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 2022

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 2022.

### GROUP FINANCIAL HIGHLIGHTS

- **Premier:**
  - Strong operational performance has continued driven by market share gains, volume growth, input costs pass-through and cost management/ operational leverage.
  - MillBake business has continued its strong momentum, outperforming its peers and successfully passing on inflationary increases in a tough trading environment.
  - Strong performance from Groceries and International division driven by significant historic capex spend, brand loyalty and product expansion.
  - In advance of the possible listing, shareholder funding was converted to ordinary equity with a R950 million distribution paid to shareholders on 4 November 2022.
  - Premier has today announced, its intention to float on the main board of the exchange operated by the JSE Limited ("**JSE**").

- **Virgin Active:**
  - Positive momentum has continued in terms of membership base across all territories with 20% growth in active members YTD to over 905k as at October 2022.
  - Key territories are either at EBITDA run rate break even based on the 2022 cost base or forecast to be break even by the end of 2022.
  - New strategy being implemented under new management team with a focus on estate renewal and membership engagement.
  - Acquisition of the Real Foods nutrition assets (Kauai and Nü) completed, which will accelerate the shift of Virgin Active into the broader wellness space.

- **New Look:**
  - Strong performance for the first half of the financial year to September 2022, demonstrating the robustness of the platform despite heightened consumer spending pressure, lower than expected footfall, significant cost inflation and supply chain issues plaguing the industry.

- **Brait:**
  - Premier's return of capital distribution and the intended listing will raise R4.6bn (before costs) and will remove liquidity constraints and significantly strengthen the Brait balance sheet.
  - Proceeds will be used to repay the BML RCF and fund working capital and investment needs for the business going forward.
  - Strategy remains to unlock value for shareholders through realizing value or unbundling assets to shareholders by December 2024.
  - NAV per share of R8.40, a 0.4% increase on FY22 reported R8.37.
  - As an investment holding company, Brait's key reporting metric is NAV per share. From an IAS34 interim reporting perspective, Brait's loss per share and headline loss per share is 32 cents (FY2022: Earnings and headline earnings per share of 44 cents).

### LISTING OF PREMIER

Premier has today announced its Intention To Float ("**ITF**") on the main board of the JSE, subject to market conditions and the requisite approvals (the "**Listing**"). Brait is expected to retain the majority of its stake post-

Listing and will continue to work closely with Premier's management to drive growth and value creation.

Based on the ITF, the offer size is R3.7 billion (including a R200 million over-allotment option) comprising all secondary shares sold by Brait. Based on the proposed price range of R53.82-67.04 ("**the Price Range**"), Brait will sell between 43% and 53% of its stake in Premier.

Brait and Premier have entered into an agreement with Titan (represented by Dr Wiese and his related entities) whereby Titan has irrevocably committed to purchase 36.2% of the Listing shares ("**Titan Cornerstone Investment**") at the clearing IPO offer price. Together with another institutional investor who has committed to acquire 2.4% of the offer shares, this results in 38.6% of the Offer being covered throughout the Price Range.

In addition, Titan (and RMB, a division of FirstRand Bank Limited), have agreed to underwrite the Listing by an amount up to R3.5 billion (less the Titan Cornerstone Investment amount) (the "**Cornerstone Investment and Underwriting Agreement**") at the bottom end of the Price Range. The underwrite significantly derisks the IPO and demonstrates Titan's confidence in the Premier business. The total fees and commissions payable to Titan and RMB pursuant to the Cornerstone Investment and Underwriting Agreement is 1.25% of the gross proceeds raised by Brait in connection with the Cornerstone Investment and Underwriting Agreement.

To the extent there is insufficient demand to achieve the JSE minimum free float requirement of 20%, the Listing will not proceed. In such circumstances, Titan and RMB will acquire c.50% of the Ordinary Shares in Premier from Brait for R3.5 billion (Titan R3.0 billion and RMB R0.5 billion) by way of a private sale of shares at the equity value implied by the bottom end of the Price Range. RMB will only purchase Premier Shares should the Listing not proceed and shall have no obligation or exposure to the equity in Premier if the Listing proceeds.

Together with the R924 million distribution received from Premier, Brait will receive total proceeds of R4.6 billion (before fees and including the R200 million over-allotment option) and the proceeds will be used to repay the BML RCF in full and to fund working capital and investment needs for the business going forward.

Shareholders are advised that the ITF has been announced on the Stock Exchange News Service this morning under Brait's share code, BAT. The ITF may also be accessed on Brait's website, via the following link http://brait.investoreports.com/investor-relations/results-and-reports/ and on Premier's website, via the following link https://www.premierfmcg.com/investors/sens.

## REPORTED NAV PER SHARE

At the reporting date, the composition of the respective peer groups remains unchanged. Premier is valued based on a post-IFRS16 EBITDA whilst Virgin Active and New Look are based on an estimate for sustainable EBITDA levels on a pre-IFRS16 basis:

- Premier is valued using a LTM EBITDA multiple of 7.6x, which is unchanged from the previous period.
- Virgin Active is valued using a forward multiple of 9.0x, which is unchanged from the previous period.
- New Look is valued using a one-year forward valuation multiple of 5.0x, which is unchanged from the previous period.

## HIGHLIGHTS FOR THE GROUP'S INVESTMENT PORTFOLIO

### Premier (54% of Brait's total assets)

- A leading South African FMCG manufacturer, offering branded and private label solutions, Premier delivered a strong H1 FY23 performance despite the significant increases in commodity prices.
- For the six months ended 30 September 2022, compared to H1 FY22 (quoted on a post IFRS16 basis):
  - Revenue of R8.7 billion, representing a 24% increase
  - EBITDA of R821 million, a 16% increase
  - EBITDA margin: 9.5% (H1 FY22: 10.1%)
  - Return on invested capital: 14.9% (H1 FY22: 12.9%)
  - Operating cash conversion (post maintenance capex): 61% of EBITDA (H1 FY22: 55%)
  - Net third party debt leverage ratio of 1.4x (H1 FY22: 2.1x).
- Divisional highlights for the six months ended 30 September 2022:
  - Premier's MillBake business (83% of group revenue) continued its strong momentum, growing volumes in the bread, wheat and breakfast categories, despite price increases being passed through and the impact of loadshedding:
    - Revenue growth of 25% to R7.2 billion, comprising volume growth of c.5% and average price inflation of c.20%
    - EBITDA increased by 15% to R761 million. The division's margins were impacted by the significant increase in the cost of oven fuel and wheat prices, along with protracted periods of loadshedding that reduced production capacity and led to increased costs for backup power supply.

- Premier's Groceries and International division (17% of group revenue) increased revenue by 20%. EBITDA increased by 24% to R112 million, driven by a strong performance in sugar confectionery:
  - Sugar confectionery revenue increased by 46% to R460 million
  - Beverages revenue increased by 14% to R39 million
  - Home and personal care revenue increased by 9% to R347 million
  - CIM revenue increased by 12% to R646 million.
- Capital expenditure for the group of R215 million (H1 FY22: R211 million) comprised R149 million maintenance capex (H1 FY22: R66 million) and R66 million expansionary capex (H1 FY22: R145 million), with prior period largely relating to the new Pretoria mill and bakery, which was commissioned in April 2022.
- Premier repaid Brait R24 million of shareholder funding during the six month period (H1 FY22: R11 million). In May 2022, Brait converted the preference shares it held in Premier to Premier ordinary shares, and Premier settled the outstanding shareholder loan amount owing to Brait through the issuance of ordinary shares in Premier, thereby settling Brait's shareholder funding to Premier in full. Post half year-end, Premier refinanced its long term debt, increasing its debt facility by R1.04 billion with lower interest rates, increased flexibility and a bullet repayment profile. Based on the restructured balance sheet, Premier paid a special distribution of R950 million to its shareholders in November 2022.
- Valuation as at 30 September 2022 (performed on a post-IFRS16 basis):
  - Maintainable EBITDA of R1,635 million, which is referenced to Premier's LTM EBITDA, is applied to a valuation multiple of 7.6x, compared to the peer average LTM multiple of 7.5x.
  - Net third party debt of R1,897 million is based on Premier's reported net third party debt of R2,204 million (FY22: R2,393 million), adjusted to exclude R307 million mostly in respect of capital expenditure on the recently commissioned Pretoria mill and bakery.
  - Brait's shareholding in Premier increased to 99.0% (FY22: 98.5%) due to Brait's receipt of additional ordinary shares in Premier in exchange for the preference shares and shareholder loans previously held by Brait. Brait's equity value participation at reporting date is 97.3% (FY22: 96.5%) due to the dilutionary impact of the management incentive scheme put in place in FY21.
  - Premier's unrealised carrying value at the reporting date is R10,292 million, reflecting a 11% increase for the financial year (FY22: R9,266 million) and comprising 54% of Brait's total assets (FY22: 49%).

**Virgin Active (41% of Brait's total assets):**

- One of the leading international health club operators, Virgin Active continued its recovery from the significant impact of the Covid lockdown restrictions.
- Positive momentum has continued in membership growth, with all key territories either EBITDA run rate break even (based on the 2022 cost base) or forecast to be by the end of the year. Given the extended COVID lockdown restrictions, the Asia Pacific region is expected to take more time to recover.
- The acquisition of the Real Foods nutrition assets (Kauai and Nü) was completed and will accelerate the shift of Virgin Active into the broader wellness space.
- Territory update
  - Southern Africa:
    - Since the relaxation of Covid restrictions and the removal of capacity constraints in Q1 2022, Virgin Active South Africa has shown good traction on membership recovery, with termination levels improving and sales comparing favourably to 2019 levels.
    - The active membership base has grown 18% from 497k in December 2021 to 587k as at October 2022 with total membership at 595k which compares to the FY2022 EBITDA breakeven membership level of 524k.
    - Membership engagement continues to improve with September club usage at 76% of 2019 levels.
  - Italy:
    - Restrictions were removed in March 2022 resulting in increased sales momentum since reopening with strong sales in August, September and October following the European summer (a seasonal low for the Italian business).
    - The active membership base increased 33% from 106k in December 2021 to 141k as at October 2022, with total membership at 145k, compared to the FY2022 EBITDA breakeven membership level of 141k.
    - Membership engagement is strong and club usage is at 99% of 2019 levels.
  - UK:
    - Delivered improved performance, however recovery in London Corporate clubs remains slower than forecast with changing working habits. Provincial and London residential clubs are performing strongly whilst the inner city clubs remain underutilized.
    - The active membership base increased 17% from 107k in December 2021 to 125k in October 2022.

    - Total membership at 132k as at October 2022 is in line with the FY2022 EBITDA breakeven membership level.
    - Membership engagement is strong with increased group exercise and personal training uptake and September club usage is in line with 2019 levels.
  - Asia Pacific:
    - Australian clubs were negatively impacted by the work-from-home culture shift impacting 'in-city' clubs. However, month on month growth is evident with more flexible membership options gaining traction.
    - Thailand had significant restrictions throughout 2022, particularly with regards to work-from-home and continued mask-wearing guidance in public areas, including during gym workouts. Cases have fallen recently and improvements in sales compared to Q1 are evident.
    - Singapore is witnessing positive sentiment with Covid cases continuing to subside accompanied by the government's easing of social and mobility restrictions along with the roll out of new membership incentive offerings.
    - The active membership base has increased from 43k in December 2021 to 52k as at October 2022.
    - Total membership of 55k is below the FY2022 EBITDA breakeven membership level of 62k while September club usage at 93% of 2019 levels.
- Valuation as at 30 September 2022 (performed on a pre-IFRS16 basis):
  - Maintainable EBITDA is based on a look-through to a September 2024 estimated sustainable level of GBP113 million, which includes GBP3 million EBITDA from the Real Foods (Kauai and Nü) acquisition that completed in the current period.
  - The valuation multiple has been maintained at 9.0x, which represents a 14% premium to the peer average forward multiple of 7.9x (March-22: 10% discount to peer average multiple of 10.0x for Brait's March 2022 valuation).
  - Net third party debt of GBP414 million per the September 2022 management accounts has been increased by GBP24 million to GBP438 million. The normalisation adjustment applied takes consideration of the estimated effect of working capital and costs deferred during the lockdowns (FY22 net debt of GBP380 million included a GBP27 million normalisation adjustment).
  - Post the acquisition of Real Foods nutrition assets, Brait's equity and shareholder funding participation decreased to 67.4% (FY22: 70.6%).
  - Brait's resulting unrealised carrying value for its investment in Virgin Active at reporting date is R7,879 million (FY22: R8,282 million) and comprises 41% of Brait's total assets (FY22: 44%).

**New Look (5% 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.
- Revenue and EBITDA for the first six months of FY23 were respectively 2.9% and 4.4% higher year on year, driven by improved footfall and higher e-commerce traffic. Market conditions remain challenging given the record levels of inflation and energy costs which are impacting operating costs and consumer sentiment.
- Valuation as at 30 September 2022 (performed on a pre-IFRS16 basis):
  - Maintainable EBITDA is based on a look-through to a sustainable level of GBP55 million.
  - The 1-year forward multiple applied of 5.0x represents a 15% discount to the peer average forward multiple of 5.9x.
  - Net third party debt of GBP37.8 million (FY22: GBP78.5 million) includes an estimated GBP4.0 million (FY22:GBP30.1 million) normalisation adjustment, to take consideration of costs deferred during the lockdown periods.
  - Brait holds 18.3% of the New Look shareholder loans/PIK facility and equity (17.4% equity participation post dilution for management's incentive plan).
  - Resulting unrealised carrying value for the investment in New Look at reporting date is R854 million (FY21: R672 million), comprising 5% of Brait's total assets (FY22: 4%). The increase in carrying value is due to Brait's pro rata GBP9.1 million investment into New Look to purchase the commitments under the HSBC operating facility during September 2022.

**Other investments**

The decrease in carrying value for this portfolio is due to the realization of Brait IV's investment in Consol, the largest manufacturer of glass packaging on the African continent.

**GROUP LIQUIDITY POSITION**

**Reporting date**

The R3 billion BML RCF, which is secured by the assets of BML, was drawn by R2.6 billion at reporting date. Including the closing cash balance of R48 million, available liquidity at reporting date is R451 million. Brait is in compliance with all covenants at reporting date.

**Post balance sheet date liquidity position**

On 4 November 2022 Premier paid a R950 million distribution to shareholders. Brait's proceeds received of R924 million were applied to paying down the BML RCF. In terms of the facility agreement, the facility limit reduced by R462 million (50% of the distribution received), resulting in post balance sheet available liquidity, including cash, of R913 million.

**DIVIDEND POLICY**

Brait's ability to return capital to Shareholders pursuant to its monetisation 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 Convertible 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 Convertible Bonds to tender for repurchase an aggregate principal amount of the 2024 Convertible Bonds for an amount equal to such proposed special dividend at a price per 2024 Convertible Bond equal to its principal amount together with accrued interest. Prior to the offer to the holders of the 2024 Convertible Bonds, Brait will have to make an offer to the holders of the BIH Exchangeable Bonds to redeem the BIH Exchangeable Bonds.

In addition to the Long Form Results Announcement published on the website of the Luxembourg Stock Exchange ("**LuxSE**") today, Brait's H1FY23 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 and Stock Exchange of Mauritius ("**SEM**") websites as well as the JSE Stock Exchange News Service at: https://senspdf.jse.co.za/documents/2022/JSE/ISSE/BAT/BPLCSep22.pdf and on the Company's website http://brait.investoreports.com/investor-relations/results-and-reports/

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 Stonehage Fleming, 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
14 November 2022

Brait's Ordinary Shares are primary listed and admitted to trading on the LuxSE and its secondary listing is on the exchange operated by the JSE. Brait's 2024 Convertible Bonds due 4 December 2024 are dual listed on the Open Market ("**Freiverkehr**") segment of the Frankfurt Stock Exchange as well as the Official Market of the SEM.

**LuxSE Listing Agent:**
Harney Westwood & Riegels SARL

**JSE Sponsor:**
Rand Merchant Bank (A division of FirstRand Bank Limited)

**SEM Authorised Representative and Sponsor:**
Perigeum Capital Ltd