

## **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**”)

## **UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The Board of Directors (“**Board**”) hereby reports to Brait’s shareholders (“**Shareholders**”) on the unaudited results for the six months ended 30 September 2024.

### **FINANCIAL HIGHLIGHTS**

- **Virgin Active:**
  - Strong operational performance has continued driven by active members increasing by 6% Year on Year (“**YoY**”) with yields increasing by 9% driving a 16% increase in revenue (excluding Kauai) and 23% including Kauai.
  - The performance was largely driven by Italy (19% increase in revenue YoY), South Africa (16% growth) and Singapore (34%) offset by lower growth in the UK (11%).
  - Significant investment in the existing estate and new clubs / club refurbishments to drive higher membership engagement and yields.
  - Resulting in a more than fourfold increase in YTD EBITDA with run-rate EBITDA of £93.7 million as at October 2024.
- **Premier**
  - Strong operational performance continued with revenue growth of 3.7% and EBITDA growth of 13.5% YoY.
  - All business units (excluding CIM) contributed to overall growth in profitability with a focus on margin management, cost saving initiatives and the delivery of material operational efficiencies across both manufacturing and the logistics and distribution channels.
  - Investment has continued across key operating units to entrench the business’s operational competitive advantage.
  - Strong free cashflow generation (R1.4 billion in the last twelve months (“**LTM**”)) resulted in gearing as at September 2024 of 1.0x EBITDA.
- **New Look:**
  - Difficult trading conditions in the UK fashion market continue with significant discounting as retailers look to drive sales among cost-conscious and under pressure consumers.
  - Gross profit increased slightly on the prior year, however, inflation-linked cost increases have put pressure on EBITDA performance (down 23%).
- **Brait:**
  - Completed the Recapitalisation in August 2024 which included three-year extensions on the maturities of the Convertible and BIH Exchangeable Bonds, a fully underwritten Rights Offer of R1.5 billion and an extended maturity and facility limit for the BML RCF.
  - Stakeholder support for the restructuring has led to a strong recovery in the Brait share price.
  - As an investment holding company, Brait’s key reporting metric of NAV per share is R3.10, which increased by 8% compared to March 2024 on a like for like basis, after adjusting for the Recapitalisation. From an IFRS perspective, earnings and Headline earnings per share is 39 cents (HY24: 1 cent).
  - Available cash and facilities amounted to R1.9 billion at the reporting date.

### **HIGHLIGHTS FOR BRAIT’S INVESTMENT PORTFOLIO**

#### **Virgin Active (61% of Brait’s total assets):**

- The leading international premium health club operator, Virgin Active’s strong revenue growth and operational turnaround has continued with all territories remaining EBITDA positive.
- Territory update to 30 September 2024:

- Southern Africa (34% of group revenue):
  - Sales remain strong with focus on membership retention and yield management on the back of club renovations.
  - Increased member engagement lowering churn YoY.
  - 634k active members as at September 2024.
- Italy (28% of group revenue):
  - Strong sales continued despite yield increases across the portfolio.
  - 188k active members as at September 2024.
- UK (24% of group revenue):
  - Sales growth robust with focus on membership attrition and yield growth.
  - 139k active members as at September 2024.
- Asia Pacific (14% of group revenue):
  - 7% increase in membership base to 63k active members as at 30 September 2024.
  - Focus on operational improvements including price optimisation and improving service levels.
- Group:
  - Management centralisation and deployment of global best practices across territories.
  - Quantitative assessment of investment and growth opportunities.
- In June 2024 and September 2024, respectively, Virgin Active shareholders injected the remaining £25 million of the £60 million Convertible Preference Shares issued (Brait's pro rata share was £2.9 million) and £34 million in a capital raise (Brait's share was £24.0 million).
- Valuation as at 30 September 2024 (performed on a pre-IFRS16 basis):
  - Maintainable EBITDA is based on a look-through to a December 2025 estimated sustainable level of £123.9 million (FY24: £123.3 million).
  - The forward valuation multiple has been maintained at 9.0x, a 3% discount to the peer average forward multiple of 9.3x (FY24: 9.9x). In line with its wellness strategy, the composition of Virgin Active's peer group was revised to exclude Technogym and include Lifetime Group.
  - Net third party debt of £413.5 million (FY24: £447.0 million) includes £15.8 million (FY24: £20.0 million) for the estimated impact of cost deferrals (largely royalty fees).
  - Brait's resulting unrealised carrying value for its investment in Virgin Active at the reporting date is R10,126 million (FY24: R10,183 million) and comprises 61% of Brait's total assets (FY24: 67%).

### **Premier (28% of Brait's total assets)**

- A leading South African FMCG manufacturer, offering branded and private label solutions, Premier continued to perform strongly despite the impact of inflation on consumer spending.
- Premier's results for the six months ended 30 September 2024 were released to the market on 12 November 2024:
  - Revenue of R9.7 billion up 3.7% YoY.
  - EBITDA of R1.2 billion up 13.5% YoY.
  - EBITDA margin of 11.9% (HY24: 10.9%).
  - Return on invested capital of 22.7% (HY24: 20.7%).
  - Headline earnings per share of 438 cents per share, an increase of 34% YoY.
  - Net third party debt leverage ratio of 1.0x (HY24: 1.4x).
- Divisional highlights for the six months ended 30 September 2024:
  - Premier's MillBake business (83% of group revenue) continued its strong momentum despite challenging economic conditions:
    - Revenue growth of 3% to R8.1 billion.
    - EBITDA increased by 16% to R1.1 billion as a result of the focus on cost efficiencies.
  - The Groceries and International division (17% of group revenue) delivered an encouraging performance with revenue increasing by 9.7% to R1.6 billion, however, EBITDA decreased by 2.1% to R105 million due to CIM's performance.
- In keeping with Premier's strategy of being the most efficient cost producer, the business continued to invest in its asset base with capital expenditure for the group of R281 million (HY24: R239 million) comprising of R120 million maintenance (HY24: R177 million) and R161 million expansionary capex (HY24: R62 million).
- Cash generated by operations before working capital for the period increased by 14% to R0.9 billion driven by the group's strong overall performance.
- Valuation as at 30 September 2024:
  - Premier is valued at the closing JSE share price of R104.00 (FY24: R61.10). Brait's shareholding in Premier is 34.4% (FY24: 35.4%) representing its 44.3 million shares (FY24: 45.7 million shares held).

The reduction in shareholding is a result of the sale of 1.4 million ordinary shares in September 2024, raising total gross proceeds of R142 million.

- Based on Premier's LTM EBITDA of R2.2 billion and net third party debt of R2.2 billion, this equates to an implied EBITDA earnings multiple of 7.1x.

#### **New Look (5% of Brait's total assets):**

- New Look is a leading fashion retailer operating in the value segment of the clothing and footwear market in the UK and the Republic of Ireland, with a targeted online presence.
- The UK fashion retail operating environment remains challenging, with New Look's HY24 Revenue and EBITDA declining by 3.5% and 22.7% respectively. Unseasonal weather and weak customer sentiment continue to be key factors affecting performance.
- Valuation as at 30 September 2024 (performed on a pre-IFRS16 basis):
  - Maintainable EBITDA of £35 million is based on LTM EBITDA (FY24: Actual EBITDA of £40 million was applied).
  - The valuation multiple has been maintained at 6.5x, a 39% discount to the peer average multiple of 10.7x (FY24: 11.1x). At the reporting date, the composition of the peer group remains unchanged.
  - No normalisation adjustments were considered in net third party debt of £32.0 million (FY24: included £31.8 million).
  - Brait holds 18.3% of the New Look shareholder loans/PIK facility and equity (17.2% equity participation post dilution for management's incentive plan).
  - The resulting unrealised carrying value for the investment in New Look at the reporting date is R822 million (FY24: R982 million), comprising 5% of Brait's total assets (FY24: 7%).

#### **Other Investments:**

- The remaining R11 million carrying value relates to a legacy private equity fund investment.

#### **BRAIT'S LIQUIDITY POSITION**

- Pursuant to the Recapitalisation, Brait has concluded agreements with the lending banks to extend the term of the undrawn BML RCF to 31 March 2028, with an amended facility commitment of R1 billion, interest rate of JIBAR plus a variable margin between 2.9% and 3.7% (depending on pledged security levels) and a 1.1% commitment fee.
- As at 30 September 2024, the BML RCF was undrawn, resulting in available liquidity at the reporting date, including cash balances, amounting to R1.9 billion.
- Brait is in compliance with all covenants at the reporting date.

This short form announcement is a summary of the information in the Long Form Results Announcement available on the website of the Luxembourg Stock Exchange ("**LuxSE**"), the JSE Stock Exchange News Service and the Stock Exchange of Mauritius ("**SEM**") at: <https://senspdf.jse.co.za/documents/2024/JSE/ISSE/BAT/BPLCSep24.pdf>, and on the Company's website at <http://brait.investoreports.com/investor-relations/results-and-reports/>

In addition to the Long Form Results Announcement published on the website of the LuxSE, SEM and JSE Stock Exchange News Service today, Brait's 1H FY25 results presentation booklet is available at [www.brait.com](http://www.brait.com).

As this short form announcement does not contain full details the Long Form Results Announcement should be used as a basis for any investment decision in relation to the Company's shares.

Port Louis, Mauritius  
13 November 2024

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 Limited ("**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 SEM.

**LuxSE Listing Agent:**

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