

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 Group" or "the group")

## ANNUAL GROUP RESULTS FOR THE YEAR ENDED 31 AUGUST 2021 AND CASH DIVIDEND DECLARATION

### SHORT-FORM ANNOUNCEMENT

#### KEY FEATURES

- Group turnover up 10.2%\*
- Retail health and beauty turnover up 8.3%\*
- UPD turnover up 12.3%\*
- Group diluted HEPS up 2.6%
- Diluted HEPS adjusted for impact of civil unrest up 8.8%\*
- Dividend of 490 cents per share
- R2.2 billion returned to shareholders in dividends and buy-backs
- Cash generated by operations of R4.6 billion

\* Continuing operations.

#### FINANCIAL REPORTING

Shareholders are advised that the group is reporting financial information separately for continuing and discontinued operations following the closure of Musica in May 2021. The civil unrest in KwaZulu-Natal (KZN) in July 2021 had a significant impact on the group's financial results and the disclosure of the performance has been adjusted for this impact. The current reporting period includes the impact of Covid-19 for 12 months compared to six months in the prior reporting period.

#### OVERVIEW

Clicks Group delivered another resilient performance with robust turnover growth in Clicks and UPD, market share gains, expansion of the store and pharmacy network and sustained strong cash generation despite the ongoing impact of Covid-19 on consumer shopping behaviour and the trading disruption from the KZN civil unrest.

Clicks supported the roll-out of the national Covid-19 vaccination programme and has to date administered 1.4 million vaccinations across 525 sites, making it the largest vaccination provider in the private sector.

The group's defensive business model continued to demonstrate its ability to adapt to these changing market dynamics and this contributed to adjusted diluted headline earnings per share from continuing operations increasing by 8.8% to 837 cents. The group declared a total dividend of 490 cents per share based on a 63.3% payout ratio.

#### UPDATE ON CIVIL UNREST

The civil unrest in KZN resulted in 53 stores and two of the group's distribution centres being looted and damaged. Currently only eight of the stores remain closed, with seven expected to reopen in the 2022 financial year and the final store in the 2023 financial year. The UPD and Clicks distribution centres were reopened on 26 July 2021 and 16 August 2021 respectively.

The group's total South African Special Risks Insurance Association (SASRIA) claim for damages amounts to R726 million. The first interim payment of R217 million (net of VAT) has been received and is accounted for in the 2021 financial year. The balance of the insurance proceeds are expected to be recognised in the 2022 financial year.

#### FINANCIAL PERFORMANCE

Group turnover increased by 10.2% to R37.3 billion. Retail health and beauty sales grew by 8.3%, with selling price inflation of 3.2%. Distribution turnover increased by 12.3%, with price inflation of 1.9% for the year.

Adjusted total income grew by 8.4% to R10.0 billion with the total income margin 40 basis points lower at 26.8%. The retail health and beauty margin was 10 basis points lower owing to the impact of product mix changes. The distribution margin improved by 10 basis points to 8.6% due to the growth in the bulk distribution business.

Adjusted retail costs were held below turnover growth and increased by 7.7%, with comparable costs being contained to growth of 4%. Adjusted distribution costs increased by 14.9%, well below the 20.6% growth in UPD's total managed turnover.

Adjusted group operating profit increased by 8.2% to exceed R3 billion, with the group's operating margin 10 basis points lower at 8.2%. The retail and distribution businesses both maintained margin despite the headwinds in the trading environment, with the faster growth of UPD adversely impacting the group margin.

Headline earnings from continuing operations grew by 1.9% to R2 billion. Earnings per share from continuing operations increased by 1.0% to 775 cents with HEPS increasing by 3.2% to 794 cents.

Adjusting for the impact of the civil unrest, headline earnings from continuing operations grew by 7.4% and diluted HEPS by 8.8%.

Group inventory days were consistent with the prior year at 66 days. Retail inventory days were higher at 74 days (2020: 71 days) owing to the restocking of the Clicks distribution centre in KZN following the civil unrest. UPD reduced stock days from 38 to 35 days.

Cash generated from operating activities before dividends paid totalled R3.8 billion and increased by 61.6% on the prior year. Capital expenditure of R690 million (2020: R591 million) was invested mainly in new stores and pharmacies, store refurbishments, supply chain and information technology.

The group returned R2.2 billion to shareholders in dividend payments (R1 469 million) and share buy-backs (R752 million). At year-end the group held cash resources of R2.2 billion.

#### OUTLOOK

Trading conditions will continue to be constrained owing to the ongoing impact of Covid-19, while store turnover in the civil unrest areas of KZN is still well below the levels of the prior year.

However, the relaxation of lockdown restrictions and the acceleration of the national vaccination programme is expected to aid the recovery in the economy. Clicks has the capacity to administer 600 000 vaccinations per month and will continue to play a key role in supporting this national priority.

Management is confident in the group's ability to achieve its medium-term financial and operating

targets, and has increased its operating margin targets for retail, distribution and the group, which confirms the organic growth prospects in the business.

Capital investment of R846 million is planned for the new financial year, including R168 million for the replacement of assets damaged in the KZN unrest. This will include 25 to 30 new stores and 30 to 35 new pharmacies, in addition to the acquisition of 25 Pick n Pay pharmacies recently approved by the Competition Commission, as well as IT systems and supply chain infrastructure.

#### FINAL DIVIDEND

The board of directors has approved a final gross ordinary dividend for the period ended 31 August 2021 of 347.5 cents per share (2020: 450.0 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 69.5 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 278 cents net of DT.

The company has 245 557 066 ordinary shares in issue. 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, 25 January 2022
Shares trade "ex" the dividend	Wednesday, 26 January 2022
Record date	Friday, 28 January 2022
Payment to shareholders	Monday, 31 January 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 26 January 2022 and Friday, 28 January 2022, both days inclusive.

David Nurek	Vikesh Ramsunder	Michael Fleming
Chairman	Chief executive officer	Chief financial officer

Cape Town  
21 October 2021

This short-form announcement has not been audited or reviewed. Ernst & Young Inc., the group's independent auditor, has expressed an unmodified review conclusion on the preliminary condensed consolidated financial statements.

This short-form announcement is the responsibility of the Clicks Group board of directors and is a summary of the information in the detailed annual results announcement and does not contain full or complete details. The full announcement can be downloaded from <https://senspdf.jse.co.za/documents/2021/jse/isse/CLS/FYresults.pdf> or on the group's website at [www.clicksgroup.co.za](http://www.clicksgroup.co.za). The announcement is available for inspection, at no charge, at the company's registered office during business hours for a period of 30 calendar days following the date of this announcement. Any investment decision in relation to the company's shares should be based on the full announcement.

Directors: DM Nurek\* (Chairman), F Abrahams\*, JA Bester\*, F Daniels\*, BD Engelbrecht, M Fleming (Chief Financial Officer), PM Moumakwa\*, MJN Njeke\*, SS Ntsaluba\*, V Ramsunder (Chief Executive Officer), M Rosen\*

\* Independent non-executive  
# Appointed 1 April 2021  
^ Appointed 1 September 2021

Registered office: Cnr Searle and Pontac Streets, Cape Town 8001

Transfer secretaries: Computershare Investor Services Proprietary Limited

[www.clicksgroup.co.za](http://www.clicksgroup.co.za)

Sponsor  
Investec Bank Limited