AUDITED RESULTS ANNOUNCEMENT

for the year ended
31 March 2021

Summary consolidated statement of financial position as at 31 March

Audited 31 March 2020 R'm	**Audited 31 March 2021 R'm**		Notes	**Audited 31 March 2021 €'m**	Audited 31 March 2020 €'m
		ASSETS			
18 444	**16 450**	**Non-current assets**		**949**	936
18 444	**16 450**	Investments	3	**949**	936
3 901	**266**	**Current assets**		**15**	198
14	**53**	Accounts receivable		**3**	1
3 887	**213**	Cash and cash equivalents	4	**12**	197
22 345	**16 716**	**Total assets**		**964**	1 134
		EQUITY AND LIABILITIES			
10 910	**10 432**	**Ordinary shareholders equity and reserves**	2	**601**	553
7 527	**6 166**	**Non-current liabilities**		**356**	382
2 925	**2 749**	6.50% Convertible bonds due 2024	6	**159**	148
4 602	**3 417**	Borrowings	8	**197**	234
3 908	**118**	**Current liabilities**		**7**	199
3 303	**–**	2.75% Convertible bonds due 2020	7	**–**	168
605	**118**	Accounts payable and other liabilities	9	**7**	31
22 345	**16 716**	**Total equity and liabilities**		**964**	1 134

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

Audited 31 March 2020 R'm	**Audited 31 March 2021 R'm**		Notes	**Audited 31 March 2021 €'m**	Audited 31 March 2020 €'m
(15 576)	**1 280**	Investment valuation gain/(loss)		**67**	(948)
480	**260**	Finance income	10	**14**	29
28	**14**	Other investment income		**1**	2
758	**(304)**	Foreign exchange (loss)/gains		**(16)**	46
(224)	**(160)**	Operating expenses	11	**(8)**	(14)
(164)	**(3)**	Other expenses		**–**	(10)
(1 240)	**(617)**	Finance costs		**(32)**	(76)
(22)	**(24)**	Taxation		**(1)**	(1)
(15 960)	**446**	**Profit/(loss) for the year**		**25**	(972)
		Other comprehensive (loss)/gain			
1 353	**(924)**	Translation adjustments		**23**	(49)
(14 607)	**(478)**	**Comprehensive (loss)/gain for the year**		**48**	(1 021)
(2 799)	**34**	Earnings/(loss) per share (cents) – basic and diluted	12	**2**	(170)

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

Audited 31 March 2020 R'm	**Audited 31 March 2021 R'm**		**Audited 31 March 2021 €'m**	Audited 31 March 2020 €'m
19 708	**10 910**	**Ordinary shareholders balance at beginning of year**	**553**	1 213
(15 960)	**446**	Profit/(loss) for the year	**25**	(972)
1 353	**(924)**	Translation adjustment	**23**	(49)
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
10 910	**10 432**	Ordinary shareholders balance at 31 March 2021	**601**	553

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

Audited 31 March 2020 R'm	**Audited 31 March 2021 R'm**		Notes	**Audited 31 March 2021 €'m**	Audited 31 March 2020 €'m
		Cash flows from operating activities:			
1 137	**3 012**	Investment proceeds received	13	**158**	69
183	**5**	Other investment income received		**–**	11
8	**7**	Interest income received on cash balances		**–**	1
(235)	**(152)**	Operating expenses paid		**(8)**	(14)
(164)	**(3)**	Other expenses paid		**–**	(10)
(23)	**(24)**	Taxation paid		**(1)**	(1)
906	**2 845**	**Operating cash flow before purchase of investments**		**149**	56
(664)	**(955)**	Investment purchases and advances of shareholder funding		**(50)**	(40)
(210)	**–**	Gross amount advanced: Debtor Purchase Agreement		**–**	(13)
452	**–**	Gross amount received: Debtor Purchase Agreement		**–**	28
484	**1 890**	**Net cash generated in operating activities**		**99**	31
170	**1 334**	Borrowing Facility: drawdowns	8	**70**	10
(2 409)	**(2 660)**	Borrowing Facility: repayments	8	**(140)**	(147)
(10)	**(74)**	Borrowing Facility: raising and commitment fee payments		**(4)**	(1)
(318)	**(159)**	Borrowing Facility: interest payments	8	**(8)**	(19)
5 600	**–**	Rights Offer and specific issue of shares: proceeds raised		**–**	348
(152)	**–**	Rights Offer and specific issue of shares: transaction costs paid		**–**	(9)
2 841	**–**	2024 Convertible Bonds: issue proceeds raised		**–**	173
(91)	**–**	2024 Convertible Bonds: issue costs paid		**–**	(6)
(153)	**(248)**	2020 Convertible Bonds and 2024 Bonds: coupon payments		**(13)**	(9)
(3 376)	**(796)**	2020 Convertible Bonds: repurchases		**(41)**	(205)
–	**(2 877)**	2020 Convertible Bonds: redemption		**(144)**	–
2 102	**(5 480)**	**Net cash (used in)/generated from financing activities**		**(280)**	135
2 586	**(3 590)**	**Net (decrease)/increase in cash and cash equivalents**		**(181)**	166
467	**(84)**	Effects of exchange rate changes on cash and cash equivalents		**(4)**	(20)
834	**3 887**	Cash and cash equivalents at beginning of year		**197**	51
3 887	**213**	**Cash and cash equivalents at end of year**	4	**12**	197

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 2021. The Group has only one operating segment being that of an investment holding company.

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 PLC, and its main consolidated subsidiaries use GBP as their functional currency. The financial statements have been prepared using the following exchange rates:

	2021		2020	
	Closing	**Average**	Closing	Average
USD/ZAR	**14.7660**	**16.3574**	17.8379	14.7750
GBP/ZAR	**20.3422**	**21.3393**	22.1694	18.7829
EUR/ZAR	**17.3310**	**19.0420**	19.7008	16.4280
USD/EUR	**0.8520**	**0.8570**	0.9054	0.8994
GBP/EUR	**1.1738**	**1.1210**	1.1253	1.1433

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

2020 R'm	**2021 R'm**		**2021 €'m**	2020 €'m
		2. NET ASSET VALUE PER SHARE		
10 910	**10 432**	Ordinary shareholders equity and reserves	**601**	553
1 374.1	**1 320.0**	Ordinary shares in issue (m)	**1 320.0**	1 374.1
(54.1)	**–**	Treasury shares (m)	**–**	(54.1)
1 320.0	**1 320.0**	**Outstanding shares for NAV calculation (m)**	**1 320.0**	1 320.0
827	**790**	**Net asset value per share (cents)**	**46**	42

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. These Treasury Shares were cancelled during the current year in accordance with the provisions of article 83 of the Maltese Companies Act.

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

3. INVESTMENTS

The Group designates the majority of its financial asset investments as 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 generally 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. For portfolio companies that have been significantly impacted by the Coronavirus pandemic, maintainable earnings are based on a post Coronavirus sustainable level.

The Directors decide on an appropriate group of comparable quoted companies from which to base the EV/EBITDA valuation 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 generally 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. Where maintainable earnings are based on a post Coronavirus sustainable level, peer average forward multiples for the corresponding forward period are used as the reference measure. 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 and include the nature of operations, type of market exposure, competitive position, quality of management, capital structure and differences between the liquidity of the shares being valued and those on a quoted exchange. The resulting valuation multiple is applied to the maintainable EBITDA to calculate the Enterprise Value ("EV") for the portfolio investment.

That EV is then adjusted by net cash/debt to calculate net EV to which the Company's percentage holding is applied to calculate the Company's carrying value. 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.

The equity valuation takes consideration of the portfolio investment's net debt/cash on hand per its latest available financial results. Where appropriate, alternative methodologies such as the discounted cash flow valuation models are applied. Further valuation information can be obtained from the 31 March 2021 investor presentation on the Group's website, www.brait.com.

31 March 2020 R'm	**31 March 2021 R'm**		**31 March 2021 €'m**	31 March 2020 €'m
18 444	**16 450**	**The Group's portfolio of investments**	**949**	936
9 355	**7 970**	Virgin Active	**460**	475
6 047	**7 597**	Premier	**438**	307
940	**545**	New Look	**31**	48
1 391	**–**	Iceland Foods	**–**	71
711	**338**	Other Investments	**20**	35

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

3. INVESTMENTS CONTINUED

Valuation metrics (note 1)	31 March 2021 EBITDA	31 March 2021 Multiple	31 March 2021 3rd Party Net Debt	31 March 2020 EBITDA	31 March 2020 Multiple	31 March 2020 3rd Party Net Debt
Virgin Active (£'m) (note 2)	**105.4**	**9.0x**	**455.0**	108.0	9.0x	439.5
Premier (R'm) (note 3)	**1 152.0**	**8.0x**	**1 489.0**	1 010.0	8.0x	1 989.0
New Look (£'m) (note 4)	**59.0**	**4.0x**	**86.0**		note 5	
Iceland Foods (£'m)	**Realised effective 8 June 2020**			134.0	6.0x	704.5
Other Investments		**varied**			varied	

Note 1 Brait's portfolio companies publish their respective audited financial results in accordance with IFRS 16: Leases. Consistent with the prior 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 multiples, Brait has valued 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 March 2023 estimate to reflect a post Coronavirus sustainable level of GBP105 million, which represents a 26% reduction to the GBP142 million actual EBITDA achieved by for its financial year ended 31 December 2019. The 9.0x valuation multiple used represents a 21% discount to the peer group average two-year forward multiple of 11.4x. Net debt of GBP455.0 million is normalised to include the estimated GBP58.0 million effect of working capital and costs deferred during the lockdown periods.

Note 3 Maintainable EBITDA of R1,152 million is based on Premier's Last Twelve Months ("LTM") EBITDA to 31 March 2021 (FY20: LTM R1,010 million). The unchanged valuation multiple of 8.0x represents a 17% discount to the peer average spot multiple of 9.6x.

Note 4 Following the completion of New Look's recapitalisation transaction and resulting equitisation of its Senior Secured Notes ("SSN"), Brait's equity and shareholder loan investment is valued at reporting date on a maintainable EBITDA basis, using a look-through to a one-year post Coronavirus sustainable level of GBP59.0 million. This represents a 25% discount to the GBP78.6 million EBITDA New Look reported for its 39 weeks ended 28 December 2019 in its last Q3FY20 investor presentation to SSN holders. The valuation multiple of 4.0x represents a 59% discount to the 9.8x peer average one-year forward multiple. Net debt of GBP86.0 million is normalised to include the estimated GBP47.0 million effect of working capital and costs deferred during the lockdown periods.

Note 5 The New Look carrying value at 31 March 2020 represents Brait's GBP75.3 million nominal value of SSNs, valued using the closing quoted Bloomberg price of 0.549, plus accrued interest of GBP1.1 million.

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 2021	Level 1 €'m	Level 3 €'m	Total €'m
–	7 970	7 970	Virgin Active	–	460	460
–	4 385	4 385	Premier	–	253	253
–	545	545	New Look	–	31	31
–	338	338	Other Investments [1]	–	20	20
–	**13 238**	**13 238**	**Investments at fair value**	**–**	**764**	**764**
		3 212	Premier shareholder funding			185
		3 212	**Investments at amortised cost**			**185**
		16 450	**Total investments**			**949**

[1] *Carrying value at reporting date comprises 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.*

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

2020 R'm	**2021 R'm**		**2021 €'m**	2020 €'m
		4. CASH AND CASH EQUIVALENTS [1]		
		Balances with banks		
3 887	**213**		**12**	197
61	**178**	– ZAR cash	**10**	3
9	**12**	– USD cash	**1**	–
3 817	**23**	– GBP cash	**1**	194

[1] Of the total cash balance of R213 million (FY20: R3.9 billlion) held by the Group, R18 million (FY20: R3.8 billlion) is held by Brait PLC, with R195 million (FY20: R0.1 billlion) held by BML. Cash is placed with banks having a credit rating of at least Baa3

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

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 shares at par value of 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
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
9 924	**1 374 084 063**	**31 March 2021**	**1 374 084 063**	847
3 927		Share capital		290
5 997		Share premium		557
	(54 091 259)	Treasury shares cancelled	**(54 091 259)**	
	1 319 992 804		**1 319 992 804**	

2020	2021		2021	2020
		5. SHARE CAPITAL AND PREMIUM CONTINUED		
		5.1 Treasury shares		
54 091 259	**54 091 259**	Opening shares held for the vested benefit of the Group	**54 091 259**	54 091 259
–	**(54 091 259)**	Treasury shares cancelled	**(54 091 259)**	–
54 091 259	**–**	Closing shares held for the vested benefit of the Group	**–**	54 091 259
		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. These Treasury Shares were cancelled during the current year in accordance with the provisions of article 83 of the Maltese Companies Act.		

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

2020 R'm	**2021 R'm**		**2021 €'m**	2020 €'m
		6. CONVERTIBLE BONDS (6.50% DUE 2024)		
2 925	**2 749**	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. 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.	**159**	148
		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 £135 million (FY2020: £132 million).		
		Reconciliation of the movements for the year:		
–	**2 925**	Opening Balance	**148**	–
2 841	**–**	£150 million 2024 Bonds issued 4 December 2019	**–**	173
(361)	**–**	IFRS equity component allocated to Convertible Bond reserve	**–**	(22)
18	**69**	Increase of liability component in terms of IAS 32 over the five-year bond term	**4**	1
427	**(245)**	Foreign currency translation reserve	**7**	(4)
2 925	**2 749**	Closing Balance	**159**	148

2020 R'm	**2021 R'm**		**2021 €'m**	2020 €'m
		7. CONVERTIBLE BONDS (2.75% DUE 2020)		
3 303	**–**	The remaining £149 million outstanding face value on Brait's five year, 2.75% per annum coupon, unsubordinated, unsecured convertible bonds (listed on the Freiverkehr) due 18 September 2020 ("2020 Bonds"), was settled during the period under review using the cash in Pound Sterling converted from the proceeds of the Rights Offer and specific issue of shares.	**–**	168
		Over the period 4 December 2019 to 24 July 2020, Brait repurchased £217.5 million of the 2020 Bonds for an aggregate amount of £214.5 million (average clean purchase price of c.£98,600 for each £100,000 principal 2020 Bond). The remaining £132.5 million face value of the 2020 Bonds was redeemed on their maturity date.		
		Reconciliation of the movements for the year:		
6 359	**3 303**	Opening Balance	**168**	391
252	**–**	Increase of liability component in terms of IAS 32 over the five-year bond term	**–**	15
(3 376)	**–**	£180 million repurchased on 4 December 2019	**–**	(205)
(466)	**–**	£21 million repurchased on 31 March 2020	**–**	(28)
–	**(350)**	£16.5 million repurchased during current reporting period	**(18)**	–
–	**(2 877)**	£132.5 million redeemed on 18 September 2020 maturity	**(144)**	–
534	**(76)**	Foreign currency translation reserve	**(6)**	(5)
3 303	**–**	Closing Balance	**–**	168

2020 R'm	**2021 R'm**		**2021 €'m**	2020 €'m
		8. BORROWINGS		
6 511	**4 602**	Opening Balance	**234**	400
648	**300**	Interest accrual	**16**	39
–	**–**	Foreign currency translation	**25**	(49)
(2 239)	**(1 326)**	Net drawdown of borrowings	**(70)**	(137)
170	**1 334**	Drawdowns	**70**	10
(2 409)	**(2 660)**	Capital repayments	**(140)**	(147)
(318)	**(159)**	Interest repayments	**(8)**	(19)
4 602	**3 417**	Closing Balance	**197**	234

Brait's R4.4 billion facility (31 March 2020: R6.3 billion), with agreed reductions as Brait de-gears, is held with FirstRand Bank Limited (trading through its Rand Merchant Bank division) and The Standard Bank of South Africa Limited (the "Lenders") and has a three-year tenure to 28 February 2023 (the "BML RCF"). The BML RCF bears interest at JIBAR plus 4.0% (31 March 2020: JIBAR plus 4.6%) repayable quarterly (with the margin decreasing as utilisation 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).

Following the court sanction of the Virgin Active UK Restructuring Plan on 12 May 2021, Brait has signed a term sheet with the Lenders and is in the final stages of concluding the legal agreements to increase the BML RCF facility limit to R5 billion through to 1 July 2022. (Refer to note 16).

2020 R'm	**2021 R'm**		**2021 €'m**	2020 €'m
605	**118**	**9. ACCOUNTS PAYABLE AND OTHER LIABILITIES**	**7**	31

Accounts payable at reporting date includes R64 million coupon accrual on the 2024 Bonds and R23 million relating to the FY21 short term incentive awarded to the Advisor, Ethos (Refer note 11). The FY20 total of R605 million comprised: (i) £20 million for the repurchase of £21 million 2020 Bonds (settled on 2 April 2020); (ii) R74 million in respect of the coupon accruals on the 2020 and 2024 Bonds; and (iii) the R60 million accrual of fees for the refinance of the BML RCF.

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

2020 R'm	**2021 R'm**		**2021 €'m**	2020 €'m
480	**260**	**10. FINANCE INCOME**	**14**	29
395	**253**	Premier shareholder funding (interest income)	**13**	23
77	**–**	Interest earned on New Look SSNs and Bridge Loan	**–**	5
8	**7**	Other interest income	**1**	1
224	**160**	**11. OPERATING EXPENSES**	**8**	14
21	**17**	Directors' fees	**1**	1
165	**114**	Corporate advisory fees (1)	**6**	11
3	**10**	Insurance	**1**	–
18	**5**	Professional fees (2)	**–**	1
3	**–**	Travel and accommodation	**–**	–
9	**9**	Other operating expenses	**–**	1
5	**5**	External audit fees	**–**	–

(1) Current year comprises (i) FY21 advisory fee of R91 million (R100 million contracted amount for the year, offset by voluntary reductions by the Advisor ("EPE"); and (ii) short-term incentive award of R23 million, based on the Board's annual, pre-determined key performance indicators set for EPE in terms of executing on Brait's stated strategy.

(2) 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)

2020 R'm	**2021 R'm**		**2021 €'m**	2020 €'m
		12. HEADLINE EARNINGS RECONCILIATION		
(15 960)	**446**	Profit/(loss) and headline profit/(loss)	**25**	(972)
570	**1 320**	Weighted average ordinary shares in issue (m) – basic	**1 320**	570
(2 799)	**34**	Earnings/(loss) and headline earnings/(loss) per share (cents) – basic and diluted	**2**	(170)
		The 2024 Bonds are considered to be anti-dilutive due to the impact on earnings and number of shares upon conversion of the bonds		
		13. INVESTMENT PROCEEDS RECEIVED		
		Investment proceeds received comprise of:		
609	**–**	Virgin Active	**–**	37
293	**–**	New Look	**–**	18
–	**2 349**	Iceland	**124**	–
231	**237**	Premier – interest income on shareholder funding	**12**	14
4	**426**	Other investments	**22**	–
1 137	**3 012**	Total investment proceeds received	**158**	69

14. RELATED PARTY BALANCES

Transactions between the Company and its subsidiaries (Brait Malta Limited and Brait Mauritius Limited) have been eliminated on consolidation and are not disclosed in this note.

During the period, Group companies entered into the following transactions (included in loss from operations) with related parties who are not members of the Group:

2020 R'm	**2021 R'm**		**2021 €'m**	2020 €'m
		Profit from operations include:		
(21)	**(17)**	Directors' fees	**(1)**	(1)
(8)	**(114)**	Corporate advisory fees [1]	**(6)**	–
(1)	**(1)**	Professional fees – Maitland International Holdings Plc [2]	**–**	–

[1] Ethos Private Equity Proprietary Limited ("EPE") was appointed as the contracted advisor to BML effective 1 March 2020. Affiliated entities to EPE, EPE Capital Partners Limited and Ethos Fund VII GP (SA) Proprietary Limited, collectively own 12.3% of Brait's issued share capital. The current year fee comprises (i) FY21 advisory fee of R91 million (R100 million contracted amount for the year, offset by voluntary reductions by EPE); and (ii) short term incentive award of R23 million, based on the Board's annual, pre-determined key performance indicators set for EPE in terms of executing on Brait's stated strategy.

[2] HRW Troskie is a director and shareholder of Brait as well as being a director and shareholder of Maitland International Holdings Plc.

2020 R'm	**2021 R'm**		**2021 €'m**	2020 €'m
		15. CONTINGENT LIABILITIES AND COMMITMENTS		
		15.1 Commitments		
7 753	**3 844**	Convertible Bond commitments	**221**	394
261	**198**	– Coupon payment due within one year	**11**	13
864	**595**	– Coupon payments due between one and five years [(1)]	**34**	44
3 303	**–**	– Prinicipal settlement due within one year [(1)]	**–**	168
3 325	**3 051**	– Prinicipal settlement due within five years [(1)]	**176**	169
		[(1)] The coupon payments for the current twelve months reporting period reflect the semi-annual coupons of 6.5% payable in arrears over the remaining term of the 2024 Bonds. The comparative periods included the 2.75% semi-annual coupons for the 2020 Bonds outstanding at the time. The principal settlement amounts are payable in the event that the respective bondholders have not exercised their conversion rights.		
10	**9**	Private equity funding commitments	**1**	1
7 763	**3 853**	**Total commitments**	**222**	395

15.2 Contingent liabilities

At the Extraordinary General Meeting held on 30 October 2020, Shareholders approved the Long Term Incentive Plan ("LTIP") for EPE (as Advisor to Brait) and its employees working on the Brait portfolio. The LTIP is principally a five-year structure designed to align the interests of the Advisor with those of Shareholders in delivering on Brait's strategy of realising value from the portfolio over the medium term, whilst minimising dilution to Shareholders.

The LTIP will result in the Advisor receiving participation rights ("Participation Rights") to the realised proceeds distributed from the Brait portfolio only once cumulative distributions to Shareholders have exceeded the 31 March 2020 NAV of R8.27 per share (the "Hurdle Price"). The Participation Rights, which carry no voting rights, are based on a sliding scale from 5.0% to 0.5% depending on the quantum of cumulative proceeds distributed to Shareholders. The value accruing to the Advisor would be equal to the surplus between such distributions and the Hurdle Price and would be settled in cash.

15.3 Other

The Group has rights and obligations in terms of standard representation shareholder or purchase and sale agreements relating to its present or former investments.

16. NON-ADJUSTING POST BALANCE SHEET EVENTS NOTE

As announced on 12 May 2021, the English Court sanctioned the Virgin Active UK Restructuring Plan under the provisions of Part 26A of the UK Companies Act 2006 ("Restructuring Plan"). The Restructuring Plan was principally related to the Virgin Active UK business although there was an indirect benefit to the Italian and Asia Pacific businesses. The Virgin Active South Africa ("VASA") business is separately financed and was not directly impacted by the Restructuring Plan.

The combination of the Restructuring Plan, Virgin Enterprises Limited licensee fee concessions and significant additional operational savings identified by the management team will have a significant impact on the sustainability of the Virgin Active Europe business given the liabilities written off and deferred and the reduction in operating costs, providing it with the requisite operational and financial flexibility to emerge from the Coronavirus pandemic, return to profitability and create sustainable value for all stakeholders.

Following the sanctioning of the Restructuring Plan, Brait, drawing on its BML RCF, advanced its *pro rata* 80% share (£16m) of the total £20 million shareholder post-implementation facility to Virgin Active UK on 12 May 2021, taking the drawn balance on the BML RCF to R3.7 billion.

Brait has signed a term sheet with its Lenders and is in the process of concluding the requisite legal agreements to increase the limit of its BML RCF from the current amount of R4.4 billion to R5 billion. Post 1 July 2022, the limit on the BML RCF will revert to a maximum of R4 billion for the remaining tenure to 28 February 2023. The initial interest margin on the increased facility is the three-month JIBAR plus 5%, with additional pricing ratchets to apply depending on the level drawn. Covenants remain NAV based, with the facility continuing to be secured on a senior basis by the assets of BML.

During June 2021, Brait agreed to provide its *pro rata* 80% share (R600 million) of the total R750 million guarantee to VASA's lending banks as part of the restructuring and extension of the existing VASA debt facilities. Such amount will be reserved from the available undrawn BML RCF, resulting in Brait's available cash and liquidity position thereafter being R0.8 billion. Brait remains focused on de-gearing and continues to assess a number of liquidity options.

AUDITORS OPINION

The summarised report is extracted from audited information but is not itself audited. The annual financial statement were audited by PricewatrerhouseCoopers 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 he 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 2021.

FINANCIAL HIGHLIGHTS

- R3.0 billion cash inflow from the portfolio (FY20: R1.6 billion).
- R5.0 billion de-gearing at Brait level at reporting date:
  - BML RCF drawings reduced from R4.6 billion to R3.4 billion.
  - Repurchase and redemption of the remaining R3.8 billion 2020 Bonds using proceeds from the February 2020 Rights Offer.
- NAV per share of R7.90, a 2.5% increase on 1H21's reported NAV per share of R7.71 (FY20: R8.27)
  - Strong operational performance by Premier; concluded the bolt-on acquisition of the Mister Sweet confectionary business in June 2021.
  - Realisation of Iceland Foods in June 2020, at a significant premium to carrying value.
  - Realisation of DGB in May 2020 at its carrying value.
  - Coronavirus had a material impact on the Virgin Active business (successful restructuring plan of UK business in May 2021; South African business agreed terms for a refinancing in June 2021).
  - New Look completed comprehensive recapitalisation in November 2020.
- Significant cost savings at Brait level:
  - Expenses reduced by 58% to R163 million.
  - Finance costs decreased by 50% to R617 million.
- R1.2 billion available cash and facilities at reporting date.
  - Post balance sheet reporting date, R0.8 billion available.

YEAR UNDER REVIEW

- Portfolio company strategic and operational positioning with management teams focusing on:
  - Short term strategies to survive the impact of the Coronavirus.
  - New/revised strategies to optimize value in the 3 to 5-year exit horizon.
  - Exit plans and medium term goals to achieve Brait's objectives.
  - Agreement on management succession and implementing new incentive plans to ensure alignment with the agreed exit plans.

Review of operations (continued)

- Disposals in line with Brait's strategy, with proceeds applied to partially repaying BML RCF:
  - The sale of DGB completed on 13 May 2020 for R470 million, equal to its FY20 carrying value:
    - Proceeds of R420 million proceeds have been received with the remaining R50 million deferred proceeds due by 31 March 2022.
  - The Iceland Foods sale completed on 8 June 2020 for GBP115 million, at a significant premium (83%) to its FY20 carrying value of GBP62.8 million (R1,391 million), at an effective 6.6x EV/EBITDA multiple (average peer spot multiple at 31 March 2020 was 6.7x):
    - GBP108.5 million (R2,349 million) final proceeds received in terms of agreed early settlement.
- Significant cost savings:
  - Operating and other expenses reduced by R225 million to R163 million (FY20: R388 million).
  - Finance costs reduced by R623 million to R617 million (FY20: R1,240 million).
  - As a result of the impact of the Coronavirus:
    - Board fees and the advisory fee were voluntarily reduced by 25% for Q1 of FY21, resulting in savings of R1 million and R6 million respectively.
    - The Advisor voluntarily agreed to reduce its advisory fee for calendar year 2021 from c.R105 million to R90 million, of which R4 million relates to FY2021.
    - An unchanged maximum aggregate amount of Directors compensation of GBP0.4 million, subject to the effects of the Pound / Rand exchange rate, is tabled for Shareholder approval at the upcoming FY21 AGM to be held in August 2021.
- Governance:
  - A new board of non-executive directors was appointed and approved by Shareholders at the Annual General Meeting held in August 2020 ("FY20 AGM"), at a significantly reduced annual compensation cost, with new Board committees constituted.
  - At the Extraordinary General Meeting held in Malta on 30 October 2020, Shareholders approved:
    - The requisite resolutions for Brait's registered office to be transferred from Malta to Mauritius, where the Company's main investment subsidiary, Brait Mauritius Limited ("BML") is domiciled (the "Redomiciliation"). The Redomiciliation does not impact the Company's primary and secondary listings, nor the terms and conditions of the GBP150 million 6.5% Convertible Bonds due 4 December 2024 ("2024 Bonds"), nor the Company's share capital. The Redomiciliation necessitated Brait´s conversion to a Public Limited Company under the laws of Malta, which completed on 20 January 2021, resulting in the change of registered name to Brait PLC and registration number to C97843. Shareholders will be advised once the Redomiciliation has concluded, which will take place during the first half of FY22.
    - The Long Term Incentive Plan ("LTIP") for Brait's contracted advisor, Ethos Private Equity (the "Advisor" or "EPE"), designed as a five-year structure to align the interests of the Advisor with those of Shareholders in delivering on Brait's strategy of realising value from the portfolio over the medium term, whilst minimising dilution to Shareholders. The LTIP will result in the Advisor receiving non-voting participation rights to realised proceeds only once cumulative distributions to Shareholders have exceeded the hurdle price of R8.27 per share. The participation rights are based on a sliding scale from 5.0% to 0.5% depending on the quantum of cumulative proceeds distributed to Shareholders. The value accruing to the Advisor would be equal to the surplus between such distributions and the hurdle price and would be settled in cash. As at reporting date, the LTIP is accounted for as a contingent liability.

- o On 18 May 2021, pursuant to the Redomiciliation, Dr Porter (resident in Malta) resigned from the Board, with Mr Dabrowski (resident in Mauritius) appointed by the Board as a replacement Independent Non-executive Director and member of the ESG committee.
- o In keeping with previous announcements, to align the interests of Shareholders and the Advisor in terms of value creation, the Board has approved an annual Short Term Incentive ("STI") for the Advisor based on pre-determined key performance indicators focused on (i) progress on path to exit for the portfolio, (ii) growth in net asset value, and (iii) capital and liquidity management. The Board approved an STI award for FY21 of R23 million. As set out above, the Adviser voluntarily reduced its advisory fees by a total of R21 million (of which R10 million is applicable to FY21, resulting in total fees to the Advisor in FY21 of R114 million).

IMPACT OF CORONAVIRUS

The first wave of the Coronavirus (March 2020 to July 2020) and resulting lockdown restrictions materially impacted Virgin Active and New Look. The respective management teams responded with appropriate measures to preserve liquidity and reduce operating expenses, including measures to defer and/or reduce rental expenses, progressing online strategies, as well as accessing the various government support initiatives. During this and subsequent lockdown induced closure periods, Virgin Active implemented a "free membership freeze", whereby memberships were retained without members having to make payment during the freeze period, resulting in no revenue generation for affected territories. The Virgin Active UK/Italy and Asia Pacific business was recapitalised by its shareholders in June 2020 with GBP20 million (Brait's pro rata share GBP16 million) in exchange for Virgin Enterprises Limited deferring royalties in the UK, Italy and Asia Pacific and Virgin Active's banking syndicate extending GBP25 million of additional funding.

Whilst trading in both Virgin Active and New Look improved significantly post the easing of the first wave of lockdown restrictions, the second Coronavirus wave that surfaced at the end of October 2020 in Europe and the UK resulted in these governments re-imposing national lockdown restrictions. By the end of April 2021, Virgin Active's clubs and New Look's stores in the UK had been closed or partially closed for 10 of the previous 14 months, reopening on 12 April 2021; with Virgin Active's Italian clubs closed or partially closed for ten of the previous 14 months, reopening on 24 May 2021. Virgin Active's clubs in Singapore and Thailand have also recently been closed and are expected to remain closed at least until the end of June 2021 and July 2021 respectively.

As discussed below in the respective portfolio company highlights for the year under review:

- New Look completed a comprehensive recapitalisation transaction during November 2020.
- The Virgin Active UK business undertook a holistic restructuring plan that was sanctioned by the English Court in May 2021. Whilst this restructuring plan principally concerns Virgin Active UK, there will be an indirect benefit to the Italian and Asia Pacific businesses.
- The Virgin Active South Africa business ("VASA"), which is separately financed, agreed terms with its lenders during June 2021 to restructure and extend the term of its existing debt facilities and is in the process of concluding the requisite legal agreements.

Review of operations (continued)

These measures will provide the requisite operational and financial flexibility to enable both New Look and Virgin Active to emerge from the Coronavirus pandemic and create sustainable value for all stakeholders. The safety of staff and customers across the Group's portfolio of companies remains a top priority. Effective processes have been implemented to protect the health and safety of staff and customers, with business continuity plans in place to deal with the impacts of the Coronavirus.

REPORTED NAV PER SHARE

Whilst Brait and its portfolio companies adopted IFRS16: Leases in their respective prior financial years, 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, at reporting date Brait has continued to value its investment portfolio on a pre-IFRS16 basis, adjusting maintainable EBITDA and third party debt for the impact of IFRS16 as appropriate to ensure consistency.

Premier is valued at reporting date using an unchanged spot multiple of 8.0x, which represents a 17% discount to the peer average spot multiple of 9.6x. In the case of Virgin Active and New Look, where maintainable earnings are based on a post Coronavirus sustainable level, the reference measure considered is the peer average multiple for the corresponding forward period:

- Virgin Active is valued using a two-year forward multiple of 9.0x, which represents a 21% discount to the 11.4x peer average two-year forward multiple.
- New Look is valued using a one-year forward valuation multiple of 4.0x, which represents a 59% discount to the 9.8x peer average one-year forward multiple.

Peer group compositions used at reporting date for Brait's portfolio comprise:

- Premier (unchanged): Tiger Brands, AVI and Rhodes Food Group.
- Virgin Active's peer group has been revised to solely comprise companies in the health and fitness market. As a result, Woolworths, Life Health and Clicks have been excluded, with the inclusion of SATS ASA (a leading provider of fitness and training services in the Nordics) and Leejam Sports Company SJSC (a Saudi Arabian based company with fitness centres across the Middle East and North Africa operated under the brand name Fitness Time). Accordingly, Virgin Active's peer group at 31 March 2021 comprises: The Gym Group, Basic Fit, Technogym, Planet Fitness, SATS and Leejam.
- New Look (unchanged): H&M, Inditex (owner of Zara), Marks and Spencer, Next, and Associated British Food (owner of Primark).

Review of operations (continued)

The NAV breakdown at reporting date is as follows:

Audited 31 Mar 2020 R'm	Unaudited 30 Sep 2020 R'm	**Audited 31 Mar 2021 R'm**		%	**Audited 31 Mar 2021 €'m**	Unaudited 30 Sep 2020 €'m	Audited 31 Mar 2020 €'m
18 444	15 675	**16 450**	**Investments**	98	**949**	800	936
9 355	7 853	**7 970**	Virgin Active	48	**460**	401	475
6 047	6 989	**7 597**	Premier	45	**438**	357	307
1 391	–	**–**	Iceland Foods	-	**–**	–	71
940	556	**545**	New Look (Note 1,2)	3	**31**	28	48
711	277	**338**	Other investments (Note 2)	2	**20**	14	35
3 887	202	**213**	Cash and cash equivalents	1	**12**	10	197
14	114	**53**	Accounts receivable	1	**3**	6	1
22 345	15 991	**16 716**	**Total assets**	100	**964**	816	1 134
7 527	5 577	**6 166**	**Non-current liabilities**		**356**	285	382
4 602	2 698	**3 417**	Borrowings (BML RCF)		**197**	138	234
2 925	2 879	**2 749**	Convertible Bonds (6.5% due 2024)		**159**	147	148
3 908	237	**118**	**Current liabilities**		**7**	12	199
3 303	–	**–**	Convertible Bonds (2.7% due 2020)		**–**	–	168
605	237	**118**	Accounts payable		**7**	12	31
10 910	10 177	**10 432**	**NAV**		**601**	519	553
1,319.99	1,319.99	**1,319.99**	**Net issued ordinary shares ('mil)**		**1,319.99**	1,319.99	1,319.99
827	771	**790**	**NAV per share (cents)**		**46**	39	42

Note 1: Following the completion of New Look's recapitalisation transaction and resulting equitisation of the New Look Senior Secured Notes ("SSNs"), Brait's equity and shareholder loan investment in New Look is valued at the interim and current reporting date on a maintainable EBITDA basis (FY20: SSNs valued at quoted Bloomberg closing price).

Note 2: For comparability with the current reporting date, interim results shown here classify Brait's equity and shareholder loan investment in New Look separately (previously included in Other investments).

Review of operations (continued)

HIGHLIGHTS FOR THE GROUP'S INVESTMENT PORTFOLIO

Virgin Active (48% of Brait's total assets):

- One of the leading international health club operators, Virgin Active's results for the current reporting period have been significantly impacted by the Coronavirus. As previously announced, the Virgin Active UK business undertook a holistic restructuring plan ("Restructuring Plan") which involved:
  - Shareholders of Virgin Active providing additional liquidity through shareholder funding of GBP45 million (Brait's pro-rata share of GBP36 million funded from existing debt facilities, with GBP20 million advanced during March 2021 and the remaining GBP16 million ("Post Implementation Facility") advanced in May 2021).
  - Virgin Enterprises Limited agreeing to certain compromises under its royalty agreement with Virgin Active.
  - The existing lenders agreeing to amend and extend the terms of the existing senior debt facilities; and
  - Landlord concessions with respect to rental arrears, future rental agreements and guarantees.
- The combination of the Restructuring Plan, Virgin Enterprises Limited licensee fee concessions and material additional operational savings identified by the management team will have a significant impact on the sustainability of the Virgin Active UK business, given the liabilities written off and deferred, and the reduction in operating costs. These measures provide it with the requisite operational and financial flexibility to emerge from the pandemic, return to profitability and create sustainable value for all stakeholders. The Italian and Asia Pacific businesses will benefit indirectly.
- VASA, which is separately financed, agreed terms with its lenders during June 2021 to restructure and extend the term of its existing debt facilities and is in the process of concluding the requisite legal agreements in this regard.
- VASA's ransomware attack (April 2021) has been contained with management taking swift action to take all systems offline, as well as restoring and securing the physical domain to enable systems to be recovered. A number of measures were actioned to ensure the continuation of operations, with systems in the process of being brought back online.
- Group results in Pound Sterling for the twelve months ended 31 December 2020, quoted using actual currency (including closed clubs) on a pre-IFRS16 basis:
  - Revenue of GBP295.9 million compared to the prior period of GBP601.8 million.
  - EBITDA loss of GBP16.7 million compared to the prior comparative profit of GBP142.4 million.
- Territory update:
  - Southern Africa: Clubs in South Africa re-opened on 24 August 2020, and clubs in Namibia and Botswana reopened in June 2020. Although the clubs were subject to Level 3 lockdown restrictions between December 2020 and February 2021, there has been a steady improvement in member engagement, positively influenced by the contract membership structure. Terminations are in line with expectations, with new sales recovering from the impact of the Level 3 restrictions. Recent performance has been positive since Level 1 restrictions have been applied. However, effective 16 June 2021 South Africa reverted to Level 3 restrictions, which are likely to have an impact on operational performance.
  - Italy: Clubs reopened in May 2020, with strong member engagement, retention and usage levels exceeding 60%, but closed again in October 2020 due to the second Coronavirus wave. Clubs reopened on 24 May 2021 subject to certain restrictions on swimming pool, shower and sauna usage. Early indications are that membership engagement is good and the business is trading in line with expectations.

Review of operations (continued)

- UK: The second Coronavirus wave resulted in the closure of gyms from the beginning of November 2020, reopening on 12 April 2021 with group exercise classes resuming from 17 May 2021. Trading on reopening was stronger than expected with total members exceeding budget, fewer members on freeze and higher than anticipated sales. While inner city London gyms remain underutilised, regional/suburban gyms are showing strong membership engagement levels.
- Asia Pacific: Australian clubs have remained open (Melbourne subject to some lockdown restrictions) with strong membership engagement and usage levels of over 80% especially in suburban clubs. Both Thailand and Singapore had shown resilience prior to the recent lockdowns, which commenced on 26 April 2021 and 8 May 2021 respectively, with high usage statistics and strong membership engagement. Clubs in Singapore and Thailand are expected to reopen at the end of June 2021 and July 2021 respectively.

- Valuation as at 31 March 2021 (performed on a pre-IFRS16 basis):
  - Maintainable EBITDA is based on a March 2023 estimate to reflect a post Coronavirus sustainable level of GBP105.4 million, which represents a 26% reduction of the GBP142 million actual EBITDA achieved by Virgin Active for its financial year ended 31 December 2019 (FY20: Maintainable EBITDA of GBP108 million was applied).
  - The 9.0x valuation multiple used represents a 21% discount to the peer average two-year forward multiple of 11.4x (FY20: 9.0x valuation multiple applied)
  - Net debt of GBP397 million per the March 2021 management accounts has been increased by GBP58 million to GBP455 million. The normalisation adjustment applied takes consideration of the estimated effect of working capital and cost deferred during the lockdowns (FY20: Net debt of GBP440 million, which included a GBP95 million normalisation adjustment).
  - Brait's participation in the carrying value of shareholder funding increased to 79.4% (FY20: 79.2%) as a result of the exercise of put agreements (GBP1.2 million) during the year with certain members of Virgin Active's management team, with participation in equity value increasing to 72.1% (FY20: 71.9%).
  - Brait's resulting unrealised carrying value for its investment in Virgin Active at reporting date is R7,970 million, reflecting a 15% decrease for the year (FY20: R9,355 million) and comprising 48% of Brait's total assets (FY20: 42%).

Premier (45% of Brait's total assets)

- A leading South African FMCG manufacturer, offering branded and private label solutions, Premier delivered a very strong operational performance during its financial year ended 31 March 2021, driven primarily by volume growth and the performance of its MillBake division, combined with continued focus on operating cost optimisation.
- Group results for the financial year ended 31 March 2021, compared to FY20 (quoted on a pre-IFRS16 basis):
  - Revenue: +13%.
  - EBITDA: +14%.
  - EBITDA margin: 9.6% (FY20: 9.6%).

Review of operations (continued)

  - o Return on invested capital: 12.2% (FY20:9.2%).
  - o Strong cashflow from operations of R1,328 million (FY20: R910 million) as a result of the growth in EBITDA and working capital management.
  - o Net third party debt leverage ratio of 1.6x (FY20: 2.2x).
- Post financial year end, and in line with Premier's agreed growth strategy, the bolt-on acquisition of the Mister Sweet confectionary business was concluded in June 2021. This transaction makes Premier the second largest manufacturer in South Africa of sugar based confectionary, offering a full range of products, as well as doubling the confectionary business' market share. The acquisition will result in significant cost savings from: (i) operating a combined sales finance and administration structure; (ii) the insourcing of Mister Sweet's warehousing and logistics to use Premier's platform; and (iii) procurement synergies on raw and packing materials.
- Divisional highlights for the financial year ended 31 March 2021:
  - o Premier's MillBake division (83% of group revenue) delivered a strong performance, driven by aggregate volume growth of 9% to 961,000 tonnes. This resulted in revenue growth of 16% and EBITDA increasing by 13%. EBITDA margin, pre head office costs, was maintained at 12.5%:
    - – Bread: Revenue increased by 13% driven largely by strong volume increase.
    - – Wheat: Revenue increased by 20%, with strong volume growth and increased pricing following an increase in input costs. Premier utilises approximately 60% of its wheat flour production internally in its bakeries.
    - – Maize: Revenue increased by 20%, benefitting from increased staple food sales volumes in retail and wholesale channels with limited exposure to the hotels, restaurants, and food services channels.
  - o Premier's Groceries and International division (17% of group revenue) maintained its revenue with EBITDA growth of 1% and EBITDA margin of 10.6% (FY20: 10.5%), pre head office costs:
    - – CIM, Premier's Mozambican business (9% of group revenue), delivered a satisfactory performance under difficult trading conditions, exacerbated by the Coronavirus and unrest in the northern parts of Mozambique. Measured in local currency, revenue increased 7% on the back of increased volumes, with a reduction in gross profit offset by cost efficiencies resulting in EBITDA increasing by 2%. In Rand terms, EBITDA remained in line with the prior year.
    - – Home and Personal Care (5% of group revenue): A challenging South African market meant a focus on price to maintain market share, the benefits of which were seen in 2H21. Operating cost efficiencies assisted the UK business to lift its EBITDA.
    - – Confectionary and beverages (3% of group revenue): Sugar based confectionary had an improved performance, with sales volumes increasing and EBITDA benefitting significantly from reduced operating costs following the restructure completed in November 2020. Beverages has shown positive signs of recovery post the Coronavirus lockdowns.
- The challenging Coronavirus induced operating conditions resulted in additional costs of R97 million to maintain a safe work environment and support communities. Management continues to monitor the impact of the Coronavirus and have developed protocols to prevent and mitigate any impact to the business.
- Capital expenditure for the group of R504 million (FY20: R421 million) remains in line with guidance at 4% of revenue and includes expenditure on the inland bakery project.

Review of operations (continued)

- Premier repaid Brait R237 million of shareholder funding during the current financial year (FY20: R231 million), increasing Brait's share of realised proceeds received to date to R1,732 million.
- Valuation as at 31 March 2021 (performed on a pre-IFRS16 basis):
  - Maintainable EBITDA of R1,152 million is based on Premier's Last Twelve Months ("LTM") EBITDA to 31 March 2021, reflecting a 14% increase on the prior year (FY20: R1,010 million).
  - The valuation multiple has been maintained at 8.0x, which represents a 17% discount to the peer average spot multiple of 9.6x (FY20: 8.8x)
  - Net third party debt of R1,489 million is based on Premier's reported R1,891 million, adjusted for capital expenditure spent on new projects that are not as yet generating EBITDA.
  - Brait's shareholding in Premier is 98.5%. Brait's equity value participation at 31 March 2021 is 97.1%, due to the dilutionary impact of the management incentive scheme put in place during the current year.
  - Premier's unrealised carrying value at the reporting date is R7,597 million, reflecting a 26% increase for the current financial year (FY20: R6,047 million) and comprising 45% of Brait's total assets (FY20: 27%).

New Look (3% of Brait's total assets):

- New Look, a UK based multichannel fashion brand, operating in the value segment of the clothing, footwear and accessories market, has been significantly impacted by the Coronavirus, given the omnichannel nature of the business.
- During the lock-down periods, management focused on cost optimisation, maximising liquidity and progressing New Look's online strategy. Whilst the extent to which stores were required to be closed during lockdown adversely impacted group revenue, store lockdowns benefitted New Look's E-commerce platform, which significantly grew market share.
- New Look completed a comprehensive recapitalisation transaction during November 2020: (i) rebasing its UK leasehold obligations through a Company Voluntary Agreement ("CVA") resulting in significant rental cost reduction through a turn-over based model for a period of 3 years (thereafter reverting to the higher of the CVA rental or market rental); (ii) debt-for-equity conversion of its senior secured notes, significantly reducing gross debt and annual cash interest payments; (iii) the amendment and extension of its operating facility and term loan to June 2023 and June 2024, respectively; as well as (iv) the injection of GBP40 million new shareholder capital (Brait's pro-rata share of GBP7 million funded from the BML RCF) to support New Look's three-year business plan.
- New Look received a favourable ruling on the CVA from the English High Court on 10 May 2021. Two of the four challenger landlords have since appealed this ruling, which is expected to be heard in the last quarter of 2021 calendar year. As the court process is not yet finalised, a GBP7.1 million payment to landlords in respect of the CVA will be delayed until the appeal process is completed.
- Valuation as at 31 March 2021:
  - Following the equitisation of the Senior Secured Notes (SSNs) on 9 November 2020 pursuant to the completion of New Look's recapitalisation transaction, Brait's investment is valued at the current reporting date on a maintainable EBITDA basis. Maintainable EBITDA is based on a look-through to a pre-IFRS16, one-year post Coronavirus sustainable level of GBP59.0 million. This represents a 25% discount to the GBP78.6 million actual EBITDA achieved by New Look for its 39 weeks ended 28 December 2019, as reported in its last Q3FY20 investor presentation to New Look's bond holders.

- o The 4.0x valuation multiple used represents a 59% discount to the peer average one-year forward multiple of 9.8x.
- o Net third party debt of GBP39.0 million per New Look's March 2021 management accounts has been increased by GBP47.0 million to GBP86.0 million. The adjustment applied takes consideration of estimated costs deferred during the lockdown period.
- o Brait's resulting unrealised carrying value for its investment in New Look at reporting date is R545 million (FY20: R940 million). The carrying value at 31 March 2020 represented Brait's GBP75.3 million nominal value of SSNs, valued using the closing quoted Bloomberg price of 0.549, plus accrued interest of GBP1.1 million.

Other Investments (2% of Brait's total assets):

- Brait realised its 91.3% shareholding in DGB for a total consideration equal to its March 2020 carrying value of R470 million. R420 million of proceeds have been received, with the remaining R50 million of deferred proceeds due by 31 March 2022.
- The remaining carrying value of this portfolio relates to Brait's remaining private equity fund investments, mostly comprising Brait's interest in the Brait IV private equity fund's remaining minority stake in Consol, the largest manufacturer of glass packaging products on the African continent.

GROUP LIQUIDITY POSITION

Brait received proceeds of R3,012 million from its investment portfolio during the current year (FY20: R1,562 million):

- In line with the Board's strategy focused on maximising value through the realisation of the existing portfolio companies over the medium term, Brait received realisation proceeds of R2,775 million, which were applied to partially repaying the BML RCF, comprising:
  - o R2,349 million (GBP108.5 million) from the realisation of Iceland Foods; and
  - o R426 million from the Other investments' portfolio, which includes R420 million from the sale of DGB (remaining R50 million deferred proceeds due by 31 March 2022).
- Premier repaid Brait R237 million (FY20: R231 million) of shareholder funding during the year.

Repayment/redemption of remaining 2020 Bonds

- The remaining GBP149 million outstanding principal amount on Brait's five year, 2.75% per annum coupon, unsubordinated, unsecured convertible bonds listed on the Freiverkehr, due 18 September 2020 ("2020 Bonds"), was settled during the year using the cash then held in Pound Sterling converted from the proceeds of the February 2020 Rights Offer and specific issue of shares.
- Over the period 4 December 2019 to 24 July 2020, Brait repurchased GBP217.5 million of the 2020 Bonds for an aggregate amount of GBP214.5 million (average clean purchase price of GBP98,600 for each GBP100,000 principal 2020 Bond). The remaining GBP132.5 million principal amount of the 2020 Bonds were redeemed on their maturity date of 18 September 2020.

R1.2 billion available cash and facilities at reporting date

- Brait repaid R2.8 billion of the BML RCF during the current year (FY20: R2.7 billion repaid), resulting in the drawn amount outstanding at reporting date of R3.4 billion (FY20: R4.6 billion).

Review of operations (continued)

- In line with the BML RCF agreement, the reduction in utilisation resulted in the quantum of the facility decreasing from R6.3 billion to R4.4 billion and the interest rate decreasing from JIBAR plus 4.6% to JIBAR plus 4.0%.
- Including the Group's R0.2 billion cash, this results in total cash and available facilities at reporting date of R1.2 billion (FY20: R1.8 billion cash and available facilities, which excluded the R3.8 billion cash held for the settlement of the 2020 Bonds).

Brait is in compliance with all covenants:

- The BML RCF covenants are NAV based and set with headroom for short term volatility.
- Per the terms of the 2024 Bonds, Brait's 'Tangible NAV/Net Debt' ratio is required to be not less than 200%. The definition of 'Net Debt' per this covenant excludes the 2024 Bonds, with Tangible NAV referenced to Brait's net asset value.

Post balance sheet date liquidity position

- As announced on 12 May 2021, the English Court sanctioned the Virgin Active UK Restructuring Plan. Brait, drawing on its BML RCF, advanced its pro-rata 80% share (GBP16 million) of the total GBP20 million shareholder post-implementation facility to Virgin Active UK, taking the drawn balance on the BML RCF to R3.7 billion.
- Brait has signed a term sheet with its Lenders and is in the process of concluding the requisite legal agreements to increase the limit of its BML RCF from the current amount of R4.4 billion to R5 billion. With effect from 1 July 2022, the limit on the BML RCF will revert to a maximum of R4 billion for the remaining tenure to 28 February 2023. The initial interest margin on the increased facility is the 3 month JIBAR plus 5%, with additional pricing ratchets to apply depending on the level drawn. Covenants remain NAV based, with the facility continuing to be secured on a senior basis by the assets of BML.
- During June 2021, Brait agreed to provide its pro-rata 80% share (R600 million) of a total R750 million guarantee to VASA lending banks as part of the restructuring and extension of the existing VASA debt facilities. Such amount will be reserved from the available undrawn BML RCF, resulting in Brait's available cash and liquidity position thereafter being R0.8 billion.
- Brait remains focused on de-gearing and continues to assess a number of liquidity options.

DIVIDEND POLICY

Brait's ability to return capital to Shareholders pursuant to its stated 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.

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 Bond equal to its principal amount together with accrued interest.

Review of operations (continued)

ORDINARY SHARE CAPITAL

Total issued ordinary share capital as at 31 March 2021 is 1,319,992,804 shares of EUR0.22 each (FY20: 1,319,992,804 excluding treasury shares). Pursuant to the Shareholder approval obtained at the Extraordinary General Meeting held in Malta on 14 January 2020, the 54,091,259 treasury shares held for the vested benefit of the Group were cancelled during the current reporting period.

GROUP OUTLOOK

All the portfolio company management teams have proactively implemented plans to address the unexpected and unprecedented impact of the Coronavirus pandemic, with a focus on health and safety of staff and customers, reducing costs, preserving cash and maximizing liquidity to manage their businesses though this difficult period. The Board, with the assistance of the Advisor, remains focused on executing Brait's strategy of maximising value through the realisation of portfolio companies over the medium term.

For and on behalf of the Board

RA Nelson
Non-Executive Chairman

23 June 2021

Directors (all non-executive)

RA Nelson (Chairman)#, MP Dabrowski**, JM Grant#, Y Jekwa*, PG Joubert**, PJ Roelofse*, HRW Troskie^, Dr CH Wiese*

British ^ Dutch * South African ** South African, resident in Mauritius

Brait's primary listing is on the Euro MTF market of the Luxembourg Stock Exchange and its secondary listing is on the exchange operated by the JSE Limited.

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Administration and contact details

BRAIT PLC
Registration No: C97843

ISSUER NAME AND CODE
Issuer long name – BRAIT PLC
Issuer code – BRAIT
Share code: BAT – ISIN: LU0011857645
Bond code:
- WKN: A2SBSU ISIN: XS2088760157

LEI: 549300VB8GBX4UO7WG59

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(1) Once the redomiciliation of Brait's registered office from Malta to Mauritius is concluded, the Company's registered office will become the same as the subsidiary office.


BRAIT