

CLICKS GROUP - ANNUAL RESULTS 2024  
SHORT-FORM ANNOUNCEMENT FOR SENS

Clicks Group Limited  
(Incorporated in the Republic of South Africa)  
Registration number: 1996/000645/06  
JSE share code: CLS  
ISIN: ZAE000134854  
CUSIP: 18682W205  
LEI: 378900E967958A677472  
("Clicks" or "the group" or "the company")

CONDENSED CONSOLIDATED ANNUAL GROUP RESULTS FOR THE YEAR ENDED 31 AUGUST  
2024 AND CASH DIVIDEND DECLARATION

Key features

- Group turnover up 9.2%
- Retail turnover up 11.7%
- Trading margin up 50 bps to 9.2%
- Diluted HEPS up 14.3%
- Total dividend up 14.3% to 776 cents per share
- R6.0 billion cash generated by operations
- R2.5 billion returned to shareholders
- Return on equity 46.4%
- Total shareholder return 20.7% CAGR over 10 years

Overview

Clicks Group continued to demonstrate the resilience of its business model and the defensiveness of the core product offering as diluted headline earnings per share increased by 14.3% to 1 193.5 cents, supported by margin expansion, strong cash flow generation and industry-leading shareholder return metrics.

The Clicks chain recorded market share gains across all core health and beauty product categories, with the Clicks ClubCard loyalty programme growing to 11.8 million active members.

Clicks increased its store base to 936 with the opening of a net 51 stores and the pharmacy network to 720 following the opening of a net 9 new pharmacies. While the number of pharmacy openings was below the targeted range due to the Unicorn licensing matter, this was successfully resolved with the Department of Health late in the financial year. Post the year end, pharmacy licences are again being issued which is positive for Clicks' expansion programme.

UPD successfully completed its large-scale systems implementation in the first quarter of the financial year. Operational metrics have recovered to pre-systems implementation levels and the business delivered a much improved second half performance, also benefiting from the higher increase in the regulated single exit price (SEP) of medicines in 2024 relative to the prior year.

The group maintained its momentum in shareholder wealth creation. The total dividend was increased by 14.3% to 776 cents per share, based on a 65% dividend payout ratio, with R2.5 billion being returned to shareholders in dividend payments of R1.7 billion and share buybacks of R835 million. The group's market capitalisation increased by 34.9% to

R89 billion at year end. Over the past 10 years the group has delivered a total shareholder return of 20.7% compound annual growth rate.

#### Financial performance

Group turnover increased by 9.2% to R45.4 billion. Retail turnover, which includes Clicks, GNC, The Body Shop and Sorbet corporate stores, increased by 11.7%. Comparable store turnover grew by 8.4% with inflation of 6.3% and volume growth of 2.1%.

Distribution turnover grew by 3.3% as UPD delivered a stronger second half performance following the completion of the systems implementation at its main distribution centre in the first half of the year (H1: increase 1.3%; H2: increase 5.2%).

Total income grew by 12.8% to R13.7 billion. The retail margin expanded by 40 basis points following good growth across all categories, in particular the beauty and personal care category, as well as the impact of fewer pharmacies being opened in the year. The 70 basis point increase in the distribution margin mainly reflects the benefit of the higher SEP increase. The group's total income margin expanded by 100 basis points to 30.2% due to the faster growth of retail relative to distribution.

Retail costs increased by 12.5% due to pressure from higher insurance costs, new stores, depreciation on capital expenditure and higher performance-based incentive payments. Acquisitions concluded in the prior year added 2.0% to retail cost growth. Comparable retail costs grew by 7.4%. Distribution costs increased by 7.4% primarily due to the impact of the systems implementation in the first half of the year while costs were maintained below turnover growth in the second half.

Group trading profit increased by 15.1% to R4.2 billion while the group's trading margin increased by 50 basis points to 9.2%. The retail trading margin expanded by 20 basis points to 10.2% due to the stronger growth in higher margin product categories together with efficient cost management. The group and retail trading margins both exceeded management's medium-term target ranges. UPD increased its trading margin by 40 basis points due to the ongoing recovery in turnover, the higher SEP increase and good cost control.

Headline earnings grew by 11.9% to R2.8 billion. Basic earnings per share increased by 14.2% to 1 190.3 cents and headline earnings per share increased by 14.3% to 1 193.5 cents.

Inventory levels grew by 11.9% and group inventory days increased by 3 days to 74 days. Retail inventory days were higher due to the earlier import of stock to avoid shipping delays and management's increased focus on in-store availability to drive sales.

Cash generated by operations totalled R6.0 billion. Capital expenditure of R891 million (2023: R930 million) was invested mainly in new stores and pharmacies, store refurbishments, supply chain and information technology.

At financial year end, the group held cash resources of R2.7 billion, with the final dividend totalling R1.35 billion to be paid to shareholders in January 2025.

#### Outlook

While consumer spending is expected to remain constrained in the short-term, the medium-term outlook for the consumer environment is increasingly positive. Lower inflation, interest rate relief and declining fuel costs, together with the stronger Rand and the extended suspension of load shedding in the country are positive for consumer sentiment and should ultimately support increased spending.

Management is confident that the group's competitive advantage and market-leading positions in the health and beauty sectors, long-term organic growth opportunities in Clicks and the increasing scale of the business, supported by strong cash generation and a robust balance sheet, should ensure that the group continues to deliver on its medium-term financial targets.

Clicks plans to open 40 - 50 new stores and 40 - 50 pharmacies for the 2025 financial year and remains committed to its medium-term target of 1 200 stores.

UPD is well positioned to regain wholesale market share following the improved performance in the second half and the momentum being carried into the 2025 financial year.

Capital investment of R1 025 million is planned for the 2025 financial year. This includes R578 million for new stores and pharmacies and the refurbishment of 70 - 80 stores. A further R447 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 2024 of 566.0 cents per share (2023: 494.0 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 113.2 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 452.8 cents per share net of DT.

The company has 238 062 465 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, 21 January 2025
Shares trade "ex" the dividend	Wednesday, 22 January 2025
Record date	Friday, 24 January 2025
Payment to shareholders	Monday, 27 January 2025

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 January 2025 and Friday, 24 January 2025, both days inclusive.

David Nurek  
Chairman

Bertina Engelbrecht  
Chief executive officer

Gordon Traill  
Chief financial officer

Cape Town

24 October 2024

This results announcement is the responsibility of the group's directors and is a summary of the information in the detailed annual results and does not contain full or complete details. The full results (condensed consolidated financial statements) are available on the JSE's cloudlink at <https://senspdf.jse.co.za/documents/2024/jse/isse/CLS/H22024.pdf> and on the group's website at [www.clicksgroup.co.za](http://www.clicksgroup.co.za). Any investment decision in relation to Clicks Group's shares should be based on the full announcement.

Review report

KPMG Inc., the group's independent auditor, has reviewed the condensed consolidated financial statements and has expressed an unmodified review conclusion on the condensed consolidated financial statements. Their review report is included in the full results and is available for inspection at the company's registered office together with the condensed consolidated financial statements. These condensed financial statements have been prepared under the supervision of Gordon Traill CA, the chief financial officer of the group.

Directors: DM Nurek\* (Chairman), BD Engelbrecht (Chief Executive Officer), RJD Inskip\*, NNA Matyumza\*, MJN Njeke\*, SS Ntsaluba\*, PM Osiris (née Mومakwa)\*, KC Ramon\*, GD Traill† (Chief Financial Officer)

\* Independent non-executive

† British

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Transfer secretaries: Computershare Investor Services Proprietary Limited

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