Long4Life Limited

UNAUDITED RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

CONTENTS

UNAUDITED RESULTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2021

Commentary

Revenue	Trading profit	HEPS
R1.8bn	R214m	22.5 cents
▲ 30% from Aug 20: R1.4bn	▲ 335% from Aug 20: R49m	▲ 2 713% from Aug 20: 0.8 cents
0% from Aug 19: R1.8bn	▲ 6% from Aug 19: R201m	▲ 55% from Aug 19: 14.5 cents
Cash generated by operations	**Dividend declared**	**Cash balances**
R288m	10.0 cents	R667m
▲ 17% from Aug 20: R247m	Aug 20: nil	
▲ 33% from Aug 19: R217m	Aug 19: nil	

"We continue to focus on sales growth, cost containment, working capital improvements and enhancing returns. Capital allocation remains key" – Brian Joffe, CEO

Overview

The group's operating and financial performance has been particularly pleasing for the six months to 31 August 2021 ('interim period'), despite the continued impact of the pandemic lockdown restrictions.

Financial overview

Comparison and analysis of the results to the previous six months is not meaningful given the Level 5 lockdown restrictions in the prior comparable period. Therefore, financial commentary on the results is provided against the pre-COVID six months to 31 August 2019 ('2019 period').

While group revenue of R1.8 billion was in line with the 2019 period, the operational and efficiency initiatives and focus on costs have resulted in improved margins and profitability.

Gross profit of R771 million is a 7% increase on the 2019 period of R719 million with a gross margin of 41.8% (Aug 2019: 39.1%). The improvement in gross margins was largely from reduced markdown activity during the period in the Sport and Recreation division as well as the change in sales mix in the Beverage division.

Operating expenses of R432 million continue to be well managed and were 6% up on the 2019 period.

The group's trading profit of R214 million exceeded the 2019 period by 6% with improved trading margins of 11.6% (Aug 2019: 10.9%) despite the muted performance in the Personal Care and Wellness division.

Headline earnings of R143.1 million translated into a 55% increase in headline earnings per share ('HEPS') of 22.5 cents from 14.5 cents in the 2019 period. HEPS is calculated on a weighted average number of shares in issue of 636.6 million (Aug 2019: 875.2 million shares). The group is benefiting from the highly accretive share buy-back programme that has been carried out over the previous years.

The group generated excellent operating cash flows of R288 million, up 33% from the 2019 period, after absorbing R58.9 million working capital due to the seasonality in the businesses. During the period, capital expenditure amounted to R63 million, investing in stores, logistics and expanding the Sport and Recreation Distribution Centre.

The capital structure of the group is strong, with the balance sheet of the group remaining solid with cash balance of R667 million as at 31 August 2021.

The improved earnings in the period and well managed trading assets translated into a ROFE of 40%, an improvement on the 2019 ROFE of 38%.

Operational review

Sport and Recreation

The **Sport and Recreation** division's revenue amounted to R1.1 billion up 2% on the 2019 period, a satisfactory achievement under the prevailing market conditions. Sport and Recreation trading profit of R148.1 million was 4% lower than the 2019 period, impacted by a non-cash foreign exchange loss. Excluding this impact, trading profit in Sport and Recreation was 7% higher than the 2019 period.

Revenue in Sports Retail, which comprises Sportsmans Warehouse and Shelflife, was down 1% on the 2019 period, negatively affected by the limited team and school sports. This was mitigated to some degree by increased revenues in post-pandemic trending categories, such as home gym equipment, running and cycling, with continued growth in online sales. Sportsmans Warehouse destination stores remains a key strength, and there are viable opportunities to grow the store footprint, in addition to online sales. Exciting new product and marketing innovation has driven strong growth and profitability at Shelflife.

Outdoor Warehouse's revenue was 9% higher compared to the 2019 period, benefiting from an increase in local travel and outdoor activity. Additionally, excellent store operations and product sourcing and continued investment in online capability has impacted profitability positively.

Performance Brands, which designs, manufactures and distributes its own brands (First Ascent, Cape Storm, African Nature, OTG and others) and distributes international brands (such as Speedo, Gilbert, Grays and Gray Nicolls) performed reasonably under the circumstances given the limited trading in the school, corporate and lodge categories. It is worthy to note that approximately 50% of company own branded units sold are now produced locally in our manufacturing facility in Cape Town.

Whilst two stores were looted and damaged in KwaZulu-Natal during the civil unrest, the group is adequately insured with SASRIA.

The division is being impacted by the worldwide unprecedented supply chain constraints, which is affecting product sourcing, pricing and inventory levels. The limited availability of certain inventory and the logistic constraints are being actively managed and assessed on a daily basis.

This division has shown resilience during these challenging times, a result of its strong national execution, diverse product range appeal, agility and strong customer base.

Beverages

The **Beverages** division's performance in the period was particularly pleasing. Although revenue of R630 million in the division was 4% lower than the 2019 period, this was a direct result of both the alcohol restrictions which hampered volumes at Inhle and the change in sales mix arising from excellent growth in Own Brands at Chill Beverages. Trading profit grew by 43% to R69.6 million from the 2019 period. Well managed working capital has resulted in strong cash generation and significantly improved returns.

Chill Beverages' strategy to grow Own Brands (Score, Fitch & Leedes, and others) has proved successful with a 40% growth in Own Brands sales volumes from the 2019 period impacting divisional margins and trading profit positively.

Excellent collaboration between Chill and Inhle's production and logistics facilities, together with a continued focus on cost savings and production efficiencies, bodes well for the summer season ahead.

Personal Care and Wellness

Personal Care and Wellness sales of R152 million were 12% higher compared to the 2019 period, largely as a result of strong occupancy levels at the ClaytonCare facilities and the inclusion of a small acquisition in Lime Light in the prior period. The division's trading profit of R16.6 million was 33% lower than in the 2019 period, impacted by a R0.6 million trading loss in Sorbet (2019 period: R12.8 million profit).

Revenue in Sorbet decreased by 29% against the 2019 period. Although Sorbet's salon sales showed signs of recovery in March and April 2021, this was negated by the lockdown restrictions which impacted sales for the remaining period. The third wave of infections and the civil unrest weighed heavily on consumer confidence which further hampered trade at salons. Trading has been more encouraging in September and October 2021 with the lifting of restrictions and the warmer weather.

Lime Light revenue increased by 46%, and is flat on a like-for-like basis compared to the 2019 period. Operating expenses were very well managed, and profits responded positively.

ClaytonCare increased revenue by 39% as overall bed occupancy levels increased. The business benefited from its focus on medically complex and ventilated patients, which impacted margins positively. ClaytonCare is well positioned to address the demand for cost effective sub-acute healthcare services.

Dividend

The company has not declared dividends in the past three years given the share buy-back programmes undertaken. In light of the limited share repurchases in the interim period, the board has approved and declared a gross dividend of 10.0 cents per ordinary share in respect of the six months ended 31 August 2021.

The dividend is declared out of income reserves and is subject to South African dividends withholding tax at a rate of 20%, resulting in a net dividend of 8.0 cents per share payable to shareholders not exempt from dividends withholding tax.

As at the date of this announcement, the Company has 709 989 417 ordinary shares in issue.

The Company's income tax reference number is 9745546169.

The salient dates relating to the payment of the dividend are as follows:

Declaration and finalisation date announcement	Thursday, 14 October 2021
Last day to trade *cum* dividend	Tuesday, 9 November 2021
Shares commence trading ex dividend	Wednesday, 10 November 2021
Record date	Friday, 12 November 2021
Payment date:	Monday, 15 November 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 November 2021 and Friday, 12 November 2021, both days inclusive.

Brian Joffe to be appointed Chairman

Shareholders are advised that Brian Joffe has informed the board that he will be relinquishing his position as CEO at the end of the 2022 financial year. The board is, however, pleased to advise that Brian Joffe will continue with the group and will be appointed as Chairman at that time. The current Chairman, Graham Dempster, will then assume the role of Deputy-Chairman.

The Board is delighted that Brian will continue to participate in the company's future in a strategic role and that Long4Life will continue to be guided by both Brian and Graham's superb leadership and remarkable experience.

The Board has commenced a process to identify Brian's successor and to allow for a timeous and smooth hand-over. Shareholders will be advised on progress made in this regard in due course.

Prospects

Long4Life management remains cautiously optimistic about the prospects for the remainder of the year and is confident of the group's ability to execute in terms of its strategic imperatives.

Key risks in this regard remain the possibility of a fourth wave of infections as well as the continued supply chain constraints, which could impact inventory levels.

Long4Life continues to invest for the long-term in line with strategic priorities, with increased focus and investment in marketing and digital initiatives.

Although South African consumers remain vulnerable, and within the context of soaring unemployment rates and low GDP growth rates, the resilience in our businesses displayed in the last 18 months during the pandemic, our strong brands, compelling offering in the post COVID-19 new norm, excellent cash generation and experienced management teams provides us with the confidence that Long4Life is well positioned to increase returns and enhance value for all stakeholders.

The group continues to review investment opportunities.

This prospects statement has not been reviewed and reported on by the group's external auditors.

Strategic review update

As previously communicated to shareholders, the company undertook a strategic review of its structure in order to explore various options to unlock value for shareholders. Investigation in this regard continues.

Further, the company has received an unsolicited expression of interest to acquire all the shares in Long4Life. The Board is evaluating this and will update shareholders should there be any further developments.

Signed on behalf of the board

Brian Joffe
Chief executive officer

Mireille Levenstein
Chief financial officer

Johannesburg, South Africa
14 October 2021

Sponsor
The Standard Bank of South Africa Limited

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

	Notes	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Revenue	4	**1 845 990**	1 420 975	3 582 541
Cost of sales		**(1 074 550)**	(907 081)	(2 197 012)
Gross profit		**771 440**	513 894	1 385 529
Operating expenses		**(431 549)**	(345 390)	(788 312)
Other income		**7 575**	10 737	19 165
Amortisation: Intangible assets		**(753)**	(552)	(1 181)
Depreciation: Property, plant and equipment		**(50 293)**	(49 457)	(96 556)
Depreciation: Right-of-use lease assets		**(82 742)**	(80 152)	(151 571)
Trading profit		**213 678**	49 080	367 074
Share-based payment expense		**(15 175)**	(17 964)	(37 513)
Acquisition costs		**–**	(345)	(383)
Capital items		**2 094**	(344)	(559)
Net gains (losses) on investments at fair value		**10 874**	(13 137)	(6 108)
Gain on remeasurement of put option liability		**–**	–	14 500
Operating profit		**211 471**	17 290	337 011
Net finance income		**13 650**	21 868	36 190
Finance charges: Right-of-use lease liabilities		**(22 456)**	(28 691)	(50 734)
Share of losses from associate		**(13)**	(296)	(129)
Profit before taxation		**202 652**	10 171	322 338
Taxation		**(57 498)**	(2 612)	(85 257)
Profit for the period		**145 154**	7 559	237 081
Profit attributable to:				
Shareholders of the company		**144 710**	6 072	234 155
Non-controlling interests		**444**	1 487	2 926
		145 154	7 559	237 081
Basic earnings per share (cents)		**22.7**	0.8	31.9
Diluted basic earnings per share (cents)		**22.0**	0.8	31.2

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Profit for the period	**145 154**	7 559	237 081
Other comprehensive income net of taxation			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations	**(27)**	–	243
Total comprehensive income for the period	**145 127**	7 559	237 324
Attributable to			
Shareholders of the company	**144 683**	6 072	234 398
Non-controlling interest	**444**	1 487	2 926
	145 127	7 559	237 324

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2021

	Notes	Unaudited 31 August 2021 R'000	Unaudited 31 August 2020 R'000	Audited 28 February 2021 R'000
Assets				
Non-current assets		**4 252 610**	4 133 365	4 179 059
Property, plant and equipment		**658 144**	580 226	645 680
Right-of-use lease assets		**483 223**	461 822	426 505
Goodwill		**2 291 443**	2 272 588	2 287 952
Intangible assets		**790 198**	788 045	787 892
Deferred taxation assets		**25 559**	25 566	29 692
Interest in associate		**2 746**	3 741	–
Other investments and loans		**1 297**	1 377	1 338
Current assets		**1 717 054**	1 841 732	1 542 738
Inventories		**755 569**	721 469	673 928
Trade and other receivables		**280 129**	230 246	254 743
Taxation receivable		**11 287**	31 774	394
Short-term investments	6	**3 272**	37 091	44 117
Cash and cash equivalents		**666 797**	821 152	569 556
Total assets		**5 969 664**	5 975 097	5 721 797
Equity and liabilities				
Capital and reserves		**4 641 325**	4 661 986	4 500 947
Stated capital	5	**3 424 843**	3 782 833	3 436 377
Reserves attributable to shareholders of the company		**1 201 476**	821 093	1 048 038
Non-controlling interests		**15 006**	58 060	16 532
Non-current liabilities		**645 072**	713 126	620 734
Deferred taxation liabilities		**241 404**	244 448	238 603
Long-term portion of borrowings		**35**	875	–
Long-term portion of right-of-use lease liabilities		**403 633**	437 094	365 922
Long-term portion of put option liability		**–**	30 709	16 209
Current liabilities		**683 267**	599 985	600 116
Trade and other payables		**485 096**	367 638	435 984
Short-term portion of borrowings		**318**	77 616	409
Short-term portion of right-of-use lease liabilities		**172 040**	150 537	157 602
Short-term portion of put option liability		**16 209**	–	–
Provision for taxation		**9 604**	4 194	6 121
		5 969 664	5 975 097	5 721 797

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Cash flows from operating activities	**216 779**	208 729	673 519
Operating profit	**211 471**	17 290	337 011
Acquisition costs	**–**	345	–
Depreciation and amortisation	**133 788**	130 161	252 502
Non-cash items	**1 965**	25 916	34 280
Cash generated before changes in net working capital	**347 224**	173 712	623 793
Changes in working capital	**(58 992)**	72 747	168 668
(Increase)/decrease in inventories	**(81 641)**	95 137	157 905
(Increase)/decrease in trade and other receivables	**(25 239)**	91 261	64 735
Increase/(decrease) in trade and other payables	**47 888**	(113 651)	(53 972)
Cash generated by operations	**288 232**	246 459	792 461
Settlement of share-based payments	**(2 093)**	–	(10 319)
Net finance charges	**(8 806)**	(6 823)	(14 544)
Taxation paid	**(60 554)**	(30 907)	(94 079)
Cash effects of investment activities	**(18 681)**	(19 280)	(51 745)
Additions to property, plant and equipment	**(62 476)**	(29 406)	(56 565)
Proceeds on disposal of property, plant and equipment	**3 433**	764	1 127
Additions to intangible assets	**(3 092)**	(384)	(939)
Acquisition of businesses and subsidiaries	**(5 563)**	(14 961)	(28 474)
Acquisition of associates	**(2 743)**	–	–
Acquisition of investments and loans	**–**	(60 872)	(60 873)
Proceeds on disposals of businesses, investments and associate	**51 760**	85 579	93 979
Cash effects of financing activities	**(100 857)**	(197 932)	(881 853)
Purchase of treasury shares	**(11 534)**	(113 603)	(485 653)
Settlement of put option liability	**–**	(4 969)	(4 969)
Borrowings repaid	**(87 353)**	(78 455)	(346 657)
Right-of-use lease liabilities	**(87 118)**	(73 580)	(157 690)
Settlement of right-of-use lease liability[1]	**–**	–	(106 010)
Other borrowings	**(235)**	(4 875)	(82 957)
Dividends paid	**(1 970)**	(905)	(6 523)
Acquisition of additional interest in non-controlling interests	**–**	–	(38 051)
Net increase/(decrease) in cash and cash equivalents	**97 241**	(8 483)	(260 079)
Cash and cash equivalents at beginning of period	**569 556**	829 635	829 635
Cash and cash equivalents at end of period	**666 797**	821 152	569 556

[1] *During the 2021 financial year, the group acquired the distribution warehouse from which Sportsmans Warehouse and Outdoor Warehouse operate located in Philippi, Cape Town for R106 million. As a consequence of the accounting implications of IFRS 16: Leases, the acquisition of this property is accounted for as a settlement of the right-of-use liability as the property had previously been leased by the group.*

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

	Notes	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Equity attributable to shareholders of the company		4 626 319	4 603 926	4 484 415
Stated capital	5	3 424 843	3 782 833	3 436 377
Balance at beginning of the period		3 436 377	3 893 198	3 893 198
Shares cancelled during the period		–	(110 333)	(536 713)
Less: Treasury shares acquired during the period by subsidiaries		(11 534)	(32)	79 892
Transactional costs for issuing equity instruments		(20 435)	(20 435)	(20 435)
Foreign currency translation reserve		(149)	(365)	(122)
Balance at beginning of the period		(122)	(365)	(365)
Exchange differences on translating foreign operations		(27)	–	243
Equity-settled share-based payment reserve		109 423	90 952	100 668
Balance at beginning of the period		100 668	77 435	77 435
Recognition of share-based payment expense		15 175	17 964	37 513
Settlement of share-based payment options granted		(2 093)	(3 374)	(10 319)
Taxation directly in reserve		(4 327)	(1 073)	(3 961)
Retained earnings		1 112 637	750 941	967 927
Balance at beginning of the period		967 927	750 574	750 574
Profit for the period		144 710	6 072	234 155
Acquisition of non-controlling interests		–	(5 705)	(16 802)
Equity attributable to non-controlling interests of the company		15 006	58 060	16 532
Balance at beginning of the period		16 532	66 389	66 389
Profit for the period		444	1 487	2 926
Dividends paid		(1 970)	(905)	(6 523)
Acquisition of non-controlling interests		–	(8 911)	(46 260)
Total equity		4 641 325	4 661 986	4 500 947

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

These condensed interim consolidated financial statements have been prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited (the "JSE") and the requirements of the Companies Act of South Africa applicable to condensed financial statements. These condensed consolidated interim financial statements have not been reviewed or audited by the auditors. Selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the group's financial position and performance from the year ended 28 February 2021.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and, where applicable, are consistent with those applied in the financial statements for the year ended 28 February 2021.

The impact of COVID-19 on the group and current state of the economy has been considered when preparing the condensed consolidated interim financial statements. The directors continue to consider it appropriate to adopt the going concern basis of accounting.

The group's unaudited consolidated interim results for the six months ended 31 August 2021 have been prepared by Sarah Bishop CA(SA) (group financial manager) under the supervision of Mireille Levenstein CA(SA) (chief financial officer) and were approved by the board on 13 October 2021.

New standards and interpretations in issue not yet effective

Standards, amendments and interpretations issued but not yet effective have been assessed for applicability to the group and management has concluded that they are not expected to have a material impact on future financial statements.

1. Segmental reporting

For management purposes, the following operating divisions have been identified as the group's reportable segments:

- Sport and Recreation division comprising Sports Retail (Sportsmans Warehouse, OTG and Shelflife), Outdoor Warehouse and Performance Brands.
- Beverages division comprising the operations of Chill and Inhle.
- Personal Care and Wellness comprising of the beauty and grooming businesses (Sorbet and Lime Light) and the healthcare business (ClaytonCare).
- Corporate provides services to the trading divisions including but not limited to secretarial, finance, advisory, risk management, corporate finance, group legal, treasury, internal audit, group marketing, property management and other related services.

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited Year ended 28 February 2021 R'000
Segmental revenue	**1 845 990**	1 420 975	3 582 541
Sport and Recreation	**1 064 184**	826 875	2 068 499
Beverages	**629 536**	500 758	1 287 690
Personal Care and Wellness	**152 270**	93 342	226 352
Segmental trading profit before depreciation and amortisation	**347 466**	179 241	616 382
Sport and Recreation	**256 381**	203 597	522 613
Beverages	**83 443**	8 539	121 250
Personal Care and Wellness	**27 668**	(16 149)	10 204
Corporate	**(20 026)**	(16 746)	(37 685)
Depreciation and amortisation	**(133 788)**	(130 161)	(249 308)
Sport and Recreation	**(108 233)**	(108 839)	(205 273)
Beverages	**(13 806)**	(13 882)	(27 365)
Personal Care and Wellness	**(11 100)**	(5 839)	(14 526)
Corporate	**(649)**	(1 601)	(2 144)
Trading profit	**213 678**	49 080	367 074
Sport and Recreation	**148 148**	94 758	317 340
Beverages	**69 637**	(5 343)	93 885
Personal Care and Wellness	**16 568**	(21 988)	(4 322)
Corporate	**(20 675)**	(18 347)	(39 829)
Share-based payment expense	**(15 175)**	(17 964)	(37 513)
Acquisition costs	**–**	(345)	(383)
Capital items	**2 094**	(344)	(559)
Net gains (losses) on investments held at fair value	**10 874**	(13 137)	(6 108)
Fair value gain on remeasurement of put option liability	**–**	–	14 500
Operating profit	**211 471**	17 290	337 011
Net finance income	**13 650**	21 868	36 190
Finance charges: Right-of-use lease liabilities	**(22 456)**	(28 691)	(50 734)
Share of losses from associate	**(13)**	(296)	(129)
Profit before taxation	**202 652**	10 171	322 338

2. Headline earnings per share

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited Year ended 28 February 2021 R'000
Profit attributable to shareholders of the company	**144 710**	6 072	234 155
Adjusted for:	**(1 625)**	401	429
(Profit) loss on disposal of property, plant and equipment	**(2 094)**	500	(470)
Loss on disposal of business	**–**	16	2 028
Profit on disposal of associate	**–**	–	(4 192)
Impairment of property, plant and equipment	**–**	–	3 194
Tax effects	**469**	(115)	(131)
Headline earnings	**143 085**	6 473	234 584
Weighted average number of shares in issue ('000)	**636 597**	765 407	734 560
Headline earnings per share (cents)	**22.5**	0.8	31.9

3. Net asset value and tangible net asset value per share

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Equity attributable to ordinary shareholders of the company (R'000)	**4 626 319**	4 603 926	4 484 415
Ordinary no par value shares in issue net of treasury shares ('000)	**636 331**	733 857	639 400
Net asset value per share attributable to ordinary shareholders of the company (cents)	**727**	627	701
Equity attributable to ordinary shareholders of the company (R'000)	**4 626 319**	4 603 926	4 484 415
Less:	**(3 081 641)**	(3 060 633)	(3 075 844)
Goodwill	**(2 291 443)**	(2 272 588)	(2 287 952)
Intangible assets	**(790 198)**	(788 045)	(787 892)
Tangible net asset value	**1 544 678**	1 543 293	1 408 571
Ordinary no par value shares in issue net of treasury shares ('000)	**636 331**	733 857	639 400
Tangible net asset value per share attributable to ordinary shareholders of the company (cents)	**243**	210	220

4. Revenue

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Sale of goods and products	**1 609 613**	1 235 119	3 110 859
– Sporting, outdoor and other related merchandise	**1 064 184**	826 875	2 068 499
– Beverages and other related products	**496 434**	376 795	960 315
– Personal care merchandise	**48 995**	31 449	82 045
Rendering of services	**210 092**	173 637	428 864
– Beverage contract packing services	**133 075**	123 963	327 328
– Personal care and grooming services	**5 133**	2 388	8 117
– Health and medical rehabilitation services	**71 884**	47 286	93 419
Franchise income, royalties and administration fees	**26 259**	11 078	42 771
Rental income	**26**	1 141	47
	1 845 990	1 420 975	3 582 541
Timing of revenue recognition			
Products transferred at a point in time	**1 609 613**	1 235 119	3 110 859
Retail	**939 257**	799 878	1 883 224
Wholesale	**670 356**	435 241	1 227 635
Products and services transferred over a period of time	**236 377**	185 856	471 682
Franchised	**26 259**	11 078	42 771
Personal care and grooming services	**5 133**	2 388	8 117
Beverage contract packing services	**133 075**	123 963	327 328
Health and medical rehabilitation services	**71 884**	47 286	93 419
Rental income	**26**	1 141	47
	1 845 990	1 420 975	3 582 541

5. Stated capital

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Balance at beginning of the period	**3 436 377**	3 893 198	3 893 198
Shares cancelled during the period	**–**	(110 333)	(536 713)
Treasury shares	**(11 534)**	(32)	79 892
Treasury shares purchased during the period	**(11 534)**	(113 603)	(485 653)
Shares cancelled during the period	**–**	110 333	536 713
Shares transferred during the period	**–**	3 238	28 832
Balance at the end of the period	**3 424 843**	3 782 833	3 436 377

Authorised

4 000 000 000 ordinary shares of no par value (28 February 2021: 4 000 000 000 ordinary shares of no par value).

Issued

709 989 417 ordinary shares of no par value (28 February 2021: 709 989 417 ordinary shares of no par value).

Treasury shares

During the period, the group acquired 3 140 052 (28 February 2021: 141 958 125) Long4Life Limited shares at an average cost of R3.67 (28 February 2021: R3.42) per share, totalling R11.5 million (28 February 2021: R485.7 million).

At the reporting date, the group held 73 658 757 (28 February 2021: 70 589 620) Long4Life Limited shares at a total cost of R289.7 million (28 February 2021: R278.2 million).

31 112 383 (28 February 2021: 30 715 969) of these shares are held in escrow on behalf of participants of the Long4Life forfeitable share plan, at a cost of R121.5 million (28 February 2021: R130.9 million).

5. Stated capital (continued)

	Unaudited six months ended 31 August 2021 Number '000	Unaudited six months ended 31 August 2020 Number '000	Audited year ended 28 February 2021 Number '000
Reconciliation of number of shares			
Balance at beginning of the period	**709 989**	858 546	858 546
Less: Share cancellation	**–**	(40 000)	(148 557)
Shares in issue	**709 989**	818 546	709 989
Treasury shares	**(73 658)**	(84 689)	(70 589)
Balance at the beginning of the period	**(70 589)**	(84 102)	(84 102)
Acquired during the period	**(3 140)**	(41 148)	(141 958)
Cancelled during the period	**–**	40 000	148 557
Transferred during the period	**71**	561	6 914
Shares in issue net of treasury shares	**636 331**	733 857	639 400

6. Financial instruments

When measuring the fair value of an asset or liability, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques categorised as follows:

Level 1: Measured using unadjusted, quoted prices in an active market for identical financial instruments.

Level 2: Valued using techniques based significantly on observable market data. Instruments in this category are valued using:

(a) Quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or

(b) Valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3: Valued using valuation techniques that incorporate information other than observable market data and where at least one input (which could have a significant effect on instruments' valuation) cannot be based on observable market data.

6. Financial instruments (continued)

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Financial assets			
At fair value			
Investment in listed shares – *level 1*[1]	**3 272**	37 091	44 117
Foreign exchange contracts – *level 2*	**–**	–	16
Total	**3 272**	37 091	44 133
Financial liabilities			
At fair value			
Foreign exchange contracts – *level 2*	**(1 830)**	(284)	(1 144)
Total	**(1 830)**	(284)	(1 144)

[1] As at 31 August 2021, 12 182 002 of the total 13 014 472 City Lodge Hotels Limited shares had been disposed at a profit of R10.4 million. The remaining 832 470 shares were recognised at fair value of R3.3 million (R3.93 per share) at the reporting date. These shares are reflected as short-term investments.

7. Capital commitments

The board's policy is to maintain a strong capital base so as to sustain future growth of the business so that it can continue to generate benefits to its shareholders.

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Capital expenditure approved:			
Contracted for	**71 470**	117 993	79 994
Not contracted for	**37 791**	24 092	74 488
	109 261	142 085	154 482

Capital expenditure is in respect of property, plant and equipment, and it is anticipated that capital expenditure will be financed out of existing cash resources.

8. Assessment of the impact of COVID-19

The COVID-19 pandemic and resulting trading restrictions imposed in South Africa continue to impact the group's businesses and their financial performance.

Whilst the third wave of the pandemic resulted in lockdown restrictions during the reporting period, the impact of the pandemic was less harsh on the group when compared to the six months ended 31 August 2020. Consumer spend, however, remained muted with continued uncertainty around the COVID-19 infections, the slow pace of the vaccine rollout and rising unemployment adversely impacting consumer confidence.

For the purposes of the current reporting period ended 31 August 2021, management has considered the impact of COVID-19 on the group's operations as follows:

Sport and Recreation

No restrictions on trading in the retail stores were imposed during the period, however, certain categories of stock were impacted by the lockdown. In particular, team and school sports were curtailed impacting revenue in Sportsmans Warehouse in these categories. This was somewhat mitigated by continued demand for home fitness equipment as well as increased local travel which benefitted Outdoor Warehouse. The division has been impacted by the worldwide shipping constraints, with increased freight rates and supply volatility now the norm.

Beverages

Whilst the COVID-19 trading restrictions on alcohol sales hampered demand for co-pack services by alcohol customers, this was mitigated by the focus on cost control and strong demand in Own Brands.

Personal Care and Wellness

The pandemic continued to impact the Personal Care and Wellness division, with trade muted at Sorbet as customers were hesitant to frequent salons during the third wave of infections. The group temporarily suspended franchisee fees for two weeks during the height of the level 3 lockdown during July 2021. Encouragingly, as soon as restrictions were eased and infection levels lowered, trading at salons improved significantly. The Clayton-Care sub-acute facilities performed well with strong occupancy levels during the period as non-elective surgeries resumed.

Inventory

The group's businesses continue to manage their inventory exposure during the year to minimise the impact of the pandemic. All inventory obsolescence has been expensed and the group does not believe that the current inventory on hand presents a significant further exposure. All stock continues to be carefully monitored and remains fit for the group's customer base.

Accounts receivable

The group's receivables comprise mainly of amounts owing by customers in the Beverage business as the stores in the Sport and Recreation division do not grant credit. As a result of pandemic, the expected credit loss of the Beverage customers increased significantly in the previous year. Whilst collections have been strong in the current reporting period due to the continued uncertainties surrounding COVID-19 and the potential for further economic fallouts, the group's ECL ratio has been maintained at levels around 6.9% of trade receivables.

8. Assessment of the impact of COVID-19 (continued)

Goodwill and indefinite life intangible asset impairments

Goodwill and indefinite life intangible assets are tested for impairment annually and whenever there are indicators of impairment. At 28 February 2021, management considered various scenario analyses with assumptions in respect of the potential impact of COVID on the cash flow projections, given the information available at the time of finalising the group annual financial statements. As at 31 August 2021, these assumptions remain relevant and reasonable when taking into consideration the current operating conditions. Whilst there continues to be uncertainty regarding the extent of the pandemic and its economic impact, the group has adapted its businesses and cost base where possible. During the past six months, the group has seen its activity levels return to pre-COVID levels when infection levels decrease and lockdowns restrictions are lifted.

Leases

No COVID – related rental concessions were received by the group in the six months ending 31 August 2021. (In the results for the year ended 28 February 2021, the group applied the IFRS 16: Leases COVID practical expedient approach and accounted for COVID-related rental concessions as variable lease payments and recognised R16.9 million in profit and loss).

Liquidity risk

The group has managed cash flows closely to ensure the operations have sufficient liquidity for their respective requirements. Long4Life's cash as well as access to potential operational gearing ensures that liquidity risk is well controlled. Save for the right-of-use lease liabilities, the group has no long-term borrowings.

9. Subsequent events

No material events have occurred between the reporting date up to the date of the condensed consolidated interim results.

NOTES

ADMINISTRATION

Directors

Independent non-executive directors

Graham Dempster (Chairman)
Lionel Jacobs
Keneilwe Moloko
Tasneem Abdool-Samad

Executive directors
Brian Joffe (Chief executive officer)
Mireille Levenstein (Chief financial officer)
Colin Datnow (Chief operating officer)

Company secretary

Marlene Klopper

CORPORATE INFORMATION

Long4Life Limited
("L4L", "the group", or "the company")
Incorporated in the Republic of South Africa
Registration number: 2016/216015/06
Share code: L4L
ISIN: ZAE000243119

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Proprietary Limited
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South Africa, 2196

Independent auditors
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Further information regarding our group can be found on the Long4Life website:

www.long4life.co.za

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