

Qualitative

Five yes/no rules, 2 points each

RULE	WHAT IT CHECKS	PASS	FAIL
Q1 Dividend reliability	A dividend was paid in every year of the window and the ordinary dividend per share was not cut	2 points	0 points
Q2 Dividend cover	Free cash flow (operating cash flow less capex) covered total dividends, including specials, in at least 4 of the 5 years	2 points	0 points
Q3 Segment concentration	No single operating segment is more than 50% of group revenue in the latest year	2 points	0 points
Q4 Audit opinion	The independent auditor's opinion on the latest audited statements is unmodified, with no material uncertainty on going concern	2 points	0 points
Q5 No restatement	The latest audited statements do not restate prior-year figures to correct errors. A change in accounting standard applied across the market is noted but not counted	2 points	0 points

Notes

1. **What the total is.** The sum of the four area scores (maximum 40). It describes the business across four areas. It is not an investment rating, a valuation or a recommendation, and it carries no buy, hold or sell bands.
2. **How to read a score.** A higher or lower score is a point of comparison between companies, not a statement that one is better than another. Businesses are built differently (a company that pays out most of its cash will score differently from one that keeps it), so use the area scores and the stated reasons, not the total alone.
3. **Definitions.** Operating profit is revenue less operating costs before finance costs. Net debt is borrowings and lease liabilities less cash. Net working capital is inventories, biological assets and receivables less payables.
4. **Window.** The five most recent financial years. Level measures (L1, S1, S2, Q3) use the latest year; change measures (O1, O2, L2, S3) compare the first and last years of the window.
5. **Which companies.** Thresholds are calibrated for non-financial companies listed on the JSE. Property companies, insurers and banks are scored on their own sector rubrics (see the links at the top of this page), because their measures differ. Thresholds are set by judgement for non-financial listed companies and have not been back-tested against a peer set.
6. **Missing data.** If one year is unavailable it is kept and flagged. If two or more years are unavailable the affected line is excluded and noted.
7. **Pending checks.** Items that cannot yet be confirmed (for example an audit report not yet published) are shown as PENDING and score 0 until confirmed.
8. **Fixed thresholds.** Thresholds are published in advance and applied identically to every company. They will be reviewed at most once a year, and any change will be dated and noted here.
9. **Leases.** Operating cash flow (L1, Q2) is measured before lease principal, which is paid in financing activities, while operating profit is after depreciation of leased assets. Net debt (S1) includes lease liabilities. Lease-adjusted measures may be shown for information on a separate tab (for Clicks, the Investor Lens tab); they do not change the score.
10. **Audit rules and timing.** Q4 and Q5 test the latest audited statements, which can be a year behind the latest results when the latest results are reviewed or unaudited. They are checked by hand against the audit report and statements.
11. **Scope of the Qualitative area.** It tests dividends, segment concentration and audit rules only. It is not an assessment of management quality, competitive position or governance.

This rubric describes how a descriptive score is calculated. It does not constitute financial, investment or tax advice, or a recommendation to buy, hold or sell any security. Clearview Financial (Pty) Ltd is not a licensed financial services provider.

Source: company annual financial statements and results announcements.