

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")

UNAUDITED INTERIM GROUP RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022  
AND CASH DIVIDEND DECLARATION

SHORT-FORM ANNOUNCEMENT

KEY FEATURES

- Group turnover up 9.0%\*
- Retail turnover up 13.6%\*
- Group diluted HEPS up 26.0%
- Interim dividend up 26.3% to 180 cents per share
- Continuing diluted HEPS up 20.1%\*
- Continuing adjusted diluted HEPS up 10.2%\*
- Return on equity increased to 47.2%
- R1.3 billion returned to shareholders in dividends and buy-backs

\* 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. The disclosure of certain figures in continuing operations has been adjusted for the second interim insurance payment received from the South African Special Risks Insurance Association (SASRIA) to present a normalised view of the group's underlying business performance.

OVERVIEW

Clicks Group has once again delivered a resilient performance for the first half of the 2022 financial year, highlighting the continued defensiveness of the group's business model in the ongoing tough trading environment.

Clicks performed well, gaining market share and continuing to expand its store and pharmacy network as well as benefiting from the national Covid-19 vaccination programme. As the largest vaccination provider in the private sector, Clicks has administered over 3 million vaccinations since the start of the programme. UPD reported muted growth as the impact of the Omicron fourth wave of Covid-19 was less severe than the Beta variant second wave in the prior period.

The group's performance translated into an increase of 10.2% in adjusted diluted headline earnings per share from continuing operations. The interim dividend was increased by 26.3% to 180 cents per share, in line with group diluted HEPS which was up 26%. The group's return on equity increased from 37.4% to 47.2%, well within the medium-term target range of 40% - 50%.

UPDATE ON INSURANCE CLAIM

The group's total SASRIA settlement for damages from the KZN civil unrest amounted to R710 million (excluding VAT). The first interim payment of R217 million was accounted for in the 2021 financial year. The second interim payment of R217 million has been included in the current reporting period. The final payment of R276 million, which was received after the end of the current reporting period, will be accounted for in the 2022 full-year results.

FINANCIAL PERFORMANCE

Group turnover increased by 9.0% to R19.6 billion. Retail sales grew by 13.6%, with selling price inflation of 3.7%. Distribution turnover increased by 0.6%, with price inflation of 1.9% for the first half.

Adjusted total income grew by 10.6% to R5.3 billion with the total income margin expanding by 40 basis points to 27.3%. The retail margin was 40 basis points lower owing to the impact of the low margin vaccinations. The distribution margin improved by 20 basis points due to the growth in the bulk distribution business.

Retail costs were held below turnover growth and increased by 12.2%, with comparable costs contained to a growth of 6.5%. Distribution costs increased by 8.4% owing to the impact of new bulk distribution clients as well as higher fuel, security, insurance and electricity costs.

Adjusted group operating profit increased by 7.5% to R1.5 billion. The group's adjusted operating margin was 20 basis points lower at 7.8% as a result of the low margin vaccinations in retail and the cost pressures and lower wholesale turnover in UPD.

Headline earnings from continuing operations grew by 18.3% to R1.1 billion. Earnings per share from continuing operations increased by 27.0% to 493 cents with HEPS from continuing operations increasing by 20.1% to 467 cents.

Adjusting for the impact of the second SASRIA insurance payment, headline earnings from continuing operations grew by 8.6% and diluted HEPS by 10.2%.

Inventory levels were well managed and group inventory days reduced to 78 days (H1 2021: 83 days). Retail inventory days improved from 85 to 81 days and UPD from 56 to 49 days.

Cash generated from operating activities before dividends paid totalled R590 million. Capital expenditure of R352 million (H1 2021: R269 million) was invested mainly in new stores and pharmacies, store refurbishments, supply chain and information technology.

The group returned R1.3 billion to shareholders in dividend payments (R848 million) and share buy-backs (R446 million). At period-end the group held cash resources of R838 million.

OUTLOOK

Management expects trading conditions to remain constrained in the second half of the year owing to the increasing pressures on consumer disposable income in the current low growth environment. This will be compounded by the trading disruption from ongoing electricity load shedding.

Growth in Clicks will be supported by the ongoing Covid-19 vaccination programme and the opening

of a further 28 stores for the year, while the first-half recovery in the beauty category is expected to continue.

UPD secured an additional bulk distribution contract which commenced in March. The normalisation of activity and the opening up of the economy in a post-Covid environment will be positive for major customers, Clicks and the private hospital groups, which is expected to benefit UPD's wholesale turnover.

The group's business model remains resilient, with a proven ability to adapt to changing market dynamics, and management is confident in the group's ability to achieve its medium-term financial and operating targets.

Capital investment of R876 million is planned for the full financial year, comprising R565 million on stores and R311 million on IT systems and supply chain infrastructure, including solar installations on all Clicks and UPD distribution centres.

#### FULL-YEAR EARNINGS FORECAST

The directors forecast that earnings for the financial year ending 31 August 2022 will increase over the 2021 financial year as follows:

Diluted headline earnings per share:

- Group: Increase of 30% to 35% (FY2021: 773.6 cents)
- Continuing operations: Increase of 25% to 30% (FY2021: 793.7 cents)

Diluted adjusted headline earnings per share:

- Group: Increase of 10% to 15% (FY2021: 816.7 cents)
- Continuing operations: Increase of 8% to 13% (FY2021: 836.8 cents)

This forecast is based on the assumption that the trading environment will remain constrained in the second half of the 2022 financial year, with continued uncertainty on the impact of Covid-19 despite the recent lifting of the country's state of disaster, and ongoing trading disruption caused by electricity load shedding. This forecast does not include any potential impact from the recent floods on the KZN economy.

Shareholders are advised that this forecast is the responsibility of the board of directors and has not been reviewed or reported on by the group's independent auditor.

#### INTERIM DIVIDEND

The board of directors has approved an interim gross ordinary dividend for the period ended 28 February 2022 of 180.0 cents per share (2021: 142.5 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 36.0 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 144.0 cents net of DT.

The company has 243 969 611 ordinary shares. Its income tax reference number is 9061/745/71/8.

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

Last day to trade "cum" the dividend	Tuesday, 28 June 2022
Shares trade "ex" the dividend	Wednesday, 29 June 2022
Record date	Friday, 1 July 2022
Payment to shareholders	Monday, 4 July 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 29 June 2022 and Friday, 1 July 2022, both days inclusive.

David Nurek  
Chairman

Bertina Engelbrecht  
Chief executive officer

Michael Fleming  
Chief financial officer

Cape Town  
28 April 2022

This short-form announcement is the responsibility of the Clicks Group board of directors and is a summary of the information in the detailed interim results announcement and does not contain full or complete details. The full announcement can be downloaded from <https://senspdf.jse.co.za/documents/2022/jse/isse/CLS/Hiresults.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\*, BD Engelbrecht (Chief Executive Officer), M Fleming (Chief Financial Officer), PM Moumakwa\*, MJN Njeke\*, SS Ntsaluba\*^, M Rosen\*

\* Independent non-executive

^ 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