BRAIT P.L.C.
(Registered in Malta as a Public Limited Company)
(Registration No. C97843)
Share code: BAT ISIN: LU0011857645
Bond code: WKN: A2SBSU ISIN: XS2088760157
LEI: 549300VB8GBX4UO7WG59
("**Brait**", the "**Company**" or the "**Group**")

## CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

The Board of Directors ("**Board**") hereby reports to Brait's shareholders ("**Shareholders**") on the Group's audited results for the financial year ended 31 March 2021.

### GROUP FINANCIAL HIGHLIGHTS

- R3.0 billion cash inflow from the portfolio (FY20: R1.6 billion).
- R5.0 billion de-gearing at Brait level at reporting date:
  - BML RCF drawings reduced from R4.6 billion to R3.4 billion.
  - Repurchase and redemption of the remaining R3.8 billion 2020 Bonds using proceeds from the February 2020 Rights Offer.
- NAV per share of R7.90, a 2.5% increase on 1H21's reported NAV per share of R7.71 (FY20: R8.27):
  - Strong operational performance by Premier; concluded the bolt-on acquisition of the Mister Sweet confectionary business in June 2021.
  - Realisation of Iceland Foods in June 2020, at a significant premium to carrying value.
  - Realisation of DGB in May 2020 at its carrying value.
  - Coronavirus had a material impact on the Virgin Active business (successful restructuring plan of UK business in May 2021; South African business agreed terms for a refinancing in June 2021).
  - New Look completed comprehensive recapitalisation in November 2020.
- Significant cost savings at Brait level:
  - Expenses reduced by 58% to R163 million.
  - Finance costs decreased by 50% to R617 million.
- R1.2 billion available cash and facilities at reporting date.
  - Post balance sheet reporting date, R0.8 billion available.
- As an investment holding company, Brait's key reporting metric is NAV per share. From an IFRS reporting perspective, Brait's earnings per share and headline earnings per share is 34 cents (FY2020: -2,799 cents).

### YEAR UNDER REVIEW

- Portfolio company strategic and operational positioning with management teams focusing on:
  - Short term strategies to survive the impact of the Coronavirus.
  - New/revised strategies to optimize value in the 3 to 5-year exit horizon.
  - Exit plans and medium-term goals to achieve Brait's objectives.
  - Agreement on management succession and implementing new incentive plans to ensure alignment with the agreed exit plans.
- Disposals in line with Brait's strategy, with proceeds applied to partially repaying BML RCF:
  - The sale of DGB completed on 13 May 2020 for R470 million, equal to its FY20 carrying value. Proceeds of R420 million proceeds have been received with the remaining R50 million deferred proceeds due by 31 March 2022.
  - The Iceland Foods sale completed on 8 June 2020 for GBP115 million, at a significant premium (83%) to its FY20 carrying value of GBP62.8 million (R1,391 million) and at an effective 6.6x EV/EBITDA multiple (average peer spot multiple at 31 March 2020 was 6.7x). GBP108.5 million (R2,349 million) final proceeds received in terms of agreed early settlement.
- Significant cost savings:

    - Operating and other expenses reduced by R225 million to R163 million (FY20: R388 million).
    - Finance costs reduced by R623 million to R617 million (FY20: R1,240 million).
    - As a result of the impact of the Coronavirus:
        - Board fees and the advisory fee were voluntarily reduced by 25% for Q1 of FY21, resulting in savings of R1 million and R6 million, respectively.
        - The Advisor voluntarily agreed to reduce its advisory fee for calendar year 2021 from c.R105 million to R90 million, of which R4 million relates to FY2021.
        - An unchanged maximum aggregate amount of Directors compensation of GBP0.4 million, subject to the effects of the Pound / Rand exchange rate, is tabled for Shareholder approval at the upcoming FY21 AGM to be held in August 2021.
- Governance:
    - A new board of non-executive directors was appointed and approved by Shareholders at the Annual General Meeting held in August 2020 ("**FY20 AGM**"), at a significantly reduced annual compensation cost, with new Board committees constituted.
    - At the Extraordinary General Meeting held in Malta on 30 October 2020, Shareholders approved:
        - The requisite resolutions for Brait's registered office to be transferred from Malta to Mauritius, where the Company's main investment subsidiary, Brait Mauritius Limited ("**BML**") is domiciled (the "**Redomiciliation**"). The Redomiciliation does not impact the Company's primary and secondary listings, nor the terms and conditions of the GBP150 million 6.5% Convertible Bonds due 4 December 2024 ("**2024 Bonds**"), nor the Company's share capital. The Redomiciliation necessitated Brait´s conversion to a Public Limited Company under the laws of Malta, which completed on 20 January 2021, resulting in the change of registered name to Brait PLC and registration number to C97843. Shareholders will be advised once the Redomiciliation has concluded, which will take place during the first half of FY22.
        - The Long Term Incentive Plan ("**LTIP**") for Brait's contracted advisor, Ethos Private Equity (the "**Advisor**" or "**EPE**"), designed as a five-year structure to align the interests of the Advisor with those of Shareholders in delivering on Brait's strategy of realising value from the portfolio over the medium term, whilst minimising dilution to Shareholders. The LTIP will result in the Advisor receiving non-voting participation rights to realised proceeds only once cumulative distributions to Shareholders have exceeded the hurdle price of R8.27 per share. The participation rights are based on a sliding scale from 5.0% to 0.5% depending on the quantum of cumulative proceeds distributed to Shareholders. The value accruing to the Advisor would be equal to the surplus between such distributions and the hurdle price and would be settled in cash. As at reporting date, the LTIP is accounted for as a contingent liability.
    - On 18 May 2021, pursuant to the Redomiciliation, Dr Porter (resident in Malta) resigned from the Board, with Mr Dabrowski (resident in Mauritius) appointed by the Board as a replacement Independent Non-executive Director and member of the ESG committee.
    - In keeping with previous announcements, to align the interests of Shareholders and the Advisor in terms of value creation, the Board has approved an annual Short Term Incentive ("**STI**") for the Advisor based on pre-determined key performance indicators focused on (i) progress on path to exit for the portfolio, (ii) growth in net asset value, and (iii) capital and liquidity management. The Board approved an STI award for FY21 of R23 million. As set out above, the Adviser voluntarily reduced its advisory fees by a total of R21 million (of which R10 million is applicable to FY21, resulting in total fees to the Advisor in FY21 of R114 million).

**IMPACT OF CORONAVIRUS**

The first wave of the Coronavirus (March 2020 to July 2020) and resulting lockdown restrictions materially impacted Virgin Active and New Look. The respective management teams responded with appropriate measures to preserve liquidity and reduce operating expenses, including measures to defer and/or reduce rental expenses, progressing online strategies, as well as accessing the various government support initiatives. During this and subsequent lockdown induced closure periods, Virgin

Active implemented a "free membership freeze", whereby memberships were retained without members having to make payment during the freeze period, resulting in no revenue generation for affected territories. The Virgin Active UK/Italy and Asia Pacific business was recapitalised by its shareholders in June 2020 with GBP20 million (Brait's pro rata share GBP16 million) in exchange for Virgin Enterprises Limited deferring royalties in the UK, Italy and Asia Pacific and Virgin Active's banking syndicate extending GBP25 million of additional funding.

Whilst trading in both Virgin Active and New Look improved significantly post the easing of the first wave of lockdown restrictions, the second Coronavirus wave that surfaced at the end of October 2020 in Europe and the UK resulted in these governments re-imposing national lockdown restrictions. By the end of April 2021, Virgin Active's clubs and New Look's stores in the UK had been closed or partially closed for 10 of the previous 14 months, reopening on 12 April 2021; with Virgin Active's Italian clubs closed or partially closed for ten of the previous 14 months, reopening on 24 May 2021. Virgin Active's clubs in Singapore and Thailand have also recently been closed and are expected to remain closed at least until the end of June 2021 and July 2021 respectively.

As discussed below in the respective portfolio company highlights for the year under review:

- New Look completed a comprehensive recapitalisation transaction during November 2020.
- The Virgin Active UK business undertook a holistic restructuring plan that was sanctioned by the English Court in May 2021. Whilst this restructuring plan principally concerns Virgin Active UK, there will be an indirect benefit to the Italian and Asia Pacific businesses.
- The Virgin Active South Africa business ("**VASA**"), which is separately financed, agreed terms with its lenders during June 2021 to restructure and extend the term of its existing debt facilities and is in the process of concluding the requisite legal agreements.

These measures will provide the requisite operational and financial flexibility to enable both New Look and Virgin Active to emerge from the Coronavirus pandemic and create sustainable value for all stakeholders. The safety of staff and customers across the Group's portfolio of companies remains a top priority. Effective processes have been implemented to protect the health and safety of staff and customers, with business continuity plans in place to deal with the impacts of the Coronavirus.

**HIGHLIGHTS FOR THE GROUP'S INVESTMENT PORTFOLIO**

**Virgin Active (48% of Brait's total assets):**

- One of the leading international health club operators, Virgin Active's results for the current reporting period have been significantly impacted by the Coronavirus. As previously announced, the Virgin Active UK business undertook a holistic restructuring plan ("**Restructuring Plan**") which involved:
  - Shareholders of Virgin Active providing additional liquidity through shareholder funding of GBP45 million (Brait's pro-rata share of GBP36 million funded from existing debt facilities, with GBP20 million advanced during March 2021 and the remaining GBP16 million ("Post Implementation Facility") advanced in May 2021).
  - Virgin Enterprises Limited agreeing to certain compromises under its royalty agreement with Virgin Active.
  - The existing lenders agreeing to amend and extend the terms of the existing senior debt facilities; and
  - Landlord concessions with respect to rental arrears, future rental agreements and guarantees.
- The combination of the Restructuring Plan, Virgin Enterprises Limited licensee fee concessions and material additional operational savings identified by the management team will have a significant impact on the sustainability of the Virgin Active UK business, given the liabilities written off and deferred, and the reduction in operating costs. These measures provide it with the requisite operational and financial flexibility to emerge from the pandemic, return to profitability and create sustainable value for all stakeholders. The Italian and Asia Pacific businesses will benefit indirectly.

- VASA, which is separately financed, agreed terms with its lenders during June 2021 to restructure and extend the term of its existing debt facilities and is in the process of concluding the requisite legal agreements in this regard.
- VASA's ransomware attack (April 2021) has been contained with management taking swift action to take all systems offline, as well as restoring and securing the physical domain to enable systems to be recovered. A number of measures were actioned to ensure the continuation of operations, with systems in the process of being brought back online.
- Group results in Pound Sterling for the twelve months ended 31 December 2020, quoted using actual currency (including closed clubs) on a pre-IFRS16 basis:
  - Revenue of GBP295.9 million compared to the prior period of GBP601.8 million.
  - EBITDA loss of GBP16.7 million compared to the prior comparative profit of GBP142.4 million.
- Territory update:
  - Southern Africa: Clubs in South Africa re-opened on 24 August 2020, and clubs in Namibia and Botswana reopened in June 2020. Although the clubs were subject to Level 3 lockdown restrictions between December 2020 and February 2021, there has been a steady improvement in member engagement, positively influenced by the contract membership structure. Terminations are in line with expectations, with new sales recovering from the impact of the Level 3 restrictions. Recent performance has been positive since Level 1 restrictions have been applied. However, effective 16 June 2021 South Africa reverted to Level 3 restrictions, which are likely to have an impact on operational performance.
  - Italy: Clubs reopened in May 2020, with strong member engagement, retention and usage levels exceeding 60%, but closed again in October 2020 due to the second Coronavirus wave. Clubs reopened on 24 May 2021 subject to certain restrictions on swimming pool, shower and sauna usage. Early indications are that membership engagement is good and the business is trading in line with expectations.
  - UK: The second Coronavirus wave resulted in the closure of gyms from the beginning of November 2020, reopening on 12 April 2021 with group exercise classes resuming from 17 May 2021. Trading on reopening was stronger than expected with total members exceeding budget, fewer members on freeze and higher than anticipated sales. While inner city London gyms remain underutilised, regional/suburban gyms are showing strong membership engagement levels.
  - Asia Pacific: Australian clubs have remained open (Melbourne subject to some lockdown restrictions) with strong membership engagement and usage levels of over 80% especially in suburban clubs. Both Thailand and Singapore had shown resilience prior to the recent lockdowns, which commenced on 26 April 2021 and 8 May 2021 respectively, with high usage statistics and strong membership engagement. Clubs in Singapore and Thailand are expected to reopen at the end of June 2021 and July 2021 respectively.
- Valuation of R7,970 million (FY20: R9,355 million) as at 31 March 2021 (performed on a pre-IFRS16 basis):
  - Maintainable EBITDA is based on a March 2023 estimate to reflect a post Coronavirus sustainable level of GBP105.4 million, which represents a 26% reduction of the GBP142 million actual EBITDA achieved by Virgin Active for its financial year ended 31 December 2019 (FY20: Maintainable EBITDA of GBP108 million was applied).
  - The 9.0x valuation multiple used represents a 21% discount to the peer average two-year forward multiple of 11.4x (FY20: 9.0x valuation multiple applied).
  - Net debt of GBP397 million per the March 2021 management accounts has been increased by GBP58 million to GBP455 million. The normalisation adjustment applied takes consideration of the estimated effect of working capital and cost deferred during the lockdowns (FY20: Net debt of GBP440 million, which included a GBP95 million normalisation adjustment).

**Premier (45% of Brait's total assets)**

- A leading South African FMCG manufacturer, offering branded and private label solutions, Premier delivered a very strong operational performance during its financial year ended 31

March 2021, driven primarily by volume growth and the performance of its MillBake division, combined with continued focus on operating cost optimisation.

- Group results for the financial year ended 31 March 2021, compared to FY20 (quoted on a pre-IFRS16 basis):
    - Revenue: +13%.
    - EBITDA: +14%.
    - EBITDA margin: 9.6% (FY20: 9.6%).
    - Return on invested capital: 12.2% (FY20:9.2%).
    - Strong cashflow from operations of R1,328 million (FY20: R910 million) as a result of the growth in EBITDA and working capital management.
    - Net third party debt leverage ratio of 1.6x (FY20: 2.2x).
- Post financial year end, and in line with Premier's agreed growth strategy, the bolt-on acquisition of the Mister Sweet confectionary business was concluded in June 2021. This transaction makes Premier the second largest manufacturer in South Africa of sugar based confectionary, offering a full range of products, as well as doubling the confectionary business' market share. The acquisition will result in significant cost savings from: (i) operating a combined sales finance and administration structure; (ii) the insourcing of Mister Sweet's warehousing and logistics to use Premier's platform; and (iii) procurement synergies on raw and packing materials.
- Divisional highlights for the financial year ended 31 March 2021:
    - Premier's MillBake division (83% of group revenue) delivered a strong performance, driven by aggregate volume growth of 9% to 961,000 tonnes. This resulted in revenue growth of 16% and EBITDA increasing by 13%. EBITDA margin, pre head office costs, was maintained at 12.5%:
        - Bread: Revenue increased by 13% driven largely by strong volume increase.
        - Wheat: Revenue increased by 20%, with strong volume growth and increased pricing following an increase in input costs. Premier utilises approximately 60% of its wheat flour production internally in its bakeries.
        - Maize: Revenue increased by 20%, benefitting from increased staple food sales volumes in retail and wholesale channels with limited exposure to the hotels, restaurants, and food services channels.
    - Premier's Groceries and International division (17% of group revenue) maintained its revenue with EBITDA growth of 1% and EBITDA margin of 10.6% (FY20: 10.5%), pre head office costs:
        - CIM, Premier's Mozambican business (9% of group revenue), delivered a satisfactory performance under difficult trading conditions, exacerbated by the Coronavirus and unrest in the northern parts of Mozambique. Measured in local currency, revenue increased 7% on the back of increased volumes, with a reduction in gross profit offset by cost efficiencies resulting in EBITDA increasing by 2%. In Rand terms, EBITDA remained in line with the prior year.
        - Home and Personal Care (5% of group revenue): A challenging South African market meant a focus on price to maintain market share, the benefits of which were seen in 2H21. Operating cost efficiencies assisted the UK business to lift its EBITDA.
        - Confectionary and beverages (3% of group revenue): Sugar based confectionary had an improved performance, with sales volumes increasing and EBITDA benefitting significantly from reduced operating costs following the restructure completed in November 2020. Beverages has shown positive signs of recovery post the Coronavirus lockdowns.
- The challenging Coronavirus induced operating conditions resulted in additional costs of R97 million to maintain a safe work environment and support communities. Management continues to monitor the impact of the Coronavirus and have developed protocols to prevent and mitigate any impact to the business.
- Capital expenditure for the group of R504 million (FY20: R421 million) remains in line with guidance at 4% of revenue and includes expenditure on the inland bakery project.

- Premier repaid Brait R237 million of shareholder funding during the current financial year (FY20: R231 million), increasing Brait's share of realised proceeds received to date to R1,732 million.
- Valuation of R7,597 million (FY20: R6,047 million) as at 31 March 2021 (performed on a pre-IFRS16 basis):
    - Maintainable EBITDA of R1,152 million is based on Premier's Last Twelve Months ("**LTM**") EBITDA to 31 March 2021, reflecting a 14% increase on the prior year (FY20: R1,010 million).
    - The valuation multiple has been maintained at 8.0x, which represents a 17% discount to the peer average spot multiple of 9.6x (FY20: 8.8x).
    - Net third party debt of R1,489 million is based on Premier's reported R1,891 million, adjusted for capital expenditure spent on new projects that are not as yet generating EBITDA.

**New Look (3% of Brait's total assets):**

- New Look, a UK based multichannel fashion brand, operating in the value segment of the clothing, footwear and accessories market, has been significantly impacted by the Coronavirus, given the omnichannel nature of the business.
- During the lock-down periods, management focused on cost optimisation, maximising liquidity and progressing New Look's online strategy. Whilst the extent to which stores were required to be closed during lockdown adversely impacted group revenue, store lockdowns benefitted New Look's E-commerce platform, which significantly grew market share.
- New Look completed a comprehensive recapitalisation transaction during November 2020: (i) rebasing its UK leasehold obligations through a Company Voluntary Agreement ("**CVA**") resulting in significant rental cost reduction through a turn-over based model for a period of 3 years (thereafter reverting to the higher of the CVA rental or market rental); (ii) debt-for-equity conversion of its senior secured notes, significantly reducing gross debt and annual cash interest payments; (iii) the amendment and extension of its operating facility and term loan to June 2023 and June 2024, respectively; as well as (iv) the injection of GBP40 million new shareholder capital (Brait's pro-rata share of GBP7 million funded from the BML RCF) to support New Look's three-year business plan.
- New Look received a favourable ruling on the CVA from the English High Court on 10 May 2021. Two of the four challenger landlords have since appealed this ruling, which is expected to be heard in the last quarter of 2021 calendar year. As the court process is not yet finalised, a GBP7.1 million payment to landlords in respect of the CVA will be delayed until the appeal process is completed.
- Valuation as at 31 March 2021:
    - Following the equitisation of the Senior Secured Notes ("**SSNs**") on 9 November 2020 pursuant to the completion of New Look's recapitalisation transaction, Brait's investment is valued at the current reporting date on a maintainable EBITDA basis. Maintainable EBITDA is based on a look-through to a pre-IFRS16, one-year post Coronavirus sustainable level of GBP59.0 million. This represents a 25% discount to the GBP78.6 million actual EBITDA achieved by New Look for its 39 weeks ended 28 December 2019, as reported in its last Q3FY20 investor presentation to New Look's bond holders.
    - The 4.0x valuation multiple used represents a 59% discount to the peer average one-year forward multiple of 9.8x.
    - Net third party debt of GBP39.0 million per New Look's March 2021 management accounts has been increased by GBP47.0 million to GBP86.0 million. The adjustment applied takes consideration of estimated costs deferred during the lockdown period.
    - Brait's resulting unrealised carrying value for its investment in New Look at reporting date is R545 million (FY20: R940 million). The carrying value at 31 March 2020 represented Brait's GBP75.3 million nominal value of SSNs, valued using the closing quoted Bloomberg price of 0.549, plus accrued interest of GBP1.1 million.

**Other Investments (2% of Brait's total assets):**

- Brait realised its 91.3% shareholding in DGB for a total consideration equal to its March 2020 carrying value of R470 million. R420 million of proceeds have been received, with the remaining R50 million of deferred proceeds due by 31 March 2022.
- The remaining carrying value of this portfolio relates to Brait's remaining private equity fund investments, mostly comprising Brait's interest in the Brait IV private equity fund's remaining minority stake in Consol, the largest manufacturer of glass packaging products on the African continent.

**GROUP LIQUIDITY POSITION**

The remaining GBP149 million outstanding principal amount on Brait's five year, 2.75% per annum coupon, unsubordinated, unsecured convertible bonds listed on the Freiverkehr, due 18 September 2020 ("**2020 Bonds**"), was settled during the year using the cash then held in Pound Sterling converted from the proceeds of the February 2020 Rights Offer and specific issue of shares.

Brait repaid R2.8 billion of its committed revolving credit facility ("**BML RCF**") during the current year (FY20: R2.7 billion repaid), resulting in the drawn amount outstanding at reporting date of R3.4 billion (FY20: R4.6 billion). Including the Group's R0.2 billion cash, this results in total cash and available facilities at reporting date of R1.2 billion (FY20: R1.8 billion cash and available facilities, which excluded the R3.8 billion cash held for the settlement of the 2020 Bonds).

Post balance sheet date liquidity position:

- As announced on 12 May 2021, the English Court sanctioned the Virgin Active UK Restructuring Plan. Brait, drawing on its BML RCF, advanced its pro-rata 80% share (GBP16 million) of the total GBP20 million shareholder post-implementation facility to Virgin Active UK, taking the drawn balance on the BML RCF to R3.7 billion.
- Brait has signed a term sheet with its Lenders and is in the process of concluding the requisite legal agreements to increase the limit of its BML RCF from the current amount of R4.4 billion to R5 billion. With effect from 1 July 2022, the limit on the BML RCF will revert to a maximum of R4 billion for the remaining tenure to 28 February 2023. The initial interest margin on the increased facility is the 3 month JIBAR plus 5%, with additional pricing ratchets to apply depending on the level drawn. Covenants remain NAV based, with the facility continuing to be secured on a senior basis by the assets of BML.
- During June 2021, Brait agreed to provide its pro-rata 80% share (R600 million) of a total R750 million guarantee to VASA lending banks as part of the restructuring and extension of the existing VASA debt facilities. Such amount will be reserved from the available undrawn BML RCF, resulting in Brait's available cash and liquidity position thereafter being R0.8 billion.
- Brait remains focused on de-gearing and continues to assess a number of liquidity options.

**GROUP OUTLOOK**

All the portfolio company management teams have proactively implemented plans to address the unexpected and unprecedented impact of the Coronavirus pandemic, with a focus on health and safety of staff and customers, reducing costs, preserving cash and maximizing liquidity to manage their businesses though this difficult period. The Board, with the assistance of the Advisor, remains focused on executing Brait's strategy of maximising value through the realisation of portfolio companies over the medium term.

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 Luxembourg Stock Exchange ("**LuxSE**") website and
the Stock Exchange News Service at:
https://senspdf.jse.co.za/documents/2021/JSE/ISSE/BAT/BPLCMar21.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. Copies of the full announcement may be requested by email at invest@brait.com.

San Gwann, Malta
23 June 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)