BRAIT SE
(Registered in Malta as a European Company)
(Registration No. SE1)
Share code: BAT ISIN: LU0011857645
Bond codes: WKN: A1Z6XC ISIN: XS1292954812 and WKN: A2SBSU ISIN: XS2088760157
LEI: 549300VB8GBX4UO7WG59
("**Brait**" or the "**Group**")

CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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

GROUP FINANCIAL HIGHLIGHTS

- Completion of the Recapitalisation comprising:
  - GBP150 million, 5-year term, convertible bonds issued on 4 December 2019
  - 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 refinancing Brait's previous credit facility.
- Proceeds raised applied towards:
  - Repurchase of GBP201 million of Brait's GBP350 million convertible bonds due September 2020; and
  - Repaying R2 billion of Brait's new revolving credit facility.
- 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, with proceeds received applied to paying down Brait's new revolving credit facility:
  - Sale of DGB (other investments portfolio) for its March 2020 carrying value of R470 million; initial tranche of R370 million sales proceeds received on 1 June 2020; and
  - 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.
- As an investment holding company, Brait's key reporting metric is NAV per share. From an IAS34 interim reporting perspective, Brait's earnings per share and headline earnings per share is -2,799 cents (FY2019: -2,219 cents)

PORTFOLIO COMPANY HIGHLIGHTS

Virgin Active (42% of total assets):

- Leading international health club operator, Virgin Active, delivered results for the financial year ended 31 December 2019 (in Pound Sterling, quoted on a pre-IFRS16 basis) in line with the guided year-on-year outlook:
  - Using actual exchange rates, group revenue +3% and group EBITDA +5%.
  - Using constant exchange rates, group revenue +5% and group EBITDA +8%.
  - Closing adult membership increased by 3%.
- Territory highlights for the 2019 financial year, quoted on a constant currency, year-on-year basis and excluding closed clubs are:

    - Southern Africa: revenue +5%; EBITDA +6%; membership growth +2%
    - Italy: revenue +8%; EBITDA +22%; membership growth +4%,
    - UK: maintained revenue; EBITDA +7%; with membership growth +1%.
    - Asia Pacific: revenue +12%; EBITDA impacted by head office investment and start-up losses for the 6 new clubs opened during the year; membership growth +22%.
- Group trading performance to February 2020 was in line with budget and up on the prior year.
- Impact of Coronavirus:
    - In accordance with respective government directives to stop the spread of Coronavirus, clubs in all territories were closed by 25 March 2020. During this closure period, Virgin Active implemented a “free membership freeze”, resulting in no revenue generation for most territories until reopening.
    - Virgin Active has been a beneficiary of the government support programs available across its various territories. Since early February 2020, the company has taken measures to preserve liquidity including operating expense reductions where possible, removing all but essential capital expenditure investments, 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.
    - On 15 June 2020, to enable the Virgin Active UK, Italy and Asia Pacific territories to navigate appropriately through Coronavirus, shareholders contributed GBP20m of new funding (Brait’s pro rata share GBP16 million). 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 GBP25 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).
    - Once permitted to re-open, the focus will be on ensuring that clubs continue to institute measures such as enforced social distancing through the reduction of class sizes and limiting gym attendance numbers and extensive sanitisation procedures to ensure that the clubs are safe for members and staff.
    - 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 most of the popular exercise classes fully booked and customer usage levels continuing to increase as the lockdown eases.
- Virgin Active repaid Brait R609 million of shareholder funding during the current year (FY2019: R365 million).
- Virgin Active shareholders are engaging with Virgin Active regarding Virgin Active management’s future long term incentive scheme.
- Valuation of R9.4 billion (FY2019: R17.4 billion):
    - Maintainable EBITDA based on a look-through to a medium-term post Coronavirus sustainable level of GBP108 million, which represents a 24% reduction from 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, to take consideration of the estimated impact of working capital and costs deferred during the lockdown period.

Premier (27% of total assets):

- Leading South African FMCG manufacturer, Premier, offering branded and private label solutions, produced a strong performance during H2 of its financial year ended 31 March 2020, increasing its national formal retail market shares across its major categories.
- For its financial year ended 31 March 2020 (quoted on a pre-IFRS16 basis):
  - Revenue +8% (H1: +7%)
  - EBITDA +4% (H1: -4%)
  - EBITDA margin 9.6% (H1: 9.1%)
- Divisional highlights for FY2020 include:
  - Premier's MillBake division (80% of group revenue) grew revenue +8% (H1: +6%); EBITDA +4% (H1: -10%), with EBITDA margin, pre head office costs, of 12.8% (H1: 11.9%)
  - 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%
- Impact of Coronavirus:
  - 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, enabling Premier to continue full production and operations. 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.
  - In March and April, Premier benefitted from increased sales across its major categories with revenue up 11% and EBITDA 18% versus prior year with the business also benefitting from lower interest rates and fuel costs.
  - Management continue to monitor the impact of the virus and are at the forefront of developing protocols to prevent and mitigate its impact to the business.
- Premier repaid Brait R231 million of shareholder funding during the current year (FY2019: R232 million)
- Brait is engaging with Premier on Premier management's future long term incentive scheme.
- Valuation of R6.1 billion (FY2019: R8.8 billion):
  - Maintainable EBITDA of R1.010 billion and net debt of R2 billion is based on Premier's actual results for its FY2020.
  - The average peer spot EV/EBITDA multiple decreased over the financial year from 10.4x to 8.8x, resulting in a decrease in the valuation multiple from 11.0x to 8.0x, driving the decrease in carrying value for the year.

Iceland Foods (6% of total assets):

- Iceland Foods, a frozen led UK based national food retailer, performed in line with guidance for its financial year ended 27 March 2020, in a UK retail market which remains extremely competitive.
- 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, 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 (R2.5 billion), which equates to a 6.6x EV/EBITDA multiple based on Iceland Foods FY2020 EBITDA of GBP134 million, and a significant premium to Iceland Foods March 2020 carrying value of GBP63 million (R1.4 billion)

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

- UK based multi-channel fast fashion brand, New Look, 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.
- During the year, New Look repaid Brait's R293 million share of the bridge loan facility and accrued interest pursuant to its balance sheet restructure concluded on 3 May 2019, as well as all amounts advanced in terms of the debtor factoring agreement.

- Valuation of R940 million (FY2019: R1.146 billion):
    - 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 (GBP42.4 million) and translated into Rands at the closing Pound/Rand exchange rate of R22.17.

CHANGE IN CONTRACTED ADVISOR

The Board, through its wholly owned subsidiary Brait Mauritius Limited **("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%.

GROUP LIQUIDITY POSITION

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 an initial 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. As at reporting date, the interest rate margin was 4.0%. 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). Brait is in compliance with all covenants at reporting date.

Post year end, Brait has received R1.7 billion from the initial tranches of the Iceland Foods and DGB disposals which has been used to further reduce the BML debt facility.

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 http://brait.investoreports.com/about-us/leadership/

PROPOSED REDOMICILIATION

Pursuant to the stated objective of reducing costs, 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, BML, is domiciled (the "Redomiciliation"). The Redomiciliation will not impact the Company's primary listing on the Euro MTF Market of the Luxembourg Stock Exchange or its secondary listing on the JSE Limited. 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.

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 maximizing 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 investment proceeds returned from the portfolio during the year. Focus continues on lowering Brait's operating costs.

This short form announcement is published under the responsibility of the Board and is a summary of the information in the full announcement available on the Luxembourg Stock Exchange website and the Stock Exchange News Service ("SENS") at:
https://senspdf.jse.co.za/documents/2020/JSE/ISSE/BAT/BSEMar20.pdf and on the Company's website http://brait.investoreports.com/investor-relations/results-and-reports/

The full announcement is available for inspection, at no charge, at the Company's registered office (4th Floor, Avantech Building, St Julian's Road, San Gwann, SGN2805, Malta) and the office of the sponsor during standard office hours.

This announcement does not contain full details and should not be used as a basis for any investment decision in relation to the Company's shares.

San Gwann, Malta

24 June 2020

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)