AUDITED RESULTS ANNOUNCEMENT

for the year ended 31 March 2020

Summary consolidated statement of financial position as at 31 March

Audited 31 March 2019 R'm	Audited 31 March 2020 R'm		Notes	Audited 31 March 2020 €'m	Audited 31 March 2019 €'m
		ASSETS			
31 444	**18 444**	**Non-current assets**		**936**	1 934
31 444	**18 444**	Investments	3	**936**	1 934
1 158	**3 901**	**Current assets**		**198**	71
324	**14**	Accounts receivable		**1**	20
834	**3 887**	Cash and cash equivalents	4	**197**	51
32 602	**22 345**	**Total assets**		**1 134**	2 005
		EQUITY AND LIABILITIES			
19 708	**10 910**	**Ordinary shareholders equity and reserves**	2	**553**	1 213
12 870	**7 527**	**Non-current liabilities**		**382**	791
–	**2 925**	6.50% Convertible Bonds due 2024	6	**148**	–
6 359	**–**	2.75% Convertible Bonds due 2020	7	**–**	391
6 511	**4 602**	Borrowings	8	**234**	400
24	**3 908**	**Current liabilities**		**199**	1
–	**3 303**	2.75% Convertible Bonds due 2020	7	**168**	–
24	**605**	Accounts payable and other liabilities	9	**31**	1
32 602	**22 345**	**Total equity and liabilities**		**1 134**	2 005

Summary consolidated statement of comprehensive income for the year ended 31 March

Audited 31 March 2019 R'm	**Audited 31 March 2020 R'm**		Notes	**Audited 31 March 2020 €'m**	Audited 31 March 2019 €'m
(10 813)	**(15 576)**	Investment valuation losses	10	**(948)**	(679)
539	**480**	Finance income	11	**29**	34
74	**28**	Other investment income		**2**	5
599	**758**	Foreign exchange gains		**46**	38
(278)	**(224)**	Operating expenses	12	**(14)**	(18)
(523)	**(164)**	Other expenses	13	**(10)**	(33)
(838)	**(1 240)**	Finance costs		**(76)**	(53)
(26)	**(22)**	Taxation		**(1)**	(2)
(11 266)	**(15 960)**	**Loss for the year**		**(972)**	(708)
		Other comprehensive gain			
3 502	**1 353**	Translation adjustments		**(49)**	33
(7 764)	**(14 607)**	**Comprehensive loss for the year**		**(1 021)**	(675)
(2 219)	**(2 799)**	Loss per share (cents) – basic and diluted	14	**(170)**	(139)

Summary consolidated statement of changes in equity for the year ended 31 March

Audited 31 March 2019 R'm	**Audited 31 March 2020 R'm**		**Audited 31 March 2020 €'m**	Audited 31 March 2019 €'m
28 384	**19 708**	**Ordinary shareholders balance at beginning of year**	**1 213**	1 945
(11 266)	**(15 960)**	Loss for the year	**(972)**	(708)
3 502	**1 353**	Translation adjustment	**(49)**	33
(912)	**–**	Purchase of treasury shares	**–**	(57)
–	**5 600**	Rights Offer and specific issue of shares	**348**	–
–	**(152)**	Transaction cost for the Rights Offer and specific issue of shares	**(9)**	–
–	**361**	Equity reserve for 6.50% Convertible Bonds due 2024	**22**	–
19 708	**10 910**	Ordinary shareholders balance at 31 March 2020	**553**	1 213

Summary consolidated statement of cash flows for the year ended 31 March

Audited 31 March 2019 R'm	**Audited 31 March 2020 R'm**		Notes	**Audited 31 March 2020 €'m**	Audited 31 March 2019 €'m
		Cash flows from operating activities:			
798	**1 137**	Investment proceeds received	15	**69**	50
17	**183**	Other investment income received		**11**	1
15	**8**	Interest income received on cash balances		**1**	1
(275)	**(235)**	Operating expenses paid		**(14)**	(17)
–	**(164)**	Other expenses paid		**(10)**	–
(19)	**(23)**	Taxation paid		**(1)**	(1)
536	**906**	**Operating cash flow before purchase of investments**		**56**	34
(1 658)	**(664)**	Purchase of investments		**(40)**	(104)
(1 420)	**(210)**	Gross amount advanced: Debtor Purchase Agreement	16	**(13)**	(89)
1 187	**452**	Gross amount received: Debtor Purchase Agreement	16	**28**	75
(1 355)	**484**	**Net cash generated/(used in) operating activities**		**31**	(84)
2 288	**170**	Drawdown of Borrowings	8	**10**	144
(343)	**(2 409)**	Repayment of Borrowings	8	**(147)**	(22)
–	**5 600**	Proceeds from Rights Offer and specific issue of shares		**348**	–
–	**(152)**	Transaction cost for the Rights Offer and specific issue of shares		**(9)**	–
(1 174)	**–**	Settlement of financial guarantee		**–**	(74)
(647)	**(318)**	Interest paid		**(19)**	(41)
(17)	**(10)**	Facility fees paid		**(1)**	(1)
(176)	**(153)**	Convertible Bonds coupons paid		**(9)**	(11)
–	**(91)**	Convertible Bonds issue costs		**(6)**	–
–	**(3 376)**	Repurchase of 2.75% Convertible Bonds due 2020		**(205)**	–
–	**2 841**	Proceeds from issue of 6.50% Convertible Bonds due 2024		**173**	–
(912)	**–**	Purchase of treasury shares		**–**	(57)
(981)	**2 102**	**Net cash generated/(used in) from financing activities**		**135**	(62)
(2 336)	**2 586**	**Net increase/(decrease) in cash and cash equivalents**		**166**	(146)
263	**467**	Effects of exchange rate changes on cash and cash equivalents		**(20)**	(2)
2 907	**834**	Cash and cash equivalents at beginning of year		**51**	199
834	**3 887**	**Cash and cash equivalents at end of year**	4	**197**	51

Notes to the summary consolidated financial statements for the year ended 31 March

1. ACCOUNTING POLICIES

1.1 Basis for preparation

The financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, on the going concern principle, using the historical cost basis, except where otherwise indicated. The summarised financial statements are presented in accordance with IAS34: Interim Financial Reporting and in accordance with the framework concepts, measurement and recognition requirements of IFRS. The accounting policies and methods of computation are consistent with those applied in the Group annual financial statements for the year ended 31 March 2020. The Group has only one operating segment being that of an investment holding company.

IFRS 16 became effective for the Group during the current year ending 31 March 2020. The only lease obligations of the Group relate to the rental of office premises, the commitments of which are R5 million over the next 5 years. The impact of IFRS 16 on the Group is therefore insignificant.

The Group's financial statements are prepared using both the Euro (EUR) and SA Rand (R/ZAR) as its presentation currencies.

The Group's subsidiaries have one of three functional currencies: Pound Sterling (GBP/£), SA Rand or US Dollar (USD/US$). The holding company, Brait SE, and its main consolidated subsidiaries use GBP as their functional currency. The financial statements have been prepared using the following exchange rates:

	2020		2019	
	Closing	**Average**	Closing	Average
USD/ZAR	**17.8379**	**14.7750**	14.4978	13.7630
GBP/ZAR	**22.1694**	**18.7829**	18.8946	18.0440
EUR/ZAR	**19.7008**	**16.4280**	16.2620	15.9166
USD/EUR	**0.9054**	**0.8994**	0.8915	0.8647
GBP/EUR	**1.1253**	**1.1433**	1.1619	1.1337

Notes to the summary consolidated financial statements for the year ended 31 March (continued)

2019 R'm	**2020 R'm**		**2020 €'m**	2019 €'m
		2. NET ASSET VALUE PER SHARE		
19 708	**10 910**	Ordinary shareholders equity and reserves	**553**	1 213
525.6	**1 374.1**	Ordinary shares in issue (m)	**1 374.1**	525.6
(54.1)	**(54.1)**	Treasury shares (m)	**(54.1)**	(54.1)
471.5	**1 320.0**	**Outstanding shares for NAV calculation (m)**	**1 320.0**	471.5
4 180	**827**	**Net asset value per share (cents)**	**42**	257

3. INVESTMENTS

The Group designates the majority of its financial asset investments as at FVTPL as the Group is managed on a fair value basis, with any resultant gain or loss recognised in investment valuation gains/losses. Fair value is determined in accordance with IFRS 13.

Statement of financial position items carried at fair value include investments in equity instruments and shareholder funding instruments. Listed investments are held at recent quoted transaction prices.

The primary valuation model utilised for valuing unlisted portfolio investments is the maintainable earnings multiple model. Maintainable earnings are determined with reference to the mix of prior year audited numbers and forecasts for future periods after adjusting both for non-recurring income/expenditure or abnormal economic conditions if applicable. If the forecasts are higher than the prior year earnings, as the year progresses the weighting is increased towards the portfolio company's forecast. If the forecasts are lower, the forecasted future earnings will usually be used as the maintainable earnings for valuation purposes.

The Directors decide on an appropriate group of comparable quoted companies from which to base the EV/EBITDA multiple. Pursuant to Brait's strategy focused on maximising value through the realisation of its existing portfolio companies over the medium-term, the primary reference measure considered at reporting date is the average spot multiple of the comparable quoted companies included as peers, which is adjusted for points of difference, where required, to the portfolio company being valued. The three year trailing average peer multiple at reporting date is also considered. Peer multiples are calculated based on the latest available financial information which may be adjusted based on subsequent macro or company specific information publicly known if appropriate. Adjustments for points of difference are assessed by reference to the two key variables of risk and earnings growth prospects. The equity valuation takes consideration of the portfolio company's net debt/cash on hand as per its latest available financial results. Net cash/debt may be adjusted for expected losses or provisioning required, and for the timing of capex expenditure relative to its commissioning if appropriate. Further valuation information can be obtained from the 31 March 2020 investor presentation on the Group's website, www.brait.com.

Notes to the summary consolidated financial statements for the year ended 31 March (continued)

31 March 2019 R'm	**31 March 2020 R'm**		**31 March 2020 €'m**	31 March 2019 €'m
31 444	**18 444**	**The Group's portfolio of investments**	**936**	1 934
17 363	**9 355**	Virgin Active	**475**	1 068
8 803	**6 047**	Premier	**307**	541
3 176	**1 391**	Iceland Foods	**71**	196
1 146	**940**	New Look	**48**	70
956	**711**	Other Investments	**35**	59

Valuation metrics (note 1)	**31 March 2020**			31 March 2019		
	EBITDA	**Multiple**	**3rd Party Net Debt**	EBITDA	Multiple	3rd Party Net Debt
Virgin Active (£'m) (note 2)	**108.0**	**9.0x**	**439.5**	137.6	11.0x	352.5
Premier (R'm)	**1 010.0**	**8.0x**	**1 989.0**	1 008.5	11.0x	2 053.1
Iceland Foods (£'m)	**134.0**	**6.0x**	**704.5**	140.0	7.0x	713.5
New Look (£'m)		**note 3**			note 3	
Other Investments		**varied**			varied	

Note 1 IFRS 16: Leases is applicable to the Group's current financial year ended 31 March 2020. Brait's portfolio companies that report in terms of IFRS have accordingly published their respective current year audited financial results in accordance with IFRS 16. For the current financial year, taking consideration of the number of complexities and judgments associated with the transition to IFRS 16 and in particular its impact on portfolio peer company spot and 3-year trailing multiples, Brait values its investment portfolio on a pre-IFRS 16 basis, adjusting financial data for the impact of IFRS 16 as appropriate to ensure consistency.

Note 2 Maintainable EBITDA for Virgin Active is based on look-through to a medium-term post Coronavirus sustainable level of GBP108 million, which represents a 24% reduction of the GBP142 million actual EBITDA achieved by Virgin Active for its financial year ended 31 December 2019. Net debt of £344.3 million per Virgin Active's March 2020 management accounts has been increased by £95.2 million (28% increase) to £439.5 million. The adjustment takes consideration of the estimated effect of working capital and costs deferred during the lockdown period.

Note 3 Brait's equity investment in New Look continues to be valued at nil. Brait's holding of Senior Secured Notes ("SSNs"), including accrued interest, are valued at reporting date using the closing quoted price of 0.54915. The prior year carrying value for New Look comprised (i) Brait's 18.2% holding of existing SSNs, valued using the post balance sheet restructuring conversion ratio price of 0.234561, and (ii) Brait's pro-rata participation in New Look's Bridge Facility, together with accrued interest. The Bridge Facility was fully repaid by New Look on 3 May 2019.

3. INVESTMENTS (CONTINUED)

Fair Value Hierarchy

IFRS 13 Fair Value Measurements provides a hierarchy that classifies inputs used to determine fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the assets or liability that are not based on observable market data.

There are no financial assets that are categorised as Level 2 in the current or comparative periods. All level 3 investments have been valued using maintainable earnings multiples method. The changes in fair values in investments is attributable to fair value losses, foreign currency exchange differences and changes in shareholding.

Level 1 R'm	Level 3 R'm	Total R'm	31 March 2020	Level 1 €'m	Level 3 €'m	Total €'m
–	9 355	9 355	Virgin Active	–	475	475
–	2 850	2 850	Premier	–	145	145
–	1 391	1 391	Iceland Foods	–	71	71
940	–	940	New Look	48	–	48
–	711	711	Other Investments [(1)]	–	35	35
940	**14 307**	**15 247**	**Investments at fair value**	**48**	**726**	**774**
		3 197	Premier shareholder funding			**162**
		3 197	**Investments at amortised cost**			**162**
		18 444	**Total investments**			**936**

[(1)] Other Investments comprises Brait's investment in DGB valued at the sale price of R470 million (refer note 19), and Brait's remaining private equity Fund investments.

Notes to the summary consolidated financial statements for the year ended 31 March (continued)

2019 R'm	**2020 R'm**		**2020 €'m**	2019 €'m
		4. CASH AND CASH EQUIVALENTS		
834	**3 887**	Balances with banks [1]	**197**	51
74	**61**	– ZAR cash	**3**	5
9	**9**	– USD cash	**–**	1
751	**3 817**	– GBP cash	**194**	45

[1] *Of the total cash balances of R3.9 billion held by the Group, R3.8 billion is held by Brait SE, with R0.1 billion held by BML.*

5. SHARE CAPITAL AND PREMIUM

Authorised share capital

The Company has authorised ordinary share capital of €1 100 000 000 represented by 5 000 000 000 at par value of 0.22 € cents per share. The Company has reserved, for the allocation and potential issue from conversion on maturity of the 2024 Bonds, 287 411 381 ordinary shares in terms of its obligation to the holders of the 2024 Bonds.

The Company has 20 000 000 authorised but unissued preference share capital.

R'm	Number of shares in issue	Issued ordinary share capital	Number of shares in issue	€'m
5 388	**525 599 215**	31 March 2018	**525 599 215**	565
1 152		**Share capital**		116
4 236		**Share premium**		449
(912)		Net treasury shares repurchased		(57)
4 476	**525 599 215**	31 March 2019	**525 599 215**	508
1 152		**Share capital**		116
3 324		**Share premium**		392
5 448	**848 484 848**	Rights Offer and specific issue of shares	**848 484 848**	339
9 924	**1 374 084 063**	31 March 2020	**1 374 084 063**	847
4 157		**Share capital**		303
5 767		**Share premium**		544

2019	**2020**		**2020**	2018
		5.1 TREASURY SHARES		
17 475 070	**54 091 259**	Opening shares held for the vested benefit of the Group	**54 091 259**	17 475 070
36 616 189	**–**	Net shares purchased	**–**	36 616 189
54 091 259	**54 091 259**	Closing shares held for the vested benefit of the Group	**54 091 259**	54 091 259
		Note 1: Treasury shares were cancelled during June 2020 (Refer to note 19)		

2019 R'm	2020 R'm		2020 €'m	2019 €'m
		6. CONVERTIBLE BONDS (6.50% DUE 2024)		
–	**2 925**	On 4 December 2019 Brait received £150 million from the issuance of its five year unsubordinated, unsecured convertible bonds ("2024 Bonds"). The 2024 Bonds listed on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange on 29 January 2020 and carry a fixed coupon of 6.50% per annum payable semi-annually in arrears.	**148**	–
		The initial conversion price of £0.9375 per ordinary share represented a 25% premium to the VWAP of Brait's ordinary shares on the JSE Limited between open and close of trading on 27 November 2019, converted at the prevailing ZAR:GBP spot rate at the time of pricing. The adjusted conversion price at reporting date is £0.5219 per ordinary share, which takes into account Brait's Rights Offer and specific issue of shares, in accordance with the 2024 Bonds terms and conditions. Using this conversion price, the 2024 Bonds would be entitled to convert into a maximum of 287.411 million ordinary shares (subject to rounding provisions) (21.8% of Brait's current share capital excluding treasury shares of 1,319.993 million ordinary shares) on exercise of bondholder conversion rights.		
		In the event that the bondholders have not exercised their conversion rights in accordance with the terms and conditions of the 2024 Bonds, the 2024 Bonds are settled at par value in cash on maturity on 4 December 2024.		
		In accordance with IAS 32 (Financial Instruments: Presentation), the liability component for the 2024 Bonds is measured at reporting date as GBP132 million.		
		Reconciliation of the movements for the year:		
–	**–**	Opening Balance	**–**	–
–	**2 841**	£150 million 2024 Bonds issued 4 December 2020	**173**	–
–	**(361)**	IFRS equity component allocated to Convertible Bonds reserve	**(22)**	–
–	**18**	Release of IFRS equity reserve over 5-year term	**1**	–
–	**427**	Foreign currency translation reserve	**(4)**	–
–	**2 925**	Closing Balance	**148**	–

7. CONVERTIBLE BONDS (2.75% DUE 2020)

2019 R'm	2020 R'm		2020 €'m	2019 €'m
6 359	**3 303**	On 18 September 2015 Brait received £350 million from the issuance of its five year unsubordinated, unsecured convertible bonds ("2020 Bonds"). The 2020 Bonds listed on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange on 15 October 2015 and carry a fixed coupon of 2.75% per annum payable semi-annually in arrears. The initial conversion price of £7.9214 per ordinary share represented a 30% premium to the VWAP of Brait's ordinary shares between launch and pricing on 11 September 2015. The adjusted conversion price at reporting date is £5.4218 per ordinary share, which takes into account Brait's bonus share issue and cash dividend alternative since date of issue and Brait's Rights Offer and specific issue of shares, in accordance with the 2020 Bonds terms and conditions.	**168**	391
		During the year Brait repurchased £201 million face value of the 2020 Bonds. Given the adjusted conversion price, it is likely that the remaining £149 million outstanding on the 2020 Bonds will be required to be settled by their maturity of 18 September 2020, for which Brait holds cash in Pound Sterling converted from the Rights Offer proceeds received.		
		Reconciliation of the movements for the year:		
5 443	**6 359**	Opening Balance	**391**	373
154	**252**	Release of IFRS equity reserve over 5-year term	**15**	10
–	**(3 376)**	Repurchase of £180 million 2020 Bonds on 4 December 2019	**(205)**	–
–	**(466)**	Repurchase of £21 million 2020 Bonds on 31 March 2020 (refer note 9)	**(28)**	–
762	**534**	Foreign currency translation reserve	**(5)**	8
6 359	**3 303**	Closing Balance	**168**	391

2019 R'm	2020 R'm		2020 €'m	2019 €'m
		8. BORROWINGS		
4 719	**6 511**	Opening Balance	**400**	323
494	**648**	Interest accrual	**39**	31
–	**–**	Foreign currency translation	**(49)**	(35)
1 945	**(2 239)**	Net (repayment)/drawdown of Borrowings	**(137)**	122
2 288	**170**	Drawdowns	**10**	144
(343)	**(2 409)**	Capital repayments	**(147)**	(22)
(647)	**(318)**	Interest repayments	**(19)**	(41)
6 511	**4 602**	Closing Balance	**234**	400

Brait completed the refinancing of its revolving credit facility held by its subsidiary Brait Mauritius Limited ("BML") (the "BML RCF") effective 31 March 2020. The ZAR6.3 billion facility, with agreed facility limit reductions as Brait de-gears, is held with FirstRand Bank Limited (trading through its Rand Merchant Bank division) ("RMB") and The Standard Bank of South Africa Limited (the "Lenders") and has a three-year tenure to 28 February 2023. The initial margin on the BML RCF is JIBAR plus 4.6% repayable quarterly (with the margin decreasing as the facility limit reduces), with a right to rollup these quarterly interest payments. Covenants remain NAV based and have been set with sufficient headroom for short term volatility, with the facility continuing to be secured on a senior basis by the assets of BML, which includes the investments (refer note 3) and the cash held by BML (refer note 4). The modification relating to the BML RCF has not resulted in any significant gain/loss.

Notes to the summary consolidated financial statements for the year ended 31 March (continued)

2019 R'm	2020 R'm		2020 €'m	2019 €'m
24	**605**	**9. ACCOUNTS PAYABLE AND OTHER LIABILITIES**	**31**	1
		Included in accounts payable at reporting date are the R60 million accrual of fees relating to the refinance of the BML RCF, R74 million in respect of the coupon accruals on the Bonds; and £20 million for the repurchase of £21 million 2020 Bonds (which was settled on 2 April 2020)		
		10. INVESTMENT VALUATION LOSSES		
(6 421)	**(12 589)**	Revaluation of investments	**(760)**	(403)
(10 813)	**(15 576)**	Investment losses [1]	**(948)**	(679)
4 392	**2 987**	Translation adjustments [2]	**188**	276
		[1] Investment losses in the current financial year impacted by (i) the reduction in valuation multiples; and (ii) the impact of the Coronavirus on portfolio company profitability and outlook.		
		[2] Given Brait uses the Pound as its functional currency, "Investment (losses)/gains" does not include the effect of GBP/ZAR and GBP/EURO exchange rate movements when translating the Group's Pound denominated investments (Virgin Active, Iceland Foods and New Look) into the Group's Rand and Euro presentation currencies. These exchange rate movements are included in "Translation adjustments", which are included in "Comprehensive (loss)/income for the year". For enhanced disclosure, the note shows the net effect of both components as "Revaluation of investments".		
539	**480**	**11. FINANCE INCOME**	**29**	34
375	**395**	Premier shareholder funding income (interest and dividends)	**23**	24
131	**77**	Interest earned on New Look SSNs and Bridge Loan	**5**	8
33	**8**	Other interest income	**1**	2
278	**224**	**12. OPERATING EXPENSES**	**14**	18
19	**21**	Directors fees	**1**	1
220	**165**	Advisory fees	**11**	15
16	**18**	Professional fees [1]	**1**	1
7	**3**	Travel and accommodation	**–**	–
12	**12**	Other operating expenses	**1**	1
4	**5**	External audit fees	**–**	–
		[1] Largely made up of legal fees, as well as comprising fees relating to internal audit, administration and fees paid/payable to external auditors in relation to non-audit services (such fees deemed immaterial to the Group)		

Notes to the summary consolidated financial statements for the year ended 31 March (continued)

2019 R'm	**2020 R'm**		**2020 €'m**	2019 €'m
(523)	**(164)**	**13. OTHER EXPENSES**	**(10)**	(33)
		Other expenses for the current period include the cost of terminating the previous advisory agreement including retrenchments and office closure costs. The expense for the prior year related to the movement in Brait's net exposure in terms of its financial guarantee, which was fully settled on 22 March 2019		
		14. HEADLINE EARNINGS RECONCILIATION		
(11 266)	**(15 960)**	Loss and headline loss for the period	**(972)**	(708)
508	**570**	Weighted average ordinary shares in issue (m) – basic	**570**	508
(2 219)	**(2 799)**	Loss and headline loss per share (cents) – basic and diluted	**(170)**	(139)
		The conversion of the 2024 Bonds is anti-dilutive given the loss and headline loss per share		
798	**1 137**	**15. INVESTMENT PROCEEDS RECEIVED**	**69**	50
365	**609**	Virgin Active	**37**	22
157	**293**	New Look [1]	**18**	10
232	**231**	Premier	**14**	15
44	**4**	Other investments	**–**	3
		[1] *Represents the repayment of the Bridge Loan received together with interest accrued thereon on 3 May 2019*		
		16. NEW LOOK DEBTOR FACTORING		
		In terms of Brait's Debtor Purchase Agreement with New Look ("Agreement") entered into on 10 May 2018, R210 million was purchased during the year (2019: R1,420 million). Following the completion of the New Look balance sheet restructure on 3 May 2019, the Agreement has ceased and has been wound down resulting in proceeds received of R452 million for the year (2019: R1,187 million). Brait received all amounts advanced in terms of the Agreement.		

2019 R'm	**2020 R'm**		**2020 €'m**	2019 €'m

17. RELATED PARTY BALANCES

Transactions between the Company and its subsidiaries have been eliminated on consolidation or on fair value of subsidiaries and are not disclosed in this note.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

- Pursuant to the Company's R5.6 billion Rights Offer and specific issue of shares ("Equity Capital Raise"), the following contracts were entered into in the ordinary course of business during the current financial year:
  - On 26 November 2019, the Company obtained an irrevocable undertaking from Titan [1] pursuant to which Titan agreed that it/any relevant affiliates shall subscribe for new shares at the R6.60 offer price ("Offer Price") having an aggregate value of R750 million. The Company also obtained further irrevocable undertakings from various other major institutional shareholders to subscribe for all, or a portion of, their respective entitlements to new shares at the Offer Price, having an aggregate value of R1.378 billion. The Company agreed to pay each such shareholder (including Titan) a commission equal to 1% of the aggregate number of new shares taken up multiplied by Offer Price. In this regard, Titan received a commission payment of R7.5 million together with applicable value added or similar tax.
  - On 27 November 2019, the Company, the Ethos Underwriters [2], Titan and RMB, entered into an agreement pursuant to providing firm underwriting commitments to subscribe for new shares at the Offer Price. In this regard, the Company agreed to pay a 2% commission as follows: (i) to the Ethos Underwriters, on a first commitment basis, up to their maximum commitment value of R1.35 billion; (ii) to Titan, on a second commitment basis, up to a maximum commitment value of R250 million; and (iii) to RMB, on a third commitment basis, up to a maximum commitment value of R1.522 billion. In this regard, together with applicable value added or similar tax, the Ethos Underwriters received commission of R27 million, with Titan receiving R5 million.

2019 R'm	**2020 R'm**		**2020 €'m**	2019 €'m
		17. RELATED PARTY BALANCES (CONTINUED)		
		• Ethos Private Equity Proprietary Limited ("EPE") was appointed as the contracted advisor to BML effective 1 March 2020. Pursuant to this agreement, EPE received R8.3 million for such services performed during the financial year.		
		(1) Titan refers to Titan Financial Services Proprietary Limited. Dr CH Wiese, a director and significant shareholder of Brait, is a director and indirect beneficiary of Titan.		
		(2) Ethos Underwriters refers to EPE Capital Partners Limited and Ethos Fund VII GP (SA) Proprietary Limited, which are affiliated with EPE, the contracted advisor to BML.		
		Profit from operations include:		
(19)	**(21)**	Non-executive directors' fees	**(1)**	(1)
(4)	**–**	Professional fees – M Partners S.a.r.l [3]	**–**	–
(2)	**(1)**	Other expenses – Maitland International Holdings Plc [3]	**–**	–

(3) HRW Troskie is a director and shareholder of Brait as well as being a director and shareholder of Maitland International Holdings Plc. For the period to 31 March 2019, M Partners S.a r.l. was a Maitland network law firm and provided legal services to Brait. Mr Troskie is neither a director nor a shareholder of M Partners S.a r.l.

Notes to the summary consolidated financial statements for the year ended 31 March (continued)

2019 R'm	**2020 R'm**		**2020 €'m**	2019 €'m
		18. CONTINGENT LIABILITIES AND COMMITMENTS		
		18.1 Commitments		
6 886	**7 753**	Convertible Bonds commitments	**394**	424
182	**261**	– Coupon payment due within one year	**13**	11
91	**864**	– Coupon payments due between one and five years [1]	**44**	6
–	**3 303**	– Principal settlement due within one year [1]	**168**	–
6 613	**3 325**	– Principal settlement due within five years [1]	**169**	407
		[1] The coupon payments reflect the respective semi-annual coupons of 2.75% and 6.5% payable in arrears over the remaining six month term of the 2020 Bonds and remaining five year term of the 2024 Bonds. The principal settlement amounts are payable in the event that the respective bondholders have not exercised their conversion rights. Brait holds cash in Pound Sterling, converted from the Equity Capital raise proceeds, for the redemption of the outstanding 2020 Bonds.		
14	**10**	Private equity funding commitments	**1**	1
		Rental commitments (Malta and Mauritius) [2]		
2	**–**	– Within one year	**–**	–
3	**–**	– Between one and five years	**–**	–
		[2] IFRS 16 became effective for the Group during the current year ending 31 March 2020. As such, these are no longer recognised as rental commitments from 1 April 2019.		
6 905	**7 763**	**Total commitments**	**395**	425
		18.2 Other		
		The Group has rights and obligations in terms of standard shareholder representations or purchase and sale agreements relating to its present or former investments.		

19. POST BALANCE SHEET EVENTS NOTE

In line with the Group's new strategy focused on maximising value through the realisation of existing assets, Brait announced the following non-adjusting post balance sheet event disposal transactions:

- On 13 May 2020, all of the conditions relating to the sale of Brait's entire 91.3% shareholding in DGB were fulfilled for a total consideration of R470 million, which was largely in line with its September 2019 carrying value and equal to the March 2020 carrying value. Brait applied the first tranche of proceeds of R370 million received on 1 June 2020 to partially repaying the BML RCF. The remaining R100 million is to be received in two deferred payments of R50 million each by 31 March 2021 and 31 March 2022 respectively.
- On 8 June 2020, completed the sale of Brait's entire 63.1% shareholding interest in Iceland Foods to a newly established company ("Newco"), returning the business to ownership by its founder and management team. The sale consideration to be paid by NewCo to Brait is GBP115 million in cash payable in three instalments. Brait received the first tranche of proceeds of GBP60 million (R1,275 million) on 8 June 2020, which was applied to partially repaying the BML RCF. The remaining instalments of GBP26.9 million and GBP28.1 million are to be received by 30 July 2021 and 29 July 2022 respectively (the "Deferred Payments"). NewCo may settle the Deferred Payments in full, or in part, at any time on or before these payment dates, in which case a rebate for early repayment shall be applied. Brait's carrying value for its stake in Iceland Foods as at 31 March 2020 was GBP62.5 million (R1,391 million).

Impact of Coronavirus

- The financial reporting impacts associated with Coronavirus were considered to be sufficiently prevalent in the portfolio companies' major markets at 31 March 2020. The outbreak triggered an unexpected and unprecedented impact on global markets, resulting in a sharp decline in peer group multiples, as well as impacting short-term profitability, liquidity and gearing in a number of businesses. Whilst the longer term impact on the global economy and each portfolio company remains uncertain, the impact of Coronavirus and the various government interventions to prevent its spread has had a short term impact on Brait's portfolio, as disclosed in note 3. Each portfolio company has proactively implemented plans, where possible, to mitigate the impacts of Coronavirus through this difficult period, focussing on reducing costs, preserving cash and maximising liquidity, as well as implementing effective measures to best meet customer demand in a safe and healthy manner. Coronavirus-related events that arose in the period subsequent to balance sheet date, which provided additional information in relation to assets and liabilities in existence at 31 March 2020, have therefore, from a valuation perspective, been considered adjusting subsequent events. Brait remains confident that the actions taken by its portfolio companies are appropriate and timely.
- On 15 June 2020, to enable the Virgin Active UK, Italy and Asia Pacific territories to navigate appropriately through the current exceptional circumstances as a result of Coronavirus, shareholders contributed GBP20m of new funding (Brait's pro rata share being GBP16 million, by way of shareholder loans). In addition, Virgin Enterprises Limited agreed to defer and subordinate GBP5 million of royalties incurred during 2020 to beyond the maturity of Virgin Active's UK, Italy and Asia Pacific banking facilities. This aggregate funding of GBP25m million has been matched by a further GBP25 million of new bank debt from the UK, Italy and Asia Pacific banking syndicate, with the existing covenant package to be replaced by a liquidity-based covenant until December 2021 (returning to EBITDA-based testing thereafter).

Cancellation of treasury shares

- At the Extraordinary General Meeting held on 14 January 2020, Shareholders approved the reduction of the share capital of the Company through the cancellation of the 54 091 259 Treasury Shares held for the vested benefit of the Group, subject to the provisions of article 83 of the Maltese Companies Act. These provisions have been satisfied with the Treasury Shares cancelled in June 2020.

Notes to the summary consolidated financial statements for the year ended 31 March (continued)

AUDITORS OPINION

The summarised report is extracted from audited information but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditors report thereon are available for inspection at the company's registered office.

The Directors take full responsibility for the preparation of the abridged report that the financial information has been correctly extracted from the underlying annual financial statements.

Review of operations

The Board of Directors ("**Board**") hereby reports to Brait's shareholders ("**Shareholders**") on the Group's audited results for the financial year ended 31 March 2020.

FINANCIAL HIGHLIGHTS

- Completion of the Recapitalisation comprising:
  - GBP150 million, 5-year term, convertible bonds issued on 4 December 2019 ("**2024 Bonds**");
  - R5.6 billion equity capital raised during February 2020 through an oversubscribed R5.250 billion Rights Offer and R350 million specific issue of shares; and a
  - New R6.3 billion revolving credit facility, with a 3-year tenor ("**BML RCF**") refinancing Brait's previous credit facility.
- Proceeds raised applied towards:
  - Repurchase of GBP201 million of Brait's GBP350 million convertible bonds due September 2020 ("**2020 Bonds**"); and
  - Repaying R2 billion of the BML RCF
- R1.6 billion cash inflow from the portfolio during the financial year
- Available cash and facilities of R5.6 billion at reporting date, which includes cash held in Pound Sterling for the redemption of the outstanding 2020 Bonds.
- NAV per share of R8.27 impacted by:
  - Issuance of 848 million new shares pursuant to the equity capital raise
  - Reduction in valuation multiples following the decline in peer spot averages as a result of Coronavirus; and
  - Impact of the Coronavirus on portfolio company profitability, gearing and outlook.
- In line with new strategy focused on maximising value through the realisation of existing assets, concluded the following realisations post year end:
  - Sale of DGB for its March 2020 carrying value of R470 million; initial tranche of R370 million sales proceeds received on 1 June 2020
  - Sale of Iceland Foods to the founder and management team for GBP115 million, a significant premium to its March 2020 carrying value; initial tranche of GBP60 million proceeds received on 8 June 2020

YEAR UNDER REVIEW

- **Recapitalisation**

  At the Extraordinary General Meeting held in Malta on 14 January 2020 ("**EGM**"), Shareholders approved the required resolutions for Brait's Recapitalisation comprising the issuance of new 5-year convertible bonds, an equity capital raise, and a new 3-year tenor BML RCF refinancing Brait's previous credit facility. The Recapitalisation has materially reduced and extended the maturities of Brait's debt, strengthening Brait's balance sheet and enabling Brait to execute on its new strategy. The Recapitalisation resulted in the clearing of Brait's net current liability position of R5.6 billion as at 30 September 2019.

Review of operations (continued)

Issuance of new 5-year convertible bonds

On 4 December 2019, Brait issued new GBP150 million 6.5% Convertible Bonds due 4 December 2024 (the "**2024 Bonds**"). Concurrently with this placement, the Company also repurchased GBP180 million of the 2020 Bonds, utilising the proceeds raised from the 2024 Bonds together with cash of GBP30 million. The 2024 Bonds are listed on the open market (Freiverkehr) segment of the Frankfurt Stock Exchange. Using their conversion price of GBP0.5219, the 2024 Bonds are entitled to convert into a maximum of 287,411,381 ordinary shares, at the option of the holder thereof, at any time up to and including 10 London business days prior to 4 December 2024 (the "**Conversion Period**"). In accordance with IAS 32 (Financial Instruments: Presentation), the liability component for the 2024 Bonds is measured at reporting date as GBP132 million (R2.925 billion).

Equity capital raise

Brait raised R5.6 billion equity capital through an oversubscribed R5.250 billion Rights Offer, and a R350 million specific issue of shares to EPE Capital Partners Limited and Ethos Fund VII GP (SA) Proprietary Limited (collectively "**Ethos**"). The equity capital raise resulted in the issuance of 848 million new shares. Brait converted R3.3 billion of the net proceeds raised into GBP170 million cash (GBP/ZAR rate of R19.47), which it holds for the settlement of the outstanding 2020 Bonds, with the remaining R2 billion net proceeds raised applied to partially repay the BML RCF. As announced on 1 April 2020, the Company purchased GBP21 million of the 2020 Bonds as of 31 March 2020, resulting in GBP149 million (R3.303 billion) of the 2020 Bonds outstanding.

New 3-year tenor BML RCF

Brait completed the refinancing of its previous credit facility with its existing lending banks, Rand Merchant Bank, a division of FirstRand Bank, and The Standard Bank of South Africa (the "**Lenders**"). The new 3-year tenor, R6.3 billion BML RCF, bears interest at a rate of JIBAR plus 4.6%, with agreed reductions to apply to both the quantum and interest rate margin as Brait de-gears. As at reporting date, the interest rate margin was 4.0%. The key terms of the new facility are unchanged from those disclosed in Brait's Rights Offer Circular of 27 January 2020. Covenants remain NAV based and have been set with sufficient headroom for short term volatility, with the facility continuing to be secured on a senior basis by the assets of Brait Mauritius Limited ("BML").

- **Adoption of new strategy and recent disposals**

  The Board has adopted a new strategy focused on maximising value through the realisation of the existing portfolio companies over the medium term and returning capital to Shareholders. The Board believes that the Recapitalisation provides the Company with sufficient flexibility to manage its portfolio of investments and execute this new strategy in an optimal manner.

  In line with the Group's new strategy, Brait announced the following non-adjusting post balance sheet event disposal transactions:

  - On 13 May 2020, fulfilment of all the conditions relating to the sale of Brait's entire 91.3% shareholding in DGB for a total consideration of R470 million, which was largely in line with its September 2019 carrying value and equal to the March 2020 carrying value. Brait applied the first tranche of proceeds of R370 million received on 1 June 2020 to partially repay the BML RCF. The remaining R100 million is to be received in two deferred payments of R50 million each by 31 March 2021 and 31 March 2022 respectively.

Review of operations (continued)

- On 8 June 2020, completed the sale of Brait's entire 63.1% shareholding interest in Iceland Foods to a newly established company ("Newco"), returning the business to ownership by its founder and management team. The sale consideration to be paid by NewCo to Brait is GBP115 million in cash payable in three instalments. Brait received the first tranche of proceeds of GBP60 million (R1,275 million) on 8 June 2020, which was applied to partially repaying the BML RCF. The remaining instalments of GBP26.9 million and GBP28.1 million are to be received by 30 July 2021 and 29 July 2022, respectively (the "Deferred Payments"). NewCo may settle the Deferred Payments in full, or in part, at any time on or before these payment dates, in which case a rebate for early repayment shall be applied. Brait's carrying value for its stake in Iceland Foods as at 31 March 2020 was GBP62.5 million (R1,391 million).

- **Change in contracted advisor**

The Board, through its wholly owned subsidiary BML, entered into a new advisory agreement, with Ethos Private Equity ("**EPE**") effective 1 March 2020. EPE has a 35-year history of generating realised returns for investors and will bring a different perspective to the Brait portfolio, leveraging its execution capability and exit track record to execute on Brait's new strategy.

The terms of the advisory agreement with EPE include an initial 3-year tenor with an annual renewal thereafter, at a cost of R100 million per annum, increasing annually with inflation. This represents a significant cost saving to the Group going forward in comparison to the agreement with BML's previous advisors, the contract for which was terminated effective 28 February 2020. In addition, the Board and EPE have undertaken to assess annually the appropriateness of the annual cost in the context of the resources required to implement the strategic business plans for that year.

As announced on 13 May 2020, given the impact of the Coronavirus, senior executives at EPE have undertaken salary sacrifices as a consequence of which, EPE has voluntarily reduced its advisory fee for the April – June 2020 quarter by 25%.

IMPACT OF CORONAVIRUS

The unexpected and unprecedented impact that the Coronavirus is having on global markets and companies is well known. As at reporting date, global valuation multiples had fallen sharply and short-term profitability, liquidity and gearing in some businesses has been impacted materially, impacting the valuation of Brait's portfolio, in particular Virgin Active.

The safety of staff and customers across the Group's portfolio of companies is top priority and we are fully supportive of the various government initiatives to curb the impact and spread of the Coronavirus. Brait's portfolio companies have implemented effective measures to protect the health and safety of staff and customers and have business continuity plans in place to deal with the impacts of Coronavirus. In some instances this is focused on reducing costs, preserving cash and maximizing liquidity through this difficult period. In other cases, the challenge is to ensure the portfolio companies can deliver demand for their customers in a safe manner.

As set out below, each portfolio company has been impacted differently and the management teams continue to assess the impact of the Coronavirus and refine strategies to mitigate this impact. Engagement with key stakeholders continues across our portfolio to ensure appropriate actions are instituted given the changed operating environment.

Review of operations (continued)

REPORTED NAV PER SHARE

The issuance of the 848 million new shares pursuant to Brait's R5.6 billion equity capital raise, accounts for the majority (61%) of the decrease in NAV per share for the year under review from the R41.80 reported for FY19. As disclosed on Brait's website, Brait's interim 30 September 2019 unaudited NAV per share of R38.00 decreased to R17.46 when updated for the impact of the Recapitalisation.

Pursuant to Brait's strategy focused on maximising value through the realisation of its existing portfolio companies over the medium term, the primary reference measure considered at reporting date is the peer group average spot multiple. Taking consideration of the current period declines in peer spot multiples, Brait has reduced valuation multiples accordingly at reporting date, which accounts for 20% of the decrease in NAV per share for the current year.

The composition of the peer groups is unchanged for the current year, other than for the delisting of both Pioneer Foods Group Limited (previously included in Premier's peer group) and Merlin Entertainments Plc (previously included in Virgin Active's peer group).

Whilst Brait and its portfolio companies that report in terms of IFRS have adopted IFRS16: Leases in the current financial year, taking consideration of the number of complexities and judgments associated with the transition to IFRS16 and in particular its impact on portfolio peer company multiples, Brait has valued its investment portfolio on a pre-IFRS16 basis, adjusting financial data for the impact of IFRS16 as appropriate to ensure consistency.

The EV/EBITDA valuation multiples used and the comparison to respective peer spot average multiples are set out in the below table.

	31 March 2020		30 September 2019		31 March 2019	
	Valuation multiple used	Peer spot average	**Valuation multiple used**	Peer spot average	**Valuation multiple used**	Peer spot average
Virgin Active	**9.0x**	10.8x	**11.0x**	14.2x	**11.0x**	12.7x
Premier	**8.0x**	8.8x	**10.75x**	10.8x	**11.0x**	10.4x
Iceland Foods	**6.0x**	6.7x	**7.0x**	7.3x	**7.0x**	7.6x

Review of operations (continued)

The NAV breakdown at reporting date is as follows:

Audited 31 March 2019 R'm	Unaudited 30 September 2019 Note 1 R'm	**Audited 31 March 2020 R'm**		%	**Audited 31 March 2020 €'m**	Unaudited 30 September 2019 Note 1 €'m	Audited 31 March 2019 €'m
31 444	28 894	**18 444**	**Investments**	83	**936**	1 812	1 934
17 363	16 696	**9 355**	Virgin Active	42	**475**	1 012	1 068
8 803	8 545	**6 047**	Premier	27	**307**	518	541
3 176	2 683	**1 391**	Iceland Foods	6	**71**	163	196
1 146	1 121	**940**	New Look	5	**48**	68	70
956	849	**711**	Other investments	3	**35**	51	59
834	3 205	**3 887**	Cash and cash equivalents	17	**197**	194	51
324	9	**14**	Accounts receivable	–	**1**	1	20
32 602	33 108	**22 345**	**Total assets**	100	**1 135**	2 006	2 005
12 894	6 965	**7 526**	**Non-current liabilities**		**383**	422	791
6 511	4 173	**4 601**	Borrowings		**234**	253	400
6 359	2 792	**2 935**	Convertible Bonds		**148**	169	391
24	3 093	**3 908**	**Current liabilities**		**199**	187	1
–	3 071	**3 303**	Convertible Bonds		**168**	186	385
24	22	**605**	Accounts payable		**31**	1	1
19 708	17 916	**10 911**	**NAV**		**553**	1 397	1 213
471.51	1 319.99	**1 319.99**	**Net issued ordinary shares ('mil)**		**1 319.99**	1 319.99	471.51
4 180	1 746	**827**	**NAV per share (cents)**		**42**	106	257

Note 1: Reported unaudited interim NAV per share at 30 Sep 2019 was R38.00 (EUR2.30). For comparability, results shown have been adjusted for the illustrative effect of the Recapitalisation.

Review of operations (continued)

HIGHLIGHTS FOR THE GROUP'S INVESTMENT PORTFOLIO

Virgin Active (42% of Brait's total assets):

- A leading international health club operator Virgin Active's results (in Pound Sterling, and quoted on a pre-IFRS 16 basis) for the financial year ended 31 December 2019 are in line with the guided year-on-year outlook:
  - o Using actual exchange rates, group revenue +3% and group EBITDA +5%.
  - o Using constant exchange rates, group revenue +5% and group EBITDA +8%.
  - o Closing adult membership increased by 3%.
- During the 2019 financial year, Virgin Active opened 8 new clubs (6 in Asia Pacific and 2 in Italy), acquired a further club in Italy, completed 2 major refurbishments (both in Italy) and had 4 closures (3 in South Africa; 1 disposal in the UK). At 31 December 2019, the group comprised 243 clubs with 1.2 million members across 8 countries.
- Territory highlights for the 2019 financial year, quoted on a constant currency, year-on-year basis and excluding closed clubs are:
  - o Southern Africa: revenue +5%; EBITDA +6%; membership growth +2%. Driven by head office cost savings (R50 million), new Vitality agreement (signed in January 2019, with reduced activation fee assisting in strong customer growth) and strengthened sales and marketing.
  - o Italy: revenue +8%; EBITDA +22%; with membership growth +4%. Investment continues in the digital member proposition with c.89% of membership base using the Virgin Active App. Revolution Live (streaming of Virgin Active content to subscribing members' home-based Technogym bikes) was successfully launched during the last quarter, selling 1,000 subscriptions.
  - o UK: maintained revenue; EBITDA +7% driven by head office cost savings; with membership growth +1%; supported by competitive pricing. The major prior year refurbishments at the Kensington and Mayfair clubs continue to deliver, growing EBITDA by 16% and 32% respectively.
  - o Asia Pacific: revenue +12%; EBITDA impacted by head office investment and start-up losses for the 6 new clubs opened during the year (Australia 4, Thailand 1 and Singapore 1). The Asia Pacific estate is now substantially complete at 25 clubs. Membership volume growth +22% during the year.
  - o Reported performance is impacted by start-up losses in the 25 new and maturing clubs, with net cumulative GBP5.8 million losses and GBP69 million total embedded capex in the business as at 31 December 2019.
- Virgin Active's leverage ratio at 31 December 2019 for net third party debt to EBITDA is 2.8x (2018: 2.6x). The increase in this ratio is mostly due to the repayment of shareholder funding in June 2019 from incremental proceeds following the refinancing by Virgin Active South Africa of its senior debt facilities, which extended the term to June 2024 whilst reducing the interest margin costs from 375bps to 355bps. Brait received its 79.2% share of proceeds of R609 million, increasing its realised proceeds received to date from Virgin Active to R974 million. The term of Virgin Active's European/Asia Pacific debt facility is June 2022, with an interest margin of 425bps.

Review of operations (continued)

- Group trading performance to February 2020 was in line with budget and up on the prior year, largely driven by a strong performance from the South African business.
- Impact of Coronavirus:
    - In accordance with respective government directives to stop the spread of Coronavirus, gyms in all territories were closed by 25 March 2020. During this closure period, Virgin Active implemented a "free membership freeze", whereby memberships are retained without members having to make payment during the freeze period, resulting in no revenue generation for most territories. Once territories reopen, the membership freeze will be lifted, allowing the company to access monthly dues from members.
    - Virgin Active has been a beneficiary of the government support programs available across its various territories. Since early February 2020, when the likely scale and impact of the Coronavirus became evident, the company has taken measures to preserve liquidity across all territories including salary reductions and cash payment of bonus deferrals, removing all but essential capital expenditure investments, and operating expense reductions where possible (including measures to defer and/or reduce rental expense), and other initiatives focused on preserving cash. Broadly, including all mitigants and interventions by management, operating cost cash outflows for Virgin Active will reduce by two thirds while clubs are closed.
    - Virgin Active's focus has been on rolling out digital content to its members, and in some instances the general public, in order to retain contact with its membership base and to remain relevant in their lives. Virgin Active continues to assess its options to generate revenue from these offerings, whilst the brand impact, value to existing members, and potential reach to new customers is positive.
    - On 15 June 2020, to enable the Virgin Active UK, Italy and Asia Pacific territories to navigate appropriately through the current exceptional circumstances as a result of Coronavirus, shareholders contributed GBP20m of new funding (Brait's pro rata share being GBP16 million, by way of shareholder loans). In addition, Virgin Enterprises Limited agreed to defer and subordinate GBP5 million of royalties incurred during 2020 to beyond the maturity of Virgin Active's UK, Italy and Asia Pacific banking facilities. This aggregate funding of GBP25m million has been matched by a further GBP25 million of new bank debt from the UK, Italy and Asia Pacific banking syndicate, with the existing covenant package to be replaced by a liquidity-based covenant until December 2021 (returning to EBITDA-based testing thereafter).
    - The health and safety of staff and members will remain Virgin Active's key focus as it begins the process, in adherence with respective government directives, of re-opening its clubs. Prior to the territory lockdowns, the company had put in place extensive cleaning and sanitisation procedures to ensure that the clubs were a safe place for its members and staff. Once permitted to re-open, the focus will be on ensuring that clubs continue to institute these and additional measures such as enforced social distancing through the reduction of class sizes and limiting gym attendance numbers.
    - The Italian government permitted the re-opening of gyms with 5 clubs re-opening on the 20th of May and a further 20 clubs opening on 25th of May. The Milan region opened on 1st June. Thailand reopened on 2nd June. In line with government guidance clubs in Australia started reopening from 13 June, with Singapore expected to reopen in the first week of July. Botswana reopened on 22nd May and Namibia on 2nd June. An opening date for the South Africa and UK clubs is still to be determined. Early usage from the Virgin Active clubs that have re-opened is encouraging with all of the popular exercise classes fully booked and subject to waiting lists.

Review of operations (continued)

- Virgin Active shareholders are engaging with Virgin Active regarding Virgin Active management's future long term incentive scheme.
- Valuation as at 31 March 2020 (performed on a pre-IFRS 16 basis):
  - Maintainable EBITDA based on a look-through to a medium-term post Coronavirus sustainable level of GBP108m, which represents a 24% reduction to the GBP142 million actual EBITDA achieved for its financial year ended 31 December 2019.
  - The average peer spot EV/EBITDA multiple decreased from 12.7x (31 March 2019) to 10.8x, resulting in a decrease in the valuation multiple applied from 11.0x to 9.0x.
  - Net debt of GBP344.3 million per Virgin Active's March 2020 management accounts has been increased by GBP95.2 million (28% increase) to GBP440 million. The adjustment applied takes consideration of the estimated effect of working capital and costs deferred during the lockdown period.
  - Brait participates 79.2% (FY2019: 79.2%) in the carrying value of Virgin Active to the extent of shareholder funding and thereafter at 71.9% (FY2019: 71.9%) for any surplus equity value.
  - Brait's resulting unrealised carrying value for its investment in Virgin Active at reporting date is R9.4 billion (FY2019: R17.4 billion), representing 42% of Brait's total assets (FY2019: 53%).
  - Normalising the valuation metrics applied to exclude the impact to EBITDA and net debt of new and developing clubs results in an implied valuation multiple of 8.3x for the mature estate based on the R9.4 billion carrying value at reporting date.

Premier (27% of Brait's total assets)

- A leading South African FMCG manufacturer, offering branded and private label solutions, Premier produced a strong performance during H2 of its financial year ended 31 March 2020, benefitting from: (i) a turnaround in its Mozambican business (10% of revenue); (ii) volume recovery at its Cape Town bakery after the 2019 strike; and (iii) strong cost management and effective margin management, with production costs kept flat and indirect costs limited to a 5% increase.
- For its financial year ended 31 March 2020, compared to FY19 (quoted on a pre-IFRS 16 basis):
  - Revenue +8% (H1: +7%)
  - EBITDA +4% (H1: -4%)
  - EBITDA margin 9.6% (H1: 9.1%)
- Premier's national formal retail market shares, measured by AC Nielsen as at 31 March 2020, increased across its major categories:
  - Bread: 22.8% (FY2019: 22.2%)
  - Maize: 16.2% (FY2019: 13.6%)
  - Wheat: 26.1% (FY2019: 19.9%)

Review of operations (continued)

- Divisional highlights for the financial year ended 31 March 2020:
  - o Premier's MillBake division (80% of group revenue) delivered a much-improved performance during H2, resulting in revenue growth for the year of +8% (H1: +6%) and EBITDA +4% (H1: -10%), with EBITDA margin, pre head office costs, of 12.8% (H1: 11.9%):
    - Bread: The baking division improved performance during FY2020 as volumes recovered in the Cape Town bakery after the 2019 strike. The division sold 549 million loaves and generated R5.2 billion of revenue, +3% on the prior year.
    - Wheat: Revenue improved by 18% in FY2020, with sales volumes up 8% and average selling prices up 9%. Premier utilises between 50 – 60% of its wheat flout production internally.
    - Maize: Revenue increased by 13% with sales volumes marginally down, offset by a 15% increase in the average selling price.
  - o Premier's Groceries and International division (20% of group revenue) grew revenue +11%, with EBITDA increasing by 49%, delivering EBITDA margin, pre head office costs, of 10.5%:
  - – CIM: Premier's Mozambican business (10% of group revenue) delivered a strong turnaround in operating performance during FY2020. Revenue in Rands increased +13%, with EBITDA growing to R73 million from R4 million in the prior year. Turnaround efforts focused on selling product into the Maputo region as well as margin management, resulting in strong growth, supported by significant improvements in the operating environment.
  - – Home and Personal Care: Sales exceeded expectations due to the pandemic driven consumer buying spree, with Premier's Lil-lets and Dove products holding strong market shares in their South African and UK markets.
  - – Other Groceries: Conditions for Premier's sugar based confectionary business remaining challenging with discretionary spend under pressure resulting in volumes decline. A hard-boiled candy line has been commissioned to launch lollipops and boiled sweets in FY2021. Premier's mageu range launched under its maize brands (Iwisa and Supersun) in South Africa and Eswatini, delivered EBITDA growth of +57%.
- Impact of Coronavirus:
  - o As an FMCG manufacturer providing staple foods, Premier's products were classified as 'essential goods' during the Coronavirus lockdown period in South Africa (26 March 2020 onwards) and the other countries in which it operates, which enabled Premier to continue with full production and operations.
  - o In March and April, Premier benefitted from increased sales across its major categories and the business is a net beneficiary of lower interest rate and fuel costs.
  - o The challenging lockdown operating conditions resulted in additional costs to incentivise staff to work during this time, meet health and safety requirements and ensure the supply chain coped with increased demand and operating restrictions.
  - o Most of Premier's customers are wholesalers and retailers, who continued to operate during the lockdown and to pay Premier in the ordinary course to ensure continued supply.

Review of operations (continued)

  - Management continue to monitor the impact of the coronavirus and are at the forefront of developing protocols to prevent and mitigate its impact to the business.
  - Premier has enhanced its CSI programmes to specifically assist those affected by the pandemic by donating products as well as making a financial contribution to the Solidarity Fund in South Africa.
- Premier refinanced its South African banking facilities in December 2019, comprising a new 3-year R1.2 billion RCF and a 5-year amortising loan of R800 million with annual capital service requirement of R160 million, reduced from R300 million. In addition, the group has R600 million in overdraft facilities, as well as regional banking facilities in Eswatini and Mozambique.
- Capital expenditure for the group of R436 million (FY2019: R432 million) was in line with guidance at 4% of revenue.
- Premier repaid Brait R231 million of shareholder loans during the current year (FY2019: R232 million), increasing Brait's share of realised proceeds received to date to R1.5 billion. Premier's leverage ratio for net debt owing to third parties is 2.2x (FY2019: 2.2x).
- Brait is engaging with Premier on Premier management's future long term incentive scheme.
- Valuation as at 31 March 2020 (performed on a pre-IFRS 16 basis):
  - Maintainable EBITDA of R1.010 billion is based on Premier's actual EBITDA achieved for its financial year ended 31 March 2020.
  - The average peer spot EV/EBITDA multiple decreased from 10.4x (31 March 2019) to 8.8x, resulting in a decrease in the valuation multiple applied from 11.0x to 8.0x.
  - Net debt of R2.0 billion is based on Premier's FY20 reported net debt of R2.250 billion, with adjustment for capex spent on new projects not as yet generating EBITDA.
  - Following the acquisition of shares from certain members of Premier's management, Brait's shareholding increased to 98.5% (FY2019: 96.1%).
  - Premier's resulting unrealised carrying value at reporting date is R6.1 billion (FY2019: R8.8 billion), which represents 27% of Brait's total assets (FY2019: 27%).

Iceland Foods (6% of Brait's total assets):

- Iceland Foods, a UK based national food retailer best known for its frozen food offering, is releasing its FY2020 results to bond investors on 24 June 2020.
- As set out above, Brait announced on 8 June 2020 the sale of its entire 63.1% shareholding in Iceland Foods to a newly established company ("Newco"), returning the business to ownership by its founder and management team. Management have expressed an interest in owning 100% of the business for some time, and diligent cash management, combined with a reduced capex programme, has provided sufficient liquidity to enable them to do so. The sale transaction, treated as a non-adjusting post balance sheet event in Brait's FY2020 results, values Brait's stake in Iceland Foods at GBP115 million, which equates to a 6.6x EV/EBITDA multiple based on Iceland's FY2020 EBITDA, and a significant premium to Iceland's March 2020 carrying value of GBP63 million.

Review of operations (continued)

- The sale consideration is payable in three instalments, with Brait having received the first tranche of proceeds of GBP60 million (R1,275 million) on 8 June 2020, which was applied to partially repaying the BML RCF. The Deferred Payments of GBP26.9 million and GBP28.1 million are to be received by 30 July 2021 and 29 July 2022. Should they be settled in full, or in part, at any time on or before these payment dates, a rebate for early repayment shall be applied.
- Brait's Valuation as at 31 March 2020:

  Maintainable EBITDA of GBP134 million represents Iceland's reported EBITDA for its financial year ended 27 March 2020.

  - The average peer spot EV/EBITDA multiple decreased from 7.6x (31 March 2019) to 6.7x, resulting in a decrease in the valuation multiple applied from 7.0x to 6.0x.
  - Net debt of GBP705 million represents Iceland's reported net debt at year end of GBP688 million, together with accrued interest of GBP17 million.
  - Brait's shareholding in Iceland is 63.1% (FY2019: 63.1%).
  - Iceland's carrying value at reporting date is GBP63 million, translated using the closing GBP/ZAR rate of R22.17 to R1.4 billion (FY2019: R3.2 billion); representing 6% of Brait's total assets (FY2019: 10%).

New Look (5% of Brait's total assets):

- New Look, a UK based multi-channel fast fashion brand, offering on-trend, value fashion with a broad appeal for women and teenage girls, will release its FY2020 results in due course to bond investors.
- Valuation as at 31 March 2020:
  - Brait's 18.5% equity holding in New Look continues to be valued at nil.
  - Brait's GBP75.3 million holding of Senior Secured Notes (representing Brait's previous GBP73.2 million holding, increased for the GBP2.1 million of PIK interest capitalised by New Look on 15 January 2020), together with accrued interest, are valued using the quoted closing price at 31 March 2020.
  - This results in a carrying value of GBP42.4 million, translated using the closing GBP/ZAR rate of R22.17 to R940 million (FY2019: R1.146 billion); representing 5% of Brait's total assets (FY2019: 3%).

Other Investments (3% of Brait's total assets):

As set out above, Brait announced on 13 May 2020 the fulfilment of all the conditions relating to the sale of Brait's entire 91.3% shareholding in DGB for a total consideration of R470 million, which was largely in line with its September 2019 carrying value and equal to the March 2020 carrying value. Brait applied the first tranche of proceeds of R370 million received on 1 June 2020 to partially repaying the BML RCF. The remaining R100 million is to be received in two deferred payments of R50 million each by 31 March 2021 and 31 March 2022 respectively.

Review of operations (continued)

- The remainder of the carrying value relates to Brait's remaining private equity fund investments, mostly relating to Brait IV's investment in Consol Glass, the largest manufacturer of glass packaging in Africa.

GROUP LIQUIDITY POSITION

- **Brait received R1.6 billion from its portfolio (FY2019: R798 million), comprising:**
  - Investment proceeds of R1,137 million: R839 million shareholder funding repayments (R609 million from Virgin Active; R231 million from Premier) and R293 million bridging facility repayment from New Look; and
  - Other investment income of R425 million, largely from New Look (coupon, restructuring fees and net receipts following the cessation of the Debtor Purchase Agreement post New Look May 2019 balance sheet restructuring).
- **R5.6 billion available cash and facilities (FY2019: R2.8 billion)**

  As referred to above, Brait refinanced its previous credit facility with a new 3-year tenor, R6.3 billion facility (BML RCF) bearing interest at a rate of JIBAR plus 4.6%, repayable quarterly with the right to rollup. Agreed reductions apply to both quantum and interest rate margin as Brait de-gears. The key terms of the BML RCF are unchanged from those disclosed in Brait's Rights Offer Circular of 27 January 2020, with the facility continuing to be secured on a senior basis by the assets of BML.

  At 31 March 2020, the Group had available undrawn facilities on its BML RCF of R1.7 billion, being the facility of R6.3 billion less the amount drawn of R4.6 billion. Considering the Group's R3.9 billion cash, of which GBP149 million (R3,303 million) is earmarked for the outstanding portion of the 2020 Bonds, this results in total liquidity at reporting date of R5.6 billion (R1,849 million excluding cash held for the 2020 Bonds redemption).

- **Compliance with covenants**

  Brait is in compliance with all covenants at reporting date:

  - BML RCF covenants remain NAV based and have been set with sufficient headroom for short term volatility.
  - Per the terms of the 2020 Bonds and 2024 Bonds ("**Total Bonds**"), Brait's 'Tangible NAV/Net Debt' ratio is required to be not less than 200%. The definition for 'Net Debt' excludes the Total Bonds, with the covenant referenced to Brait's net asset value.

DIVIDEND POLICY

Brait's ability to return capital to Shareholders pursuant to its new strategy will depend upon its receiving realisations on loans and investments, dividends, other distributions or payments from its portfolio companies (which are under no obligation to pay dividends or make any other distributions to Brait). In addition, Brait's ability to pay any dividends will depend upon distribution allowances under the terms of the BML RCF.

Ordinary dividends will be considered annually when the results for each year are published. The extent of any dividends will be determined relative to net operating cash flows and to the payments received on the realisation of loans and investments from time to time and which cash flows are not required for liquidity or earmarked for requirements at the portfolio company level, but always subject to distribution allowances permitted under the terms of the BML RCF.

Review of operations (continued)

To the extent that surplus cash becomes available at a future date for distribution, the Board will consider the potential for the distribution of such surplus cash by way of special dividend. Pursuant to the terms of the 2024 Bonds, before Brait is able to pay a special dividend to Shareholders, it will have to first make an offer to the holders of the 2024 Bonds to tender for repurchase an aggregate principal amount of the 2024 Bonds for an amount equal to such proposed special dividend at a price per Bonds equal to its principal amount together with accrued interest.

ORDINARY SHARE CAPITAL

Total issued ordinary share capital at 31 March 2020, excluding treasury shares, is 1,319,992,804 shares of EUR0.22 each (FY2019: 471,507,956). The increase of 848,484,848 shares relates to the R5.6 billion equity capital raise in February 2020, at the Rights Offer price of R6.60.

At reporting date, the Group's treasury shares comprise 54,091,259 shares, of which 36,616,189 are held by BML and 17,475,070 are held by the Brait Investment Trust ("**the Treasury Shares**"). At the EGM, Shareholders approved the reduction of the share capital of the Company through the cancellation of the Treasury Shares held for the vested benefit of the Group, subject to the provisions of article 83 of the Maltese Companies Act. These provisions have been subsequently satisfied, resulting in the Treasury Shares having been cancelled during June 2020. The total issued ordinary share capital is accordingly 1,319,992,804 shares.

DIRECTORATE UPDATE

As previously announced by the Company, a new Board is to be constituted. The Board extends its appreciation to the following directors who have decided not to stand for re-election at the Annual General Meeting to be held before the end of August 2020 (the "**AGM**"), for their contributions during their long-standing tenures: PJ Moleketi (chairman), CS Seabrooke, AS Jacobs and JC Botts.

Dr CH Wiese, Dr LL Porter and HRW Troskie will be standing for re-election at the AGM. Dr Porter has indicated that he will step down from the Board once the proposed redomiciliation from Malta to Mauritius has been effected. The Board has approved the Nomination Committee's proposed five candidates for Shareholders to consider and approve at the AGM: RA Nelson (British), PG Joubert (Mauritian resident), JM Grant (British), Y Jekwa (South African) and P Roelofse (South African - currently alternate director to Dr Wiese). Their respective biographies are available on Brait's website at www.brait.com.

PROPOSED REDOMICILIATION

Pursuant to the stated objective of reducing costs, as well as simplifying processes, the Board has resolved to propose to Shareholders at the AGM that the Company's registered office be transferred from Malta to Mauritius, where the Company's main investment subsidiary, Brait Mauritius Limited, is domiciled (the "**Redomiciliation**"). The Redomiciliation will not impact the Company's primary listing on the Euro MTF Market of the LuxSE or its secondary listing on the JSE. Based on the analysis performed to date, no amendments will be required to the terms and conditions of the 2020 Bonds and 2024 Bonds. In addition, the share capital of the Company will not be affected. Further information on the Redomiciliation will be included in the Notice to the AGM.

Review of operations (continued)

GROUP OUTLOOK

Brait's portfolio companies delivered a robust performance pre-Coronavirus, continuing to optimise their business models and key operational metrics in a continued challenging macroenvironment. All of the portfolio company management teams have proactively implemented plans to address the unexpected and unprecedented impact of the Coronavirus, with a focus on health and safety of staff and customers, reducing costs, preserving cash and maximising liquidity to manage their businesses though this difficult period. The extent and severity of Coronavirus is still uncertain and continues to evolve daily.

The Recapitalisation has de-geared Brait's balance sheet and extended debt maturities, providing sufficient flexibility for the proposed new Board, with the assistance of the advisor, EPE, to execute the Company's new strategy focused on maximising value through the realisation of portfolio companies over the medium term. The post balance sheet date realisation of DGB and Iceland Foods demonstrates the Company's ability to deliver on this strategy, generating R3 billion of disposals in addition to the R1.6 billion of capital returned from the portfolio during the year. Focus continues on lowering Brait's operating costs.

For and on behalf of the Board

PJ Moleketi
Non-Executive Chairman

24 June 2020

Directors (all non-executive)

PJ Moleketi (Chairman)*, JC Botts^, AS Jacobs##, Dr LL Porter##, CS Seabrooke*, HRW Troskie**, Dr CH Wiese* (Alternate: P Roelofse)*

##British ^American **Dutch *South African

Brait's primary listing is on the Euro MTF market of the Luxembourg Stock Exchange and its secondary listing is on the Johannesburg Stock Exchange.

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)