



**CLICKS GROUP**  
LIMITED

PRELIMINARY REVIEWED  
CONDENSED  
CONSOLIDATED RESULTS  
FOR THE YEAR ENDED  
31 AUGUST 2021

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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

**R4.6 billion**

\* Continuing operations.

# COMMENTARY

## 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 (IT).

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.

## Trading performance

Retail health and beauty sales, including Clicks and the international franchise brands GNC, The Body Shop and Claire's, increased by 8.3% and by 5.1% in comparable stores. The performance was again driven by competitive everyday pricing, differentiated product ranges, the Clicks ClubCard, new stores and online sales.

Clicks opened its 750th store and expanded its retail footprint to 782 with the opening of 39 new stores. A further 36 pharmacies were opened, extending the national pharmacy presence to 621. The convenience of the Clicks pharmacy network has been instrumental in supporting the national vaccination programme and by year-end Clicks had administered over 596 000 vaccinations across 300 sites. The Clicks ClubCard active membership base increased to 9.2 million and accounted for 80.2% of sales in the year.

UPD grew wholesale turnover by 15.1% as the business generated strong growth in sales to private hospital groups in the second and third waves of Covid-19. This contributed to UPD increasing its market share from 28.9% to 31.2% at August 2021 (source IQVIA). UPD's total managed turnover, combining wholesale and bulk distribution, increased by 20.6% to R28.4 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.

<b>David Nurek</b> Chairman	<b>Vikesh Ramsunder</b> Chief executive officer	<b>Michael Fleming</b> Chief financial officer
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Cape Town  
21 October 2021

# Consolidated statement of COMPREHENSIVE INCOME

R'000	Year to 31 August 2021	Restated year to <sup>1</sup> 31 August 2020	% change
Revenue	39 982 414	36 102 951	10.7
<b>Turnover</b>	<b>37 339 028</b>	33 889 151	10.2
Cost of merchandise sold	(29 733 393)	(26 821 389)	10.9
Cost of merchandise written off – civil unrest	(333 639)	–	
<b>Gross profit</b>	<b>7 271 996</b>	7 067 762	2.9
Other income	2 391 845	2 153 338	11.1
Insurance proceeds – civil unrest	217 391	–	
<b>Total income</b>	<b>9 881 232</b>	9 221 100	7.2
Expenses	(6 984 370)	(6 408 372)	9.0
Depreciation and amortisation	(1 180 103)	(1 065 811)	10.7
Occupancy costs	(161 158)	(167 445)	(3.8)
Employment costs	(3 659 289)	(3 419 316)	7.0
Other costs	(1 938 192)	(1 753 087)	10.6
Other costs – civil unrest	(31 589)	–	
Impairment allowance	(14 039)	(2 713)	
<b>Operating profit</b>	<b>2 896 862</b>	2 812 728	3.0
Loss on disposal of property, plant and equipment	(4 199)	(6 398)	
Impairment of property, plant and equipment – civil unrest	(61 251)	–	
Loss on disposal of business	–	(1 196)	
<b>Profit before financing costs</b>	<b>2 831 412</b>	2 805 134	0.9
Net financing expense	(186 111)	(168 681)	10.3
Financial income	34 150	60 462	(43.5)
Financial expense	(220 261)	(229 143)	(3.9)
<b>Profit before earnings from associate</b>	<b>2 645 301</b>	2 636 453	0.3
Share of (loss)/profit of associates	(3 476)	2 105	
<b>Profit before taxation</b>	<b>2 641 825</b>	2 638 558	0.1
Income tax expense	(727 724)	(719 774)	1.1
<b>Profit for the year from continuing operations</b>	<b>1 914 101</b>	1 918 784	(0.2)
Loss from discontinued operations, net of tax	(76 245)	(38 609)	
<b>Profit for the year</b>	<b>1 837 856</b>	1 880 175	(2.3)
<b>Other comprehensive (loss)/income:</b>			
Items that will not be subsequently reclassified to profit or loss	–	9 956	
Remeasurement of post-employment benefit obligations	–	13 828	
Deferred tax on remeasurement	–	(3 872)	
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign subsidiaries	(27 335)	3 895	
Cash flow hedges	(14 089)	60 461	
Change in fair value of effective portion	(19 568)	83 973	
Deferred tax on movement of effective portion	5 479	(23 512)	
Cost of hedging reserve	(19 699)	(18 890)	
Cost of hedging recognised	(27 360)	(26 236)	
Deferred tax on cost of hedging	7 661	7 346	
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(61 123)</b>	55 422	
<b>Total comprehensive income for the year</b>	<b>1 776 733</b>	1 935 597	
Earnings per share (cents)	743.8	751.4	(1.0)
Continuing operations	774.7	766.9	1.0
Discontinued operations	(30.9)	(15.5)	
Diluted earnings per share (cents)	743.8	751.4	(1.0)
Continuing operations	774.7	766.9	1.0
Discontinued operations	(30.9)	(15.5)	

<sup>1</sup> Restatement relating to the disclosure of the Musica business as a discontinued operation.

## Condensed consolidated statement of FINANCIAL POSITION

R'000	As at 31 August 2021	As at 31 August 2020
<b>Non-current assets</b>	<b>5 935 366</b>	5 530 507
Property, plant and equipment	2 138 102	2 120 674
Right-of-use assets	2 601 684	2 371 179
Intangible assets	670 457	568 700
Goodwill	102 806	102 806
Deferred tax assets	106 215	110 694
Investment in associates	27 599	20 062
Loans receivable	9 896	9 608
Financial assets at fair value through profit or loss	125 882	113 951
Derivative financial assets	152 725	112 833
<b>Current assets</b>	<b>11 238 116</b>	9 743 698
Inventories	5 449 364	4 920 919
Trade and other receivables	3 473 074	2 567 215
Loans receivable	12 059	1 339
Cash and cash equivalents	2 206 627	2 152 483
Derivative financial assets	96 992	101 742
<b>Total assets</b>	<b>17 173 482</b>	15 274 205
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>4 805 193</b>	5 193 951
<b>Non-current liabilities</b>	<b>2 172 869</b>	1 940 022
Lease liabilities	1 975 938	1 795 306
Deferred tax liabilities	11 767	-
Employee benefits	185 164	144 716
<b>Current liabilities</b>	<b>10 195 420</b>	8 140 232
Trade and other payables	8 751 621	6 746 977
Lease liabilities	946 976	890 411
Employee benefits	350 016	374 429
Income tax payable	145 270	126 045
Derivative financial liabilities	1 537	2 370
<b>Total equity and liabilities</b>	<b>17 173 482</b>	15 274 205

## Condensed consolidated statement of CASH FLOWS

R'000	Year to 31 August 2021	Year to 31 August 2020
Profit before tax from continuing operations	2 641 825	2 638 558
Loss before tax from discontinued operations	(106 214)	(54 564)
Non-cash flow and other adjustments	1 481 574	1 300 629
Operating profit before working capital changes	4 017 185	3 884 623
Working capital changes	541 809	(820 884)
Net interest paid	(174 695)	(161 104)
Taxation paid	(670 814)	(634 200)
Acquisition of derivative financial asset used to hedge the long-term incentive scheme	(50 467)	(49 635)
Settlement of derivative financial asset used to hedge the long-term incentive scheme	117 610	120 481
Cash inflow from operating activities before dividends paid	3 780 628	2 339 281
Dividends paid to shareholders	(1 468 901)	(822 485)
Net cash effects from operating activities	2 311 727	1 516 796
Net cash effects from investing activities	(718 408)	(621 961)
Capital expenditure	(689 735)	(590 883)
Other investing activities	(28 673)	(31 078)
Net cash effects from financing activities	(1 539 175)	(1 355 906)
Purchase of treasury shares	(752 310)	(653 367)
Repayment of lease liabilities	(786 865)	(702 539)
Net increase/(decrease) in cash and cash equivalents	54 144	(461 071)
Cash and cash equivalents at the beginning of the year	2 152 483	2 613 554
<b>Cash and cash equivalents at the end of the year</b>	<b>2 206 627</b>	2 152 483

# Condensed consolidated statement of CHANGES IN EQUITY

R'000	Year to 31 August 2021	Year to 31 August 2020
Opening balance	5 193 951	4 786 987
Dividends paid to shareholders	(1 468 901)	(822 485)
Total comprehensive income for the year	1 776 733	1 935 597
Shares repurchased and cancelled	(752 310)	(653 367)
Transfer of reserves to inventory	55 720	(52 781)
<b>Total</b>	<b>4 805 193</b>	<b>5 193 951</b>
Dividend per share (cents)		
Interim paid	142.5	–
Final declared/paid	347.5	450.0
	<b>490.0</b>	<b>450.0</b>

## Segmental ANALYSIS

The group's reportable segments under IFRS 8 are Retail and Distribution.

R'000	Turnover	Profit before taxation	Total assets	Capital expenditure	Total liabilities
<b>Twelve months to 31 August 2021</b>					
Retail	26 329 145	2 398 270	9 974 471	550 389	7 657 522
Distribution	17 378 201	532 524	8 594 693	69 244	5 232 507
Inter-segmental	(6 368 318)	(33 932)	(4 540 077)	–	(4 424 024)
Total reportable segmental balance	37 339 028	2 896 862	14 029 087	619 633	8 466 005
Non-reportable segmental balance	–	(255 037)	3 144 395	70 102	3 902 284
<b>Total group balance</b>	<b>37 339 028</b>	<b>2 641 825</b>	<b>17 173 482</b>	<b>689 735</b>	<b>12 368 289</b>
<b>Twelve months to 31 August 2020 (restated)*</b>					
Retail	24 310 115	2 305 640	8 433 077	516 490	6 294 802
Distribution	15 473 637	513 162	7 121 348	39 620	4 292 678
Inter-segmental	(5 894 601)	(6 074)	(3 568 395)	–	(3 486 275)
Total reportable segmental balance	33 889 151	2 812 728	11 986 030	556 110	7 101 205
Non-reportable segmental balance	–	(174 170)	3 288 175	34 773	2 979 049
<b>Total group balance</b>	<b>33 889 151</b>	<b>2 638 558</b>	<b>15 274 205</b>	<b>590 883</b>	<b>10 080 254</b>

\* Refer to note 1.2.

## Segmental ANALYSIS CONTINUED

R'000	Year to 31 August 2021	Year to 31 August 2020
<b>Non-reportable segmental profit before taxation consists of:</b>		
Loss on disposal of property, plant and equipment	(4 199)	(6 398)
Impairment of property, plant and equipment and right-of-use assets – civil unrest	(61 251)	–
Loss on disposal of business	–	(1 196)
Financial income	34 150	60 462
Financial expense	(220 261)	(229 143)
Share of (loss)/profit of associates	(3 476)	2 105
	<b>(255 037)</b>	<b>(174 170)</b>

## Supplementary INFORMATION

		As at 31 August 2021	As at 31 August 2020
Number of ordinary shares in issue (gross)	('000)	245 557	248 663
Number of ordinary shares in issue (net of treasury shares)	('000)	245 557	248 663
Weighted average number of shares in issue (net of treasury shares)	('000)	247 084	250 212
Weighted average diluted number of shares in issue (net of treasury shares)	('000)	247 084	250 212
Net asset value per share	(cents)	1 957	2 089
Net tangible asset value per share	(cents)	1 642	1 819
Depreciation and amortisation	(R'000)	1 260 421	1 177 144
Capital expenditure	(R'000)	689 735	590 883
Capital commitments	(R'000)	846 814	745 085

## Accounting POLICIES AND NOTES

- 1.1 These condensed consolidated financial statements for the year ended 31 August 2021 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

Ernst & Young Inc., the group's independent auditor, has reviewed the preliminary condensed consolidated financial statements contained on pages 2 to 9 of this preliminary report and has expressed an unmodified review conclusion on the preliminary condensed consolidated financial statements. Their review report is available for inspection at the company's registered office together with the preliminary condensed consolidated financial statements identified in the auditor's report. These condensed financial statements have been prepared under the supervision of Mr M Fleming CA (SA), the chief financial officer of the group.

The accounting policies used in the preparation of the financial results for the year ended 31 August 2021 are in terms of IFRS and are consistent with those applied in the Audited Financial Statements for the year ended 31 August 2020.

- 1.2 The consolidated statement of comprehensive income and segmental analysis for the year ended 31 August 2020 have been restated for the closure of the Musica business in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The restatement has been outlined in note 1.10.
- 1.3 Related party transactions for the current year are similar to those disclosed in the group's annual financial statements for the year ended 31 August 2020.
- 1.4 During the year the group repurchased and cancelled 3 105 581 Clicks Group Limited ordinary shares.

## Accounting POLICIES AND NOTES CONTINUED

1.5 The carrying value of all financial instruments approximates fair value. All financial instruments are held at amortised cost, with the exception of derivative instruments which are designated as hedging instruments, the investment in Guardrisk Insurance Company Limited and investments held by the New Clicks Foundation Trust, which are accounted for at fair value through profit or loss. The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques; if all significant inputs required to fair value an instrument are observable, the instrument is included in level 2 and if the significant inputs required to fair value an instrument are unobservable, the instrument is included in level 3. The derivative instruments comprise equity derivative hedges which are calculated using a Monte Carlo option pricing model with reference to the closing share price, 250-day historical volatility, the 12-month trailing dividend yield and the risk-free rate; and forward exchange contracts which are calculated using standard market calculation conventions with reference to the relevant closing market spot rates, forward foreign exchange rates and interest rates. All financial instruments accounted for at fair value through profit or loss are considered to be level 2 instruments with the exception of investments held by the New Clicks Foundation Trust which are considered to be level 1 instruments, since the investments are listed instruments with a valuation based on listed prices. There have been no transfers between levels 1, 2 and 3 instruments during the period. The group applies hedge accounting and where derivative instruments are designated as hedging instruments in a cash flow hedge, fair value gains/losses are recognised in other comprehensive income and released either to profit or loss or as a basis adjustment to the hedged item when the forecast transaction takes place.

1.6 The majority of the non-current and current derivative financial assets are to hedge obligations under the cash-settled share compensation scheme.

### 1.7 Headline earnings reconciliation

R'000	Year to 31 August 2021	Restated Year to 31 August 2020	%
			change
Profit from continuing operations attributable to equity holders of the parent	1 914 101	1 918 784	(0.2)
Adjusted for continuing operations:			
Loss on disposal of property, plant and equipment	4 199	6 398	
Impairment of property, plant and equipment and right-of-use assets – civil unrest	61 251	–	
Loss on disposal of business	–	1 196	
Total tax effects on adjustments	(18 326)	(1 791)	
<b>Headline earnings from continuing operations</b>	<b>1 961 225</b>	<b>1 924 587</b>	<b>1.9</b>
<b>Loss from discontinued operations, net of tax</b>	<b>(76 245)</b>	<b>(38 609)</b>	
Adjusted for discontinued operations:			
Loss on disposal of property, plant and equipment	6 485	1 939	
Impairment of property, plant and equipment and right-of-use assets	30 417	–	
Total tax effect of adjustments	(10 333)	(543)	
<b>Headline earnings</b>	<b>1 911 549</b>	<b>1 887 374</b>	<b>1.3</b>
Headline earnings per share (cents)	<b>773.6</b>	754.3	2.6
Continued operations	<b>793.7</b>	769.2	3.2
Discontinued operations	<b>(20.1)</b>	(14.9)	
Diluted headline earnings per share (cents)	<b>773.6</b>	754.3	2.6
Continuing operations	<b>793.7</b>	769.2	3.2
Discontinued operations	<b>(20.1)</b>	(14.9)	



## Accounting POLICIES AND NOTES CONTINUED

### 1.8 Impact of civil unrest

The civil unrest in KwaZulu-Natal (KZN) in July 2021 impacted 52 Clicks stores and one The Body Shop store, as well as two of the group's distribution centres. The group suffered significant physical damage and loss to its fixed assets, cash on hand and inventory in the affected stores and distribution centres. 339 Clicks stores and 26 The Body Shop stores were closed at the peak of the unrest to protect employees and customers, and to limit potential losses.

By 31 August 2021, 34 of these stores had been reopened. A further 11 stores have since been reopened and currently eight stores remain closed. It is expected that a further three will be reopened by the end of the first half of the 2022 financial year and four in the second half. The final damaged store is 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.

The civil unrest resulted in inventory write-offs of R333.6 million, property, plant and equipment impairments of R61.3 million, loss of cash on hand of R3.4 million and additional costs of R28.2 million incurred to limit additional losses. In addition to these losses, the unrest resulted in lost sales to 31 August 2021 and placed significant pressure on the group's supply chain network, which implemented business continuity plans using the remaining group distribution centres. In addition, UPD ensured the fulfilment of its pharmaceutical contractual obligations to major customers.

The group's right-of-use assets are assessed for impairment annually using budgeted future cash flows, which takes into account the effects of the civil unrest.

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 R725.6 million, comprising loss of stock of R522.2 million (carrying value of R333.6 million), replacement of fixed assets of R180.9 million (carrying value R61.3 million) and other costs of R22.5 million.

The group has received its first interim insurance payment of R250.0 million (R217.4 million net of VAT) from SASRIA, which has been accounted for in the 2021 financial year. In terms of IFRS the balance of the insurance proceeds are expected to be recognised by the group in the 2022 financial year.

The group has adequate cash and borrowing facilities available to manage liquidity requirements during the recovery and rebuilding phase.

R'000	Year to 31 August 2021	Year to 31 August 2020	% change
Headline earnings from continuing operations	1 961 225	1 924 587	1.9
Adjusted for:			
Cost of merchandise written off – civil unrest	333 639	–	
Insurance proceeds – civil unrest	(217 391)	–	
Other costs – civil unrest	31 589	–	
Total tax effects on adjustments	(41 394)	–	
<b>Adjusted headline earnings from continuing operations</b>	<b>2 067 668</b>	1 924 587	7.4
Discontinued operations headline earnings	(49 676)	(37 213)	
<b>Group adjusted headline earnings</b>	<b>2 017 992</b>	1 887 374	6.9
Group adjusted headline earnings per share (cents)	<b>816.7</b>	754.3	8.3
Continuing operations	<b>836.8</b>	769.2	8.8
Discontinued operations	<b>(20.1)</b>	(14.9)	
Group diluted adjusted headline earnings per share (cents)	<b>816.7</b>	754.3	8.3
Diluted continuing operations	<b>836.8</b>	769.2	8.8
Diluted discontinued operations	<b>(20.1)</b>	(14.9)	

### 1.9 The group's revenue from contracts with customers is disaggregated as disclosed below:

R'000	31 August 2021	31 August 2020	% change
Revenue from contracts with customers			
Goods sold to customers	37 339 028	33 889 151	10.2
Other income	2 609 236	2 153 338	21.2
Distribution and logistics fees	1 209 415	1 034 318	16.9
Cost recoveries and other	1 182 430	1 119 020	5.7
Insurance proceeds – civil unrest	217 391	–	
	<b>39 948 264</b>	36 042 489	10.8

## Accounting POLICIES AND NOTES CONTINUED

### 1.10 Closure of Musica cash-generating unit

On 28 January 2021 the group announced that the board of directors had decided to close the group's heritage entertainment brand, Musica, with effect from 31 May 2021. Musica has closed all of its 78 stores and ceased operations during the current financial year. As a result the cash-generating unit is disclosed as a discontinued operation in accordance with IFRS 5.

The impact on the financial statements of the restatement above is disclosed as follows:

R'000	31 August 2020 As previously reported	IFRS 5 Adjustment	2020 Restated
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>Turnover</b>	34 364 398	(475 247)	33 889 151
Cost of merchandise sold	(27 156 052)	334 663	(26 821 389)
<b>Gross profit</b>	7 208 346	(140 584)	7 067 762
Other income	2 166 315	(12 977)	2 153 338
<b>Total income</b>	9 374 661	(153 561)	9 221 100
Expenses	(6 607 789)	199 417	(6 408 372)
Depreciation and amortisation	(1 131 068)	65 257	(1 065 811)
Occupancy costs	(184 834)	17 389	(167 445)
Employment costs	(3 497 422)	78 106	(3 419 316)
Other costs	(1 790 687)	37 600	(1 753 087)
Impairment allowance	(3 778)	1 065	(2 713)
<b>Operating profit</b>	2 766 872	45 856	2 812 728
Loss on disposal of property, plant and equipment	(8 337)	1 939	(6 398)
Loss on disposal of business	(1 196)	–	(1 196)
<b>Profit before financing costs</b>	2 757 339	47 795	2 805 134
Net financing expense	(175 450)	6 769	(168 681)
Financial income	60 483	(21)	60 462
Financial expense	(235 933)	6 790	(229 143)
<b>Profit before earnings from associate</b>	2 581 889	54 564	2 636 453
Share of profit of an associate	2 105	–	2 105
<b>Profit before taxation</b>	2 583 994	54 564	2 638 558
Income tax expense	(703 819)	(15 955)	(719 774)
<b>Profit for the year</b>	1 880 175	38 609	1 918 784

## Accounting POLICIES AND NOTES CONTINUED

### 1.10 Closure of Musica cash-generating unit continued

The impact of the Musica business for the current financial year on the group is disclosed as follows:

R'000	Year to 31 August 2021	Year to 31 August 2020
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		
Turnover	197 019	475 247
Cost of merchandise sold	(168 688)	(334 663)
<b>Gross profit</b>	<b>28 331</b>	<b>140 584</b>
Other income	7 184	12 977
<b>Total income</b>	<b>35 515</b>	<b>153 561</b>
Expenses	(103 092)	(199 417)
Depreciation and amortisation	(28 291)	(65 257)
Occupancy costs	(8 248)	(17 389)
Employment costs	(42 384)	(78 106)
Other costs	(23 599)	(37 600)
Impairment allowance	(570)	(1 065)
<b>Operating profit</b>	<b>(67 577)</b>	<b>(45 856)</b>
Loss on disposal of property, plant and equipment	(6 485)	(1 939)
Impairment of property, plant and equipment and right-of-use assets	(30 417)	–
<b>Profit before financing costs</b>	<b>(104 479)</b>	<b>(47 795)</b>
Net financing expense	(1 735)	(6 769)
Financial income	1	21
Financial expense	(1 736)	(6 790)
<b>Profit before taxation</b>	<b>(106 214)</b>	<b>(54 564)</b>
Income tax expense	29 969	15 955
<b>Profit for the year</b>	<b>(76 245)</b>	<b>(38 609)</b>
<b>MUSICA STATEMENT OF FINANCIAL POSITION</b>		
<b>Assets</b>		
Property, plant and equipment	–	22 566
Right-of-use assets	–	43 878
Intangible assets	–	17
Inventories	1 069	53 225
Trade and other receivables	43	10 380
<b>Liabilities</b>		
Employee benefits – non-current	–	2 289
Lease liabilities	3 832	44 347
Trade and other payables	7 942	51 367
Employee benefits – current	68	7 036
<b>MUSICA STATEMENT OF CASH FLOWS INFORMATION</b>		
<b>Net cash outflows attributable to Musica</b>		
Cash effects from operating activities	(31 188)	45 026
Cash effects from investing activities	(48)	(5 737)
Cash effects from financing activities	(42 170)	(60 113)
Net decrease in cash utilised by Musica	(73 406)	(20 824)

### 1.11 Events after the reporting period

On 1 October 2021 the Competition Commission approved the merger for Clicks Retailers to acquire 25 retail pharmacies from Pick n Pay. The transfer of the pharmacy licences from Pick n Pay to Clicks Retailers requires approval from the Department of Health.

**Registered address:** Cnr Searle and Pontac Streets, Cape Town 8001. PO Box 5142, Cape Town 8000

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

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

**Company secretary:** M Welz

**Registration number:** 1996/000645/06 **Income tax number:** 9061/745/71/8

**Share code:** CLS **ISIN:** ZAE000134854 **CUSIP:** 18682W205 **LEI:** 378900E967958A677472

**Transfer secretaries:** Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196. Private Bag X9000, Saxonwold 2132

**Sponsor:** Investec Bank Limited

This information, together with additional detail,  
is available on the Clicks Group Limited website:

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

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