BRAIT SE
(Registered in Malta as a European
Company) (Registration No. SE1)
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 2020

The Board of Directors (“**Board**”) hereby reports to shareholders on the Group’s unaudited interim results for the six months ended 30 September 2020.

GROUP FINANCIAL HIGHLIGHTS

- R2.8 billion cash inflow from the portfolio (FY20: R1.6 billion).
- R5.6 billion de-gearing at Brait level:
    - BML RCF drawings reduced from R4.6 billion to R2.7 billion;
    - Repurchase and redemption of remaining 2020 Bonds using Pound cash from the February 2020 Rights Offer, saving GBP3 million through early settlement offers and tender process.
- NAV per share of R7.71, a 6.8% decline on FY20’s R8.27:
    - Uplift from the strong operational performance by Premier and realising Iceland Foods at a premium to its carrying value;
    - Offset by the impact of Coronavirus on Virgin Active and New Look.
- R1.9 billion available cash and facilities at reporting date.
- 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 -34 cents (FY2019: -2,799 cents).

REVIEW OF THE SIX MONTHS ENDED 30 SEPTEMBER 2020

- Significant amount of time spent with the portfolio company management teams focusing on:
    - short term strategies to mitigate Coronavirus and refreshing medium term strategies to align with Brait (maximising value through the realisation of the portfolio over a 3 to 5-year period);
    - New management incentive schemes agreed and succession plans in place at Virgin Active and Premier; and
    - Recapitalisation of Virgin Active (UK/Europe and Asia Pacific).
- New Look announced on 9 November 2020, the completion of its comprehensive recapitalisation transaction.

- Disposals in line with Brait’s new strategy:
  - DGB sale completed 13 May 2020, for R470 million (FY20 carrying value), with first tranche of R370 million received on 1 June 2020; remaining R100 million deferred proceeds to be received in two deferred payments of R50 million each by 31 March 2021 and 31 March 2022 respectively.
  - Iceland Foods sale completed 8 June 2020, for GBP115 million, a significant premium to its FY20 carrying value of GBP62.5 million. First tranche of GBP60 million (R1,275 million) proceeds received on 8 June 2020; GBP48.5 million (R1,074 million) received on 15 September 2020, as final early settlement for the two remaining deferred tranches (GBP26.9 million by 30 July 2021; GBP28.1 million by 29 July 2022).
- Governance:
  - At the Annual General Meeting held in Malta on 13 August 2020 (“**AGM**”), Shareholders approved the appointment of the new Board of non-executive directors as proposed, comprising 5 new members and 3 re-elected members (respective biographies available at *www.brait.com*).
  - At the Extraordinary General Meeting held in Malta on 30 October 2020, Shareholders approved:
    - 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 process, expected to complete by 31 March 2021, will not impact the Company’s primary or secondary listings, nor the terms and conditions of the GBP150 million 6.5% Convertible Bonds due on 4 December 2024 (“**2024 Bonds**”).
    - A five-year Long Term Incentive Plan (“**LTIP**”) for Brait’s contracted advisor, Ethos Private Equity (the “**Advisor**”), designed to align the interests of the Advisor with those of Shareholders in delivering on Brait’s new strategy of realising value from the portfolio over the medium term, whilst minimising dilution to Shareholders.
  - In line with the Board’s focus on reducing costs:
    - At the AGM, Shareholders approved the new Board’s proposed compensation, at a significantly reduced level (c.50%);
    - Estimated annualised savings to Brait’s cash costs of c.R508 million since 1 March 2020, which includes the benefit of a c.3% reduction in SA Base Rates and 0.6% margin reduction on the BML RCF following repayments during the current period.

IMPACT OF CORONAVIRUS

The Coronavirus pandemic has materially impacted Virgin Active and New Look. The respective portfolio company management teams have taken appropriate measures to preserve liquidity, removing all but essential capital expenditure investments and making operating expense reductions where possible, including measures to defer and/or reduce rental expenses. A key concern remains the resurgence of a second Coronavirus wave and the restrictions imposed by governments across Europe. Whilst trading in all territories had improved significantly since the easing of the initial lockdown restrictions, the new government restrictions will impact the UK and European businesses. Virgin Active's health clubs in the UK and Italy, and New Look's stores across the UK and Republic of Ireland have closed due to the second Coronavirus wave. As with the first lockdown, management have reduced all expenditure in the underlying businesses and are benefitting from the government support that has been offered in both the UK and Italy.

The safety of staff and customers across the Group's portfolio of companies is a top priority. Brait's portfolio companies have implemented effective measures to protect the health and safety of staff and customers and have business continuity plans in place to deal with the impacts of Coronavirus.

As announced on 13 May 2020, given the impact of the Coronavirus, Board fees and the advisory fee were voluntarily reduced by 25% for the quarter April – June 2020. In addition, the Advisor has voluntarily agreed to reduce its advisory fee for calendar year 2021 from c.R105 million to R90 million.

PORTFOLIO COMPANY HIGHLIGHTS

Virgin Active (49% of 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.
- Whilst group trading performance up to February 2020 was in line with budget and up from the prior year, in accordance with respective government directives to stop the spread of Coronavirus, health clubs in all territories were closed by 25 March 2020. During this closure period, 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 most territories.
- Since early February 2020, management took measures to preserve liquidity across all territories, removing all but essential capital expenditure investments and making operating expense reductions where possible, including measures to defer and/or reduce rental expenses. Broadly, including all mitigants in the form of government support programs and interventions by management, operating cost cash outflows for Virgin Active reduced by two thirds while clubs were closed during this period.
- On 15 June 2020, shareholders contributed GBP20 million of new funding (Brait's share was GBP16 million) by way of shareholder loans to enable the UK, Italy and Asia Pacific territories to navigate appropriately through the exceptional circumstances as

a result of Coronavirus. In addition, Virgin Enterprises Limited agreed to defer and subordinate GBP5 million of royalties incurred during 2020 to beyond the maturity of Virgin Active’s UK, Italy and Asia Pacific banking facilities. This aggregate funding of GBP25m million was matched by a further GBP25 million of new bank debt from the UK, Italy and Asia Pacific banking syndicate, with the existing covenant package replaced by a liquidity-based covenant until December 2021.

- Developing and rolling out digital content globally has been a key part of Virgin Active’s strategy. This has been accelerated by the Coronavirus pandemic in order to enable Virgin Active to retain contact with its membership base and remain relevant.
- Results in Pound Sterling for the nine months ended 30 September 2020, quoted using actual currency on a pre-IFRS16 basis:
    - Group revenue of GBP224.7 million compared to the prior period of GBP450.8 million;
    - Group EBITDA loss of GBP8.4 million compared to the prior comparative profit of GBP102.4 million;
- Pleasingly, usage levels gradually improved across all territories as member engagement increased pre the second European Coronavirus lockdown. On a group basis, total active members were down 33% since December 2019, due to terminations and members remaining on freeze.
- Territory update:
    - Southern Africa: Clubs in South Africa re-opened on 24 August 2020, with Namibia and Botswana reopened in June 2020. Member engagement has seen usage increase from below 10% to above 57% as at October. A high percentage of members chose to remain on freeze, which is free until the end of October 2020.
    - Italy: Re-opened in May 2020, with strong member engagement and usage levels exceeding 60%. Revolution (streaming of Virgin Active content to subscribing members) was successfully launched in September 2020, with more than 10,600 members already signed up. Italian clubs closed due to the second wave Coronavirus lockdown on 26 October until (at least) 24 November 2020.
    - UK: Reopened later than expected, with 36 clubs opened on 26 July and 7 London clubs that have remained closed. Whilst member engagement and usage levels (62%) were pleasing, the region, especially in London, experienced higher than anticipated terminations and members on contract freeze, which has impacted yield and membership levels. The second Coronavirus wave has resulted in the closure of UK clubs from the beginning of November 2020 until the 2nd of December 2020.
    - Asia Pacific: The region, with the exception of 3 clubs in Australia, reopened in June 2020. Australia benefitted from strong membership engagement and usage levels in excess of 80%, especially in suburban clubs. In Thailand, strong membership engagement resulted in low terminations / freeze. Despite a significant number of members on freeze, Singapore achieved high usage and membership engagement.
- Valuation of R7,853 million (FY20: R9,355 million):

- Maintainable EBITDA based on a look-through to a medium-term post Coronavirus sustainable level of GBP100 million (FY20: GBP108 million), which represents a 30% reduction from the GBP142 million actual EBITDA achieved for its financial year ended 31 December 2019.
- The valuation multiple has been maintained at 9.0x. The 39% increase in the peer average spot multiple to 15.0x (FY20: 10.8x), results in the level of discount increasing to 40% (FY20: 17%).
- Net debt of GBP358.5 million per the September 2020 management accounts (March 2020: GBP344.3 million) has been increased by GBP82.6 million (23% increase) to GBP441.1 million (FY20: GBP439.5 million) to take into consideration the estimated effect of working capital and cost deferrals as a result of the impact of the Coronavirus.

Premier (44% of total assets):

- A leading South African FMCG manufacturer, offering branded and private label solutions, Premier produced a pleasing performance during the six-month period ended 30 September 2020. This was driven by a strong performance in its MillBake division relative to a weak comparable period and continued focus on operating cost containment, resulting in production costs (excluding cost of sales, Coronavirus related costs and provisions for incentives) increasing by only 4%.
- For the six months ended 30 September 2020, compared to 1HFY20 (quoted on a pre-IFRS16 basis):
    - Revenue +14%
    - EBITDA +21%
    - EBITDA margin 9.7% (1HFY20: 9.1%)
- Divisional highlights for the six months ended 30 September 2020:
    - Premier’s MillBake division (83% of group revenue) delivered a strong performance, resulting in revenue growth of 17% and EBITDA increasing by 26%. EBITDA margin, pre head office costs, was maintained at 12.8%.
    - Premier’s Groceries and International division (17% of group revenue) increased revenue by 2%, with EBITDA growth of 7% and EBITDA margin of 10.2%, pre head office costs (FY20: 10.5%).
- The challenging lockdown operating conditions resulted in additional costs of R76 million to maintain a safe work environment and support communities. Management continues to monitor the impact of the Coronavirus and are at the forefront of developing protocols to prevent and mitigate any impact to the business.
- Premier demonstrated very strong cashflows during the six months with cashflow from operations of R570 million (1H20: R353 million) due to EBITDA growth and focused working capital management.
- Premier repaid Brait R123 million of shareholder loans during the current six-month period (FY20: R231 million), increasing Brait’s share of realised proceeds received to date to R1,618

million. Premier’s leverage ratio for net debt owing to third parties is 1.9x (FY20: 2.2x).

- Valuation of R6,989 million (FY20: R6,047 million):
    - Maintainable EBITDA of R1,110 million represents Premier’s Last Twelve Months (“**LTM**”) EBITDA to 30 September 2020, a 10% increase on its FY20 EBITDA of R1,010 million.
    - The valuation multiple has been maintained at 8.0x. The increase in the peer average spot multiple to 9.5x (FY20: 8.8x), results in the level of discount increasing to 16% (FY20: 9%).
    - Net debt of R1,829 million is based on Premier’s September 2020 net third party debt of R2,140 million, adjusted for capex spent on new projects not yet generating EBITDA.

New Look:

- New Look is a UK based multichannel fashion brand, operating in the value segment of the clothing, footwear and accessories market, delivering value for money and ‘newness’ with broad appeal ranges that cater for a broad spectrum of ages, from early teens to 45 and over.
- New Look’s turnaround strategy to deliver financial and operational stability was yielding positive results prior to the UK government’s Coronavirus lockdown, which resulted in the closure of stores from 20 March 2020 to 1 June 2020. Stores reopened on a phased basis with all stores open by the start of September 2020. Given the omni-channel nature of the business, the impact of Coronavirus has been significant. During this lockdown period, management focused on cost optimization, maximising liquidity and progressing New Look’s online strategy. Online sales outperformed the prior period driven by increased conversion rates and units per transaction, underlining New Look’s strong brand, broad appeal product offering and improved availability. However, given the store closures, overall Q1 FY21 revenue was inevitably significantly lower than the prior year.
- For the stores that had reopened, up to 10 August 2020, store sales were down 38% on a like-for-like basis predominantly due to the impact of Coronavirus on footfall.
- On 13 August 2020, New Look announced a comprehensive recapitalisation transaction involving:
    - A re-basing of UK leasehold obligations through a Company Voluntary Arrangement (“**CVA**”) resulting in a reduction in rental costs through a turnover-based model for a period of 3 years, which fairly reflects the future performance of New Look and the wider retail market;
    - A debt-for-equity conversion of the Senior Secured Notes (“**SSNs**”), reducing gross debt from GBP605 million to GBP165 million (including available operating facilities of GBP55 million) and significantly decreasing annual cash interest from GBP40 million to GBP6 million;
    - An amendment and extension of the Operating Facility and RCF to June 2023 and June 2024, respectively; and
    - An injection of GBP40 million of new capital, fully backstopped by certain holders of the SSNs, to support the three-year business plan.

- The CVA was voted on on 15 September 2020, with support from 81.6% of unsecured creditors. New Look is engaging with the four landlords challenging the CVA.
- On 16 October 2020, all holders of SSNs voted for their cancellation in exchange for a GBP40 million non-interest bearing shareholder loan and 20% of New Look's share capital.
- On 9 November 2020, New Look announced the completion of its comprehensive recapitalisation transaction, which significantly reduces its long-term debt and operating costs, providing flexibility to execute on its strategy:
  - Certain of the holders of SSNs injected GBP40 million (Brait's pro rata share was GBP7.3 million) of new money in the form of a payment-in-kind ("**PIK**") facility, issued at a 5% discount, accruing PIK interest of 16.5% per annum. The new money providers received 80% of New Look's share capital.
- Valuation as at 30 September 2020:
  - New Look's SSNs were equitised on 9 November 2020, pursuant to the completion of the recapitalisation transaction. For the comparative periods, Brait's 18.27% holding of SSNs were valued using closing quoted prices (30 September 2019: 0.772; 31 March 2020: 0.54915), together with accrued interest.
  - Brait's 18.3% holding of the shareholder loans / PIK Facility and 17.4% of New Look's equity (valued post dilution for management's incentive plan) have been valued at the reporting date using an earnings multiple basis, with the resulting carrying value included in the Other Investments portfolio.

Other Investments (5% 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.
- Following the equitization of New Look's SSNs, Brait's equity and shareholder loan investment in New Look, valued on a maintainable EBITDA multiple basis, is included in Other Investments at the reporting date.
- Other investments include Brait's remaining private equity fund investments, mostly relating to Brait IV's investment in Consol Glass, the largest manufacturer of glass packaging in Africa.

GROUP LIQUIDITY POSITION

- The remaining GBP149 million outstanding principal amount on Brait's five year, 2.75% Convertible Bonds due 18 September 2020 ("**2020 Bonds**"), was settled during the period under review using the cash in Pound Sterling converted from the proceeds of the February 2020 Rights Offer and specific issue of shares.
- Brait repaid R2,719 million of the BML RCF during the current six-month period using proceeds received from the portfolio, resulting in the drawn amount outstanding at reporting date of R2,698 million (FY20: R4,602 million).

- In line with the BML RCF agreement, the reduction in utilisation resulted in the quantum of the facility decreasing from R6.3 billion to R4.4 billion, and the interest rate decreasing from JIBAR plus 4.6% to JIBAR plus 4.0%.
- Brait is in compliance with all covenants at reporting date.

GROUP OUTLOOK

Brait's portfolio companies delivered a robust performance pre-Coronavirus, continuing to optimise their business models and key operational metrics in an ongoing challenging macro-environment. All of the portfolio company management teams have proactively implemented plans to address the unexpected and unprecedented impact of the Coronavirus, 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 extent and severity of the second Coronavirus wave and restrictions imposed by governments across Europe and the UK are uncertain and continue to evolve daily.

In addition to the Long Form Results Announcement published on the website of the Luxembourg Stock Exchange today, Brait's 1HFY21 interim 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 Luxembourg Stock Exchange website and the Stock Exchange News Service ("SENS") at:
https://senspdf.jse.co.za/documents/2020/JSE/ISSE/BAT/BSESep20.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 (4th Floor, Avantech Building, St Julian's Road, San Gwann, SGN 2805, Malta) and the office of the sponsor during standard office hours.

San Gwann,

Malta

18 November 2020

Brait´s primary listing is on the Euro MTF market of the Luxembourg Stock Exchange and its secondary listing is on the exchange operated by the JSE Limited.
Sponsor:

Rand Merchant Bank (A division of FirstRand Bank Limited)