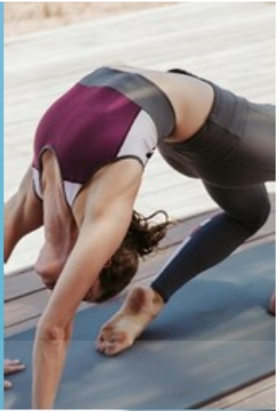


Living the
Experience



LONG4LIFE LIMITED
INTERIM RESULTS PRESENTATION
FOR THE SIX MONTHS ENDED 31 AUGUST 2020



LOOKING BEYOND THE PANDEMIC



“We have navigated the last six months’ COVID-19 turmoil... we are more resilient, stable, and relatively unscathed. The cost base has been realigned and we have enhanced management’s focus on funds employed. Long4Life has maintained a robust balance sheet, which will serve us well going forward.

We have an enviable portfolio of brands that are well-positioned for future growth, within our sport, outdoor, wellness, beverage and beauty sectors.

The new norm holds promise for the business segments in which we operate.”

Brian Joffe, CEO



AGENDA



Brian Joffe – CEO

- The period under review
- Operational analysis
 - › Sport and Recreation
 - › Beverages
 - › Personal Care and Wellness
- Outlook

Mireille Levenstein – CFO

- Financials

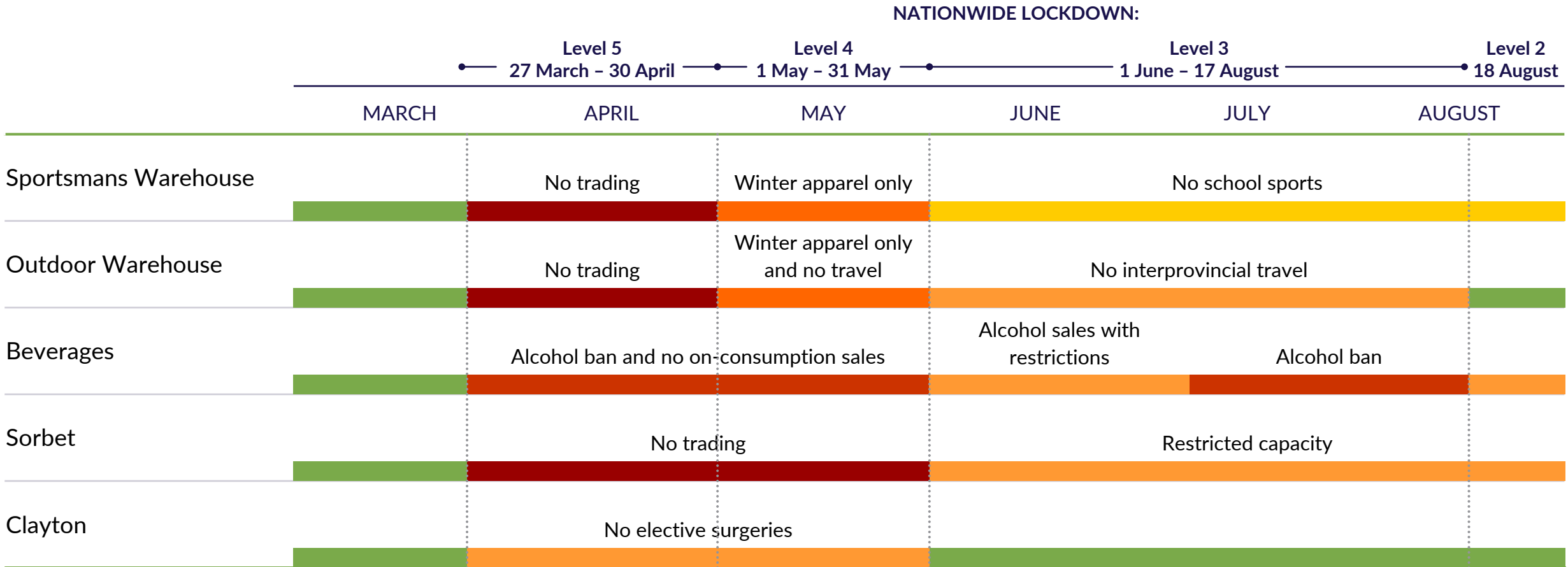
Q&A



Brian Joffe – CEO

CONTEXTUALISING THE RESULTS

COVID-19 impact on operations



THE PERIOD UNDER REVIEW

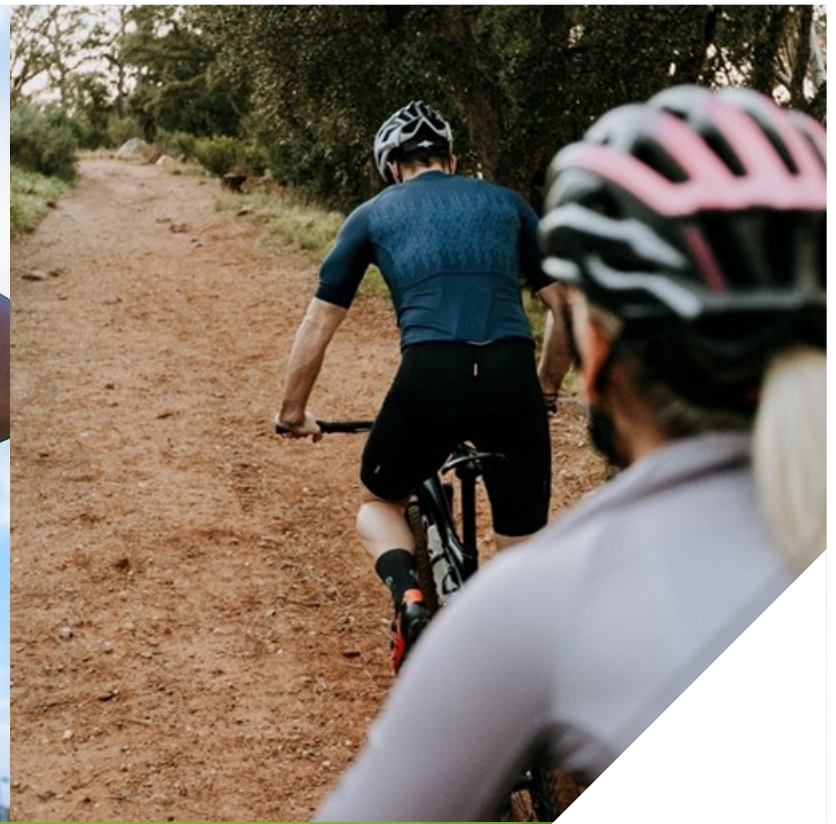


- First half certainly difficult and unpredictable
- I am very proud of the way the L4L management teams have ensured stability and sustainability of the businesses
- Previous measures taken in relation to asset management and inventory mix enabled us to quickly reduce working capital
- The pandemic has altered the commercial landscape with shifting consumer behaviour
- Trimmed the cost base
- Re-allocated certain expenditure focus, which included marketing campaigns to ensure maintenance of our market share
- Emphasis on online capability
- Maintained the strong cash base and balance sheet

SALIENT FEATURES OF THE RESULT



- Financials make little sense from a comparative point of view given the limited operational activity in the past six month period
- Emphasis on cash rather than P&L accounting – cash in, cash out
- Total revenue was R1.4bn and trading profit R49m
- Capex spend was limited
- R113m invested in share repurchases
- Working capital improvement, cash generated from operations of R246m
- Cash on hand of R821m at period end



Operational analysis

Sport and recreation | beverages | personal care and wellness

THE PERIOD IN REVIEW - SPORT AND RECREATION

Revenue R827m (-21%), trading profit R95m (-38%)



- Our retail business experienced price inflation of approximately 2.7% (Aug 2019: 1.1%): average trading area increased by 1.8%
- Customer preference for destination over mall shopping is proving to be advantageous
- Strong push to online with focus on effective fulfilment and customer satisfaction

Sports Retail

- Comprises 45 Sportsmans Warehouse stores, two Shelflife stores and online
- Change in product mix in the period, increased demand for exercise, running, cycling and fitness merchandise
- Team sports at club and school level significantly sterilised and remains so
- Supply chain constraints affected product availability

Outdoor Retail

- Traded from 27 Outdoor Warehouse stores and online
- Travel restrictions and compromised school holidays weighed on the business (lower demand for camping and off-road products)
- Outdoor Warehouse is a beneficiary of increased local travel

Performance Brands

- Manufactures and distributes own brands First Ascent, Cape Storm, OTG and others
- Sales decreased due to restricted trading
- Local manufacturing facility restructured to improve returns

THE PERIOD IN REVIEW - BEVERAGES

Revenue R501m (-24%), trading loss R5m (-111%)



- Operations traded throughout lockdown, but at significantly reduced volumes due to alcohol sale suspensions and customers forced to shut down their premises
- Co-packing volumes significantly effected (down 80% from prior period)
- Score Energy sales performed well and the brand has maintained its market share
- Fitch & Leedes sales were in the main down due to the alcohol ban
- Factory efficiencies negatively affected by lower volumes
- Synergies and collaborations being pursued between Chill and Inhle
- Capex largely halted however moved a canning line from Chill to Inhle to increase capacity in Gauteng
- Focussed on costs and efficiencies
- Factories currently operating at near full capacity



THE PERIOD IN REVIEW - PERSONAL CARE AND WELLNESS

Revenue R93m (-31%), trading loss R22m (-190%)



Sorbet

- Total number of outlets – 211: comprising 165 salons and nail bars, 23 Sorbet Man, 15 Dry Bars and 8 Candi & Co
- Revenue severely affected by lockdown from March 27 to 23 July 2020 (69% drop in salon sales)
- The cost of providing considerable support to franchise partners impacted the results
- Management fees charged to franchisees were reduced in the period
- Trading continues to be tough, customer hesitancy for salon treatments
- Various strategies are currently under review to further support franchise partners

Lime Light

- Supplier of hair and beauty equipment and consumables to the salon industry
- Impacted by the lockdown but to a lesser extent

ClaytonCare

- Bed occupancy was down 10% on average
- COVID-19 precluded the performance of elective procedures
- Higher costs were incurred to limit health risks resulting from COVID-19 (rotation of nurses, PPE etc)

- Overall the trading outlook for the group based on current trends looks promising:
 - › The retail businesses have recovered well (Sportsmans Warehouse and Outdoor Warehouse)
 - › E-commerce activity has been significantly enhanced in all businesses
 - › Beverage volumes strongly boosted by the summer season demand
 - › New product launches in the Beverage business are planned for the summer
 - › Performance Brands (now restructured) is strategically well placed with manufacturing capability and own brands
 - › ClaytonCare is benefiting due to recommencement of elective surgery
 - › Sorbet's performance remains subdued with customers still reluctant to frequent salons
- The new norm holds promise for the business segments in which we operate
- Our strong balance sheet augurs well for the sustainability and growth prospects
- Acquisitions



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BLUSHING MIMOSA (GRAPE, ORANGE, CRANBERRY)

Celebrate any occasion with Fitch & Leedes Blushing Mimosa, the non-alcoholic version of this familiar sparkling wine and orange juice classic, with the added twist of cranberry.



Mireille Levenstein - CFO

FINANCIAL ANALYSIS

Background to the results



- Comparison of results against previous period not meaningful, due to COVID trading restrictions in the six months period
- Financial priorities for period - managing businesses for cash and cost containment
- Non-essential capex halted
- Financials include IFRS16 in current and previous period - proforma info provided in supplementary slides
- Goodwill impairment test performed, no impairment. To be reassessed at year-end, better position to determine sustainable earnings
- No acquisitions in period - save for 15% increase in Clayton effective shareholding effective May 2020
- Balance Sheet and cash flow statement healthy



FINANCIAL ANALYSIS

Focus on cost containment



R'm	REVENUE			TRADING PROFIT		
	H1 2021	H1 2020	% Δ	H1 2021	H1 2020	% Δ
Sport and Recreation	827	1 045	(21)	95	154	(38)
Beverages	501	657	(24)	(5)	49	(111)
Personal Care and Wellness	93	136	(32)	(22)	24	(190)
Corporate	-	-		(18)	(26)	(31)
Group	1 421	1 838	(23)	50	201	(76)

Sport and Recreation:

- Revenue decrease comprised 14% decrease in Sports Retail, Outdoor by 36% and Performance Brands by 46%
- GP margins maintained 46.7% (Aug 2019: 46.7%)

Beverages

- Both Chill and Inhle impacted by reduced volumes with fixed cost base impacted profitability
- Reduced production resulted in low manufacturing recoveries

Personal Care and Wellness:

- Limelight and ClaytonCare contributed modest profits
- Sorbet's losses exacerbated by franchise fees relief and once-off COVID related costs of R9m

Corporate costs impacted by decreases in executive remuneration (33.3% for 3 months, 20% thereafter)

- Operating costs down by 15% (70% of costs comprise staff and premises excl IFRS16)
- Suspended staff increases across the group
- Some rental and TERS reliefs
- Rental reversions being achieved on lease renewals
- IFRS16 - Depreciation on ROU lease assets R80.2m with ROU lease liabilities finance charges of R28.7m, against total rental expense of R103m
- Finance income of R21.9m decreased (lower interest rates)
- Weighted shares 765.4m (shares in issue net of treasury shares 733.9m after buy back)

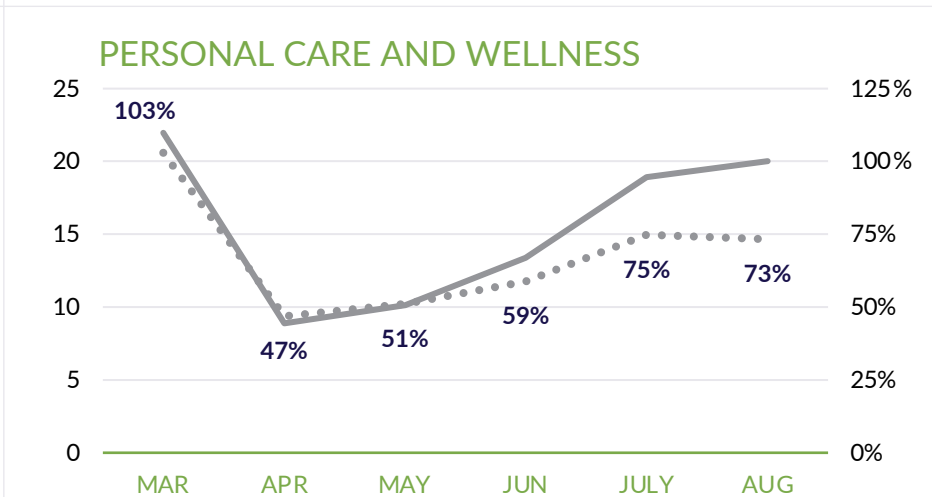
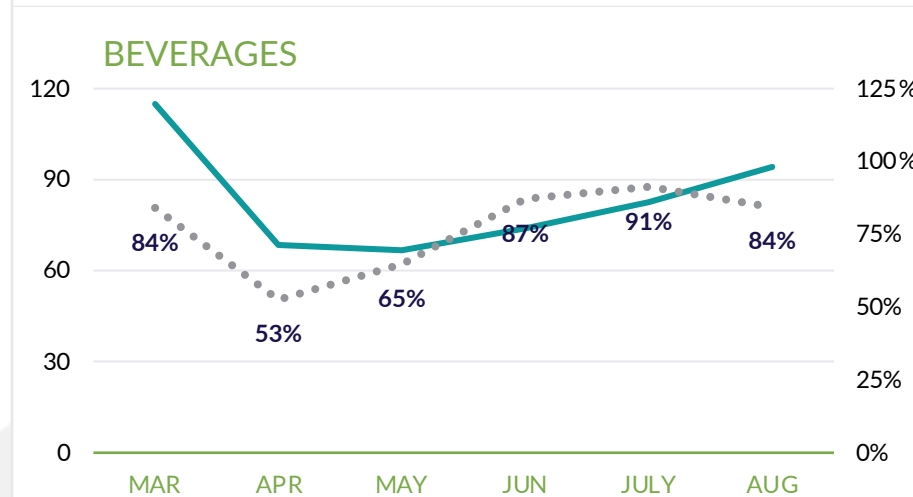
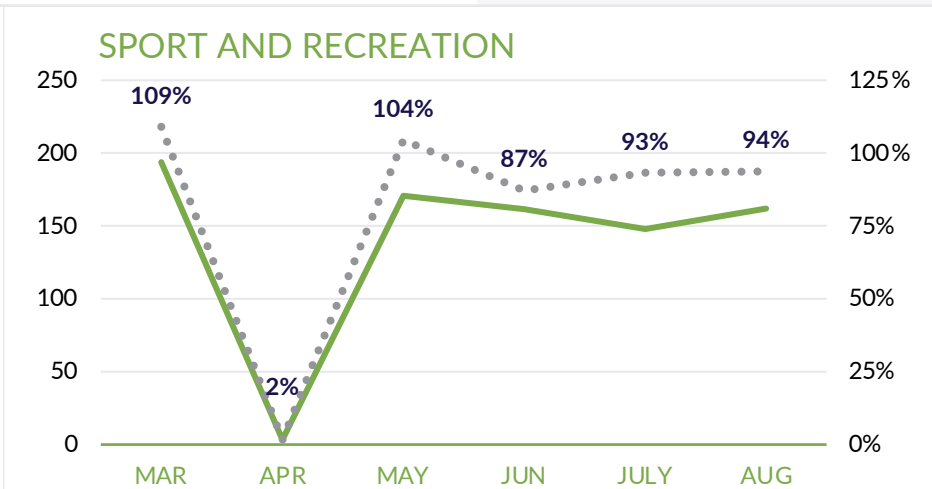
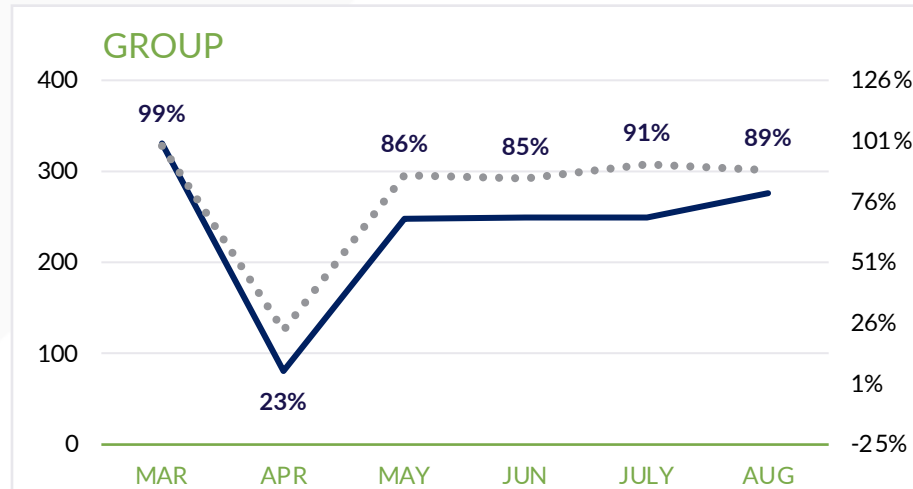
Key metrics (R'm)	H1 2021	H1 2020	% Δ
Revenue	1 421	1 838	(23)
Gross profit	514	719	(29)
Operating costs	345	408	(15)
Trading profit	49	201	(76)
HEPS cents	0.8	14.5	(95)

FINANCIAL ANALYSIS

Month-by-month revenue analysis against prior period



- Lockdown levels have affected the businesses differently month-by-month relative to H1 2020
- With the exception of Sorbet, there has been an encouraging rebound in revenue as lockdown levels eased
- No clear pattern on what the full second half could bring relative to last year
- Mix of sales also not directly comparable
- September 2020 has been very strong - we caution that there could be an element of pent-up demand



— R'm % to previous period

BALANCE SHEET

Resilient and liquid



R'm	H1 2021	H1 2020	F2020
Non-current assets	4 133	4 182	4 211
Current assets	1 842	2 076	2 052
Inventories	721	904	817
Trade and other receivables	230	275	321
Cash and cash equivalents	821	871	830
Other	69	26	84
Total	5 975	6 258	6 263
Shareholders equity	4 662	4 829	4 770
Non-current liabilities	713	858	828
Current liabilities	600	571	665
Total	5 975	6 258	6 263
Net asset value per share (cents)	627	560	607
Tangible net asset value per share (cents)	210	200	212

- Long term assets includes goodwill and trademarks of R3bn, PPE R580m and ROU lease assets R462m
- Cash broadly in line with balance at year-end
- Strong focus on working capital, total WC at R583m (F2020 :R656m and H1 2020: R730m)
- Stock well managed across all businesses during the period with a clearance of aged stock across the board (divisional split is set out in supplementary slides)
- Trade receivables comprise mainly debtors in beverages division – recoverable book
- Other assets includes the investment in City Lodge of R37m (13m shares) and taxation of R31m
- Non-current liabilities comprises primarily of IFRS16 ROU liability R437m and deferred tax R245m
- Current liabilities includes R74m loan on Chill properties settled in September 2020

CASH FLOWS

Focus on working capital reflected in cash flow generation



Operational cash flows (R'm)	H1 2021	H1 2020	F2020
Cash generated before changes in working capital	174	321	764
Changes in working capital	73	(105)	(26)
Cash generated by operations	247	217	739
Cash flows from operating activities	209	133	588
Cash flows from investing activities	(19)	(168)	(258)
Cash flows from financing activities*	(198)	(181)	(588)

Investing activities

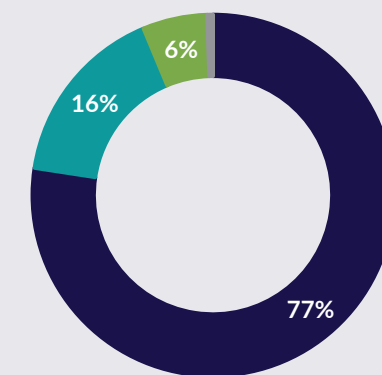
- Capex of R29m with R8m spent moving the canning line from Chill to Inhle
- Net cash outflow on City Lodge shares of R57m
- Proceeds on sale of Spur shares in March of R81m

Financing activities

- Share buy backs - R113m spent with shares in issue net of treasury share 733.9 million (H1 2020: 851.4 million)
- R74m outflow on IFRS16 right-of-use lease liability

Operating activities

- IFRS16 rent excluded in 2019 and 2020
- Focus on working capital generated R72m, of which R55m generated from Sport and Recreation division and R16m from Beverages
- Decrease in tax payment to R31m (H1 2020: R85m)



H1 2021
Working capital
movement
per division

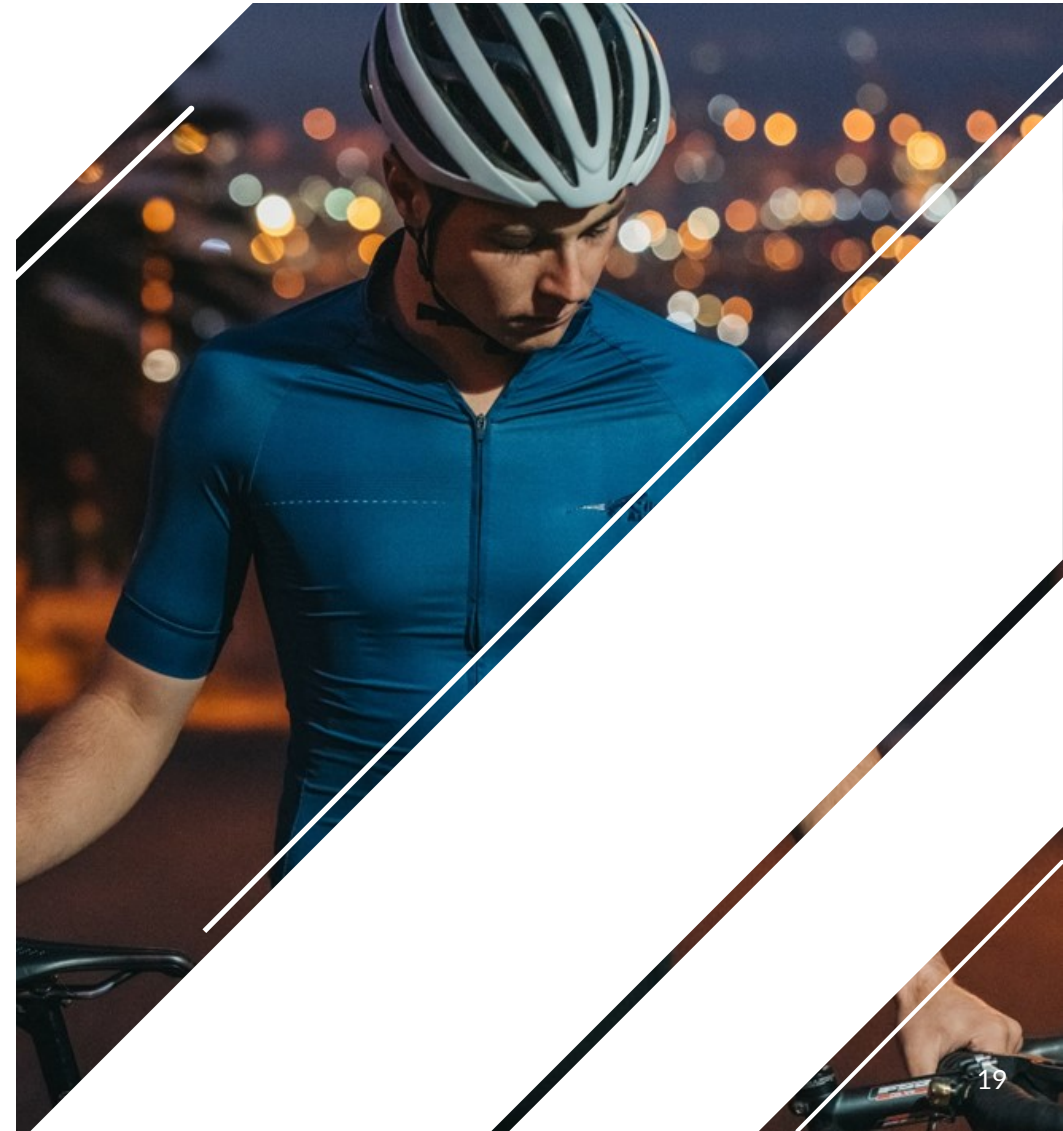
- Sport and Recreation
- Beverages
- Personal Care and Wellness
- Corporate

FINANCIAL ANALYSIS

Second half financial focus



- Signed agreement to acquire Sportsman and Outdoor DC for R106 million post August 2020 as part of drive to improve fulfilment capabilities with growth in online
- No debt
- Summer trading in second half - seasonality in all the businesses
- In short term, planning and forecasting is still challenging
- COVID resulted in a deep dive in each business, which has positioned us well for the future
- Long term financial priorities remain unchanged
- Continued focus on working capital and returns
- Maintain the disciplines executed effectively in H1
- Strong balance sheet provides opportunity





Questions and Answers



Supplementary Financial Information

SUPPLEMENTARY INFORMATION

Working capital by segment



Net working capital (R'm)	Inventory	Receivables	Payables	H1 2021	H1 2020	F2020
Sport and Recreation	569	38	(151)	456	535	516
Beverages	121	155	(180)	96	160	105
Personal Care and Wellness	31	41	(38)	34	35	47
Corporate	-	1	(4)	(3)	0	(12)
Group	721	235	(373)	583	730	656

SUPPLEMENTARY INFORMATION

Pro forma summarised statement of profit and loss (excluding IFRS16)



R'm	H1 2021	IFRS 16 adj	H1 2021 Pro forma	H1 2020 Pro forma	F 2020 Pro forma
Trading profit before depreciation and amortisation	179.2	(103.2)¹	76.0	222.5	562.5
Depreciation and amortisation	(130.1)	80.2 ²	(49.9)	(46.2)	(95.3)
Trading profit	49.1	(23.0)	26.1	176.3	467.2
SBP expense, acquisition costs, capital items, fair value adjustments	(31.8)	-	(31.8)	(17.7)	(7.4)
Operating profit	17.3	(23.0)³	(5.7)	158.6	459.8
Net finance income	21.9	-	21.9	35.9	52.6
Finance charges: Right-of-use lease liabilities	(28.7)	28.7	-	-	-
Share of profit (losses) from associate	(0.3)	-	(0.3)	0.3	0.6
Profit before taxation	10.2	5.7	15.9	194.8	513.0
Taxation	(2.6)	(1.8) ⁴	(4.4)	(55.7)	(140.5)
Profit after taxation	7.6	3.9	11.5	139.1	372.5
Headline earnings per share	0.8	0.6	1.4	14.5	43.8

Adjustments, comprise the following:

¹ Reinstatement of operating lease expenses per IAS 17 allocated to operating expenses.

² Reversal of IFRS16 depreciation on right of use assets.

³ Reversal of IFRS16 finance cost on right of use lease liabilities.

⁴ Net deferred tax impact of 1, 2 and 3 above.

SUPPLEMENTARY INFORMATION

Pro forma divisional trading loss (excluding IFRS16)



R'm	H1 2021	IFRS 16 adj	H1 2021 Pro forma	H1 2020 Pro forma	F 2020 Pro forma
Segmental trading profit before depreciation and amortisation	179.2	(103.2)¹	76.0	222.5	562.4
Sport and Recreation	203.6	(97.5)	106.1	161.2	381.8
Beverages	8.5	(0.5)	8.0	60.5	164.0
Personal Care and Wellness	(16.1)	(4.2)	(20.3)	26.8	70.5
Corporate	(16.8)	(1.0)	(17.8)	(26.0)	(53.9)
Depreciation and amortisation	(130.1)	80.2²	(49.9)	(46.3)	(95.4)
Sport and Recreation	(108.8)	75.3	(33.5)	(31.5)	(65.2)
Beverages	(13.9)	0.4	(13.5)	(11.9)	(24.3)
Personal Care and Wellness	(5.8)	3.7	(2.1)	(2.4)	(3.4)
Corporate	(1.6)	0.8	(0.8)	(0.5)	(2.5)
Trading profit	49.1	(23.0)	26.1	176.2	512.0
Sport and Recreation	94.8	(22.2)	72.6	129.7	316.6
Beverages	(5.4)	(0.1)	(5.5)	48.6	139.7
Personal Care and Wellness	(21.9)	(0.5)	(22.4)	24.4	67.1
Corporate	(18.4)	(0.2)	(18.6)	(26.5)	(56.4)

Adjustments, comprise the following:

¹ Reinstatement of operating lease expenses per IAS 17 allocated to operating expenses.

² Reversal of IFRS16 depreciation on right of use assets.

³ Reversal of IFRS16 finance cost on right of use lease liabilities.

⁴ Net deferred tax impact of 1, 2 and 3 above.

SUPPLEMENTARY INFORMATION

Pro forma statement of cash flows (excluding IFRS16)



R'm	H1 2021	IFRS 16 adj	H1 2021 Pro forma	H1 2020 Pro forma	F 2020 Pro forma
Cash flows from operating activities	208.6	(74.5)	134.1	67.4	438.4
Operating profit	17.3	(23.0)	(5.7)	158.5	459.8
Acquisition costs	0.3	-	0.3	0.7	2.1
Depreciation and amortisation	130.1	(80.2)	49.9	46.3	101.4
Non-cash items	25.9	-	25.9	16.8	(6.2)
Cash generated before changes in net working capital	173.6	(103.2)	70.4	222.3	557.1
Changes in working capital	72.7	-	72.7	(105.4)	(25.6)
Cash generated by operations	246.3	(103.2)	143.1	116.9	531.5
Net finance income received	(6.8)	28.7	21.9	35.9	52.4
Taxation paid	(30.9)	-	(30.9)	(85.4)	(145.5)
Cash effects of investment activities	(19.3)	-	(19.3)	(168.1)	(258.3)
Cash effects of financing activities	(197.9)	74.5	(123.4)	(116.0)	(438.6)
Net decrease in cash and cash equivalents	(8.6)	-	(8.6)	(216.7)	(258.5)
Cash and cash equivalents at beginning of period	829.6	-	829.6	1 088.1	1 088.1
Cash and cash equivalents at end of period	821.0	-	821.0	871.4	829.6

Adjustments, comprise the following:

¹ Reclassification of cashflows relating to lease payments and finance costs in finance activities to cash generated by operations as previously disclosed under IAS 17.

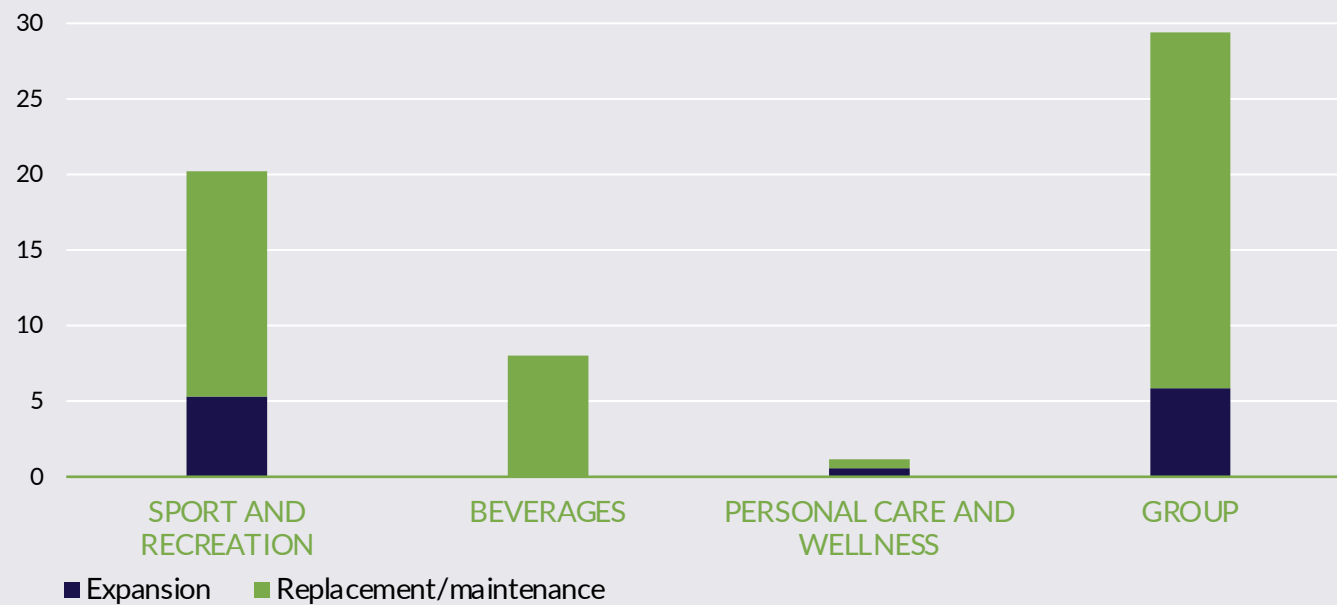
² Reversal of depreciation on right of use assets to operating profit.

SUPPLEMENTARY INFORMATION

Capital expenditure by division



R'm	Expansion	Replacement/ maintenance	H1 2021
Sport and Recreation	5	15	20
Beverages	-	8	8
Personal Care and Wellness	1	1	2
Group	6	24	30



SUPPLEMENTARY INFORMATION

Net losses on investments held at fair value



City Lodge	R'm
Fair value of shares at 31 Aug 2020	37.1
Net fair value losses for the six months ended 31 Aug 2020	(19.6)
<i>13 014 472 shares held in City Lodge at 31 Aug 2020</i>	

Spur	R'm
Realised fair value gains for the six months ended 31 Aug 2020	6.5
<i>All Spur shares were disposed of during March 2020</i>	

H1 2021	R'm
Net fair value losses - City Lodge	(19.6)
Realised fair value gains - Spur	6.5
Net losses on investments held at fair value	13.1