



CLICKS GROUP
LIMITED

INTERIM GROUP
RESULTS
FOR THE SIX MONTHS ENDED
28 FEBRUARY 2022

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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 SUMMARY

		Six months to 28 February 2022	Six months to 28 February 2021	% change	Year to 31 August 2021
Consolidated statement of comprehensive income					
Turnover*	(R'000)	19 557 596	17 946 049	9.0%	37 339 028
Gross profit*	(R'000)	4 132 969	3 698 480	11.7%	7 271 996
Total income*	(R'000)	5 469 888	4 829 908	13.3%	9 881 232
Headline earnings from continuing operations*	(R'000)	1 142 354	965 807	18.3%	1 961 225
Net financing cost*	(R'000)	(83 443)	(88 770)	(6.0%)	(186 111)
Consolidated statement of financial position					
Equity	(R'000)	4 700 212	4 338 431	8.3%	4 805 193
Total assets	(R'000)	17 000 203	16 041 179	6.0%	17 173 482
Consolidated statement of cash flows					
Net cash effects from operating activities	(R'000)	(257 717)	139 805		2 311 727
Capital expenditure	(R'000)	352 232	269 310	30.8%	689 735
Capital commitments	(R'000)	523 628	475 775		846 814
Depreciation and amortisation	(R'000)	674 999	618 985	9.0%	1 260 421
Performance					
Turnover growth*	(%)	9.0	8.6		10.2
Comparable stores turnover growth*	(%)	10.2	4.0		5.1
Gross profit growth*	(%)	11.7	6.3		2.9
Gross profit margin*	(%)	21.1	20.6		19.5
Total income growth*	(%)	13.3	7.6		7.2
Total income margin*	(%)	28.0	26.9		26.5
Operating margin*	(%)	8.5	8.0		7.8
Net working capital days*		39	38		30
Inventory days*		78	83		66
Trade debtor days*		35	38		38
Trade creditor days*		74	83		74
Current ratio	(:1)	1.1	1.1		1.1
Return on total assets	(%)	12.9	10.7		11.8
Return on shareholders' interest	(%)	47.2	37.4		38.2
Shareholders' interest to total assets	(%)	27.6	27.0		28.0
Interest-bearing debt, including cash, to shareholders' interest at period-end	(%)	50.4	40.8		14.9
Statistics					
Number of permanent employees		16 286	15 629	4.2%	15 871
Number of stores		858	847	1.3%	841
Weighted retail trading area	(m ²)	391 426	383 217	2.1%	384 844
Share statistics					
Number of ordinary shares in issue	('000)	243 970	246 168	(0.9%)	245 557
Weighted average number of shares in issue	('000)	244 647	248 376	(1.5%)	247 084
Weighted average diluted number of shares in issue	('000)	244 647	248 376	(1.5%)	247 084
Headline earnings per share – basic	(cents)	466.9	370.6	26.0%	793.7
– diluted	(cents)	466.9	370.6	26.0%	793.7
Dividend per share – interim	(cents)	180.0	142.5	26.3%	142.5
– final	(cents)	–	–		347.5
Dividend payout ratio	(%)	38.6	38.5		63.3
Share price – closing	(cents)	29 895	24 476	22.1%	30 256
– high	(cents)	30 229	27 630		30 256
– low	(cents)	29 252	21 863		21 863
Net asset value per share	(cents)	1 927	1 762	9.4%	1 957
Net tangible asset value per share	(cents)	1 606	1 478	8.7%	1 642
Market capitalisation	(R'000)	72 934 832	60 252 080	21.0%	74 295 726
Price earnings ratio	(times)	34.3	35.4		39.1
Volume of ordinary shares traded	('000)	94 254	108 889		217 040
Percentage of ordinary shares traded	(%)	38.5	43.8		87.8
Free float	(%)	99.9	99.9		99.9
Shareholders' return	(cents)	(181)	1 619		7 746
(Decrease)/increase in share price	(cents)	(361)	1 476		7 256
Dividend per share	(cents)	180	143		490
Other information					
Inflation rate					
CPI	(%)	5.7	2.9		4.9
Internal selling price inflation	(%)	3.1	2.9		2.7
Interest rates					
Prime overdraft rate – closing	(%)	7.50	7.00		7.00
– average	(%)	7.21	7.00		7.00
FTSE/JSE Africa share indices					
All Share Index		76 091	60 754	25.2%	67 428
General Retailers Index		6 336	5 254	20.6%	6 992
Food and Drug Retailers Index		13 201	10 664	23.8%	12 943
Exchange rate					
Rand/US dollar – closing	(R/US\$)	15.35	15.06	1.9%	14.60
– average	(R/US\$)	15.23	14.76	3.2%	14.78

* Restatement relating to the closure of the Musica business as a discontinued operation. Refer to note 1.12.

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. 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.

Trading performance

Retail sales, including Clicks and the international franchise brands GNC, The Body Shop and Claire's, increased by 13.6% and by 10.2% in comparable stores. The convenience of the Clicks pharmacy network has been instrumental in supporting the national Covid-19 vaccination programme and Clicks administered 2.2 million vaccinations in the first half of the year, contributing 6.5% to the growth in retail sales.

Clicks expanded its retail footprint to 799 with the opening of 39 new stores over the past year. A further 45 pharmacies were opened, extending the national pharmacy presence to 646. The Clicks ClubCard active membership base increased to 9.5 million and accounted for 80.5% of sales in the half-year.

UPD's total managed turnover, combining wholesale and bulk distribution, increased by 6.7% to R14.2 billion. Two new bulk distribution contracts were secured in the period. Wholesale turnover declined by 3.6%, owing mainly to lower sales to private hospitals and independent pharmacies during the less severe Covid-19 fourth wave.

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
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Cape Town
28 April 2022

Consolidated statement of COMPREHENSIVE INCOME

R'000	Six months to 28 February 2022	Restated* six months to 28 February 2021	%	Year to 31 August 2021
			change	
Revenue	20 914 471	19 098 327		39 982 414
Turnover	19 557 596	17 946 049	9.0	37 339 028
Cost of merchandise sold	(15 424 627)	(14 247 569)	8.3	(29 733 393)
Cost of merchandise written off – civil unrest	–	–		(333 639)
Gross profit	4 132 969	3 698 480	11.7	7 271 996
Other income	1 206 544	1 131 428	6.6	2 391 845
Insurance proceeds – civil unrest	130 375	–		217 391
Total income	5 469 888	4 829 908	13.3	9 881 232
Expenses	(3 804 883)	(3 402 310)	11.8	(6 984 370)
Depreciation and amortisation	(648 907)	(564 670)	14.9	(1 180 103)
Occupancy costs	(80 212)	(80 718)	(0.6)	(161 158)
Employment costs	(1 996 573)	(1 791 483)	11.4	(3 659 289)
Other costs	(1 066 334)	(964 256)	10.6	(1 938 192)
Other costs – civil unrest	–	–		(31 589)
Impairment allowance	(12 857)	(1 183)		(14 039)
Operating profit	1 665 005	1 427 598	16.6	2 896 862
Loss on disposal of property, plant and equipment	(33)	(3 315)		(4 199)
Insurance proceeds on property, plant and equipment – civil unrest	87 016	–		–
Impairment of property, plant and equipment – civil unrest	–	–		(61 251)
Profit before financing costs	1 751 988	1 424 283	23.0	2 831 412
Net financing expense	(83 443)	(88 770)	(6.0)	(186 111)
Financial income	19 956	20 850	(4.3)	34 150
Financial expense	(103 399)	(109 620)	(5.7)	(220 261)
Profit before earnings from associates	1 668 545	1 335 513	24.9	2 645 301
Share of (loss)/profit of associates	(3 244)	1 062		(3 476)
Profit before taxation	1 665 301	1 336 575	24.6	2 641 825
Income tax expense	(459 623)	(373 155)	23.2	(727 724)
Profit for the period from continuing operations	1 205 678	963 420	25.1	1 914 101
Loss from discontinued operations, net of tax	–	(71 925)	(100.0)	(76 245)
Profit for the period	1 205 678	891 495	35.2	1 837 856
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign subsidiaries	12 417	(9 577)		(27 335)
Cash flow hedges	13 282	11 792		(14 089)
Change in fair value of effective portion	18 447	16 378		(19 568)
Deferred tax on movement of effective portion	(5 165)	(4 586)		5 479
Cost of hedging reserve	(8 718)	(10 955)		(19 699)
Cost of hedging recognised	(12 109)	(15 215)		(27 360)
Deferred tax on cost of hedging	3 391	4 260		7 661
Other comprehensive profit/(loss) for the period, net of tax	16 981	(8 740)		(61 123)
Total comprehensive income for the period	1 222 659	882 755		1 776 733
Earnings per share (cents)	492.8	358.9	37.3	743.8
– continuing operations	492.8	387.9	27.0	774.7
– discontinued operations	–	(29.0)		(30.9)
Diluted earnings per share (cents)	492.8	358.9	37.3	743.8
– continuing operations	492.8	387.9	27.0	774.7
– discontinued operations	–	(29.0)		(30.9)
Weighted average number of shares in issue ('000)	244 647	248 376	(1.5%)	247 084
Weighted average diluted number of shares in issue ('000)	244 647	248 376	(1.5%)	247 084

* Restatement relating to the closure of the Musica business as a discontinued operation. Refer to note 1.12.

Consolidated statement of FINANCIAL POSITION

R'000	As at 28 February 2022	As at 28 February 2021	As at 31 August 2021
ASSETS			
Non-current assets	6 283 476	5 666 059	5 935 366
Property, plant and equipment	2 219 998	2 098 430	2 138 102
Right-of-use assets	2 813 626	2 472 294	2 601 684
Intangible assets	679 870	597 225	670 457
Goodwill	102 806	102 806	102 806
Deferred tax assets	124 303	133 459	106 215
Investment in associates	24 355	20 147	27 599
Loans receivable	79 729	10 165	9 896
Financial assets at fair value through profit or loss	146 673	128 945	125 882
Derivative financial assets	92 116	102 588	152 725
Current assets	10 716 727	10 375 120	11 238 116
Inventories	6 404 160	6 386 331	5 449 364
Trade and other receivables	3 377 100	2 834 246	3 473 074
Loans receivable	1 852	1 621	12 059
Cash and cash equivalents	837 501	1 108 691	2 206 627
Derivative financial assets	96 114	44 231	96 992
Total assets	17 000 203	16 041 179	17 173 482
EQUITY AND LIABILITIES			
Equity	4 700 212	4 338 431	4 805 193
Share capital	2 440	2 462	2 456
Share premium	1 064 953	1 064 953	1 064 953
Cash flow hedge reserve	4 400	(3 162)	34 817
Cost of hedging reserve	(6 435)	(7 680)	(7 167)
Foreign currency translation reserve	(6 280)	(939)	(18 697)
Distributable reserve	3 641 134	3 282 797	3 728 831
Non-current liabilities	2 341 133	2 079 480	2 172 869
Lease liabilities	2 220 410	1 953 347	1 975 938
Deferred tax liabilities	–	–	11 767
Employee benefits	120 723	126 133	185 164
Current liabilities	9 958 858	9 623 268	10 195 420
Trade and other payables	8 611 327	8 411 149	8 751 621
Lease liabilities	986 634	923 267	946 976
Employee benefits	249 698	218 959	350 016
Income tax payable	109 794	64 934	145 270
Derivative financial liabilities	1 405	4 959	1 537
Total equity and liabilities	17 000 203	16 041 179	17 173 482

Consolidated statement of CHANGES IN EQUITY

R'000	Number of shares '000	Share capital	Share premium
Balance at 1 September 2020	248 663	2 487	1 064 953
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	–	–	–
Shares repurchased and cancelled	(2 495)	(25)	–
Total transactions with owners	(2 495)	(25)	–
Total comprehensive income for the period	–	–	–
Profit for the period	–	–	–
Cash flow hedge reserve	–	–	–
Cost of hedging reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Transfer of reserve to inventories	–	–	–
Balance at 28 February 2021	246 168	2 462	1 064 953
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	–	–	–
Shares repurchased and cancelled	(611)	(6)	–
Total transactions with owners	(611)	(6)	–
Total comprehensive income for the period	–	–	–
Profit for the period	–	–	–
Cash flow hedge reserve	–	–	–
Cost of hedging reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Transfer of reserve to inventories	–	–	–
Balance at 31 August 2021	245 557	2 456	1 064 953
Transactions with owners, recorded directly in equity			
Dividends paid to shareholders	–	–	–
Shares repurchased and cancelled	(1 587)	(16)	–
Total transactions with owners	(1 587)	(16)	–
Total comprehensive income for the period	–	–	–
Profit for the period	–	–	–
Cash flow hedge reserve	–	–	–
Cost of hedging reserve	–	–	–
Exchange differences on translation of foreign subsidiaries	–	–	–
Transfer of reserve to inventories	–	–	–
Balance at 28 February 2022	243 970	2 440	1 064 953

Cash flow hedge reserve	Cost of hedging reserve	Foreign currency translation reserve	Distributable reserve	Total equity
11 686	(5 968)	8 638	4 112 155	5 193 951
-	-	-	(1 118 982)	(1 118 982)
-	-	-	(601 871)	(601 896)
-	-	-	(1 720 853)	(1 720 878)
11 792	(10 955)	(9 577)	891 495	882 755
-	-	-	891 495	891 495
11 792	-	-	-	11 792
-	(10 955)	-	-	(10 955)
-	-	(9 577)	-	(9 577)
(26 640)	9 243	-	-	(17 397)
(3 162)	(7 680)	(939)	3 282 797	4 338 431
-	-	-	(349 919)	(349 919)
-	-	-	(150 408)	(150 414)
-	-	-	(500 327)	(500 333)
(25 881)	(8 744)	(17 758)	946 361	893 978
-	-	-	946 361	946 361
(25 881)	-	-	-	(25 881)
-	(8 744)	-	-	(8 744)
-	-	(17 758)	-	(17 758)
63 860	9 257	-	-	73 117
34 817	(7 167)	(18 697)	3 728 831	4 805 193
-	-	-	(847 794)	(847 794)
-	-	-	(445 581)	(445 597)
-	-	-	(1 293 375)	(1 293 391)
13 282	(8 718)	12 417	1 205 678	1 222 659
-	-	-	1 205 678	1 205 678
13 282	-	-	-	13 282
-	(8 718)	-	-	(8 718)
-	-	12 417	-	12 417
(43 699)	9 450	-	-	(34 249)
4 400	(6 435)	(6 280)	3 641 134	4 700 212

Consolidated statement of CASH FLOWS

R'000	Six months to 28 February 2022	Restated* six months to 28 February 2021	Year to 31 August 2021
Cash effects from operating activities			
Profit before tax from continuing operations*	1 665 301	1 336 575	2 641 825
Loss before tax from discontinued operations*	–	(100 105)	(106 214)
Non-cash flow and other adjustments	648 595	738 583	1 481 574
Operating profit before working capital changes (refer to note 1)	2 313 896	1 975 053	4 017 185
Working capital changes (refer to note 2)	(1 137 341)	(270 154)	541 809
Cash generated by operations	1 176 555	1 704 899	4 558 994
Interest received	19 956	20 850	34 150
Interest paid	(109 309)	(105 313)	(208 845)
Taxation paid	(513 410)	(428 792)	(670 814)
Acquisition of derivative financial asset used to hedge the long-term incentive scheme	(64 230)	(50 467)	(50 467)
Settlement of derivative financial asset used to hedge the long-term incentive scheme	80 515	117 610	117 610
Cash inflow from operating activities before dividends paid	590 077	1 258 787	3 780 628
Dividends paid to shareholders	(847 794)	(1 118 982)	(1 468 901)
Net cash effects from operating activities	(257 717)	139 805	2 311 727
Cash effects from investing activities			
Investment in property, plant and equipment and intangibles to maintain operations	(148 733)	(115 335)	(217 418)
Investment in property, plant and equipment and intangibles to expand operations	(203 499)	(153 975)	(472 317)
Proceeds from disposal of property, plant and equipment	827	699	1 335
Insurance proceeds on property, plant and equipment – civil unrest	87 016	–	–
Loan to associate	(105 783)	–	(11 008)
Repayment of loan to associate	46 808	–	–
Decrease in other loan receivable	300	–	–
Acquisition of investments	–	(6 000)	(6 000)
Investment in associates	–	–	(13 000)
Net cash effects from investing activities	(323 064)	(274 611)	(718 408)
Cash effects from financing activities			
Purchase of treasury shares	(445 597)	(601 896)	(752 310)
Repayment of lease liabilities	(342 748)	(307 090)	(786 865)
Net cash effects from financing activities	(788 345)	(908 986)	(1 539 175)
Net decrease in cash and cash equivalents	(1 369 126)	(1 043 792)	54 144
Cash and cash equivalents at the beginning of the period	2 206 627	2 152 483	2 152 483
Cash and cash equivalents at the end of the period	837 501	1 108 691	2 206 627

* Restatement relating to the closure of the Musica business as a discontinued operation. Refer to note 1.12.

Notes to the CASH FLOW STATEMENT

R'000	Six months to 28 February 2022	Six months to 28 February 2021	Year to 31 August 2021
Cash flow information			
1 Profit before working capital changes			
Profit before tax from continuing operations*	1 665 301	1 336 575	2 641 825
Loss before tax from discontinued operations*	–	(100 105)	(106 214)
Adjustment for:			
Depreciation and amortisation	674 999	618 985	1 260 421
Impairment of and loss on disposal of property, plant and equipment	33	40 217	102 351
Insurance proceeds on property, plant and equipment – civil unrest	(87 016)	–	–
Release of cash flow hedge to profit or loss	(5 317)	(1 768)	(66 841)
Increase in financial assets at fair value through profit or loss	(20 791)	(8 994)	(5 931)
Net undistributed loss/(profit) of associates	3 244	(85)	5 463
Net financing expense	83 443	90 228	186 111
	2 313 896	1 975 053	4 017 185
2 Working capital changes			
Increase in inventories	(953 779)	(1 467 124)	(529 644)
Decrease/(increase) in trade and other receivables	95 974	(267 031)	(905 859)
(Decrease)/increase in trade and other payables	(120 687)	1 643 819	1 972 693
(Decrease)/increase in employee benefits	(158 849)	(179 818)	4 619
	(1 137 341)	(270 154)	541 809

* Restatement relating to the closure of the Musica business as a discontinued operation. Refer to note 1.12.

Segmental ANALYSIS

For the six months ended 28 February 2022 R'000	Retail		Distribution	
	28 Feb 2022	28 Feb 2021*	28 Feb 2022	28 Feb 2021
Statement of financial position				
Property, plant and equipment	1 963 769	1 838 775	256 229	259 655
Right-of-use assets	2 746 482	2 457 705	67 144	14 589
Intangible assets	575 237	551 489	104 633	45 736
Goodwill	6 529	6 529	96 277	96 277
Inventories	4 357 528	4 017 258	2 198 064	2 459 532
Trade and other receivables	1 857 525	496 938	2 778 778	3 023 003
Cash and cash equivalents	840 073	1 113 079	(2 572)	27 935
Other assets	1 062 781	938 771	3 475 890	2 884 424
Total assets	13 409 924	11 420 544	8 974 443	8 811 151
Employee benefits – non-current	115 708	120 089	5 015	4 527
Lease liabilities	3 140 399	2 841 536	66 645	13 990
Trade and other payables	5 192 050	3 904 183	4 685 365	5 147 688
Employee benefits – current	225 126	192 732	24 572	23 058
Other liabilities	3 543 290	2 910 151	539 510	539 510
Total liabilities	12 216 573	9 968 691	5 321 107	5 728 773
Net assets	1 193 351	1 451 853	3 653 336	3 082 378
Statement of comprehensive income				
Turnover	14 573 346	12 831 669	8 189 285	8 141 251
Gross profit	4 081 761	3 615 392	79 632	88 138
Other income	775 438	626 683	666 771	601 156
Total income	4 857 199	4 242 075	746 403	689 294
Expenses	(3 440 138)	(3 064 726)	(468 036)	(431 913)
Depreciation and amortisation	(629 094)	(546 465)	(19 813)	(18 205)
Occupancy costs	(78 412)	(80 240)	(2 588)	(1 221)
Employment costs	(1 840 465)	(1 646 633)	(156 108)	(144 850)
Other costs	(878 310)	(791 426)	(290 527)	(266 416)
Impairment allowance	(13 857)	38	1 000	(1 221)
Operating profit	1 417 061	1 177 349	278 367	257 381
Ratios				
Increase/(decrease) in turnover	(%) 13.6	7.2	0.6	9.0
Selling price inflation	(%) 3.7	3.2	1.9	2.3
Comparable stores turnover growth	(%) 10.2	4.0	–	–
Gross profit margin	(%) 28.0	28.2	1.0	1.1
Total income margin	(%) 33.3	33.1	9.1	8.5
Operating expenses as a percentage of turnover	(%) 23.6	23.9	5.7	5.3
Increase/(decrease) in operating expenses	(%) 12.2	4.0	8.4	13.5
Increase/(decrease) in operating profit	(%) 20.4	12.4	8.2	16.6
Operating profit margin	(%) 9.7	9.2	3.4	3.2
Inventory days	81	85	49	56
Trade debtor days	35	6	47	52
Trade creditor days	65	54	82	98
Net working capital days	51	37	14	10
Number of stores	858	822	–	–
as at the beginning of the period	822	788	–	–
opened	43	42	–	–
closed	(7)	(8)	–	–
Number of pharmacies	646	601	–	–
as at the beginning of the period	601	572	–	–
new/converted	47	30	–	–
closed	(2)	(1)	–	–
Total leased area	(m ²) 488 463	462 002	–	–
Weighted retail trading area	(m ²) 391 426	368 554	–	–
Weighted annual sales per m ²	(R) 68 820	64 433	–	–
Number of permanent employees	15 689	14 777	597	619
Capital expenditure	(R) 309 397	239 229	42 835	30 033

* Restatement relating to the closure of the Musica business as a discontinued operation. Refer to note 1.12.

Intragroup elimination		Total continuing operations		Musica		Total operations	
28 Feb 2022	28 Feb 2021	28 Feb 2022	28 Feb 2021	28 Feb 2022	28 Feb 2021	28 Feb 2022	28 Feb 2021
-	-	2 219 998	2 098 430	-	-	2 219 998	2 098 430
-	-	2 813 626	2 472 294	-	-	2 813 626	2 472 294
-	-	679 870	597 225	-	-	679 870	597 225
-	-	102 806	102 806	-	-	102 806	102 806
(151 432)	(94 209)	6 404 160	6 382 581	-	3 750	6 404 160	6 386 331
(1 259 203)	(690 784)	3 377 100	2 829 157	-	5 089	3 377 100	2 834 246
-	-	837 501	1 141 014	-	(32 323)	837 501	1 108 691
(3 973 529)	(3 382 039)	565 142	441 156	-	-	565 142	441 156
(5 384 164)	(4 167 032)	17 000 203	16 064 663	-	(23 484)	17 000 203	16 041 179
-	-	120 723	124 616	-	1 517	120 723	126 133
-	-	3 207 044	2 855 526	-	21 088	3 207 044	2 876 614
(1 266 088)	(697 669)	8 611 327	8 354 202	-	56 947	8 611 327	8 411 149
-	-	249 698	215 790	-	3 169	249 698	218 959
(3 971 601)	(3 380 111)	111 199	69 550	-	343	111 199	69 893
(5 237 689)	(4 077 780)	12 299 991	11 619 684	-	83 064	12 299 991	11 702 748
(146 475)	(89 252)	4 700 212	4 444 979	-	(106 548)	4 700 212	4 338 431
(3 205 035)	(3 026 871)	19 557 596	17 946 049	-	187 589	19 557 596	18 133 638
(28 424)	(5 050)	4 132 969	3 698 480	-	29 037	4 132 969	3 727 517
(105 290)	(96 411)	1 336 919	1 131 428	-	3 671	1 336 919	1 135 099
(133 714)	(101 461)	5 469 888	4 829 908	-	32 708	5 469 888	4 862 616
103 291	94 329	(3 804 883)	(3 402 310)	-	(94 453)	(3 804 883)	(3 496 763)
-	-	(648 907)	(564 670)	-	(28 285)	(648 907)	(592 955)
788	743	(80 212)	(80 718)	-	(6 806)	(80 212)	(87 524)
-	-	(1 996 573)	(1 791 483)	-	(33 925)	(1 996 573)	(1 825 408)
102 503	93 586	(1 066 334)	(964 256)	-	(25 130)	(1 066 334)	(989 386)
-	-	(12 857)	(1 183)	-	(307)	(12 857)	(1 490)
(30 423)	(7 132)	1 665 005	1 427 598	-	(61 745)	1 665 005	1 365 853
5.9	3.9	9.0	8.6	(100.0)	(43.7)	7.9	7.6
-	-	3.1	2.9	-	9.6	3.1	2.9
-	-	10.2	4.0	-	(27.0)	10.2	3.7
-	-	21.1	20.6	-	15.5	21.1	20.6
-	-	28.0	26.9	-	17.4	28.0	26.8
-	-	19.5	19.0	-	50.4	19.5	19.3
-	-	11.8	5.1	(100.0)	(19.5)	8.8	4.2
-	-	16.6	14.2	(100.0)	1 369.8	21.9	9.7
-	-	8.5	8.0	-	(32.9)	8.5	7.5
-	-	78	83	-	5	78	83
-	-	35	38	-	-	35	38
-	-	74	83	-	21	74	82
-	-	39	38	-	(16)	39	39
-	-	858	822	-	25	858	847
-	-	822	788	25	93	847	881
-	-	43	42	-	-	43	42
-	-	(7)	(8)	(25)	(68)	(32)	(76)
-	-	646	601	-	-	646	601
-	-	601	572	-	-	601	572
-	-	47	30	-	-	47	30
-	-	(2)	(1)	-	-	(2)	(1)
-	-	488 463	462 002	-	16 693	488 463	478 695
-	-	391 426	368 554	-	14 663	391 426	383 217
-	-	68 820	64 433	-	23 881	68 820	62 881
-	-	16 286	15 396	-	233	16 286	15 629
-	-	352 232	269 262	-	48	352 232	269 310

Accounting POLICIES AND NOTES

1.1 These condensed consolidated financial statements for the six months ended 28 February 2022 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports and the requirements of the Companies Act of South Africa. The Listings Requirements require interim 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 Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

The information contained in the interim report has neither been audited nor reviewed by the group's external auditors. These condensed consolidated financial results have been prepared under the supervision of M Fleming CA (SA), the chief financial officer of the group.

The accounting policies used in the preparation of the financial results for the six months ended 28 February 2022 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 31 August 2021.

1.2 The consolidated statement of comprehensive income and segmental analysis for the six months ended 28 February 2021 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 1.12.

1.3 Related party transactions for the current period are similar to those disclosed in the group's annual financial statements for the year ended 31 August 2021. No significant related party transactions arose during the current period.

1.4 During the period the group repurchased and cancelled 1 587 455 Clicks Group Limited ordinary shares.

1.5 The carrying values of all financial instruments approximate 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 are 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 the hedged item when the forecast transaction takes place.

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

1.7 The group's revenue from contracts with customers is disaggregated as below:

R'000	Unaudited six months to 28 February 2022	Restated* six months to 28 February 2021	Year to 31 August 2021
Revenue from contracts with customers			
Goods sold to customers	19 557 596	17 946 049	37 339 028
Other income	1 336 919	1 131 428	2 609 236
Distribution and logistics fees	586 518	559 346	1 209 415
Cost recoveries and other	620 026	572 082	1 182 430
Insurance proceeds – civil unrest	130 375	–	217 391
	20 894 515	19 077 477	39 948 264

* Restatement relating to the closure of the Musica business as a discontinued operation. Refer to note 1.12.

Accounting POLICIES AND NOTES CONTINUED

1.8 Headline earnings reconciliation

R'000	Unaudited six months to 28 February 2022	Six months to 28 February 2021	%	Year to 31 August 2021
			change	
Total profit for the period	1 205 678	963 420	25.1	1 914 101
Adjusted for:				
Loss on disposal of property, plant and equipment	33	3 315		4 199
Insurance proceeds on property, plant and equipment – civil unrest	(87 016)	–		
Impairment of property, plant and equipment – civil unrest	–	–		61 251
Total tax effect of adjustments	23 659	(928)		(18 326)
Headline earnings from continuing operations	1 142 354	965 807	18.3	1 961 225
Loss from discontinued operations, net of tax	–	(71 925)		(76 245)
Adjusted for discontinued operations:				
Loss on disposal of property, plant and equipment	–	6 485		6 485
Impairment of property, plant and equipment and right-of-use assets	–	30 417		30 417
Total tax effect of adjustments	–	(10 333)		(10 333)
Headline earnings	1 142 354	920 451	24.1	1 911 549
Headline earnings per share (cents)	466.9	370.6	26.0	773.6
Continuing operations	466.9	388.9	20.1	793.7
Discontinued operations	–	(18.3)		(20.1)
Diluted headline earnings per share (cents)	466.9	370.6	26.0	773.6
Continuing operations	466.9	388.9	20.1	793.7
Discontinued operations	–	(18.3)		(20.1)

1.9 Covid-19 vaccine administration

The group acquires all Covid-19 vaccines from the Department of Health (DOH) and administers these to medical aid patients and unfunded patients for the DOH. Unfunded vaccination fees are recovered from the DOH. Included in trade and other receivables is an amount of R819 million recoverable from the DOH, which has a negative impact of 12 days on the group receivables days. Included in trade and other payables is an amount of R951 million related to the vaccine purchases from the DOH, which has a positive impact of seven days on creditor days.

1.10 Acquisition of pharmacy licences

On 1 October 2021 the Competition Commission approved the merger for Clicks Retailers to acquire 25 retail pharmacies from Pick n Pay which includes the pharmacy licences, the ethical drug stock and all staff employed in the pharmacies. At the reporting date the transfer of the pharmacy licences from Pick n Pay to Clicks Retailers was in the process of being approved by the DOH in tranches, with 11 licences approved prior to 28 February 2022.

Accounting POLICIES AND NOTES CONTINUED

1.11 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 28 February 2022, 47 of these stores had been reopened and currently six stores remain closed. Of the six still to be opened, 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 28 February 2022 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 were assessed for impairment as at 31 August 2021 using budgeted future cash flows, which took 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.

As disclosed in the group's 2021 annual financial statements, the group received a second interim payment of R217.4 million from SASRIA on 29 October 2021 as part of its political risk insurance claim relating to the civil unrest in July 2021. This second interim insurance payment is accounted for in the group's financial results for the six months ended 28 February 2022. An amount of R130.4 million is reflected in other income and R87.0 million included as income of a capital nature related to property, plant and equipment.

The final SASRIA claim amounted to R713.4 million, comprising loss of stock of R523.9 million, replacement of fixed assets of R167.0 million and other costs of R22.5 million.

The group entered into a full and final settlement agreement with SASRIA subsequent to the half-year amounting to R710.3 million. An amount of R523.9 million was recovered for loss of stock, R19.4 million for other costs and R167.0 million for replacement of fixed assets.

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

The group and continuing operations headline earnings excluding the impact of the civil unrest is disclosed as follows:

R'000	Unaudited six months to 28 February 2022	Six months to 28 February 2021	%	Year to 31 August 2021
			change	
Headline earnings from continuing operations	1 142 354	965 807	18.3	1 961 225
Adjusted for:				
Cost of merchandise written off – civil unrest	–	–		333 639
Insurance proceeds related to non-capital items – civil unrest	(130 375)	–		(217 391)
Other costs – civil unrest	–	–		31 589
Total tax effects on adjustments	36 505	–		(41 394)
Adjusted headline earnings from continuing operations	1 048 484	965 807	8.6	2 067 668
Discontinued operations headline earnings	–	(45 356)		(49 676)
Group adjusted headline earnings	1 048 484	920 451	13.9	2 017 992
Group adjusted headline earnings per share (cents)	428.6	370.6	15.7	816.7
Continuing operations	428.6	388.9	10.2	836.8
Discontinued operations	–	(18.3)		(20.1)
Group diluted adjusted headline earnings per share (cents)	428.6	370.6	15.7	816.7
Diluted continuing operations	428.6	388.9	10.2	836.8
Diluted discontinued operations	–	(18.3)		(20.1)

Accounting POLICIES AND NOTES CONTINUED

1.12 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 closed all of its 78 stores and ceased operations during the previous 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	As previously reported 28 February 2021	IFRS 5 Adjustment	Restated 2021
Consolidated statement of comprehensive income			
Turnover	18 133 638	(187 589)	17 946 049
Cost of merchandise sold	(14 406 121)	158 552	(14 247 569)
Gross profit	3 727 517	(29 037)	3 698 480
Other income	1 135 099	(3 671)	1 131 428
Total income	4 862 616	(32 708)	4 829 908
Expenses	(3 496 763)	94 453	(3 402 310)
Depreciation and amortisation	(592 955)	28 285	(564 670)
Occupancy costs	(87 524)	6 806	(80 718)
Employment costs	(1 825 408)	33 925	(1 791 483)
Other costs	(989 386)	25 130	(964 256)
Impairment allowance	(1 490)	307	(1 183)
Operating profit	1 365 853	61 745	1 427 598
Loss on disposal of property, plant and equipment	(9 800)	6 485	(3 315)
Impairment of property, plant and equipment – civil unrest	(30 417)	30 417	–
Profit before financing costs	1 325 636	98 647	1 424 283
Net financing expense	(90 228)	1 458	(88 770)
Financial income	20 850	–	20 850
Financial expense	(111 078)	1 458	(109 620)
Profit before earnings from associates	1 235 408	100 105	1 335 513
Share of profit of associates	1 062	–	1 062
Profit before taxation	1 236 470	100 105	1 336 575
Income tax expense	(344 975)	(28 180)	(373 155)
Profit for the period	891 495	71 925	963 420

Accounting POLICIES AND NOTES CONTINUED

1.12 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	Unaudited six months to 28 February 2022	Six months to 28 February 2021	Year to 31 August 2021
Consolidated statement of comprehensive income			
Turnover	–	187 589	197 019
Cost of merchandise sold	–	(158 552)	(168 688)
Gross profit	–	29 037	28 331
Other income	–	3 671	7 184
Total income	–	32 708	35 515
Expenses	–	(94 453)	(103 092)
Depreciation and amortisation	–	(28 285)	(28 291)
Occupancy costs	–	(6 806)	(8 248)
Employment costs	–	(33 925)	(42 384)
Other costs	–	(25 130)	(23 599)
Impairment allowance	–	(307)	(570)
Operating profit	–	(61 745)	(67 577)
Loss on disposal of property, plant and equipment	–	(6 485)	(6 485)
Impairment of property, plant and equipment	–	(30 417)	(30 417)
Profit before financing costs	–	(98 647)	(104 479)
Net financing expense	–	(1 458)	(1 735)
Financial income	–	–	1
Financial expense	–	(1 458)	(1 736)
Profit before taxation	–	(100 105)	(106 214)
Income tax expense	–	28 180	29 969
Profit for the period	–	(71 925)	(76 245)
Musica statement of financial position			
Assets			
Property, plant and equipment	–	–	–
Right-of-use assets	–	–	–
Intangible assets	–	–	–
Inventories	–	3 750	1 069
Trade and other receivables	–	5 089	43
	–	8 839	1 112
Liabilities			
Employee benefits – non-current	–	1 517	–
Lease liabilities	–	21 088	3 832
Trade and other payables	–	56 947	7 942
Employee benefits – current	–	3 169	68
	–	82 721	11 842

Accounting POLICIES AND NOTES CONTINUED

1.12 Closure of Musica cash-generating unit (continued)

R'000	Unaudited six months to 28 February 2022	Six months to 28 February 2021	Year to 31 August 2021
Musica statement of cash flows information			
Net cash outflows attributable to Musica			
Cash effects from operating activities	–	20 806	(31 188)
Cash effects from investing activities	–	(48)	(48)
Cash effects from financing activities	–	(24 689)	(42 170)
Net decrease in cash utilised by Musica	–	(3 931)	(73 406)

1.13 Events after the reporting period

Subsequent to 28 February 2022, the remaining 14 pharmacy licences acquired as part of the Pick n Pay pharmacy licence acquisition (refer to note 1.10) were approved and transferred to Clicks Retailers.

Subsequent to the half-year ended 28 February 2022, the group entered into a full and final insurance settlement with SASRIA (refer to note 1.11) and received an amount of R316.8 million (including VAT) relating to the civil unrest insurance claim which will be accounted for in the group's full-year results to 31 August 2022. Of the settlement amount R195.5 million will be included in other income and R80.0 million included as income of a capital nature related to property, plant and equipment.

During April 2022 the KwaZulu-Natal region experienced widespread flooding which resulted in significant infrastructure damage and a regional state of disaster being declared. The group is adequately insured for this event and is in the process of assessing and quantifying the damage to any assets and stock, as well as business interruption, with two stores currently not trading.

Store FOOTPRINT

	Clicks*	Musica	The Body Shop	GNC	Claire's	Total retail
Number of stores at 28 February 2022	799	–	59	–	–	858
as at 28 February 2021	760	25	59	–	3	847
opened	43	–	–	–	–	43
closed	(4)	(25)	–	–	(3)	(32)
Presence in Clicks stores at 28 February 2022			242	614	88	
Number of pharmacies at 28 February 2022	646					646
as at 28 February 2021	601					601
new/converted	47					47
closed	(2)					(2)
Number of clinics at 28 February 2022	192					

* Includes three Clicks Baby stores.

Analysis of SHAREHOLDERS

Fund managers managing 3% or more of the issued share capital:

Major fund managers	Percentage of shares		Geographic distribution of shareholders	Percentage of shares	
	Feb 2022	Feb 2021		Feb 2022	Feb 2021
Public Investment Corporation (SA)	15.8	14.3	South Africa and rest of Africa	33.4	29.1
JPMorgan Asset Management (UK and US)	6.0	5.9	Offshore holdings	66.6	70.9
BlackRock (US and UK)	5.2	5.5	USA and Canada	34.3	35.0
RBC Global Asset Management (UK, US and Canada)	4.9	5.8	United Kingdom and Ireland	12.3	13.4
GIC (Singapore)	4.4	3.9	Europe	9.9	11.2
Fidelity Management & Research (US)	3.9	6.0	Other countries	10.1	11.3
The Vanguard Group (US)	3.8	3.6			
William Blair Investment Management (US)	3.1	2.9			
Federated Hermes (UK)	3.0	–			
<i>No longer managing 3% or more:</i>					
T. Rowe Price (UK and US)	2.2	3.4			
BMO Financial Group (UK)	–	3.3			

DEFINITIONS

Capital expenditure

Maintenance capital expenditure

Capital expenditure incurred in replacing existing capital or capital expenditure with a return below the group's required return.

Growth capital expenditure

Capital expenditure that is not maintenance capital expenditure.

Cash flow

Financing activities

Activities that result in changes to the capital and funding structure of the group.

Investing activities

Activities relating to the acquisition, holding and disposal of capital assets and long-term investments.

Operating activities

Activities that are not financing or investing activities that arise from the operations conducted by the group.

Comparable stores turnover growth

Turnover growth expressed as a percentage of growth for stores that have been operating for the full period during the current and previous financial periods.

Current ratio

Current assets at period-end divided by current liabilities at period-end.

Dividend per share

Dividend per share is the actual interim cash dividend paid and the final cash dividend declared, expressed as cents per share.

Earnings per share

Earnings per share

Profit for the period divided by the weighted average number of shares in issue for the period.

Diluted earnings per share

Profit for the period divided by the weighted average diluted number of shares in issue for the period.

Headline earnings per share

Headline earnings divided by the weighted average number of shares in issue for the period.

Diluted headline earnings per share

Headline earnings divided by the weighted average diluted number of shares in issue for the period.

Effective tax rate

The tax charge in the income statement as a percentage of profit before tax.

Free float

The number of ordinary shares that are freely tradable on the JSE Limited, excluding treasury shares and shares held by directors and employee share schemes.

Gross profit margin

Gross profit expressed as a percentage of turnover.

Headline earnings

Profit for the period adjusted for the after-tax effect of certain capital items.

IFRS

International Financial Reporting Standards, as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

Clicks Group's consolidated financial statements are prepared in accordance with IFRS.

Interest-bearing debt, including cash, to shareholders' interest at period-end

Interest-bearing debt (including bank overdraft), net of cash balances, at the end of the period divided by shareholders' interest at the end of the period.

Inventory days

Closing inventory at period-end divided by the annualised cost of merchandise sold during the period, multiplied by 365 days.

Issued shares

Ordinary shares having a par value of one cent each in the authorised share capital of Clicks Group Limited.

Market capitalisation

The closing market price per share at period-end multiplied by the number of ordinary shares in issue at period-end.

Net asset value per share

Net assets at period-end divided by the number of ordinary shares in issue at period-end (net of treasury shares).

Net tangible asset value per share

Net assets at period-end, less intangible assets (such as goodwill and trademarks), divided by the number of

ordinary shares in issue at period-end (net of treasury shares).

Operating profit

Operating profit before financing costs, as reported in the group consolidated statement of comprehensive income, adjusted to exclude profit/loss on disposal of property, plant and equipment.

Operating profit margin

Operating profit expressed as a percentage of turnover.

Percentage of ordinary shares traded

The number of ordinary shares traded on the JSE Limited during the period as a percentage of the weighted average number of ordinary shares in issue (net of treasury shares).

Price earnings ratio

The closing market price per share at period-end divided by diluted headline earnings per share for the period.

Return on shareholders' interest (ROE)

Headline earnings expressed as a percentage of the average shareholders' interest for the period.

Return on total assets (ROA)

Headline earnings expressed as a percentage of the average total assets for the period.

Return on net assets (RONA)

Operating profit as defined for RONA divided by average net assets for the period as defined for RONA.

Operating profit as defined for RONA is the reported operating profit for the group inclusive of capital gains and losses relating to continuing operations of the business and excluding the employee short-term bonus.

Net assets as defined for RONA are the average assets less liabilities for the period excluding taxation and financial-related assets and liabilities (cash, overdrafts, loans receivable, derivative financial assets, financial assets/liabilities at fair value through profit or loss, interest-bearing borrowings, deferred tax and taxation payable).

Segmental reporting

The group has two reportable segments, being the Retail division and the Distribution division.

Selling price inflation

The change in the weighted average selling price of a sample of products for the period relative to the previous period expressed as a percentage of the weighted average selling price of the same sample of products for the previous period. Only products sold in both the current and previous periods are included in the sample.

Shareholders' interest

Share capital and share premium (reduced by the cost of treasury shares) and other reserves comprising equity.

Shareholders' interest to total assets

The shareholders' interest divided by the total assets at the period-end.

Total income

Gross profit plus other income.

Total income margin

Total income expressed as a percentage of turnover.

Trade creditor days

Closing trade creditors at period-end (adjusted to exclude VAT) divided by the annualised cost of merchandise sold during the period, multiplied by 365 days.

Trade debtor days

Closing trade debtors at period-end (adjusted to exclude VAT) divided by the annualised sales for the period, multiplied by 365 days.

Treasury shares

Issued shares in Clicks Group Limited held by a group company in terms of an approved share repurchase programme.

Weighted average number of shares

The number of ordinary shares in issue, increased by shares issued during the period and reduced by treasury shares purchased or shares cancelled during the period, weighted on a time basis for the period during which they have participated in the income of the group.

Weighted average diluted number of shares

The weighted average number of ordinary shares adjusted for the effects of all dilutive potential shares.

PRESENTATION




INTERIM RESULTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

CLICKS GROUP
LIMITED

PRESENTATION OUTLINE

- Review of the period
- Financial results
- Trading performance
- Outlook
- Questions



CLICKS GROUP INTERIM RESULTS 2022 2



REVIEW OF THE SIX MONTHS

- Performance highlights the resilience and defensiveness of the group in a very tough economic environment
- Retail trading still impacted by Covid-19 and civil unrest
- Muted growth in UPD, impacted by less severe Omicron wave
- Clicks is the largest vaccinator in SA, having administered over 3 million vaccinations to date
- Opened 800th Clicks store in March
- Continuing adjusted* dHEPS up **10.2%**
- Interim dividend of 180 cents per share, up **26.3%**

* H1 2022 adjusted for impact of SASRIA insurance proceeds received

CLICKS GROUP INTERIM RESULTS 2022 4

PRESENTATION



FINANCIAL HIGHLIGHTS

- Turnover up **9.0%***
 - Retail turnover up **13.6%***, with 6.5% growth from vaccines
 - UPD reported turnover up only **0.6%**
- Operating margin down from 8.0% to **7.8%****
- Group diluted HEPS up **26.0%** to 466.9 cps
 - Continuing adjusted dHEPS up **10.2%****
- Return on equity up from 37.4% to **47.2%**
- Cash balance of **R838m** at period end
 - R446m shares repurchased
- R317m final SASRIA proceeds received post February
- Interim dividend of 180 cps up **26.3%**

* Continuing operations ** H1 2022 adjusted for impact of SASRIA insurance proceeds received

CLICKS GROUP INTERIM RESULTS 2022 6

IMPACT OF INSURANCE PAYMENT

Continuing operations R'm	Reported H1 2022	Adjustment	Adjusted H1 2022
Turnover	19 558		19 558
Gross profit	4 133		4 133
Other income	1 337	(130) Second SASRIA insurance payment	1 207
Expenses	(3 805)		(3 805)
Operating profit	1 665	(130)	1 535
Capital items	87	(87) PPE insurance portion	-
Taxation	(460)	60	(400)
Headline earnings	1 142	(94) Insurance income portion after tax	1 048 +8.6%
dHEPS (cents)	466.9	(38.3)	428.6 +10.2%

- Final SASRIA insurance proceeds of R275.5m (excluding VAT) received after February 2022 will be accounted for in H2 – R195.5m in other income and R80m capital items

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TURNOVER

R'm	Feb 2022	Feb 2021	% change	% same stores growth	% inflation
Retail	14 574	12 832	13.6	10.2	3.7
Distribution	8 189	8 141	0.6		1.9
Intragroup turnover	(3 205)	(3 027)	5.9		
Total group	19 558	17 946	9.0		3.1

- Administered 2.2m vaccines in the period with turnover of R832m, an uplift of 6.5% to retail sales and 4.6% to group sales
- UPD growth impacted by high H1 2021 base due to the severity of the Covid-19 second wave compared to the weaker impact of the fourth wave in H1 2022

Note: Continuing operations

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PRESENTATION

TOTAL INCOME					
	Feb 2022 R'm	Feb 2021 R'm	% change	Feb 2022 % margin	Feb 2021 % margin
Retail	4 759	4 242	12.2	32.7	33.1
Distribution	714	689	3.6	8.7	8.5
Intragroup	(133)	(101)	31.8		
Total group	5 340	4 830	10.6	27.3	26.9

- Retail impacted by lower margin vaccinations offsetting recovery of higher margin categories
- UPD benefited from new bulk distribution contracts

Note: Continuing operations, H1 2022 adjusted to exclude SASRIA insurance proceeds of R130m

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OPERATING EXPENDITURE - RETAIL			
R'm	Feb 2022	Feb 2021	% change
Depreciation – PP&E	220	195	12.9
Depreciation – ROU asset	409	351	16.3
Occupancy costs	78	80	(2.3)
Employment costs	1 841	1 647	11.8
Other operating costs	892	792	12.7
Total retail costs	3 440	3 065	12.2
% of turnover	23.6%	23.9%	
Finance costs – lease liability	93	102	(8.7)

- Employment costs impacted by extra staff for vaccinations
- Other costs impacted by higher security, insurance and electricity costs
- Comparable retail costs contained to **6.5%**

Note: Continuing operations

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OPERATING EXPENDITURE - DISTRIBUTION

R'm	Feb 2022	Feb 2021	% change
Depreciation – PP&E	14	16	(13.0)
Depreciation – ROU asset	6	2	
Occupancy costs	3	1	
Employment costs	156	145	7.8
Other operating costs	289	268	8.2
Total distribution costs	468	432	8.4

- Impact of costs related to new bulk distribution clients, and higher fuel, security, insurance and electricity costs

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OPERATING PROFIT

	Feb 2022 R'm	Feb 2021 R'm	% change	Feb 2022 % margin	Feb 2021 % margin
Retail	1 319	1 177	12.0	9.1	9.2
Distribution	246	257	(4.4)	3.0	3.2
Intragroup	(30)	(6)			
Total group	1 535	1 428	7.5	7.8	8.0

- Impact of very low margin of vaccinations in Retail
- Impact of lower wholesale turnover and high cost pressures on UPD

Note: Continuing operations, H1 2022 adjusted for SASRIA insurance proceeds

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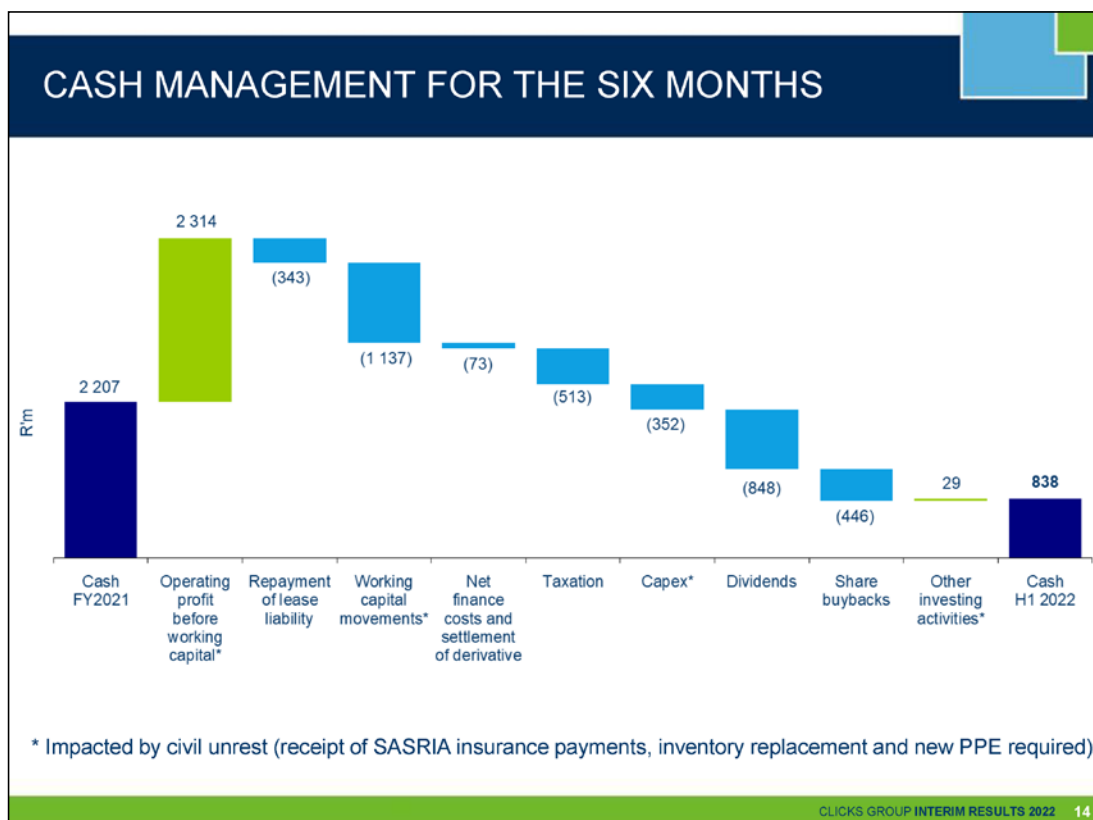
PRESENTATION

INVENTORY					
	Days in stock		Inventory (R'm)		
	Feb 2022	Feb 2021	Feb 2022	Feb 2021	% change
Retail	81	85	4 357	4 017	8.5
Distribution	49	56	2 198	2 460	(10.6)
Intragroup inventory			(151)	(94)	
Total group	78	83	6 404	6 383	0.3

▪ Inventory levels well managed

Note: Continuing operations

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CAPITAL EXPENDITURE

- R876m capex planned for FY2022, including R167m for replacement of assets damaged in the civil unrest and R46m carried forward from FY2021
 - R565m on stores, including:
 - 45 new Clicks stores and 54 new pharmacies
 - 35 store refurbishments and restoring 53 damaged stores
 - R311m on infrastructure, including:
 - R109m on UPD IT and warehouse equipment
 - R202m on retail systems and infrastructure
 - installation of solar panels on all Clicks and UPD DCs in H2

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PRESENTATION

RETAIL SALES PERFORMANCE		
	% change	% contribution
Pharmacy	7.7	26.1
Vaccinations		5.7
Front shop health	3.6	25.1
Beauty and personal care	10.1	28.7
General merchandise	6.4	14.4
Total turnover	13.6	100.0

- Comparable stores turnover growth of **10.2%**
 - Inflation 3.7%
 - Volume growth of 6.5% attributable to Covid-19 vaccinations

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MARKET SHARE GAINS		
%	Feb 2022	Feb 2021
Health		
Retail pharmacy*	23.8	23.4
Front shop health**	32.4	32.6
Baby**	19.4	19.5
Beauty		
Skincare**	41.2	40.2
Haircare**	31.2	31.1
Personal care**	19.5	18.4
General merchandise		
Small electrical appliances***	18.1	17.8

* Per IQVIA (Private Retail Pharmacy S1-6) ** Per AC Nielsen (restated) *** Per GfK

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PERFORMANCE AND STRATEGY



▪ Maintaining **value**

- More price competitive than all national retailers
- Promotional sales +8.3% to 42.7% of turnover (excl vaccines)

Clicks price index* vs:

Retailer A	93.0%
Retailer B	92.1%
Retailer C	92.2%
Retailer D	97.5%

* Excluding 3 for 2 promotions

▪ Differentiating our product offer

- Private label up from 24.5% to 24.6% of sales (front shop 29.9%, pharmacy 9.9%)
- 3 standalone Clicks Baby stores now open – 1 further to open in H2
- All private label packaging plant-based or recyclable, Beauty Without Cruelty endorsed



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PERFORMANCE AND STRATEGY



▪ Engaging customers through **personalisation**

- 9.5m active ClubCard members, 80.5% of sales (excl vaccines)
- Clicks app downloaded by 2.7m customers



▪ Enabling efficient **healthcare** access

- Repeat prescription service
- Clicks Doctor telemedicine service in 133 clinics

▪ Implementation of Blue Yonder retail merchandising system almost complete



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PRESENTATION

PERFORMANCE AND STRATEGY



▪ Extending convenience

- 796 Clicks stores with 646 pharmacies*
- 50% of population < 5.5km of a pharmacy
- Received approval for transfer of 11 of 25 Pick n Pay pharmacies in H1
- 64 SA stores still to get a dispensary
- Online sales growth moderated – now 1.3% of front shop sales

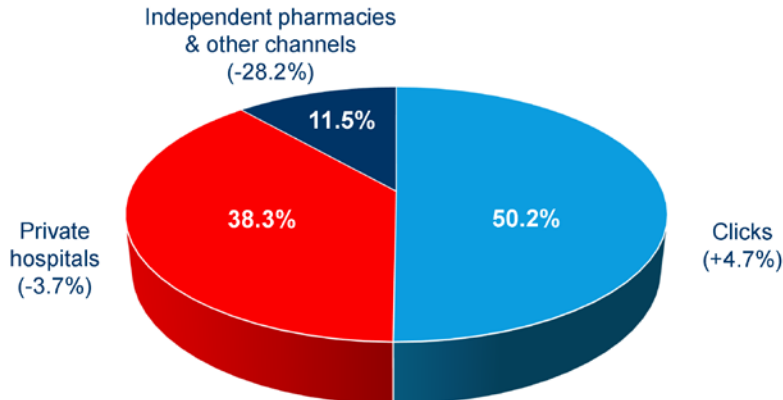
Format	Total*
Convenience	593
Destination	203
Total	796



* Excludes 3 Clicks Baby stores and includes stores still closed due to civil unrest damage



FINE WHOLESALE TURNOVER



- Wholesale turnover down 3.6%
 - Hospitals experienced less severe Covid-19 wave than in prior period
 - Independent pharmacies no longer supported by lockdown shopping trends
- Wholesale market share down marginally from 30.3% to 30.1%*

* MAT per IQVIA (restated)

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PERFORMANCE AND OUTLOOK



- Total managed turnover +6.7% to R14.2bn
 - Two new bulk distribution clients
- Reaching capacity in bulk DCs and rented additional facilities in Gauteng and Cape Town
- Generic medicines +14.6% (72% of volume)
- ERP / WMS implementation in Durban DC completed, Gqeberha DC to follow in July
- SEP slightly lower than 2021, but higher than formula
 - Maximum of 3.5% vs 3.68% in 2021
- Clicks and private hospitals expected to benefit from normalisation of activity

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PRESENTATION



OUTLOOK FOR H2 2022

- Consumer environment will remain constrained, compounded by trading disruption from electricity load shedding
- Recovery in beauty category expected to continue
- Plan to open 45 Clicks stores in FY2022
- UPD has secured an additional bulk contract, starting March
- Integrating new IT systems and investing in digital engagement
- Committed to supporting the national vaccination programme
- Continued focus on integrating sustainable business practices

OUTLOOK FOR H2 2022 (CONTINUED)

- Forecast for FY2022:
 - 30% - 35% growth in group dHEPS (FY2021: 773.6c)
 - 25% - 30% growth in continuing dHEPS (FY2021: 793.7c)
 - 8% – 13% growth in continuing adjusted* dHEPS (FY2021: 836.8c)
- Business model remains resilient, with proven ability to adapt to changing market dynamics
- Confident of the group's ability to continue delivering on medium-term targets

* Adjusted for impact of civil unrest and SASRIA insurance proceeds

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PRESENTATION

DISCLAIMER

Clicks Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements' within the meaning of United States securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Clicks Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

The risks and uncertainties inherent in the forward-looking statements contained in this presentation include, but are not limited to: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic business and market conditions; changes in the domestic regulatory and legislative environments; changes to domestic operational, social, economic and political risks; and the effects of both current and future litigation.

Clicks Group does not undertake to update any forward-looking statements contained in this presentation and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits, or consequential loss or damage.

Corporate INFORMATION

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

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

* Independent non-executive

Company secretary: M Welz

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

Sponsor: Investec Bank Limited

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

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

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