BRAIT P.L.C.
(Registered in Mauritius as a Public Limited Company)
(Registration No. 183309 GBC)
Share code: BAT ISIN: LU0011857645
Bond code: WKN: A2SBSU ISIN: XS2088760157
LEI: 549300VB8GBX4UO7WG59
("**Brait**", the "**Company**" or the "**Group**")

CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2021

The Board of Directors ("**Board**") hereby reports to Brait's shareholders ("**Shareholders**") on the Group's unaudited interim results for the six months ended 30 September 2021.

GROUP FINANCIAL HIGHLIGHTS

- Secured commitments of R2.7 billion for a capital raise of up to R3 billion, by way of Rights Offer to Shareholders to subscribe for exchangeable bonds to be listed on the JSE, which will be issued by wholly owned subsidiary Brait Investment Holdings Limited ("**BIH**") and exchangeable into Brait PLC ordinary shares (the "**Rights Offer**").
- Net proceeds from the Rights Offer will be used as a cost-effective refinance for a material portion of the existing bank debt revolving credit facility ("**BML RCF**"), improving the liquidity position of the Group.
- BML RCF amendment and term extension to 30 June 2024 with a facility limit, post Rights Offer, of R3 billion provides runway to execute on Brait's stated strategy.
- NAV per share of R8.14, a 3.0% increase on FY21's R7.90:
    - Premier's strong operational and financial performance has continued (1H22 EBITDA up 20% year-on-year) driven by volume increases and price inflation;
    - Virgin Active continues to recover from the effects of Coronavirus-induced lockdowns with all clubs now open and operational;
    - New Look's strategy has resulted in a significant turnaround in profitability.
- Available cash and facilities:
    - R0.5 billion at reporting date;
    - Up to R1.3 billion post Rights Offer
- 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 27 cents (FY2021: 34 cents).

RIGHTS OFFER

Shareholders are referred to the announcement published today on both the website of the Luxembourg Stock Exchange ("**LuxSE**") and released on the Stock Exchange News Service ("**SENS**") of the exchange operated by the JSE Limited today for details of the Rights Offer.

The Board, together with its contracted investment advisor, Ethos Private Equity (the "**Advisor**"), remain committed to implementing Brait's stated strategy which is focused on maximising value through the realisation of Brait's existing portfolio of investments over the medium term and returning capital to Shareholders.

A number of achievements have been delivered since March 2020 including:

- The disposals of Iceland Foods and DGB resulting in a R2.8 billion reduction in Brait debt;
- Strong performance by Premier driven by sales volume and operational efficiencies; integration of the Mister Sweet acquisition completed;
- Restructuring Plan implemented for the Virgin Active UK business (which indirectly benefits the Italian and Asia Pacific businesses) and Company Voluntary Agreement ("**CVA**") concluded for New Look to recalibrate the operating bases of both businesses;
- Debt restructure and covenant relief, together with shareholder support agreed for Virgin Active South Africa ("**VASA**");

- Strong recovery in Consol's performance (included in Other Investments portfolio);
- Reconstituted the Brait Board and achieved a reduction of more than R500m in Brait's operating costs.

The Coronavirus related underperformance of Virgin Active has required significant shareholder capital contributions. Brait has funded its 80% share of these contributions utilising the BML RCF, resulting in a drawn balance of R4 billion and available cash and liquidity of R0.5 billion as at the reporting date.

This has necessitated a comprehensive funding solution for Brait to optimise its exit programme, whilst maximising optionality for Shareholders. To this extent, Brait has:

- Secured irrevocable undertakings and underwriting commitments of R2.7 billion for a capital raise of up to R3.0 billion, by way of renounceable Rights Offer to Shareholders, or their renouncees, to subscribe for exchangeable bonds to be listed on the JSE, which will be issued by the wholly owned subsidiary BIH (formerly Brait Malta Limited), and be exchangeable, at the election of the holder, into Brait PLC ordinary shares (the "**2024 Exchangeable Bonds**"). The net proceeds, after fees and costs, raised from the Rights Offer will be used to settle a material portion of the drawn balance outstanding on the BML RCF, thereby providing the Group (i) a cost-effective refinance, considering the fixed 5% coupon applicable to the 2024 Exchangeable Bonds relative to the BML RCF interest rate, which will result in estimated interest savings of c.R200 million for calendar year 2022, and (ii) an improved liquidity position for Brait. An ordinary shareholder resolution for the grant of exchange rights under the terms of the 2024 Exchangeable Bonds into new Brait PLC ordinary shares is being requested at the Extraordinary General Meeting to be held in Mauritius on 22 December 2021 ("**EGM**"). The Company has secured irrevocable undertakings from Shareholders in excess of the majority required to pass such resolution.
- Final agreement has been reached with the lending banks to amend and extend the term of the BML RCF from 28 February 2023 to 30 June 2024. The current BML RCF facility limit of R4.4 billion reduces to R3 billion immediately post the Rights Offer and bears interest at a starting rate of JIBAR plus 4.0%. An agreed downward ratchet of the interest margin will apply as the Group degears. This facility continues to be secured on a senior basis by the assets of BML, with covenants remaining NAV based. The purpose of the facility remains for Brait's general corporate and working capital purposes as well as for permitted investment into the portfolio. The amendment and extension of the terms of the BML RCF will provide the requisite headroom to enable Brait to execute its monetisation strategy.

Shareholders are referred to the announcement published today on the website of the LuxSE and released on the JSE SENS, for details of the 2024 Exchangeable Bonds. The salient terms of the 2024 Exchangeable Bonds are as follows:

- Up to R3.0 billion capital to be raised from the issue of up to 3 million 2024 Exchangeable Bonds at their par value of R1,000 each;
- Fixed 5% coupon payable in cash semi-annually in arrears;
- Exchangeable into a fixed number of Brait PLC ordinary shares at the holder's election at the earlier of their term of 3 December 2024, or on full settlement of the 2024 Convertible Bonds (the "**Exchange Shares**");
- Initial exchange price set at R4.37;
- Listed on the JSE and in due course to be listed on the Stock Exchange of Mauritius ("**SEM**");
- Structurally senior to Brait's existing GBP150 million Convertible Bonds due December 2024 ("2024 Convertible Bonds"), but subordinated versus the existing BML RCF;
- At maturity, the Company may elect to redeem the par value of the 2024 Exchangeable Bonds through a combination of the Exchange Shares, at their prevailing market value, and cash;
- Standard terms and conditions for an instrument of this nature.

The Board believes that the Rights Offer and use of the net proceeds raised to materially reduce the BML RCF, together with the BML RCF term extension to June 2024, provides Brait with a cost effective refinancing to manage its portfolio of investments and continue to execute its strategy in an optimal manner.

UPDATE ON GOVERNANCE MATTERS

- Completion of Redomiciliation on 13 September 2021:
    - As guided in Brait's FY21 results announcement, and pursuant to the Shareholder approvals from the Extraordinary General Meeting held in Malta on 30 October 2020, Brait's transfer of registered office from Malta to Mauritius, where the Company's main investment subsidiary (Brait Mauritius Limited, "**BML**") is domiciled (the "**Redomiciliation**"), concluded on 13 September 2021.
- Dual listing of the 2024 Convertible Bonds on the SEM:
    - As announced on 16 November 2021 by the Company on the website of the LuxSE, SENS and SEM, pursuant to the Redomiciliation, the SEM granted approval on 16 November 2021 for the dual listing on the Official Market of the SEM for the 2024 Convertible Bonds, with effect from 30 November 2021. The 2024 Convertible bonds continue to be listed and actively traded on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange.

HIGHLIGHTS FOR THE GROUP'S INVESTMENT PORTFOLIO

Premier (48% of Brait's total assets):

- A leading South African FMCG manufacturer, offering branded and private label solutions, Premier delivered a strong H1FY22 performance in a challenging environment due to disruption from Coronavirus and civil unrest (South Africa and Eswatini), as well as cost pressures.
- For the six months ended 30 September 2021, compared to H1 FY21 (quoted on a pre-IFRS16 basis):
    - Revenue: +12%
    - EBITDA: +20%
    - EBITDA margin: 10.3% (H1FY21: 9.7%)
    - Return on invested capital: 13.8% (FY21: 12.2%)
    - Free cash flow conversion (post maintenance capital expenditure): 62% of EBITDA (H1FY21: 89%)
    - Net third party debt leverage ratio of 1.8x (FY21: 1.6x)
- Premier has completed the integration of its R419 million bolt-on acquisition of the Mister Sweet confectionary business and is on track to deliver the merger synergies identified. The results of Mister Sweet have been included in the H1FY22 results for the 4 months since 1 June 2021.
- Subject to market conditions, an IPO is targeted for Premier potentially in calendar year 2022.
- Divisional highlights for the six months ended 30 September 2021:
    - The MillBake business (81% of group revenue) has continued its strong momentum resulting in revenue growth of 8% (driven by volume, price and a favourable mix) and EBITDA increasing by 20%. The EBITDA margin (pre head office costs) increased to 14.1% (H1FY21: 12.8%):
        - Baking: Price increases were passed through to offset cost pressure from wheat and oil prices (which impact oven fuel and distribution costs). The civil unrest in SA in July cost Premier c.R6.5m which is expected to be recovered from SASRIA insurance. Eswatini also experienced civil unrest in June.
        - Milling: Managed to outperform the lockdown induced grocery buying of 2020. There was an improvement in gross profit as the market afforded better margins on wheat, however not on maize. Distribution costs increased on the back of significant increases in fuel costs.
    - The Groceries and International division (19% of group revenue) increased revenue by 28%, with EBITDA growth of 4%. EBITDA margin (pre head office costs) is 8.7% (H1FY21: 10.2%).
- Capital expenditure for the group of R262 million (H1FY21: R213 million) remains in line with guidance at 4% of revenue and includes expenditure on the inland bakery project, which is expected to drive additional operational benefits from April 2022.
- Premier repaid Brait R11 million of shareholder loans during the current six month period (FY21: R237 million), with a further R70 million repaid during October 2021, increasing Brait's share of proceeds received to date to R1,813 million.
- Valuation as at 30 September 2021 (performed on a pre-IFRS16 basis):

- Maintainable EBITDA of R1,249 million represents Premier's LTM EBITDA to 30 September 2021, adjusted to exclude EBITDA from the Mister Sweet acquisition, and represents an 8% increase on the R1,152 million achieved in Premier's financial year ended 31 March 2021.
    - The valuation multiple has been maintained at 8.0x, a 9% discount to the peer average spot multiple of 8.8x (FY21: 9.6x).
    - Net debt of R1,465 million (FY21: R1,489 million) is based on Premier's reported R2,340 million (FY21: R1,891 million), adjusted to exclude R457 million (FY21: R402 million) mostly in respect of capital expenditure on new projects not yet generating EBITDA, with the balance of the normalisation adjustment relating to the Mister Sweet acquisition.
    - Brait's shareholding in Premier is unchanged at 98.5%, with equity value participation at 96.9% (FY21: 97.1%), due to the dilutionary impact of the management incentive scheme put in place in FY21. Shareholder funding participation remains unchanged at 100%.
    - Premier's unrealised carrying value is R8,360 million, reflecting a 10% increase for the current six month reporting period (FY21: R7,597 million) and comprising 48% of Brait's total assets (FY21: 45%).

Virgin Active (45% of Brait's total assets)

- One of the leading international health club operators, Virgin Active's results for the current nine-month reporting period have been significantly impacted by enforced closures and operational restrictions as a result of Coronavirus lockdowns. All territories have been operational since 30 October 2021.
- The restructuring of the Virgin Active UK business was completed in May 2021, providing a solid recovery and growth platform for the business. Whilst this restructuring plan principally concerns Virgin Active UK, there will be an indirect benefit to the Italian and Asia Pacific businesses.
- The management of VASA have largely completed the recommissioning of the IT platform that was significantly impacted by the ransomware attack in April 2021.
- Territory update:
    - Southern Africa:
        - Clubs reopened in late August 2020 but had to operate with significant capacity restrictions in line with Level 3 Coronavirus lockdown regulations.
        - Sales growth picked up significantly after government announced the relaxation of Coronavirus restrictions during September 2021 to above 2019 levels.
        - 5% of members remain on freeze, however terminations in September 2021 increased slightly as the company removed the "free-freeze" option on membership.
        - Member engagement and usage has continued to improve.
    - Italy:
        - Clubs reopened in May 2021, having been closed since October 2020, with certain restrictions (swimming pools, showers, saunas closed), proof of vaccination being required to enter and significant capacity restrictions.
        - Sales levels have continued to improve since reopening and sales in September and October 2021 following the European summer (a seasonal low for the Italian business) returned to close to 2019 levels.
        - Rental savings have been agreed with most landlords and other permanent cost savings.
    - UK:
        - Clubs reopened in April 2021, having been closed since December 2020, with group exercise classes in operation since May 2021. Sales have been strong, on average 19% higher than 2019 in the period since re-opening, with much stronger performance seen in our provincial clubs, particularly those with outdoor space. Terminations have been slightly ahead of expectations as some members have come off freeze options and terminated their memberships. Since May 2021, total membership has increased 6%, with active membership having increased by 22%.
        - Strong sales growth and membership engagement in the provincial clubs and London residential clubs with workouts per member per week consistently above

2019 levels demonstrate that gyms continue to play a key role in health and wellness.
        - Inner city London gyms remain underutilised although there are early signs of improvement as people return to work in the City of London.
    - Asia Pacific:
        - Australian clubs have been subject to repeated short lockdowns (circuit-breakers) throughout the past 18 months. All clubs were closed in August 2021. Sydney reopened on 11 October 2021 and clubs in Melbourne reopened on 30 October 2021. Pre-lockdown, membership engagement and usage levels in suburban clubs remained strong and this is expected to continue. Clubs in the central business districts of both Sydney and Melbourne have remained subdued due to low office occupancy.
        - Pre the recent lockdowns, Thailand and Singapore showed resilience and strong membership engagement. Thailand closed its gyms in April 2021, with only Chiang Mai remaining open. All clubs re-opened on 1 October 2021. Singapore closed its gyms from May 2021 to June 2021 but after a period of trading, closed again in July 2021 before reopening in August 2021. Sales and terminations since re-opening have been in line with expectations.
- Valuation as at 30 September 2021 (performed on a pre-IFRS16 basis):
    - A sustainable post Coronavirus level of EBITDA of GBP105.4 million, unchanged from that used for FY21, is applied as Maintainable EBITDA.
    - The valuation multiple has been maintained at 9.0x, a 21% discount to the peer average two-year forward multiple of 11.4x.
    - Net debt of GBP422.0 million per the August 2021 management accounts has been increased by GBP33.5 million to GBP455.5 million. The normalisation adjustment applied takes consideration of the estimated effect of working capital and costs deferred during the lockdowns.
    - Brait's participation in the carrying value of shareholder funding increased to 79.8% (March-21: 79.4%) as a result of the exercise of put agreements during the period with certain members of Virgin Active's management team.
    - Brait's resulting unrealised carrying value is R7,970 million, unchanged from that used for FY21 and comprising 45% of Brait's total assets (FY21: 48%).

New Look (4% of Brait's total assets)

- New Look is a UK based multichannel fashion brand, operating in the value segment of the clothing, footwear and accessories market.
- New Look completed the CVA process and the recapitalisation which have provided the requisite funding and operational flexibility to execute on its strategy:
    - EBITDA for H1FY22 of GBP26 million (H1FY21: loss of GBP26 million) and improved liquidity demonstrate that the strategy is taking hold, despite sourcing disruptions and freight price increases.
    - Improvement in conversion rates and reduced markdown activity underlines a strong product performance.
    - Based on Kantar Worldpanel published data, New Look is No.1 for womenswear among 18-44s in the UK (by value) for the 12 weeks to September 2021.
- Valuation as at 30 September 2021 (performed on a pre-IFRS16 basis):
    - Maintainable EBITDA of GBP55 million is based on its annualised H1FY22 EBITDA of GBP26 million. The spot multiple of 5.0x used represents a discount of 60% to the peer average spot multiple of 12.6x. Net debt of GBP71 million is normalised to include GBP8 million (FY21:GBP47 million) of certain deferred costs during the lockdown periods and GBP32m for seasonality related working capital.
    - Brait continues to hold 18.3% of the New Look shareholder loans/PIK facility and equity (17.4% equity participation post dilution for management's incentive plan).
    - The resulting unrealised carrying value is R732 million (FY21: R545 million) and comprises 4% of Brait's total assets (FY21: 3%).

GROUP LIQUIDITY POSITION

Reporting date
Brait's R4.4 billion BML RCF, with agreed reductions as Brait de-gears and a maturity date of 28 February 2023, is secured by the assets of BML. The BML RCF bears interest at JIBAR plus 4.0% repayable quarterly (with the margin decreasing as utilisation reduces), with a right to rollup these quarterly interest payments. The drawn balance at reporting date is R3.970 billion. Including the closing cash balance of R60 million, available liquidity at reporting date is R461 million.

Brait is in compliance with all covenants at reporting date:

- BML RCF covenants are NAV based.
- Per the terms of the 2024 Convertible 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 convertible or exchangeable bonds, with Tangible NAV referenced to Brait's net asset value.

Post balance sheet date liquidity position
As discussed above, final agreement has been reached with the Lending banks to amend the existing BML RCF and extend the term to 30 June 2024. The net proceeds, after fees and costs, raised from the Rights Offer will be used to repay up to R3.0 billion of the current R4 billion drawn balance outstanding on the BML RCF, whereafter the facility limit will reduce to R3 billion, resulting in an amount of up to R2.0 billion of undrawn facility.

Brait has agreed to provide its pro-rata 80% share (R760 million) of a total R950 million commitment to VASA as part of the restructuring and extension of the existing VASA debt facilities. Such amount will be reserved from the undrawn facility balance on the BML RCF, resulting in Brait's liquidity position (cash and available undrawn facility) post the Rights Offer of up to c.R1.3 billion.

GROUP OUTLOOK

The Board believes that the Rights Offer and use of the net proceeds raised to materially reduce the BML RCF, together with the BML RCF term extension to June 2024, will provide sufficient flexibility to execute in an optimal manner, with the assistance of the Advisor, the stated strategy focused on maximising value through the realisation of assets in the portfolio over the medium term and returning capital to Shareholders.

In addition to the Long Form Results Announcement published on the website of the LuxSE today, Brait's H1FY22 interim results presentation booklet is available at *www.brait.com.*

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 LuxSE website and on SENS at: https://senspdf.jse.co.za/documents/2021/JSE/ISSE/BAT/BPLCSep21.pdf and on the Company's website http://brait.investoreports.com/investor-relations/results-and-reports/

Shareholders will be afforded the opportunity to dial into the H1FY22 Interim results presentation, which will be held at 14h00 MUT (12.00 SA time) on Tuesday, 23 November 2021. Shareholders are requested to submit notification of their intent to dial into the results presentation by way of e-mail to the Company at invest@brait.com, by no later than 13h00 MUT (11.00 SA time) on Tuesday, 23 November 2021.

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. The full announcement is available for inspection, at no charge, at the Company's registered office (C/o Maitland (Mauritius) Limited, Suite 420, 4th Floor, Barkly Wharf, Le Caudan Waterfront, Port Louis, Mauritius) and the office of the sponsor during standard office hours.

Port Louis
Mauritius
23 November 2021

Brait´s primary listing is on the Euro MTF market of the LuxSE and its secondary listing is on the exchange operated by the JSE Limited.

Sponsor:

RAND MERCHANT BANK (A division of FirstRand Bank Limited)