

CLICKS GROUP
LIMITED

Condensed consolidated
results and cash
dividend declaration
for the year ended
31 August 2023



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Key features

Group turnover up

8.2%*

(Group IFRS turnover up 5.1%)

Retail turnover up

12.2%*

(Retail IFRS turnover up 7.9%)

Adjusted operating margin up

30 bps**

to 8.7%

Adjusted diluted HEPS up

11.5%**

Total dividend up

6.6%

to 679 cents per share

R5.9 billion

cash generated by
operations

R2.3 billion

returned to shareholders

R2.5 billion

cash on balance sheet

* Excluding vaccinations in current and prior periods

** Excluding insurance proceeds in prior period

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



Financial summary

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

Financial reporting for impact of civil unrest

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

Overview

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

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

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

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

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

Financial performance

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

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

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

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

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

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

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

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

Trading performance

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

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

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

Outlook

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

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

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

Capital investment of R880 million is planned for the 2024 financial year. This includes R487 million for new stores and pharmacies and the refurbishment of 50 – 60 stores. R393 million will be invested in supply chain, technology and infrastructure.

Final dividend

The board of directors has approved a final gross ordinary dividend for the period ended 31 August 2023 of 494.0 cents per share (2022: 457.0 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information

Dividends Tax (DT) of 20% amounting to 98.8 cents per ordinary share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from DT will therefore receive a dividend of 395.2 cents net of DT.

The company has 239 712 465 ordinary shares. Its income tax reference number is 9061/745/71/8.

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

Last day to trade "cum" the dividend	Tuesday, 23 January 2024
Shares trade "ex" the dividend	Wednesday, 24 January 2024
Record date	Friday, 26 January 2024
Payment to shareholders	Monday, 29 January 2024

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

David Nurek Chairman	Bertina Engelbrecht Chief executive officer	Gordon Trill Chief financial officer
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Cape Town
26 October 2023

Independent auditor's review report on condensed consolidated financial statements

To the shareholders of Clicks Group Limited

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

Directors' Responsibility for the Condensed Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Conclusion

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

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

26 October 2023
Waterway House
3 Dock Road
Cape Town

Consolidated statement of comprehensive income

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

Consolidated statement of financial position

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

Consolidated statement of changes in equity

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 2021	245 557	2 456	1 064 953
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	-	-	-
Shares repurchased and cancelled	(1 587)	(16)	-
Total transactions with owners	(1 587)	(16)	-
Total comprehensive income for the year	-	-	-
Profit for the year	-	-	-
Remeasurement of post-employment benefit obligations	-	-	-
Cash flow hedge reserve	-	-	-
Cost of hedging reserve	-	-	-
Exchange differences on translation of foreign subsidiaries	-	-	-
Transfer of reserves to inventories	-	-	-
Balance at 31 August 2022	243 970	2 440	1 064 953
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	-	-	-
Shares repurchased and cancelled	(2 809)	(28)	-
Total transactions with owners	(2 809)	(28)	-
Total comprehensive income for the year	-	-	-
Profit for the year	-	-	-
Remeasurement of post-employment benefit obligations	-	-	-
Cash flow hedge reserve	-	-	-
Cost of hedging reserve	-	-	-
Exchange differences on translation of foreign subsidiaries	-	-	-
Transfer of reserves to inventories	-	-	-
Balance at 31 August 2023	241 161	2 412	1 064 953

Cash flow hedge reserve	Cost of hedging reserve	Foreign currency translation reserve	Distributable reserve	Total equity
34 817	(7 167)	(18 697)	3 728 831	4 805 193
-	-	-	(1 286 940)	(1 286 940)
-	-	-	(445 581)	(445 597)
-	-	-	(1 732 521)	(1 732 537)
37 211	(17 791)	11 837	2 639 713	2 670 970
-	-	-	2 638 680	2 638 680
-	-	-	1 033	1 033
37 211	-	-	-	37 211
-	(17 791)	-	-	(17 791)
-	-	11 837	-	11 837
(64 794)	19 975	-	-	(44 819)
7 234	(4 983)	(6 860)	4 636 023	5 698 807
-	-	-	(1 562 794)	(1 562 794)
-	-	-	(703 492)	(703 520)
-	-	-	(2 266 286)	(2 266 314)
53 226	(17 846)	6 353	2 537 369	2 579 102
-	-	-	2 537 528	2 537 528
-	-	-	(159)	(159)
53 226	-	-	-	53 226
-	(17 846)	-	-	(17 846)
-	-	6 353	-	6 353
(63 444)	16 663	-	-	(46 781)
(2 984)	(6 166)	(507)	4 907 106	5 964 814

Consolidated statement of cash flows

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

Notes to the cash flow statement

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

Segmental analysis

For the year to 31 August 2023

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

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

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

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

Accounting policies and notes

- 1.1. These condensed consolidated financial statements for the year ended 31 August 2023 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for condensed consolidated financial statements and the requirements of the Companies Act of South Africa. The Listings Requirements require condensed consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

Ernst & Young Inc., the group's independent auditor, has reviewed the condensed consolidated financial statements contained on pages 6 to 15 of this report and has expressed an unmodified review conclusion on the condensed consolidated financial statements. Their review report is set out on page 5. These condensed consolidated financial statements have been prepared under the supervision of Mr G Traill (CA), the chief financial officer of the group.

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

- 1.2. Related party transactions for the current year are similar to those disclosed in the group's Audited Annual Financial Statements for the year ended 31 August 2022 with the exception of additional related party transactions arising from the acquisitions in subsidiaries.
- 1.3. During the year, the group repurchased and cancelled 2 808 812 Clicks Group Limited ordinary shares. Refer to the statement of changes in equity.
- 1.4. The carrying value of all financial instruments approximates fair value. All financial instruments are held at amortised cost, with the exception of derivative instruments which are designated as hedging instruments, the investment in Guardrisk Insurance Company Limited and investments held by the New Clicks Foundation Trust, which are accounted for at fair value through profit or loss. The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques; if all significant inputs required to fair value an instrument are observable, the instrument is included in level 2 and if the significant inputs required to fair value an instrument are unobservable, the instrument is included in level 3. The derivative instruments comprise equity derivative hedges which are calculated using a Monte Carlo option pricing model with reference to the closing share price, 250-day historical volatility, the 12-month trailing dividend yield and the risk-free rate; and forward exchange contracts which are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange rates and interest rates; both of which are classified as level 2 instruments. All financial instruments accounted for at fair value through profit or loss are considered to be level 2 instruments with the exception of investments held by the New Clicks Foundation Trust which are considered to be level 1 instruments, since the investments are listed instruments with a valuation based on listed prices. There have been no transfers between levels 1, 2 and 3 instruments during the period. The group applies hedge accounting and where derivative instruments are designated as hedging instruments in a cash flow hedge, fair value gains/losses are recognised in other comprehensive income and released either to profit or loss or as a basis adjustment to the hedged item when the forecast transaction takes place.
- 1.5. The non-current and current derivative financial assets comprise the forward exchange contracts and hedge obligations under the cash-settled share compensation scheme.

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

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

1.7. Headline earnings reconciliation

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

1.8. Impact of civil unrest

The civil unrest in KwaZulu-Natal (KZN) in July 2021 impacted 52 Clicks stores and one The Body Shop store, as well as two of the group's distribution centres. The group suffered significant physical damage and loss to its fixed assets, cash on hand and inventory in the affected stores and distribution centres. The group has adequate South African Special Risks Insurance Association (SASRIA) and general insurance cover for material damage to assets, stock and business interruption.

As disclosed in the group's 2022 annual financial statements, the group entered into a full and final settlement agreement with SASRIA amounting to R710.3 million. An amount of R523.9 million was recovered for loss of stock, R19.4 million for other costs and R167.0 million for replacement of fixed assets.

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

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

1.9. Acquisition of investment in subsidiaries

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

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

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

1.10. Subsequent events

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

Corporate information

Clicks Group Limited

Incorporated in the Republic of South Africa
Registration number 1996/000645/06
Income tax number 9061/745/71/8
JSE share code: CLS
ISIN: ZAE000134854
ADR ticker symbol: CLCGY
ADR CUSIP code: 18682W205

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Directors

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

* Independent non-executive
& Appointed 1 September 2022

^ Appointed 1 January 2023

Appointed 7 February 2023

s Appointed 1 July 2023

~ British

Company secretary

Matthew Welz, LLB
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JSE sponsor

Investec Bank Limited

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