PEMBURY LIFESTYLE GROUP LIMITED
Incorporated in the Republic of South Africa
(Registration number 2013/205899/06)
Share code: PEM ISIN: ZAE000222949
("**Pembury**" or "**the Company**" or "**the Group**")

QUARTERLY PROGRESS REPORT

In terms of paragraph 1.11(c) of the JSE Listings Requirements of the JSE Limited ("**JSE**") pertaining to the continuing obligations of suspended companies, shareholders are hereby provided with a quarterly progress report on the current state of affairs of the Company.

Shareholders are referred to the quarterly progress report released on SENS on 3 January 2022, which referenced previous announcements, including the announcement released on SENS on 25 February 2022, (and using the terms defined therein unless otherwise stated) dealing with, *inter alia*, the Share Subscription Agreement with Verityhurst for a total consideration of R18 900 000 and the disposal of the PLG Retirement Villages.

The matter pertaining to the issue of shares to Verityhurst has now been concluded. The issue will no longer be proceeding as Pembury has withdrawn its Schedule 11 application.

Shareholders are referred to the announcements released on 29 October 2021, 5 November 2021 and 1 March 2022, pertaining to the restructuring of the board of directors of Pembury ("**the Board**").
Mr Andrew McLachlan was re-appointed as the Chief Executive Officer with effect from 29 October 2021.
Ms Cordelia Sachiti was appointed as the Financial Director with effect from 1 March 2022 and Jason McLachlan was appointed as a non-executive director with effect from 1 March 2022.

The Company continues to address the finalisation of the audit for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021, on a back-to-back basis, which requires, *inter alia*, an additional injection of cash in order to meet the expected audit cost, which is substantial.

The Company is currently considering alternative solutions in order to complete the 2019, 2020 and 2021 financial statement audits following the unexpected doubling of the audit fee proposal earlier this year to just under R4 million. The Company reached out to its former auditor to provide quotes on completing each subsidiary annual financial statements separately and then report to the Group's auditors in order to complete the consolidated annual financial statements. Alternatively, the auditor could be changed. Both Nexia SAB&T and Moore Assurance ("**Moore**") had provided quotes to the Company, which were both lower for the two years than the incumbent auditor for one year. This good progress had been made with the acquisition of Moore's claim and both parties being more comfortable with the new Board composition and the risk reduction.

The Audit and Risk Committee, together with the Board continues to explore every possible means to complete the audit of the annual financial statements for the years' ended 31 December 2019, 31 December 2020 and 31 December 2021 in order to get the suspension lifted and the shares trading again.

Shareholders are reminded that various cost saving initiatives have been undertaken to start the turnaround of the Company.

Mr Andrew McLachlan's re-appointment as CEO has brought about extensive cost saving measures to PLG as follows:

- closing nonperforming schools;
- changing various service providers to others with major savings;
- raising funds for PLG to settle creditors;
- reducing unnecessary staff throughout Group; and
- preparing two Pembury properties that are no longer suited for schooling purposes to be put up for sale with firstly shareholders and JSE approval. This strategy will raise approximately R22 million in cash.

To date, one school was sold off on 14 December 2021, three nonperforming schools have been closed (two as of 31 December 2021 and one as of 28 February 2022). In total PLG downsized by four schools.

Whilst a number of claims and surprises keep appearing, these are less frequent and are being managed as they arise. Certain liabilities are disputed or are not those of the holding company and its remaining subsidiaries, but the Company or the Group have been cited. It is expected that all these matters will be settled in due course and will advise once the matters have been finalised.

As previously announced, as a result of the aforementioned interventions, four of the schools are at a positive or breakeven EBITDA level, before allocation of head office costs and the impact of collections. Improving collections and pupil numbers, whilst containing the costs, remain a key driver for the turnaround of the Group. The Group still needs to raise additional capital in the interim and efforts are ongoing. Interest from third parties in acquiring a shareholding in the Company remains.

Shareholders are reminded that it takes time to turn a business around, particularly during a period where the economic environment is tough due to COVID-19, the various lockdowns, the economic impact on the country and some of the schools' parents, through job losses or salary cuts. The turnaround is still expected to take another 12 to 18 months.

The Board extends its thanks to all stakeholders, and specifically suppliers of the Group, for showing patience and understanding during this turnaround phase. Furthermore, the Board extends thanks to all parents, pupils and staff for their loyalty and resilience during this period.

Shareholders are reminded that the Company remains under cautionary until further announcements have been made.

Johannesburg
31 March 2022

Designated Adviser
Merchantec Capital