
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 31 March 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 been concluded and will not proceed as a result of Pembury's withdrawal of its Schedule 11 application.

Shareholders are referred to the announcements released on SENS on 31 May 2022 and 30 June 2022 respectively, wherein they were notified of the sudden passing of Pembury's Chief Executive Officer, Mr Andrew McLachlan on 31 May 2022, and the resignation of Mr Jason McLachlan as a non-executive director with immediate effect.

The remaining members of the board of directors of Pembury ("**Board**") will communicate the appointments of the replacement to the Chief Executive Officer and additional directors to address the current composition of the Board and its committees in due course.

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.

Following the unexpected doubling of the audit fee proposal earlier last year to just under R4 million, Pembury has, *inter alia*, been negotiating with Moore Assurance ("**Moore**") to consider their reappointment and to complete the audits of the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021. To date, a preliminary agreement has been reached and Pembury has made part payments to Moore and Abacus. Pembury is in the process of raising funds in order to settle the historical debt owing and fund the completion of the aforementioned financial years audits.

The Board remains focused on finalising the audits of the annual financial statements for the three years' ended 31 December 2021 in order to apply to the JSE 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.

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
30 June 2022

Designated Adviser
Merchantec Capital