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**" or the "**Company**" or the "**Group**")

PROPOSED RECAPITALISATION OF BRAIT AND PORTFOLIO COMPANY PERFORMANCE UPDATE

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1. Introduction

Shareholders are referred to the announcement published by the Company on Tuesday, 12 March 2024 in which they were advised *inter alia*, of Brait's engagement with stakeholders on potential options regarding the respective extensions of the December 2024 maturities for the Company's GBP150 million convertible bonds ("**Convertible Bonds**") and the ZAR3 billion exchangeable bonds issued by its wholly owned subsidiary, Brait Investment Holdings Limited ("**BIH**"), ("**Exchangeable Bonds**") (collectively the "**Bonds**").

The board of Brait ("**Board**") is pleased to announce that, following an extensive engagement process with key stakeholders, it has approved an inter-conditional recapitalisation plan which includes:

- 3-year extensions of the maturities of the Bonds to December 2027;
- Repayment / redemption / settlement adjustments:
  - Convertible Bonds to be partially repaid to an amount of ZAR150 million;
  - Exchangeable Bonds to be partially repaid by way of an aggregate reduction of the principal amount of ZAR750 million;
- Fully underwritten equity capital raise of up to ZAR1.5 billion ("**Rights Offer**") with the proceeds retained by the Company for general working capital purposes, potential investment in existing portfolio companies and / or repayment of Brait Group debt; and
- Extension of the Brait Mauritius Limited ("**BML**") committed revolving credit facility (the "**BML RCF**") to March 2028, with facility limit increased from ZAR0.6 billion to ZAR1 billion,

(collectively the "**Recapitalisation**").

Brait has received irrevocable commitments from key stakeholders to support the Recapitalisation, including 80% of the holders of Convertible Bonds (by nominal value), 73% of the holders of Exchangeable Bonds (by nominal value) and 43% of Brait ordinary shareholders.

Shareholders will be afforded the opportunity to participate in an investor call and presentation which will provide an overview of the Recapitalisation ("**Investor Presentation**"), which will be held at 11h00 SAST on Tuesday, 4 June 2024. The Investor Presentation will also be made available on Brait's website at 11h00 SAST on Tuesday, 4 June 2024 and can be accessed via the following link: https://brait.investoreports.com/investor-relations/results-and-reports/.

Shareholders are requested to submit notification of their intent to dial into the Investor Presentation or their questions by way of e-mail to the Company at invest@brait.com, by no later than 09h00 SAST on Tuesday, 4 June 2024. Brait will provide these registered shareholders with the necessary means to access the Investor Presentation.

2. Rationale for and impact of the Recapitalisation

Brait's stated strategy is to monetise its asset base and to optimise the return of capital to its shareholders. This strategy has not changed. Due to the unforeseen negative effects of COVID on Virgin Active and New Look, in particular, the timeline to realise value from these assets has, by necessity, been extended. The maturity of Brait's Bonds in December 2024 requires a recapitalisation of the Group's balance sheet in order to provide the requisite flexibility to optimise the exit window for these assets and to avoid being forced into expedient sales of Brait's three remaining assets when market conditions are not conducive to value maximisation for shareholders.

The 3-year extensions to the maturities of the Bonds in terms of the Recapitalisation provide runway for all stakeholders to benefit from the continued recovery in Virgin Active and New Look and the growth in Premier and gives the Company the ability to choose the earliest optimal exit window for each asset.

The combined ZAR900 million reduction of the nominal value of the Bonds meaningfully reduces the Company's debt whilst the Rights Offer will strengthen the Group's balance sheet and provide it with the requisite capital for general working capital purposes, potential portfolio company investments and liquidity to repay debt. Post the Recapitalisation, the Group's net debt is expected to reduce by ZAR2.4 billion from ZAR6.1 billion (based on par values of the Bonds) to ZAR3.7 billion.

The Recapitalisation provides increased flexibility for the Company to redeem the Bonds, which may allow the Company to return capital to stakeholders in the event of an earlier exit of the asset base. In addition, the combined ZAR900 million reduction in the nominal values of the Bonds mitigates the increase in the coupon rates, resulting in a negligible increase in cash interest expense for the Company.

No additional shares have been allocated for issue to the holders of the Bonds under the terms of the Recapitalisation, in order to limit any dilution to existing ordinary shareholders.

3. Terms of the Recapitalisation

3.1 The amendment and term extension of the Exchangeable Bonds

Brait has obtained irrevocable undertakings of support from holders representing 73% of the nominal value of the Exchangeable Bonds, thereby in excess of the required threshold of 67% per the terms and conditions of the Exchangeable Bonds ("**EB Terms and Conditions**") to give effect to the proposed amendments to the EB Terms and Conditions.

The amendments to the Exchangeable Bonds provide for, *inter alia*:

- the extension of the final maturity date of the Exchangeable Bonds from 3 December 2024 to 3 December 2027;
- the reduction of the nominal value of each Exchangeable Bond in the aggregate amount of ZAR750,000,000 (plus any associated accrued interest), to be funded from the proceeds raised by BML from the March 2024 placement of Premier shares, being an amount equal to ZAR900 million ("**Premier Proceeds**");
- the consequent reduction in the exchange price applicable upon the exercise of rights to exchange Exchangeable Bonds for Brait shares reducing from ZAR4.3700 to ZAR3.2775, (which will be further reduced post the Rights Offer in accordance with the existing terms and conditions of the Exchangeable Bonds);
- the amendment of the coupon rate payable on the Exchangeable Bonds from 5.0% per annum to 6.0% per annum (comprising 5.75% paid in cash and 0.25% Paid in Kind ("**PIK**")); and
- share settlement at the option of the Issuer to be available at any time during the final 270 days prior to the maturity of the Exchangeable Bonds,

(collectively, the "**Exchangeable Bond Amendments**").

The Exchangeable Bond Amendments are inter-conditional on the Convertible Bond Amendments (defined below) and the Rights Offer.

3.2 The amendment and term extension of the Convertible Bonds

Brait has obtained irrevocable undertakings of support from holders representing 80% of the nominal value of the Convertible Bonds, thereby in excess of the required threshold of 75% per the terms and conditions of the Convertible Bonds ("**CB Terms and Conditions**") to give effect to the proposed amendments to the CB Terms and Conditions.

The amendments to the Convertible Bonds provide for, *inter alia*:

- the extension of the final maturity date of the Convertible Bonds from 4 December 2024 to 4 December 2027;
- the pro rata redemption of Convertible Bonds in the aggregate amount of ZAR150,000,000 (plus any associated accrued interest), to be funded from the Premier Proceeds;

- the amendment of the coupon rate payable on the Convertible Bonds from 6.5% per annum to 8.0% per annum (comprising 7.25% paid in cash and 0.75% PIK);
- redemption permitted at any time at par plus accrued interest and in no minimum amount;
- certain restrictions on debt incurrence whereby Brait may not incur additional indebtedness unless the total amount of outstanding indebtedness does not exceed the pre-Recapitalisation amount of financial indebtedness (including undrawn commitments on the BML RCF); and
- certain asset sale/mandatory prepayments governing redemption in accordance with the structural seniority waterfall (first applied to the BML RCF, then the Exchangeable Bonds and then the Convertible Bonds),

(collectively, the "**Convertible Bond Amendments**").

The Convertible Bond Amendments are inter-conditional on the Exchangeable Bond Amendments and the Rights Offer.

3.3 The Rights Offer

The Rights Offer is fully underwritten by way of secured irrevocable undertakings and/or underwriting commitments of ZAR1.5 billion from Titan Financial Services Proprietary Limited ("**Titan**"), represented by Dr Christo Wiese and his related entities. The Rights Offer will be priced and underwritten at a 25% discount to the Theoretical Ex-Rights Price ("**TERP**") of a Brait share and based on the volume weighted average traded price for the 5 consecutive days preceding the publication of this announcement. The Rights Offer will result in an adjustment to the exchange price of the Exchangeable Bonds and the conversion price of the Convertible Bonds, accordance with their respective terms and conditions.

Brait has secured irrevocable undertakings from Titan and other shareholders who collectively hold 43% of the Brait ordinary shares outstanding to vote in favour of the ordinary resolutions to be proposed at the Extraordinary General Meeting to be held on Tuesday 2 July 2024 ("**Shareholder EGM**").

The net proceeds of the Rights Offer (after costs, fees and expenses related to the Recapitalisation) will be retained by the Company for general working capital purposes, potential portfolio company investments and liquidity to repay debt.

The Rights Offer is conditional upon:

- the Board having validly approved all matters necessary or required for implementing the Rights Offer;
- Brait convening the Shareholder EGM and obtaining the necessary shareholder approvals required to implement the Rights Offer and issue of shares to satisfy conversion rights in relation to the Convertible Bonds;
- the preparation and submission of such documents (including but not limited to public announcements) in each case as may be required by the Euro MTF market of the Luxembourg Stock Exchange ("**LuxSE**") and the exchange operated by the JSE Limited ("**JSE**");
- receipt of any required regulatory approvals, including, but not limited to, the approvals of the LuxSE and the JSE;
- the underwriting agreement between the Company and Titan ("**Underwriting Agreement**") becoming unconditional in accordance with its terms; and
- the Convertible Bond Amendments and Exchangeable Bond Amendments having been duly approved by bondholders.

The Underwriting Agreement is conditional on, *inter alia*:

- from the date of the Underwriting Agreement to 16h30, on the business day prior to the finalisation date, there shall not have occurred (i) an event, nor is an event reasonably like to occur, which is reasonably likely to result in a material adverse effect on the earnings the Company's material investments, the Company's reported net asset value per Share, the equity investment value of the Company's material investments or the solvency of the Company, BIH, BML or their material investments; (ii) trading in any Shares of the Company or the Company's listing having been suspended, terminated or limited by the JSE, LuxSE or any other applicable regulatory body, or trading generally having been suspended or materially limited on, any of the New York Stock Exchange, the London Stock Exchange, the LuxSE or the JSE, or if minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges; and/or (iii) a material disruption in commercial banking, securities settlement, payment or clearance service in Luxembourg or South Africa has occurred; and/or (iv) any outbreak or escalation of hostilities, act of terrorism, or any material adverse change in national or international monetary, financial, or economic conditions in South Africa, the United Kingdom, any member state of the European Union or the United States of America; which in each case would make it impracticable or inadvisable to proceed with the Rights Offer.

The conditions in the Underwriting Agreement may be waived in the absolute discretion of Titan. Titan may terminate the Underwriting Agreement prior to the settlement date for the Rights Offer *inter alia* if there is a breach of any of the warranties or representations in the Underwriting Agreement, a material market disruption event, or an event of default under the Convertible Bonds or the Exchangeable Bonds such that they become immediately due and payable, in each case which would make it inappropriate or inadvisable to proceed with the Rights Offer.

3.4 The refinancing of the BML RCF

Rand Merchant Bank, a division of FirstRand Bank Limited, ("**RMB**") and The Standard Bank of South Africa Limited ("**Standard Bank**"), the existing lenders to the BML RCF, have agreed and signed a credit approved term sheet to increase the facility limit from ZAR594 million to ZAR1.0 billion and extend the maturity by three years to 31 March 2028.

The drafting of legal agreements to record these arrangements is currently underway. Implementation of this refinancing is conditional on the conclusion of the Rights Offer.

4. High level indicative timetable

The Rights Offer is expected to be implemented by August 2024. A detailed timetable will be included in the circular to shareholders and notice of Shareholder EGM.

5. Update on portfolio company performance

Brait will publish its results for the year ended 31 March 2024 on or around Tuesday, 25 June 2024. A more detailed update on the portfolio company performance will be provided at the time of the results.

Premier

Premier will announce its financial results for the year ended 31 March 2024 on Tuesday, 11 June 2024. The business has continued to perform strongly despite adverse trading conditions and the impact of inflation on consumer spending.

Revenue in the MillBake business continued to see inflationary price increases that were delivered during the period. The first full year of operational integration of the Pretoria bakery positively impacted the operating results offsetting the impact of the planned closure for a major refurbishment of the Aeroton facility.

The Groceries and International business showed positive momentum during the second half of the year as the Confectionary business benefitted from operational improvements and synergies from the Mister Sweet acquisition. The HPC business grew volumes and managed to pass on price increases across both the South African and International businesses, whilst CIM continued to be impacted by the challenging macro factors in the Mozambican market.

Based on trading for the financial year to date, overall revenue growth has moderated to low single digit growth mainly due to stability in the soft commodity prices that are inputs into the Company's MillBake products. Premier has focused on maintaining margins, which are expected to remain in line with those achieved for the first half of the 2024 financial year.

Premier's capital expenditure is expected to be marginally higher than the guidance issued in Premier's 2024 interim results announcement of ZAR600 million for the year ended 31 March 2024. The major project being undertaken is the rebuilding of its Aeroton Bakery which is a multi-year project, which remains on track. Other significant projects that are underway are the Mthatha bakery rebuild and the creation of two centres of excellence for the Sugar Confectionary business which involves the relocation and upgrading of certain manufacturing lines.

Premier has continued to generate cash from operations and as a result, has focused on de-gearing by settling, in full, the revolving credit facility of ZAR1 billion that was drawn down in November 2022. This will increase Premier's financial flexibility for future investment opportunities. Premier is on track to improve its leverage ratio (which was 1.4x as at 30 September 2023) and to pay a maiden, final dividend for the financial year ended 31 March 2024.

Virgin Active

Virgin Active's strong performance and operational turnaround has continued with performance across the territories above budget. The positive performance is a result of the strategic and operational changes made by management over the past two years. The international business, in particular, has benefitted from strong membership growth and higher yields given price increases and the outperformance of some of the higher yielding clubs during the period.

Virgin Active South Africa increased its active membership base from 606k as at 30 September 2023 to 627k as at 31 March 2024. Sales remain relatively robust despite the impact of inflation on consumer spend and management's continued focus on membership engagement through the institution of a number of operational changes to address attrition are starting to benefit the business.

Italy continued its strong performance with active membership increasing from 175k to 189k due to a combination of like for like club growth and new club openings as well as revenue benefitting from the yield management initiatives. The UK also benefitted from an increase in its active membership base from 132k to 140k with robust growth across its Provincial clubs, the London Residential clubs and the London Corporate clubs with revenues also increasing disproportionately due to higher yields. The Asia Pacific territories showed positive momentum in membership growth (up 3%) and yield improvements. Significant operational changes in the Australia business have resulted in cost savings which will expedite the territory's return to profitability ahead of forecast.

The overall performance resulted in an increase in active members from 972k in September 2023 to 1,018k as at 31 March 2024. The average yield on the portfolio has increased over the period as Virgin Active continues to invest in its clubs and enhance the overall member proposition and offering.

The increased membership levels and higher yields have positively impacted the "run rate EBITDA" which as at 31 March 2024 implied an EBITDA of c.GBP80 million, up from GBP33 million as at 30 September 2023. The renewal of the Vitality contract together with the agreed extension to the International business debt facilities and the new capital raised, are expected to enable Virgin Active to continue its growth trajectory to pre COVID levels and beyond; and the management team is confident that the business is well positioned to do so.

New Look

Despite the continued competitive dynamics in the UK retail market, New Look's management team has focused on overall business optimization and profitability. A combination of higher average selling prices offset by slightly lower overall volumes, resulted in a slight reduction in revenue. Management has focused on margin retention which reduced the overall impact on profitability which is likely to be in line with last year's EBITDA.

The information contained in this announcement is inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 and the South African Financial Markets Act, 19 of 2012. Upon the publication of this announcement this inside information is now considered to be in the public domain. The person responsible for this announcement on behalf of Brait is RA Nelson, Non-Executive Chairman of the Board.

Port Louis, Mauritius

3 June 2024

Brait's primary listing (ordinary shares) is on the LuxSE and its secondary listing is on the JSE. Brait's Convertible Bonds are dual listed on the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange as well as the Official Market of the Stock Exchange of Mauritius ("**SEM**").

LuxSE Listing Agent:
Harney Westwood & Riegels SARL

Financial Advisor, JSE Equity and Debt Sponsor:
Rand Merchant Bank ("**RMB**"), a division of FirstRand Bank Limited

SEM Authorised Representative and Sponsor:
Perigeum Capital Limited

South African Legal counsel:

DLA Piper Advisory Services Proprietary Limited

English counsel on the Convertible Bonds:
DLA Piper UK LLP

South Africa Legal Advisor on the Exchangeable Bonds
Webber Wentzel

English counsel to Rand Merchant Bank
Milbank LLP

South African counsel to RMB
Bowman Gilfillan

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