

Clicks Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1996/000645/06
Share code: CLS
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("the group")

UPDATE ON IMPACT OF CIVIL UNREST, REVISED VOLUNTARY TRADING STATEMENT AND TRADING UPDATE

Update on impact of civil unrest

During the widespread civil unrest in KwaZulu-Natal ("KZN") in July 2021, 52 Clicks stores and one The Body Shop store were looted and vandalised. The affected stores represented 6% of the group's store base.

By 31 August 2021, 34 of these stores had been reopened. A further 8 stores have since been reopened and currently 11 stores remain closed. It is expected that a further 5 will be reopened by the end of the first half of the 2022 financial year and 4 in the second half. The final 2 damaged stores are scheduled to open in the 2023 financial year.

The UPD and Clicks distribution centres in KZN were both looted and damaged, and reopened on 26 July 2021 and 16 August 2021 respectively.

As previously advised, additional costs were incurred for private security services to protect the distribution centres as well as air transportation costs to supply medicines from Johannesburg to UPD customers in KZN.

The group has adequate South African Special Risks Insurance Association (SASRIA) and general insurance cover for material damage to assets, stock and business interruption.

The total SASRIA claim amounts to R726 million, comprising loss of stock of R522 million (carrying value of R334 million), replacement of fixed assets of R182 million (carrying value R61 million) and other costs of R22 million.

It is not yet possible to quantify the full impact of business interruption on the group's revenue and profitability as the timing of the reopening of stores is dependent on shopping centre owners.

The group has received its first interim insurance payment of R217 million from SASRIA, which will be accounted for in the 2021 financial year. In terms of International Financial Reporting Standards, the balance of the insurance proceeds are expected to be recognised by the group in the 2022 financial year.

Revised voluntary trading statement

At the time of the release of the interim results on 22 April 2021, the group advised on SENS that diluted headline earnings per share (“dHEPS”) for the financial year ending 31 August 2021 was expected to increase by between 8% and 13% over the 2020 financial year.

Owing to the impact of the civil unrest outlined above and the fact that only 30% of the total SASRIA insurance claim has been accounted for to date, the group expects dHEPS for the year ended 31 August 2021 to increase by 0% to 3%.

Excluding the impact of the civil unrest, the group dHEPS would have been within the 8% to 13% increase range previously communicated to shareholders.

Trading update for the year ended 31 August 2021

Retail health and beauty sales, including Clicks and the franchise brands of The Body Shop, GNC and Claire’s, increased by 8.3% (2020: 8.4%) over the prior financial year. The COVID-19 pandemic negatively impacted sales for the full 12 month period this year compared to 6 months in the prior year.

Sales in the last seven weeks of the financial year were significantly impacted by the civil unrest in KZN. In addition to the store closures due to damages and the temporary store closures at the peak of the violence, trading in the affected areas remains well below the levels of the previous year and this is expected to continue in the short term.

UPD increased turnover by 12.3% (2020: 11.2%) over the prior year.

Group turnover from continuing operations increased by 10.2% (2020: 10.5%)

Sales growth (%)	
Retail health and beauty	8.3
Distribution	12.3
Intragroup turnover	8.0
Group continuing operations*	10.2

*Musica has been classified as a discontinued operation following the closure of the chain with effect from 31 May 2021.

The Clicks vaccination programme continues to gain momentum. At 31 August 2021, Clicks was operating 300 vaccination sites and had administered 596 180 vaccinations nationally.

Clicks plans to open a further 268 sites in the coming weeks, with 568 sites expected to be operating by the end of September 2021. This will give Clicks the capacity to administer approximately 615 000 vaccinations each month.

The financial information in this revised trading statement and trading update is the responsibility of the directors and has not been reviewed or reported on by the group's independent auditor.

Clicks Group's annual results for the year ended 31 August 2021 are expected to be released on SENS on or about 21 October 2021.

Cape Town
14 September 2021

Sponsor
Investec Bank Limited