online](#)

The group's consistent focus on corporate governance has been an enabler of the sustained strong performance of the business, reflected in the long-term equity outperformance. The board and top management are accountable for the group's governance and consider governance to be critical to the group's ability to execute its strategic objectives, and to ensure that the group is sustainable and meets the expectations of its various stakeholders.

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

- Welcoming new independent non-executive directors, Christine Ramon and Richard Inskip, following the retirement of long-standing board members, Prof Fatima Abrahams and Martin Rosen, who had served with distinction for many years. This is a continuation of the planned board refresh which was initiated in 2021;
- Accepting the early retirement of former CFO Michael Fleming and appointing Gordon Traill as his successor from 1 January 2023;
- Conducting a selection process to appoint an audit firm to replace EY Inc. in terms of the decision of the board pertaining to audit firm rotation. KPMG Inc. will be proposed to shareholders for appointment as the group's auditors for the 2024 financial year;
- Appointing Nomgando Matyumza as chair of the social and ethics committee and Sango Ntsaluba as chair of the remuneration committee, following the retirement of Prof Fatima Abrahams on 26 January 2023, who had previously chaired these committees; and reappointing JJ Njeke as chair of the audit and risk committee and as lead independent director, and David Nurek as chair of the nominations committee; and
- Reviewing the structure of the board and its sub-committees, in order to ensure that the structure serves the needs of the group and can efficiently attend to the work required of the governing body.

The group has applied the King IV report throughout the 2023 financial year and the directors confirm that the group has in all material respects voluntarily applied the principles of the code. The application of King IV is covered in the corporate governance report 2023 published on the website. The board is not aware of any material non-compliance with the Companies Act, 2008, the JSE Listings Requirements or the Clicks Group memorandum of incorporation.

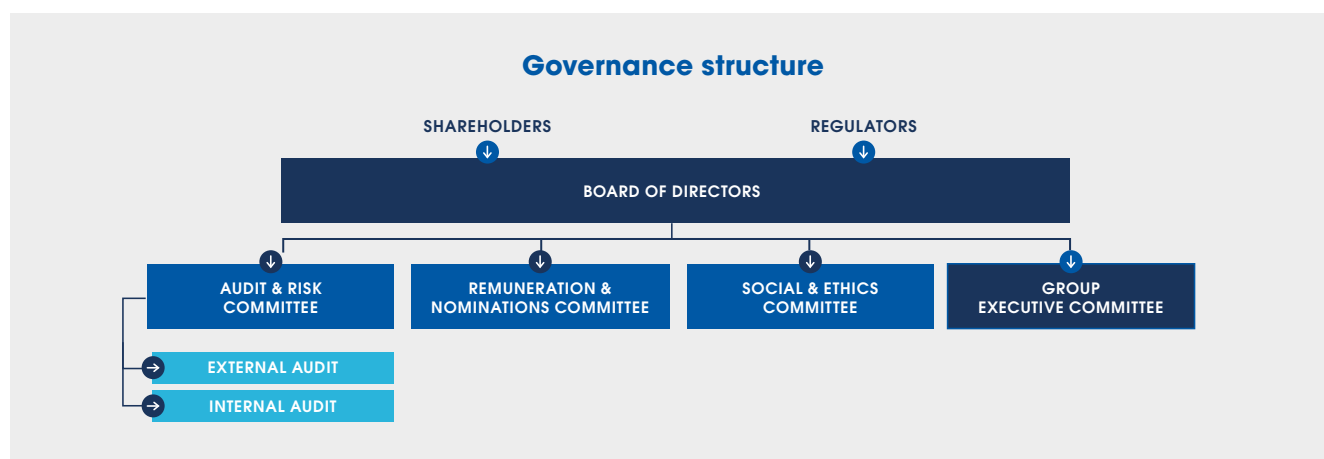
Role of the board

Elected by the shareholders, the directors are responsible for the sustainability of the business within the triple context of the economy, society and the environment. The board's composition, authority, responsibilities and functioning are detailed in the board charter.

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

Board composition

Following the AGM to be held in February 2024, the board will consist of nine directors, with two salaried executive directors and seven independent non-executive directors. The age, tenure, experience and expertise of each director is briefly set out in the board of directors' report on page 34.



From the February 2024 AGM, John Bester will retire from the board with the group's thanks for his exemplary service, including serving as chair of the audit and risk committee for 14 years. Ms Ramon and Mr Inskip will be proposed to shareholders for election, together with Mr Njeke who retires in terms of the rotation of directors provisions in the memorandum of incorporation. Mr Inskip, Ms Matyumza, Mr Njeke, Mr Ntsaluba and Ms Ramon will be recommended for election to the audit and risk committee.

Independence of directors

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

Mr Nurek has served as a non-executive director for 27 years and Mr Bester for 15 years. As detailed above, Mr Bester will retire from the board ahead of the AGM in February 2024.

The remuneration and nominations committee conducted an evaluation of the independence of the chairman and non-executive directors during the year. Factors which could impact on their independence and performance were considered, in particular the factors contained in King IV and the JSE Listings Requirements. The board has taken cognisance of investor concerns about potential waning of independence through long tenure or length of concurrent tenure between non-executive directors and executive directors (Bertina Engelbrecht has been an executive director since 2008 and Gordon Traill since 2023), and has commenced actively monitoring concurrency of service as one of the metrics to consider when assessing independence. In the opinion of the remuneration and nominations committee there are no factors which prevent the directors from exercising objective, unfettered judgement or acting in an independent manner. All of the non-executive directors, including the chairman, are therefore appropriately classified as being independent.

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

Key issues addressed in 2023

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

- ✓ Approving the group's three-year strategic plans and budgets, including capital investment in acquisitions (180 Degrees, Sorbet and M-Kem), IT systems and physical infrastructure;
- ✓ Monitoring the execution of projects and initiatives approved in preceding years;
- ✓ Entrenching ESG practices in the group's ways of working, including reviewing the group's environmental and climate change policy, adopting the JSE's June 2022 guidance on sustainability and climate change disclosures in its annual reporting, incorporating ESG modifiers in the short term and long term incentive schemes, and providing training for directors on water management, presented by the World Wide Fund for Nature;
- ✓ Identifying suitable additional non-executive directors for election by shareholders at the January 2024 AGM, aimed at ensuring that the group and its stakeholders continue to benefit from a diverse, multi-skilled, independent and balanced board;
- ✓ Considering and satisfying itself as to the competence, qualifications and experience of both the CFO and company secretary;
- ✓ Reviewing the group's remuneration policy, with specific focus on long term incentives for senior executives and non-executive director remuneration, and making appropriate changes in keeping with global best practice such as the inclusion of a return on invested capital metric for long term incentive schemes for executives, increasing the vesting period for long term incentive schemes, and introducing a minimum shareholding requirement for the top four executives in the group. The group's remuneration report is available on its website at www.clicksgroup.co.za; and
- ✓ Reviewing talent and succession plans for the business.



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

Board diversity

The directors are diverse in terms of gender, race and professional backgrounds, contributing to strong decision-making and ensuring that a range of perspectives are brought to bear on matters under consideration by the board. The directors have extensive experience and specialist skills across a range of sectors, including retail, commercial, governance, human resources remuneration, accounting and finance, legal, healthcare and information technology. The board's broader diversity policy contains voluntary targets for race and gender of 50% black and 33% female representation at board level. Currently 60% of the directors are black and 40% are female.

Director election

A third of non-executive directors are required to resign at each AGM, and executive directors are required to resign on the third anniversary of their appointment or most recent re-election to the board. This provides shareholders with the ability to hold directors to account and to appoint directors to the board who shareholders believe will add value to the business. At the 2024 AGM, four non-executive directors retire and three of these are recommended for election to the board.

Annual performance evaluation

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

Board and executive relationship

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

Board and committee meeting attendance

	Board	Audit and risk	Remuneration and nominations	Social and ethics	AGM
Number of meetings	4	5^a	4[*]	2	1
David Nurek	4/4 ⁺	(5/5) ^o	4/4 [^]	2/2	1/1
Fatima Abrahams ¹	1/1		2/2 ^{^+*}		
John Bester	4/4	(5/5) ^o	4/4		1/1
Bertina Engelbrecht	4/4	(5/5) ^o	(4/4) ^o	2/2	1/1
Michael Fleming ²	1/1	(1/1) ^o			
Richard Inskip ³	1/1				
Nomgando Matyumza	4/4	3/5		2/2 ⁺	1/1
JJ Njeke ⁴	4/4	5/5	2/2 (1/1) ^o		1/1
Sango Ntsaluba ⁸	4/4	5/5	4/4 ^{^+*}		1/1
Penelope Osiris (nee Moumakwa)	4/4			1/2	1/1
Christine Ramon ⁵	2/2	(3/4) ^o	2/2		
Martin Rosen ⁶	1/1		2/2		
Gordon Traill ⁷	3/3	(5/5) ^o			1/1
Meeting attendance 2023 (excluding attendance by invitees) (%)	100	87	100	88	100
Meeting attendance 2022 (excluding attendance by invitees) (%)	96	100	97	100	100

^o An additional audit and risk committee meeting was held for the external audit firm presentations.

^{*} An additional remuneration and nominations committee meeting was held for interviewing non-executive directors.

^o Indicates meetings attended as an invitee.

⁺ Chair.

[^] Chairs nominations agenda items.

^{^+} Chairs remuneration agenda items.

¹ Retired 26.1.23.

² Retired 31.12.22.

³ Appointed 1.7.23.

⁴ Appointed remuneration and nominations member 26.1.2023 and attended as invitee 25.1.2023.

⁵ Appointed 7.2.23.

⁶ Retired 26.1.23.

⁷ Appointed 1.1.23.

⁸ Appointed remuneration and nominations member 26.1.2023.



Detailed disclosure on the roles, functions and composition of the committees is contained in the corporate governance report available on www.clicksgroup.co.za



Refer to the major group risks detailed in the managing material issues report on page 18

Board oversight

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

Risk governance

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

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

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

Ethics and values

The group subscribes to high ethical standards of business practice. A set of values and a behavioural code of conduct require staff

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

Anti-competitive conduct

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

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

Governance focus areas in 2024

The board approved substantial capital investment in 2023 and in the new financial year will continue to allocate resources to sustainably operate and grow the business. The board closely monitors the execution of significant projects as well as the performance of businesses acquired by the group, such as Sorbet. Strong governance processes are required to ensure that the investments made by the group are value-accretive and that they are effectively monitored.

As the board refresh process nears conclusion, the directors are shifting their focus to ensuring that the board's structure most effectively utilises the skillsets and experience of directors, and best serves the businesses in the group. This includes the review of the board committee structure and the mandates and membership of each committee. Induction of the recently appointed board members will continue.

The group understands how environmental, social and governance matters are inextricably linked, and how ESG performance is dependent on a concerted effort in all of these areas, together with a supportive culture and structure in the business. The appointment of a group head of corporate affairs, whose portfolio includes responsibility for much of the group's ESG initiatives, has provided enhanced performance in these areas and it is expected that this improvement will continue with the support of the board and top management.

WICKS
ClubCard
baby
club

ow it's free

za/clubcard/b





03

Performance

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

44	Chief executive's report
49	Executive management
50	Chief financial officer's report
56	Five-year performance review

Chief executive officer's report

Clicks Group's sustained performance in the weak consumer economy is evidence that the group did not merely survive, but thrived, in the past financial year, delivering an increase in adjusted diluted headline earnings per share of 11.5%.

Clicks grew turnover by 12.2% (excluding vaccinations) despite an increase of over 200% in store trading hours being impacted by power outages. In this environment of growing pressure on consumer disposable income, Clicks grew market share in all core product categories.

UPD endured a tough year, with the first half results impacted by the post-systems implementation challenges. Encouragingly the business delivered a much improved second half performance and is on track to continue to recover in the new financial year.

The group's organic growth strategy was complemented by successfully concluding three bolt-on acquisitions closely aligned to its core health and beauty focus.

Sorbet, which is the largest professional beauty salon business in South Africa with 194 stores, enhances the group's positioning as a beauty destination for higher LSM customers. The group has a long association with the brand, having acquired a 25% shareholding in the Sorbet Brands intellectual property company in 2015, while Sorbet products are also sold in Clicks stores.

M-Kem is a well-established and trusted 24-hour specialised pharmacy which extends the convenience of the retail pharmacy offering. Located in Cape Town's northern suburbs, the pharmacy offers a diabetic clinic, travel clinic and wounds management practice. The founder of M-Kem, Hylton Mallach, and his team are proving to be a great fit with the Clicks brand and this acquisition will enable Clicks to develop a similar large format specialised health offering in other parts of the country.

Through the acquisition of 180 Degrees, a pharmacy software development company, Clicks will be able to offer an improved service experience to its pharmacy customers.

Delivering on our strategy

Clicks Group's growth strategy continues to be supported by favourable market dynamics which are increasingly relevant in the current economic downturn. We believe these strategic drivers of our longer-term growth, outlined in the group strategy report on pages 26 and 27, should ensure continued competitive advantage in the health and beauty markets in which we trade.

Our strategy was consistently applied throughout the past year, based on the pillars of value, convenience, differentiation and personalisation.





The group continued to invest for growth, opening a net 45 new Clicks stores to expand the store footprint to 885. Our convenience format stores comprise 75% of the portfolio. Three new stores were opened outside of South Africa, bringing our presence in the neighbouring countries to 49 stores.

While Clicks has traditionally targeted mainly middle to upper income consumers, we have in recent years extended our market and are accelerating our presence in lower income areas. By year end, 228 of our stores were located in lower income areas which contributed 22.5% of turnover.

The baby category is a strategic growth area within Clicks and through our baby offering in all Clicks stores we have grown our market share to 21.0%. There are currently four standalone Clicks Baby stores and we plan to accelerate the rate of opening further stores, as well as extending the Clicks Baby store-in-store concept.

The convenience and accessibility of our healthcare network is a key driver of growth. Clicks is the country's largest retail pharmacy chain and a further 38 pharmacies were opened during the year, including the 700th pharmacy which opened in Paarl, which extended the national pharmacy presence

to 711. Currently 50% of the country's population live within 5.1 kilometres of a Clicks pharmacy, confirming the convenience and accessibility of the pharmacy network. Clicks increased the number of primary care clinics in stores to 203 while the number of registered national Department of Health medicine collection points was extended to 450 Clicks stores.

The convenience of our store, pharmacy and clinic locations, together with the online store, saves customers both time and transport costs.

Clicks ClubCard, the first such loyalty programme in Africa, enables our personalisation strategy. Membership passed the 10 million mark, increasing by 700 000 to reach 10.4 million, with almost one in six South Africans being an active ClubCard member. These loyal shoppers accounted for 80.2% of sales in Clicks and were rewarded with cashback of R689 million.

One in every four products sold is now a Clicks-branded product or exclusive brand. Our private label strategy aims to increase customer choice and offers an extensive range of trusted quality, great value products which are an alternative to a branded product. Private label sales grew by 15.4%, ahead of the overall sales growth in Clicks, and contributed 25.2% of sales. A particular success has been the Clicks



The drivers of our longer-term growth are outlined in the group strategy report on pages 26 and 27.



10.4 million

active Clicks
ClubCard members

21.0%

market share of
the baby category

Made4Baby private label range which was voted as the SA Product of the Year 2023.

UPD remains the country's leading pharmaceutical wholesaler and is a significant service provider in the distribution agency business, with a portfolio of 30 clients. UPD's total managed turnover, which combines wholesale and bulk distribution, increased by 4.8% to R32.1 billion. Clicks and the private hospital groups account for 92% of UPD's wholesale turnover, supporting the long-term sustainability of the business.

The group's financial performance is covered in the chief financial officer's report starting on page 50, and the trading performance of Clicks and UPD is covered on pages 58 to 67.

Integrating ESG practices

As responsible corporate citizens we strive to understand the inter-relationship of people, planet and profit, and it is this understanding that underpins the group's commitment to carbon neutrality.

Sustainability management and environmental, social and governance (ESG) practices are integrated into our strategic planning and operational processes, with ESG metrics being applied as downward modifiers in our incentive schemes. Clicks Group's inclusion in the globally recognised FTSE4Good Index for the past seven years is an independent endorsement of the progress we have made in advancing sustainability.

The investment in human capital development has contributed to the group maintaining its position as the top employer within the retail sector in South Africa for the seventh consecutive year.

Gender empowerment focuses on improving gender representation at all levels within the group, investing in the tertiary education of women in health sciences, procurement from women-owned enterprises and gender advocacy. Our diversity leadership in this regard has been recognised in the Gender Mainstreaming Awards Africa where the group received multiple awards.



The group's financial performance is covered in the chief financial officer's report starting on page 50, and the trading performance of Clicks and UPD is covered on pages 58 to 67.



Refer to the sustainability report on page 70 for detail on the group's ESG focus areas.

Included in
FTSE4Good
Index
for seventh year

As part of our move towards the goal of carbon neutrality, we are installing solar energy solutions and battery storage to minimise our carbon footprint, limit our reliance on the unstable national electricity grid and reduce costs.

The group's core business creates meaningful social impact through the provision of health products and improving access to reliable and affordable healthcare. We are also advancing community healthcare through three national partnerships. Students on the Go, an initiative conceptualised by the Wits University student representative council, is aimed at addressing period poverty. The Transnet Phelophepa clinic train delivers healthcare to rural communities, and we also support the impactful work of Dr Imtiaz Sooliman and the Gift of the Givers which extends beyond our national borders.

Refer to the sustainability report on page 70 for detail on the group's ESG focus areas.

Strategy and outlook

The challenging macro economic environment, with electricity outages, rising consumer price pressure and higher interest rates, affects all consumers, and we anticipate trading conditions to remain extremely constrained in the year ahead.

Management remains positive on the prospects for the group to maintain its growth momentum and to continue to demonstrate its resilience, supported by several strategic advantages.

Clicks' expanding store and pharmacy network, e-commerce platform and extensive range of products and services are broadening access and increasing appeal to customers. The improving UPD performance positions the business to regain wholesale market share in the new financial year while in the bulk distribution business we remain focused on rationalisation to drive improved profitability. There is also scope to optimise supply chain efficiencies in both Clicks and UPD.

Our extensive store network and integrated supply chain provide competitive advantages which we aim to maintain through capital investment of R880 million for the new financial year.

As a group we remain true to our heritage as a value retailer. We continue to prioritise customer care as the cornerstone of sustained long-term shareholder value creation through a retail-led health, beauty and wellness offering premised on convenience, differentiation and personalisation. Our strength and significant market shares in our core retail markets support our growth aspirations.

Our confidence in the growth prospects of Clicks is reflected in the long-term store target of 1 200 stores, with 40 to 50 stores and 40 to 50 pharmacies planned to open each year.

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



Long-term store target

1 200

Appreciation

Thank you to our chairman, David Nurek, for his guidance and positive engagement through the leadership transition and to the board for their unwavering support and wise counsel to executive management.

Our new CFO Gordon Traill has played a highly supportive role since his appointment in January 2023 and I thank him for his commitment and contribution.

The Clicks team delivered another superb performance under the capable leadership of Vikash Singh and his highly experienced and dynamic executive team.

The UPD team has displayed resilience under challenging circumstances. I commend Trevor McCoy and the UPD executive team for the efforts that went into the recovery in the second half of the year.

In our business, people are the difference, and I thank all our staff for ensuring that we have maintained our position as South Africa's leading health and beauty retail group.



Bertina Engelbrecht

Chief executive officer



Executive management



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

Bertina Engelbrecht (60)

Chief executive officer

B Proc, LL.M, admitted attorney

Joined the group as group human resources director in 2006

Appointed as chief executive officer in 2022

Expertise and experience:

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

Gordon Traill (52)

Chief financial officer

B Acc (Hons) with French, CA

Joined the group in 2006

Appointed as chief financial officer in January 2023

Expertise and experience:

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

Vikash Singh (50)

Managing executive: Clicks

B Com (Acc), MBA

Joined the group in 2006

Appointed as managing executive in 2021

Expertise and experience:

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

Trevor McCoy (53)

Managing executive: UPD

B Sc, PGDMM, MBA

Joined the group in 2021

Expertise and experience:

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

Chief financial officer's report

Clicks Group delivered another resilient trading performance as strong retail sales growth, expanding margins and robust cash generation translated into healthy earnings growth for the year.

R2.3 bn

returned to
shareholders in
dividends and
share buy-backs

Diluted headline earnings per share (HEPS), adjusted for insurance recoveries received in the prior year, increased by 11.5% to 1 045 cents per share. Diluted HEPS including insurance recoveries grew by 1.1%.

The directors declared a total dividend of 679 cents per share, 6.6% higher than the prior year and based on a payout ratio of 65.0% of HEPS. The final cash dividend of R1.2 billion will be paid to shareholders in January 2024.

The group remained strongly cash generative, with cash inflows from operations increasing by 37% to R5.9 billion. R2.3 billion was returned to shareholders in dividend payments and share buy-backs, and at year end the group held cash of R2.5 billion on the balance sheet.

Record capital expenditure of R930 million was invested in the expansion of the store network and integrated supply chain during the year.

All the group's medium-term financial targets were achieved, a most pleasing performance as these targets rank in the upper quartile relative to comparable global health and beauty retailers.

Financial reporting for impact of civil unrest

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

Financial performance

The analysis of the group's financial performance for the year ended 31 August 2023 covers the key line items of the statements of comprehensive income and financial position which management consider material to shareholders' understanding of the group's performance.



The following review should be read together with the annual financial statements as well as the summary statements of comprehensive income and financial position, and the five-year analysis of financial performance on pages 54 and 56.

Statement of comprehensive income

Turnover

Group turnover increased by 8.2% (excluding Covid-19 vaccinations) to R41.6 billion. Including vaccinations, turnover grew by 5.1%. Selling price inflation averaged 4.9% for the year.

Retail turnover (excluding vaccinations), including Clicks, GNC, The Body Shop and Sorbet, increased by 12.2%, with selling price inflation of 7.0%. Comparable store sales grew by 7.7% with volume growth of 0.7%. During the year Clicks administered vaccinations which generated turnover of R4 million compared to R1.1 billion in the prior year.

Growth in store and pharmacy trading space accounted for 4.5% of the retail turnover growth, with the net opening of 45 new Clicks stores and 38 pharmacies.

Distribution turnover grew by 1.5% for the year as UPD was impacted by lost sales opportunities to Clicks and private hospitals during the systems implementation in the first half, lower demand from independent pharmacies and the shift of products within UPD from the preferred supplier to the bulk distribution channel.

The trading performances of Clicks and UPD are covered in the business review on pages 58 to 67.

Retail turnover

+12.2%

Net opening of

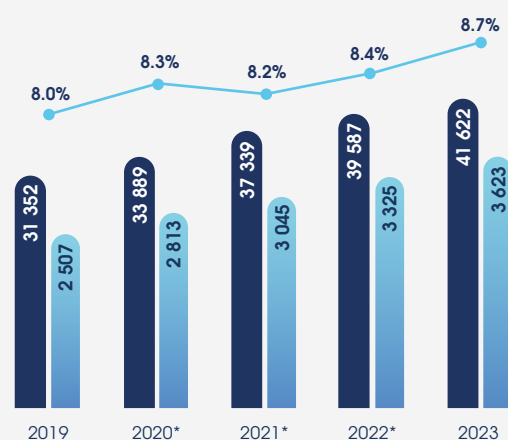
45

Clicks stores and

38

pharmacies

Growth in turnover, operating profit and margin



● Turnover (R'm)

● Operating profit (R'm)

● Operating profit margin

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

Total income

+10.8%

to R12.2 billion

Total income

margin expanded
by 150 bps to

29.2%

Total income

Total income on an adjusted basis grew by 10.8% to R12.2 billion (an increase of 7.6% including insurance recoveries).

The retail margin expanded by 130 basis points and continued to benefit from the strong growth in higher margin private label products and the recovery in the beauty category, while the low margin vaccination programme came to an end.

The 20 basis points increase in the distribution margin reflects improved management of shrinkage and waste in UPD.

The group's total income margin expanded by 150 basis points to 29.2% due to the stronger growth of retail relative to distribution.

Operating expenditure

Retail costs were impacted by higher insurance premiums, diesel costs, electricity price increases and higher depreciation on capital expenditure, increasing by 11.4%, with comparable retail cost growth of 7.4%.

Distribution costs increased by 13.4% due to higher insurance, transport and diesel costs together with higher labour costs to maintain service levels during the systems implementation.

The group's diesel costs to operate generators during load shedding totalled R53.5 million.

Operating profit

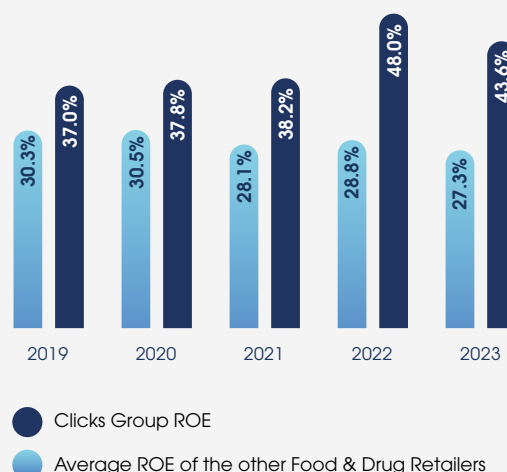
Group operating profit excluding insurance recoveries increased by 9.0% to R3.6 billion (decreased by 0.7% including insurance recoveries) while the group's adjusted operating margin increased by 30 basis points to 8.7%.

The retail operating margin expanded by 60 basis points to 10.0% due to the growth in higher margin product categories. UPD's margin reduced by 50 basis points due to the combined impact of load shedding, higher insurance costs, the low SEP increase and labour inefficiencies in the first half. The margin recovered in the second half to reach 2.8% for the year and is back within management's medium-term target range.

Statement of financial position

The ratio of shareholders' interest to total assets moderated slightly to 31.3% (2022: 31.9%). The ratio of current assets to current liabilities at year end was consistent with the prior year at 1.1 times, confirming that working capital remains adequately funded. Other current assets include R2.5 billion in cash.

Return on equity



The group continues to hedge direct exposures to foreign exchange rate fluctuations which impact approximately 7.5% of the cost of sales in the retail business. In addition, the group hedged elements of the long-term incentive scheme for the 2022 to 2024 period. Further detail on the respective hedges and risk management is contained in note 27 in the annual financial statements on the group's website.

Working capital

The group's net working capital days improved from 36 to 34 days.

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

Trade creditor days were higher at 71 days (2022: 63 days) due to management's decision to increase stock levels during August to support the stronger retail sales growth, translating into higher creditor days at year end.

Cash and capital management

Cash generated by operations increased by R1.6 billion to R5.9 billion.

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

Capital expenditure R930m

R509m

invested in new
stores, pharmacies
and refurbishments

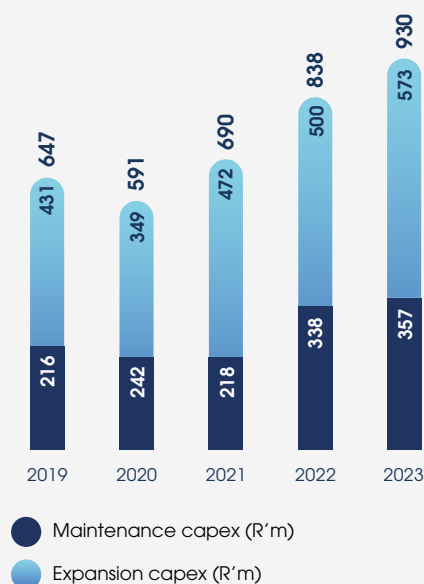
R316m

invested in
information
technology and
retail infrastructure

R105m

invested in
distribution centres,
including solar
installations

Capital expenditure



- Capital expenditure of R930 million (2022: R838 million) was reinvested across the group. This included R509 million for new stores, pharmacies and store refurbishments. A further R316 million was invested in information technology and other retail infrastructure, and R105 million in distribution centres. The group has continued to invest in solar panels and battery storage at UPD's main distribution centre in Gauteng and the group's head office. This project is scheduled for completion by the end of the 2023 calendar year and will enable both facilities to be largely independent of the national electricity grid.
- The group returned R2.3 billion to shareholders through dividend payments of R1 563 million and share buy-backs of R704 million.

At year-end, the group held cash resources of R2.5 billion. Shares totalling R834.8 million were repurchased post the year end.

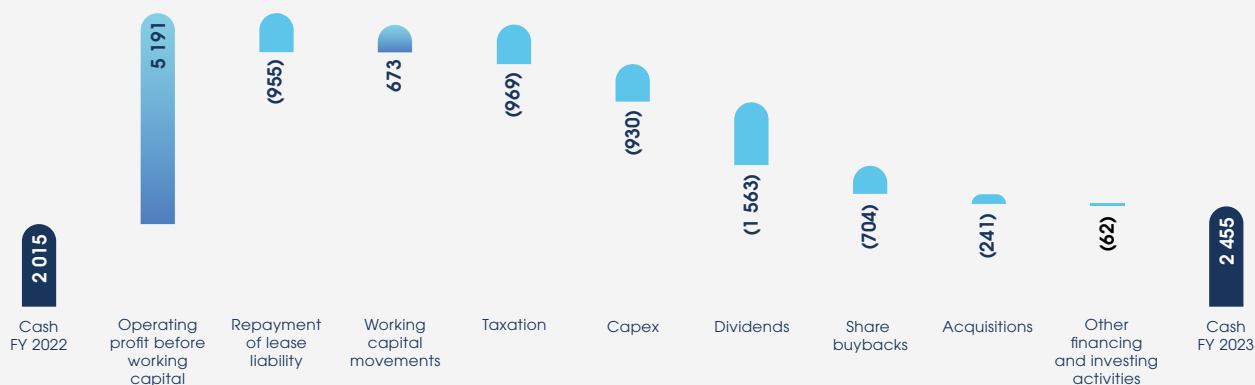
Information technology

Information technology (IT) management aims to ensure IT systems and infrastructure are well maintained and remain relevant to the future needs of the business. During the year the group invested R140 million in computer hardware and R245 million in computer software. The group continues to focus a major portion of IT investment on replacement software solutions for core systems within Clicks and UPD.

The implementation of these new best-in-class IT systems continued during 2023 on a risk mitigated basis.

- UPD's new warehouse management system and cloud hosted enterprise resource planning (ERP) system was rolled out to the Cape Town distribution centre in the first half of the year and implemented at the largest distribution centre in Gauteng at the beginning of September 2023. The project will be concluded with the rollout of these systems to bulk distribution clients during the 2024 financial year.
- The new pharmacy management system is aimed at delivering operating efficiencies and generating further revenue. The system is currently being piloted in selected stores with encouraging results and will be extended to all stores over the next three years.
- An integrated order management system and e-commerce distribution centre is being developed to ensure faster delivery times for customers. The system will allow for the fulfilment of orders and delivery from the Cape Town or Johannesburg distribution centres based on location and stock availability.

Cash management (R'm)



Summary statement of comprehensive income

R'million	2023	% of turnover	Adjusted 2022*	% of turnover	% change
Turnover	41 622		39 587		5.1
Retail	31 725	76.2	29 405	74.3	7.9
Distribution	17 175	23.8	16 922	25.7	1.5
Intragroup	(7 278)		(6 740)		
Total income	12 160	29.2	10 974	27.7	10.8
Operating expenses	(8 537)	20.5	(7 649)	19.3	11.6
Retail	(7 677)		(6 893)		11.4
Distribution	(1 113)		(982)		13.4
Intragroup	253		226		
Operating profit	3 623	8.7	3 325	8.4	9.0
Retail	3 159	10.0	2 769	9.4	14.1
Distribution	488	2.8	563	3.3	(13.4)
Intragroup	(24)		(7)		
Loss on disposal of property, plant and equipment	(7)		(4)		
Net financing expense	(139)		(165)		(15.5)
Share of loss of associates	(5)		(9)		
Income tax	(934)		(863)		8.2
Profit for the year	2 538		2 284		11.1

* FY2022 adjusted for SASRIA insurance proceeds received.

Summary statement of financial position

R'million	2023	2022	% change
Non-current assets	7 201	6 491	10.9
Property, plant and equipment	2 643	2 375	11.3
Right-of-use asset	2 999	2 828	6.1
Other non-current assets	1 559	1 288	21.0
Current assets	11 834	11 373	4.1
Inventories	6 310	6 164	2.4
Trade and other receivables	3 020	3 047	(0.9)
Other current assets	2 504	2 162	15.9
Total assets	19 035	17 864	6.6
Equity	5 965	5 699	4.7
Non-current liabilities	2 270	2 239	1.4
Current liabilities	10 800	9 926	8.8
Trade and other payables	9 269	8 369	10.8
Other current liabilities	1 531	1 557	(1.7)
Total equity and liabilities	19 035	17 864	6.6

Medium-term targets

	2023 performance	Medium-term target
Return on equity (%)	43.6	40 – 50
Return on invested capital (excluding IFRS 16) (%)	41.5	40 – 50
Return on invested capital (%)	28.4	20 – 30
Return on assets (%)	13.8	11 – 15
Net working capital days	34	30 – 35
Group operating margin (%)	8.7	8.0 – 9.0
Retail	10.0	9.0 – 10.0
Distribution	2.8	2.8 – 3.3
Dividend payout ratio (%)	65.0	60 – 65

Financial plans for 2024

Capital expenditure of R880 million is planned for the 2024 financial year. This includes:

- R487 million will be invested in the store portfolio, mainly on 40 to 50 new Clicks stores and 40 to 50 new pharmacies. As part of the ongoing store refurbishment programme, 50 to 60 stores will be modernised to remain appealing and relevant to customers.
- R393 million for infrastructure. This includes R316 million on retail systems and infrastructure, with R35 million for the roll out of the new pharmacy management systems as well as the 6 000m² expansion of the Centurion distribution centre. R77 million will be spent on UPD IT systems and warehouse equipment.

Retail trading space is expected to increase by approximately 6.0% in 2024.

Medium-term financial targets

Financial targets provide guidance to shareholders on the group's medium-term performance expectations. An additional metric has been included from the 2023 financial year, being return on invested capital excluding the adjustment for IFRS 16. This has also been introduced as a new performance target for the long-term incentive scheme.

The targets are reviewed annually to take account of the group's current performance and the medium-term outlook for trading.

While management acknowledges that the performance is at the upper end of certain of the targeted metrics, the ranges are unchanged for the 2024 financial year and will be reviewed again during the next strategic planning cycle.

Appreciation

Thank you to our local and international shareholders for your continued investment and to the broader investor community for your positive engagement with management over the past year. I also thank our group and divisional finance teams for their commitment and for continually striving to meet the highest standards of disclosure and corporate reporting.

Ernst & Young has completed their term of office as the group's external auditor and we thank the partners and staff for their professional service and support over the past 11 years.

In closing, I extend my gratitude to the board for their support and the confidence they have shown in appointing me to lead the group's finance portfolio.



Gordon Traill
Chief financial officer

Five-year performance review

for the year ended 31 August

		5-year compound growth (%)	2023	2022	2021	2020 ¹	2019 ²
Statements of comprehensive income							
Turnover	R'm	7.3%	41 622	39 587	37 339	33 889	31 352
Operating expenses	R'm	7.8%	(8 537)	(7 649)	(6 984)	(6 408)	(6 143)
Operating profit	R'm	12.3%	3 623	3 650	2 897	2 813	2 507
Profit before tax	R'm	11.3%	3 471	3 639	2 642	2 639	2 333
Headline earnings	R'm	11.6%	2 543	2 523	1 961	1 925	1 682
Statements of financial position							
Right-of-use-assets	R'm	10.8%	2 999	2 828	2 602	2 371	2 046
Other non-current assets	R'm	5.1%	4 202	3 663	3 333	3 161	2 999
Trade and other receivables	R'm	6.0%	3 019	3 047	3 473	2 567	2 568
Inventories	R'm	8.2%	6 310	6 164	5 449	4 921	4 710
Cash and cash equivalents	R'm	10.0%	2 455	2 015	2 207	2 152	2 614
Other current assets	R'm	(27.5%)	50	147	109	102	133
Total assets	R'm	7.4%	19 035	17 864	17 173	15 274	15 070
Total equity	R'm	6.7%	5 965	5 699	4 805	5 194	4 788
Non-current lease liabilities	R'm	11.4%	2 152	2 088	1 976	1 795	1 489
Other non-current liabilities	R'm	(13.6%)	118	151	197	145	199
Current lease liabilities	R'm	5.9%	1 086	1 012	947	890	853
Other current liabilities	R'm	7.7%	9 714	8 914	9 248	7 250	7 741
Total equity and liabilities	R'm	7.4%	19 035	17 864	17 173	15 274	15 070
Statements of cash flows							
Cash inflow from operating activities before dividends paid	R'm	16.1%	4 873	3 204	3 781	2 339	3 481
Dividends paid	R'm	14.0%	1 563	1 287	1 469	822	981
Capital expenditure	R'm	6.7%	930	838	690	591	646
Returns and margin performance							
		5-year average					
Total income margin	%	27.8	29.2	28.5	26.5	27.2	27.6
Operating margin	%	8.4	8.7	9.2	7.8	8.3	8.0
Return on assets	%	13.0	13.8	14.4	11.8	12.4	12.6
Return on shareholders' interest	%	40.9	43.6	48.0	38.2	37.8	37.0
Return on invested capital	%	26.7	28.4	29.6	25.9	25.1	24.7
Inventory days		69.0	71	72	66	66	70
Asset turnover	times	2.2	2.2	2.2	2.2	2.2	2.1
Return on net assets	%	98.9	85.2	94.7	111.7	105.5	97.6
Shareholder's interest to total assets	%	31.4	31.3	31.9	28.0	34.0	31.8
Share performance							
		5-year compound growth (%)					
Headline earnings per share – basic	cents per share	11.4%	1 044.5	1 032.7	793.7	769.2	675.2
Headline earnings per share – diluted	cents per share	12.7%	1 044.5	1 032.7	793.7	769.2	663.6
Net asset value per share	cents per share	7.0%	2 473.0	2 336.0	1 957.0	2 089.0	1 903.0
Dividends declared	cents per share	12.3%	679.0	637.0	490.0	450.0	445.0
Weighted average number of shares in issue	'000		243 460	244 306	247 084	250 212	249 125
Weighted average diluted number of shares in issue	'000		243 460	244 306	247 084	250 212	253 471
Shares repurchased	R'm		704	446	752	653	211
Shares repurchased	'000		2 809	1 587	3 106	2 862	1 115

¹ Restatement relating to the disclosure of the Musica business as a discontinued operation.

² In 2020 the statement of comprehensive income and statement of cash flows and statement of financial position for 2019 were restated for the adoption of IFRS 16.

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



04

Business review



58 Clicks business review

64 UPD business review

Clicks business review



The performance reflects management's unwavering focus on the key growth drivers of value, differentiation, personalisation and convenience.

Vikash Singh
Managing executive Clicks

Clicks increased retail sales by 12.2% in an environment of growing pressure on consumer disposable income as the brand recorded market share gains in all product categories. Growth was supported by robust private label sales and a sustained recovery in the beauty category.

The performance for the year reflects management's unwavering focus on the key growth drivers of value, differentiation, personalisation and convenience.

Beauty and personal care sales

+18%

ClubCard cashback rewards of

R689 million
to customers

Retail sales growth	% Increase*
Pharmacy	9.7
Front shop health	5.3
Beauty and personal care	18.3
General merchandise	15.1
Total turnover	12.2

* Excluding vaccinations in both periods

Sales performance

Pharmacy sales, excluding vaccinations in the current and prior years, increased by 9.7% despite a relatively weak cold and flu season. Clicks increased its share of the retail pharmacy market to 24.0% (2022: 23.7%).

Front shop health grew by 5.3% against the high base of Covid-19 related product sales in the prior year, while the medicinal sub-categories were impacted by the subdued cold and flu

season. Double digit sales growth was achieved in sports and slimming, and in the incontinence product category, with front shop health gaining market share to 32.8% (2022: 32.3%).

Baby accessories and diapers similarly achieved double digit sales growth. Supported by the comprehensive baby offering, which integrates private label products, specialist baby stores, Baby Club benefits and online ranges, Clicks increased its share of this strategic category to 21.0% (2022: 20.5%).

2023 sales contribution



- **28.2%** Pharmacy
- **25.4%** Front shop health
- **31.0%** Beauty and personal care
- **15.4%** General merchandise



Beauty and personal care grew by 18% with all product sub-categories recording double digit sales growth. Clicks achieved strong market share gains in skincare to 43.6% (2022: 42.1%), haircare 33.0% (2022: 32.3%) and personal care 21.1% (2022: 20.2%).

General merchandise grew by 15% despite the negative impact of load shedding on electrical sales. The best performing sub-categories were beverages, impulse confectionery, snacks and paperware, while sales of small household appliances saw the sub-category grow market share to 19.5% (2022: 18.4%).

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

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

** AC Nielsen (restated)

Offering value

Value is increasingly important to customers in the current challenging economic environment and Clicks aims to deliver on its customer promise of 'feel good, pay less'. The brand offers competitive everyday pricing and appealing promotions, with Clicks being price competitive with all national retailers. Health and beauty markets are promotionally driven and in the past year promotional sales increased by 14.9% to 43.6% (2022: 42.3%) of turnover, with strong promotional sales growths in the beauty and personal care, general merchandise, front shop health and baby categories.

Value extends beyond price in Clicks. The generous loyalty benefits of the iconic Clicks ClubCard resulted in R689 million being returned to customers in cashback rewards in the past year and R2.8 billion over the past five years.

The brand is also committed to offering patients value through lower-priced generic alternative medicines in Clicks pharmacies to save customers money and extend medical funding benefits. Generic medicines accounted for 59% (2022: 58%) of sales and 70% (2022: 70%) of pharmacy volume.

Extending convenience

Clicks expanded its footprint to 885 stores with the opening of a net 45 new stores. In the past three years, Clicks has opened 142 new stores. The brand continues to focus on convenience format stores which comprise 75% of the store portfolio, with the balance being destination stores. The Clicks footprint includes 49 stores in neighbouring Namibia (24 stores), Botswana (18 stores), Eswatini (5 stores) and Lesotho (2 stores).

Clicks has accelerated its presence in lower income areas and now has 228 stores located in areas serving lower income customers, accounting for 22.5% of retail turnover.

The national pharmacy presence was extended to 711 following the opening of a net 38 pharmacies. The commitment to delivering affordable and accessible healthcare through a convenient pharmacy network is illustrated by the fact that 50% of the country's population now live within 5.1 kilometres of a Clicks pharmacy, compared to 5.3 kilometres a year earlier.

The acquisition of M-Kem, the 24-hour specialised pharmacy in the Western Cape, extends customer convenience, offering a diabetic clinic, wounds and burns management practice and a travel clinic.

The Clicks online store supports customer convenience and has enabled Clicks to enter product categories that are sold online only, including premium beauty, health mobility and baby hardware. Online purchases account for 1.2% of front shop sales.

45

new Clicks stores
opened

Engaging customers through personalisation

ClubCard is core to the Clicks customer engagement strategy as it enables the brand to personalise communications and offers to customers through the effective use of data and digital technology.

Membership of the ClubCard programme passed the 10 million mark during the year, increasing by 700 000 to 10.4 million members. ClubCard sales accounted for 80.2% of sales in Clicks.

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

The ClubCard extends into other key customer markets, with the Baby Club membership at 365 000 and the Seniors Club over 1.5 million members.

Clicks was again voted as the 'coolest health and beauty brand' in the Sunday Times GenNext awards, reflecting the choices of the next generation of shoppers. Clicks was also recognised in the Kantar BrandZ Top 30 Most Valuable SA Brands for delivering 'the best experience, function and meaning'. In the SA Loyalty Awards 2023, Clicks received the award for the 'best strategic use of data analytics and customer relationship management applications'.





Private label as
a percentage of
total sales

25.2%

R487m

planned for
new stores and
pharmacies in 2024

Differentiated product offer

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

Strong demand for private label products contributed to sales growing by 15.4% and accounting for 25.2% of sales. Private label comprises 30.3% of front shop sales and 11.3% of pharmacy sales.

The Clicks Made4Baby private label range performed well across several product categories, including baby foods and diapers. Currently one in every three diapers sold is a Clicks branded diaper, highlighting the price and quality of the product. This was confirmed by the Clicks Made4Baby dry protect diaper range winning the SA Product of the Year 2023.

The elevated look and feel of the beauty halls in selected Clicks stores has driven increased sales of the major beauty brands as well as brands exclusively available in Clicks.

Based on the positive customer response, Clicks will be extending the Clicks Baby store-in-store concept and accelerating the opening of the standalone Clicks Baby stores.

Growth plans

Clicks remains committed to expanding its store footprint to 1 200 in the longer term, targeting to open 40 to 50 stores and 40 to 50 pharmacies annually.

In the 2024 financial year, R487 million is planned for investment in new stores and pharmacies, while a further 50 to 60 stores will be refurbished or expanded to ensure the stores remain appealing and enticing to customers.

Capital expenditure of R316 million will be invested in retail information technology, including the roll out of the new pharmacy management system as well as the 6 000m² expansion of the Centurion distribution centre, to support the increased scale of the business.

The contribution of private label, exclusive and franchise brands to front shop sales is targeted to increase to 31% (2023: 30.3%) in 2024 as Clicks continues to innovate and introduce new products. The private label medicines range will be extended to 270 - 280 products (2023: 249).

Despite the strong growth in recent years, the ClubCard active membership is targeted to increase to 11 million (2023: 10.4 million) as Clicks accelerates its personalisation and digital engagement strategy, while the Baby Club is expected to reach 400 000 members (2023: 365 000) and the Senior Club 1.55 million members (2023: 1.5 million).

Performance against objectives in 2023 and plans for 2024



Deliver a competitive and differentiated front shop product offer

2023 ACHIEVEMENTS

Front shop private label and exclusive brands **30.3% of total sales**

2023 TARGET: 30.0%



2024 TARGETS

Increase front shop private label and exclusive brand sales to 31%



Create a great customer experience

2023 ACHIEVEMENTS

249 private label medicines

2023 TARGET: 230 - 240 PRODUCTS

49% of scripts now on repeat prescription service

2023 TARGET: 51%

2024 TARGETS

→ **Expand private label medicines range to 270 - 280 products**

→ **Repeat prescription service at 52% of repeat scripts**



Grow the retail footprint to enhance convenience

2023 ACHIEVEMENTS

Net 45 Clicks stores opened;
885 Clicks stores at year-end

2023 TARGET: OPEN 40 - 50 STORES

45 stores expanded or refurbished

2023 TARGET: 60 STORES

Net 38 pharmacies opened;
711 pharmacies at year-end

2023 TARGET: OPEN 40 - 50 PHARMACIES

2024 TARGETS

→ **Open 40 - 50 new Clicks stores**

→ **50 - 60 stores to be expanded or refurbished**

→ **Open 40 - 50 new pharmacies**





Drive customer loyalty through personalisation and rewards

2023 ACHIEVEMENTS

10.4 million members

2023 TARGET: 10.0 MILLION

365 000 Baby Club members

2023 TARGET: 520 000

1.5 million

Seniors Club members

2023 TARGET: 1.55 MILLION

300 000 customers

enrolled to virtual ClubCard

2023 TARGET: ENROL 1.0 MILLION

NEW USERS

2024 TARGETS

→ **Increase membership to 11.0 million**

→ **Grow Baby Club to 400 000 members**

→ **Grow Seniors Club to 1.55 million members**

→ **Enrol a further 500 000 customers to virtual ClubCard**



Maintain a motivated and skilled workforce

2023 ACHIEVEMENTS

385 pharmacy assistants enrolled

2023 TARGET: 400

78 bursary students

2023 TARGET: 90

46 pharmacy internships

2023 TARGET: 70

2024 TARGETS

→ **400** pharmacy assistants to be enrolled

→ **90** pharmacy bursary students

→ **70** pharmacy internships

UPD business review



Management is confident that UPD is on track to recover in the 2024 financial year.

Trevor McCoy
Managing executive UPD

UPD increased total managed turnover across the pharmaceutical wholesale and bulk distribution businesses by 4.8% to R32.1 billion after encountering several headwinds during the year. This included operational challenges during the new systems implementation in three of its distribution centres, the lower increase in the regulated single exit price (SEP) of medicines and declining demand from independent pharmacies.

After a difficult first six months, UPD reported improved turnover and profitability in the second half of the year. Distribution turnover grew by 1.5% (2022: decline of 2.6%) and the

operating margin strengthened to 2.8% for the year. While the margin is down from 3.3% in 2022 due to the combined impact of load shedding, higher insurance costs, the low SEP increase and labour inefficiencies, the margin is within management's medium-term target range.

Wholesale turnover by channel

UPD's wholesale turnover, which excludes bulk distribution and preferred supplier contracts, increased by 3.5%.

Clicks remains UPD's largest single customer and increased sales by 6.6%, accounting for 52.3% of wholesale turnover. Sales to private hospitals grew by 5.7% in value and now comprise 39.7% of sales. Pleasingly volume growth was higher at 10.8% due to a shift in case and product mix.

The continued consolidation of the independent pharmacy market, together with stricter credit risk management by UPD, contributed to sales in this channel declining by 19.7%. UPD currently services approximately 1 100 (2022: over 1 200) independent pharmacies.

2023 wholesale turnover



● **52.3%** Clicks
(+6.6%)

● **39.7%** Private hospitals
(+5.7%)

● **8.0%** Independent pharmacies
and other channels
(-19.7%)



The operational challenges experienced by UPD during its systems transition resulted in lost sales opportunities to Clicks and private hospitals which contributed to wholesale market share declining from 28.8% to 28.0% (source IQVIA).

UPD faced mounting cost pressures from the low SEP increase and the faster growth in lower priced generic medicines, with sales of generics increasing by 5.3% and now accounting for 73% of wholesale turnover volume.

Product availability, which is core to offering superior range and service to customers, averaged 95.5% (2022: 93.8%) for the year, while on-time deliveries were at 91.9% (2022: 94.5%).

At year end UPD had 30 bulk distribution clients and has rationalised the portfolio to focus on profitable contracts and ensure that the business has capacity to support the acquisition of new customers.

UPD owns distribution centres located in Gauteng (Roodepoort), Cape Town, Durban, Bloemfontein and Port Elizabeth. All the distribution centres are ISO9001:2015 certified. Owing to the increasing scale and size of the third-party distribution business, additional distribution warehouse facilities are rented in Gauteng and Cape Town.

On-time deliveries

91.9%

93.5%

Clicks' buying levels from UPD

Growth plans for 2024

Management is confident that UPD is on track to recover in the 2024 financial year.

UPD aims to regain wholesale market share to 30% through the growth of the Clicks pharmacy channel, supported by the opening of 40 to 50 pharmacies, each year, and growing volumes to the private hospital groups. Purchasing compliance levels from Clicks and the private hospitals will continue to normalise following the completion of the systems implementation.

Capital expenditure of R77 million has been committed for warehouse equipment and information technology in the year ahead. This includes the completion of the roll out of the new system to the remaining distribution facilities.

The new system went live at UPD's Gauteng distribution centre in September 2023 and the system is now stable and expected to generate further operational efficiencies in the new year.

Performance against objectives in 2023 and plans for 2024



Growing market share

2023 ACHIEVEMENTS

Market share declined to **28.0%**
TARGET 2023: 32.2%

Sales to hospital groups increased by 5.7%
TARGET 2023: GROW VOLUME OF BUSINESS WITH PRIVATE HOSPITAL BUSINESS

Clicks' buying levels from UPD at **93.5%**
TARGET 2023: 98%

Rationalised portfolio to focus on profitable distribution contracts; 30 distribution clients managed at year-end
TARGET 2023: TENDER FOR NEW AGENCY DISTRIBUTION CONTRACTS



2024 TARGETS

Recover market share to 30%



Grow volume of business with private hospital groups



Clicks' buying levels from UPD at 98%



Maximise income from base and newly acquired distribution clients



Protecting income

2023 ACHIEVEMENTS

Licences maintained
TARGET 2023: MAINTAIN LICENCES



2024 TARGETS

Maintain licences

2023 ACHIEVEMENTS

Renew and maintain International Organisation for Standardisation (ISO) certifications (**ISO 9001:2015 AND ISO 13485:2016**)



2024 TARGETS

Maintain ISO certificates





Optimising efficiency

2023 ACHIEVEMENTS

91.9% on-time deliveries

TARGET 2023: 98%

Order fulfillment of 98.7% achieved

TARGET 2022: 98%

2024 TARGETS

→ Target 98% on-time deliveries

→ Order fulfillment 98%



Building capabilities

2023 ACHIEVEMENTS

Employee turnover 14.8%

TARGET 2023: BELOW 10%

Maintained Transported Asset Protection Association (TAPA) level 1 accreditation

TARGET 2023: MAINTAIN ACCREDITATION

183 learners enrolled

TARGET 2023: 158

New IT system implemented in Durban, Gqeberha and Cape Town facilities in first half of the year and Lea Glen went live on 1 September 2023.

TARGET 2023: SYSTEM TO GO LIVE AT ALL WHOLESALE FACILITIES BY AUGUST 2023 AND DISTRIBUTION FACILITIES BY DECEMBER 2023

2024 TARGETS

→ Employee turnover below 11%

→ Maintain TAPA level 1 accreditation

→ Enrol 84 new learners

→ Systems implementation for remaining facilities in 2024



LET'S CLEAN UP OUR ACT TO CLEAN UP THE PLANET

STEP 1

Pick your product

STEP 2

Ask a member of the team to fill up a reusable aluminium bottle for you

STEP 3

Finish your product, wash the bottle out at home and return to the store for a refill



05

Sustainability

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

70 Sustainability report

Sustainability report

Clicks Group is committed to providing its customers with a compelling value proposition and deepening access to affordable healthcare in the communities that it serves. The group recognises that the pursuit of profit must be seamlessly interwoven with its responsibility to the planet as an environmental steward. The group understands its actions today help shape the world of tomorrow. This report not only reflects the group's progress but serves as a guiding beacon in shaping its future endeavours towards a more equitable world.

Transformation is a strategic imperative: the board is diverse in terms of gender, race, skills, qualifications and sector experience. Management is led by the first black female CEO in the retail sector, the majority of the workforce is black and female, and the group continues to maintain gender pay parity. The group actively supports black female-owned businesses through its supplier development programme and procurement practices.

The group continues to focus on its social impact on communities. This is vital given the socio-economic environment of the developing countries in which the group operates.

The group made significant progress in its goal of increasing access to affordable, quality health and wellness services. This has been achieved through the expansion of the store, pharmacy and clinic footprint, with 450 stores serving as registered national Department of Health pick-up points for the collection of state sponsored chronic medication. The group also offers an extensive range of affordable generic medicines.



Through the Clicks Helping Hand Trust, the group significantly increased the range of free primary healthcare services offered to vulnerable communities and entered into a partnership with Phelophepa health trains. The Phelophepa trains are free, mobile healthcare clinics that travel to areas of rural and peri-urban South Africa, where access to healthcare is severely limited. In promoting and supporting education of women, the group has launched a Students on the Go programme. This has been done in partnership with the University of the Witwatersrand to address period poverty and provide sanitary protection to underprivileged students. Furthermore, the group continues to support academically deserving students through its bursary programme which amounted to R5.1 million. As part of promoting the public health agenda, the majority of bursaries were allocated to pharmacy students.

The group also supports the Thuthuzela Care Centres which serve as a safe place for victims of gender-based violence.

Increasingly, the group's progress in sustainability has been acknowledged by global ESG rating agencies such as FTSE Russell and MSCI. The group has made encouraging strides as part of its environmental stewardship in reducing its carbon footprint and its objective of leaving a lasting positive legacy. This is aligned to the United Nations (UN) Sustainable Development Goals (SDGs) as part of its sustainability strategy. The group undertook a review of its carbon neutrality targets to provide a pathway to carbon neutrality by 2050. In the past year, the group, in its contribution towards planet preservation, has invested in solar energy solutions, battery storage and focused on energy efficient products in its infrastructure network. The group has made advancements in



Distribution of dignity packs in partnership with the Gift of the Givers



Clicks Group CEO Bertina Engelbrecht with members of the Wits student representative council at the launch of the Students on the Go Programme

producing environmentally friendly private label products, increased its product recycling capabilities and reduced its plastic waste. The group as part of its environmental clean up awareness embarked on a MyEarth beach clean up exercise in Sea Point, Cape Town in July 2023. Route planning optimisation for its product distribution to stores and customers also served to lighten its environmental impact. The group has a supplier code of conduct which ensures that suppliers adhere to ethical sourcing standards aligned to the UN Global Compact principles. The group's Sedex membership ensures the entrenchment of an ethical supply chain, free of bribery and corruption.

South Africa is an increasingly water scarce country and the group focused on its water saving initiatives which include rainwater harvesting and grey water recycling.

The group's efforts in creating an enabling environment have been recognised through several accolades including the Top Employer in the retail sector for seven consecutive years, Standard Bank Top Women's Award in the health and pharmaceuticals category, Sunday Times GenNext Coolest Health and Beauty store, and Product of the Year 2023 for the Clicks Made4Baby nappy range.

The sustainability programme is underpinned by a robust governance framework drawn from global best practices, which ensures that the group's operations are responsive to the needs of the communities it serves.

**Product of the Year 2023
for the Clicks Made 4 Baby
nappy range**

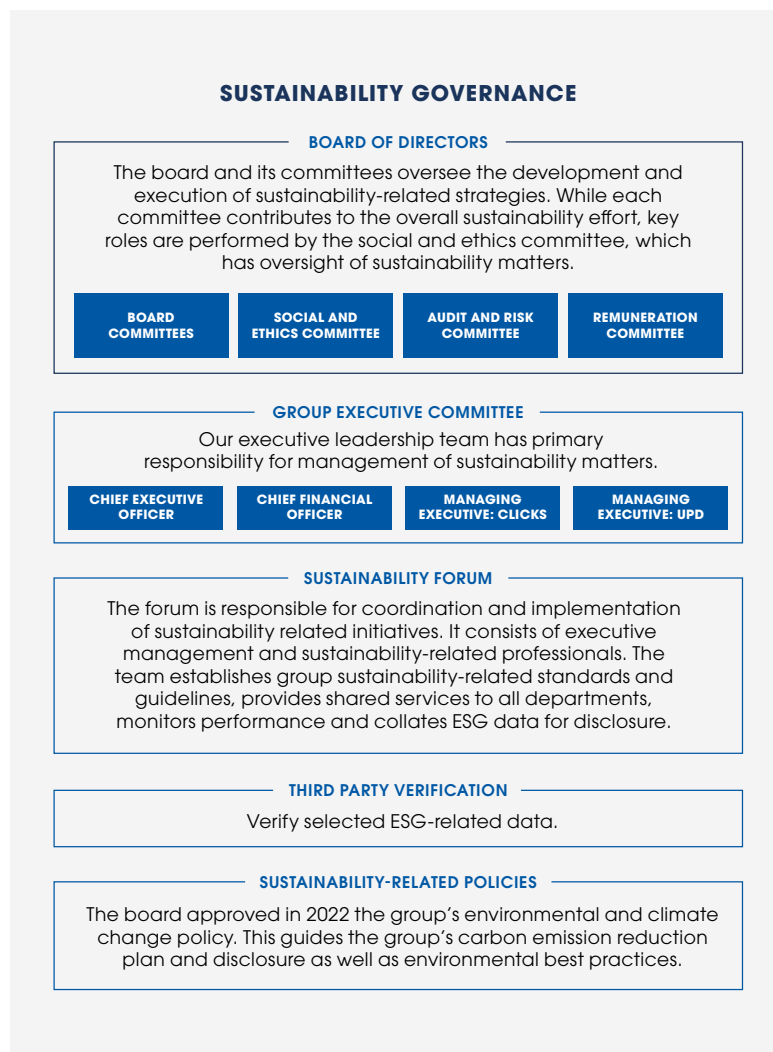


**Top Employer in the
retail sector for seven
consecutive years**



Governance

The Clicks Group board has ultimate oversight of sustainability-related issues, including the process of sustainability integration into the group's strategy, decision-making and governance practices.



The group's sustainability disclosure is informed by the following standards and guidelines:

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

Management is measured against sustainability objectives set by the board and in relation to the elements of the broad-based black economic empowerment (BBBEE) scorecard. The group's long-term incentive (LTI) scheme incorporates ESG performance measures that could result in an incentive pay-out being adjusted downwards by up to 15%. This is aimed at ensuring that management pursues an integrated sustainability agenda which contributes to long-term enterprise value creation. Effective from 1 September 2022, the short-term incentive scheme has incorporated similar ESG performance modifiers. The board approved a revision of the ESG modifier to replace the 'Carbon Disclosure Project' as a performance metric to 'the use of renewable energy' under the LTI scheme.

Accredited service providers have reviewed selected non-financial performance metrics, including the group's BBBEE rating. The group's carbon footprint has been verified by Sustainability IT. Management has verified the processes for measuring all other non-financial information.

The group has achieved the following ESG ratings:

Rating	2023	2022	2021
FTSE Russell	4	4	4
MSCI	AA	AA	AA
CDP	Results published in January 2024	B	B
ISS ESG	C	D+	D+



MyEarth beach clean up initiative in Sea Point, Cape Town in July 2023

Management approach

The group recognises the interconnectedness of sustainability-related issues and the need to integrate such considerations into its full spectrum of management processes. The group is also informed by longer-term considerations, helping to ensure our management practices are oriented to sustainable growth.

The group's risk management process addresses all risks to the business, including sustainability-related risks. Sustainability related risks over the reporting year included:

- The group operates an extensive and dispersed store and pharmacy network to service its customer base. As a result, any risk of civil unrest needs to be monitored and appropriate mitigation measures put in place.
- The country is experiencing unprecedented levels of load shedding which places significant levels of risk to the group's supply chain operations.
- The group has an extensive supply chain network, so the need for ethical sourcing practices and adherence to the supplier code of ethics and global best sustainable practices are an area of focus.
- The increased focus of climate change risks by key stakeholders (investors and lending institutions) and its impact on the group's value chain has become a matter of importance. The group's response to this risk may impact its cost of capital.

The group's strategic focus on accessible healthcare services requires an in-depth understanding of South African social dynamics, risks, and opportunities. The current inadequacies of the healthcare system present opportunities for the group to address shortcomings in the public healthcare services through its growing retail, pharmacy, and clinic network. This remains the group's primary growth area.

As part of the group's transformation imperatives, it prioritises the development and support of SMMEs. The group maintains a strong emphasis on local procurement and as a result only 7.6% (2022: 5.4%) of its products are imported directly. The group's commitment to this strategy is reflected in its support of local SMMEs with purchases exceeding R1 billion for the third successive year.

Sustainability strategy

The group's business strategy seeks to create sustainable long-term shareholder value through a retail-led health, beauty and wellness offering. A key business objective for the group is to ensure sustainability through efficient cash and capital management and adopting robust environmental, social and governance practices. Effective delivery on this objective requires ongoing sustainability integration into decision-making across the group.

Clicks Group strategic sustainability framework



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

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

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

The group's sustainability strategy prioritises sustainability-related issues that impact on its ability to create, preserve, and enable value across a range of stakeholder groups. The strategic sustainability framework is informed by key sustainability issues, playing a significant role in informing decision-making in relation to current and emerging social and environmental challenges. It also helps to align efforts with UN SDGs.

4

Empowering motivated, passionate people



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

The group's sustainability practices align broadly with selected Sustainable Development Goals:



In seeking to align with the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD), the group has embarked on setting carbon neutrality targets for its carbon emissions to provide a pathway towards carbon neutrality.



Further information on the group's sustainability response and impact on society, the environment and the economy is presented in the Sustainability Overview and ESG Data Book available at www.clicksgroup.co.za

Metrics, targets and performance

Key performance areas for the group are indicated below:

1 Building a trusted, accessible healthcare network



Key performance indicator	Unit	2023	2022	2021
Clicks stores offering pharmacy services	Number	711	673	621
Investment in pharmacy bursaries	R'm	5.1	5.4	5.6
Number of pharmacy interns trained	Number	46	104	125
Number of people using free clinic services	Number	112 217	87 660	78 773

2 Minimising our environmental footprint



Key performance indicator	Unit	2023	2022	2021
Total carbon emissions	CO ₂ e (metric tonnes)	150 436	149 520	146 873
Electricity consumption non-renewable energy	KWh	104 338 075	104 214 958	103 598 516
Production and supply of renewable energy	KWh	3 636 240	631 000	640 000
General waste generated	Kg	1 199 779	1 055 133	1 231 024
Medical waste generated	Kg	166 019	119 055	53 719
Waste recovered for recycling	Kg	4 441 102	4 394 892	4 020 366
Total water consumed	Kl	78 435	62 630	42 198

Roof top solar installation at the Clicks Group Head Office

3 Sourcing products that uphold the integrity of the brand



Key performance indicator	Unit	2023	2022	2021
Preferential procurement spend	R'bn	20.8	23.9	24.4
Number of incidents related to product safety, quality, marketing practices	Number	0	0	0

4 Empowering, motivated, passionate people



Key performance indicator	Unit	2023	2022	2021
BBBEE rating	Level	4	4	4
Black representation on the board	%	60	60	64
Female representation on the board	%	40	40	36
Female employees	%	63	63	64
Investment in training/skills development	R'm	135	165	187
Utilisation of employee health and wellness programme	Number	7 276	3 031	2 825

Independent verification of the group's BBBEE status

The group engaged Empowerlogic, an independent South African National Accredited System registered verification agency to verify the group's BBBEE credentials for the period 1 September 2022 to 31 August 2023. The group has maintained its BBBEE level 4 rating for the third consecutive year:

Elements	2023	2022	2021	2020	2019
Equity ownership	19.20	19.01	17.48	14.76	13.41
Management control	14.70	14.54	14.06	13.58	13.27
Skills development	13.06	14.61	16.98	13.81	18.43
Enterprise and supplier development	31.52	33.71	30.02	28.12	26.37
Socio-economic development	5.00	4.49	5.00	4.99	5.00
Total	83.48	86.37	83.54	75.27	76.49
BBBEE level	4	4	4	5	6

Analysis of BBBEE scorecard elements

Equity ownership

The group's ability to directly improve the ownership performance is impacted by its 68.3% offshore shareholding.

The group continued to benefit from the recognition of its seven-year Employee Share Ownership Programme as well as the Public Investment Corporation's increased shareholding over the measurement period.

Management control

The group continued to make steady progress on its employment equity plan towards a workforce that aligns to the economically active population of South Africa. The progress is enabled through its comprehensive monitoring and engagement processes.

534

employees with disabilities
2022: 522

The group's black employee representation are as follows:

52.4%

senior management
2022: 58.6%

69.8%

middle management
2022: 69.8%

88.4%

junior management
2022: 88.2%

Skills development

The group continued to leverage its status as a registered training provider and its investment as a registered training site and the offering of mentorships to invest in its employee development to feed the talent pipeline and organisational expansion plan. Focus will be placed on ensuring that training and recruitment needs are aligned to the group's strategic imperatives.

1 572

learnership and internship opportunities
2022: 1 967

820

pharmacy assistants learnerships
2022: 399

R106m

recognised skills development spend on Black people
2022: R117m

46

pharmacy interns
2022: 104

565

generic, retail and wholesale learnerships
2022: 532

Enterprise and supplier development (ESD)

The flagship enterprise development programme is undertaken in partnership with Taking Care of Business (TCB) to enable unemployed beneficiaries to become successful small business owners.

The group's supplier development initiatives include mentoring, coaching, marketing, financial services, favourable trading terms and increasing access to market to improve sustainability.

R93m

ESD expenditure
2022: R67m

53

ESD beneficiaries
2022: 52

Preferential procurement

The group continued its focus on driving preferential procurement practices, particularly black-women owned businesses. The recognised spend was impacted by lower than expected BBBEE ratings of some of the group's most material suppliers.

R20.8bn

total empowerment spend
2022: R23.9bn

R7.8bn

total black-owned spend
2022: R14.7bn

R6.6bn

total black women-owned spend
2022: R8.4bn

Socio-economic development (SED)

The group's SED initiatives focus on health, wellbeing and education, primarily driven through its non-profit organisations (Clicks Helping Hand Trust and New Clicks Foundation Bursary Fund) which continued to increase their reach and impact during the past financial year.

R26.7m

invested in socio-economic development projects
2022: R23.7m

R5.1m

invested by the New Clicks Foundation Bursary Scheme
2022: R5.4m

86

bursaries funded by the scheme
2022: 88



05

Shareholder information

Clicks Group has proven to be increasingly attractive to international investors over the past decade and almost 70% of the group's shares are held by offshore fund managers.

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Shareholder analysis

for the year ended 31 August 2023

	Number of shares	Percentage of shares
Public and non-public shareholders		
Public shareholders	240 971 057	99.9%
Non-public shareholders		
Shares held by directors	189 742	0.1%
Total non-public shareholders	189 742	0.1%
Total shareholders	241 160 799	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 2023:

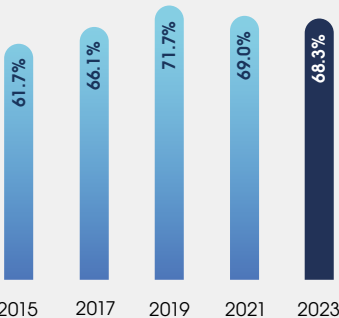
	August 2023 Percentage of shares	August 2022 Percentage of shares
Major fund managers managing 3% or more		
Public Investment Corporation (SA)	16.8%	16.6%
JPMorgan Asset Management (UK and US)	6.1%	5.9%
GIC Asset Management (Singapore)	5.6%	3.5%
T Rowe Price (UK and US)	4.9%	4.2%
Federated Hermes (UK)	4.7%	4.8%
BlackRock (US and UK)	4.7%	4.0%
RBC Global Asset Management (UK)	4.6%	4.6%
The Vanguard Group (US)	4.0%	3.9%
Funds no longer managing 3% or more		
Fidelity Management & Research (US)	2.1%	3.9%
William Blair (US)	1.6%	3.4%

Geographic distribution of shareholders



- **31.7%**
South Africa and Namibia
- **31.8%**
USA and Canada
- **14.3%**
United Kingdom and Ireland
- **11.7%**
Europe
- **10.5%**
Other countries

Offshore shareholding



Corporate information

Clicks Group Limited

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

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

Registered address

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

Postal address

PO Box 5142
Cape Town 8000

Company secretary

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

Auditors

Ernst & Young Inc. (EY)
The appointment of KPMG Inc. will
be proposed to shareholders at the
AGM on 1 February 2024, and the
appointment (if approved) will be
effective from that date.

Principal bankers

FirstRand Bank Limited

JSE sponsor

Investec Bank Limited

Transfer secretaries

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

Investor relations consultants

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



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



Shareholders' diary

Annual general meeting

1 February 2024

Preliminary results announcements

Interim results to February 2024
Annual results to August 2024

on or about 25 April 2024
on or about 24 October 2024

Publication of 2024 integrated report

November 2024

Ordinary share dividend

2023 final dividend

Last day to trade with dividend included
Date of dividend payment

24 January 2024
29 January 2024

2024 interim dividend

Last day to trade with dividend included
Date of dividend payment

July 2024
July 2024

2024 final dividend

Last day to trade with dividend included
Date of dividend payment

January 2025
January 2025

