



2023

UNAUDITED INTERIM RESULTS

FOR SIX MONTH PERIOD ENDED
30 SEPTEMBER 2022

Brait Investment Holdings Limited

Registered in Mauritius as a
Public Limited Company

Registration number: 183308 GBC

LEI: 8755004E9YEXF8GHCY56

ISIN: MU0707E00002

JSE Alpha Code: BIHLEB

Bond CFI: DCFUCR

Bond FISN: BRAIT/5.00 FXD BD 20241203

("BIH" or the "Company")

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Summary statement of financial position as at 30 September 2022

	Notes	Unaudited 30 September 2022 R'm	Restated ⁽¹⁾ Unaudited 30 September 2021 R'm	Audited 31 March 2022 R'm
ASSETS				
Non-current assets				
Investment in Brait Mauritius Limited ("BML")	2	16 488	13 701	16 213
Current assets				
Accounts receivable	4	–	353	–
Cash and cash equivalents		*	*	*
Total assets		16 488	14 054	16 213
EQUITY AND LIABILITIES				
Ordinary shareholders equity and reserves				
Non-current liabilities				
BIH Exchangeable Bonds	5	2 999	–	2 999
Current liabilities				
Accounts payable and other liabilities	6, 7	49	126	43
Total equity and liabilities		16 488	14 054	16 213

⁽¹⁾ Refer to note 1.1 for details of the change in presentation currency which has resulted in the restatement of comparative information.

* Less than R1 million.

Summary statement of comprehensive income for the period ended 30 September 2022

	Notes	Unaudited	Restated ⁽¹⁾	Audited
		30 September 2022 R'm	Unaudited 30 September 2021 R'm	31 March 2022 R'm
Investment valuation (loss)/gains		(227)	531	1 253
Foreign exchange gains/(loss)		70	–	(221)
Operating expenses		–	(1)	(2)
Finance costs	8	(75)	–	(42)
(Loss)/profit for the period		(232)	530	988
Other comprehensive profit/(loss)				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Translation adjustments		632	(55)	(840)
Comprehensive profit for the period		400	475	148

⁽¹⁾ Refer to note 1.1 for details of the change in presentation currency which has resulted in the restatement of comparative information.

Summary statement of changes in equity for the period ended 30 September 2022

		Unaudited 30 September 2022 R'm	Restated ⁽¹⁾ Unaudited 30 September 2021 R'm	Audited 31 March 2022 R'm
	Note			
Ordinary shareholders' balance at beginning of period		13 171	13 453	13 453
Reduction in share capital	4	(132)	–	(430)
(Loss)/profit for the period		(232)	530	988
Net translation adjustments		632	(55)	(840)
Ordinary shareholders' balance at beginning of period		13 440	13 928	13 171

⁽¹⁾ Refer to note 1.1 for details of the change in presentation currency which has resulted in the restatement of comparative information.

Summary statement of cash flows for the period ended 30 September 2022

		Unaudited 30 September 2022 R'm	Restated ⁽¹⁾ Unaudited 30 September 2021 R'm	Audited 31 March 2022 R'm
	Notes			
Cash flows from operating activities:				
Operating expenses paid		–	(1)	(1)
Operating cash flow before purchase of investments		–	(1)	(1)
Investment related cash flow		–	–	(3 000)
Loan to holding company	4	(132)	(125)	(230)
Net cash used in operating activities		(132)	(126)	(3 231)
Proceeds from issuance of BIH Exchangeable Bonds	5	–	–	3 000
BIH Exchangeable Bonds: Coupon payment		(68)	–	–
Loan from subsidiary	7	200	126	229
Repayment received from holding company		–	–	2
Net cash generated from financing activities		132	126	3 231
Net increase in cash and cash equivalents		–	–	–
Effects of exchange rate changes on cash and cash equivalents		–	–	–
Cash and cash equivalents at beginning of period		–	–	–
Cash and cash equivalents at end of period		*	*	*

⁽¹⁾ Refer to note 1.1 for details of the change in presentation currency which has resulted in the restatement of comparative information.

* Less than R1 million.

Notes to the summary financial statements for the period ended 30 September 2022

1. ACCOUNTING POLICIES

1.1 Basis for preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) on the going concern principle, using the historical cost basis, except where otherwise indicated. The summarised financial statements are presented in accordance with IAS34: Interim Financial Reporting and in accordance with the framework concepts, measurement and recognition requirements of IFRS. In addition, BIH has prepared these financial statements in accordance with the Mauritian Companies Act 2001 as well as the Johannesburg Stock Exchange Limited (“JSE”) Debt Listings Requirements. BIH is a wholly-owned subsidiary of Brait PLC (the “Shareholder” or “Parent”).

The accounting policies and methods of computation are consistent with those applied in the financial statements for the year ended 31 March 2022. The Company has only one operating segment being that of the investment holding company.

The Company uses Pound Sterling as its functional currency. Following the transfer of the Company’s registered office from Malta to Mauritius in September 2021 (the “Redomiciliation”), the financial statements are prepared using the SA Rand (R/ZAR) as its presentation currency (previously the USD). The Company selected the SA Rand in order to be consistent with the presentation currency used by its parent, Brait PLC.

For comparability and in line with IFRS, the change in presentation currency has been adopted retrospectively on the following basis:

- Assets and liabilities were translated at the applicable closing exchange rate;
- Income and expenses were translated at average exchange rates; and
- Equity items were translated at the exchange rate on the date of the transaction.

The financial statements have been prepared using the following exchange rates:

	September 2022		September 2021		March 2022	
	Closing	Average	Closing	Average	Closing	Average
GBP/ZAR	20.0760	19.8091	20.2551	19.9527	19.2329	20.2802
USD/ZAR	18.0168	16.3268	15.0019	14.3782	14.6312	14.8506

The issuance of the BIH Exchangeable Bonds during FY22 resulted in BIH’s classification as an investment entity under IFRS10 with effect from 1 October 2021. The investment in BML has since been measured at Fair Value Through Profit or Loss (“FVTPL”) as opposed to the historical measurement at cost less accumulated impairment losses. As fair value equates to historical cost less accumulated impairments, there are no adjustments required to the reported numbers.

Notes to the summary financial statements continued for the period ended 30 September 2022

2. INVESTMENTS

The Company designates the majority of its financial asset investments as FVTPL, as the Company is managed on a fair value basis, with any resultant gain or loss recognised in investment valuation gains/losses. Fair value is determined in accordance with IFRS13. The primary valuation model utilised for valuing unlisted portfolio investments held by BML is the maintainable earnings multiple model. Maintainable earnings are generally determined with reference to the mix of prior year audited numbers and forecasts for future periods after adjusting both for non-recurring income/ expenditure or abnormal economic conditions if applicable. If the forecasts are higher than the prior year earnings, as the year progresses the weighting is increased towards the portfolio company's forecast. If the forecasts are lower, the forecasted future earnings will usually be used as the maintainable earnings for valuation purposes. For portfolio companies that have been significantly impacted by the Covid pandemic, maintainable earnings are based on a post Covid sustainable level.

The Directors decide on an appropriate group of comparable quoted companies from which to base the EV/EBITDA valuation multiple. Pursuant to Brait's strategy focused on maximising value through the realisation of its existing portfolio companies over the medium term, the primary reference measure generally considered at reporting date is the average spot multiple of the comparable quoted companies included as peers, which is adjusted for points of difference, where required, to the portfolio company being valued.

Where maintainable earnings are based on a post Covid sustainable level, peer average forward multiples for the corresponding forward period are used as the reference measure. Peer multiples are calculated based on the latest available financial information which may be adjusted based on subsequent macro or company specific information publicly known if appropriate. Adjustments for points of difference are assessed by reference to the two key variables of risk and earnings growth prospects and include the nature of operations, type of market exposure, competitive position, quality of management, capital structure and differences between the liquidity of the shares being valued and those on a quoted exchange. The resulting valuation multiple is applied to the maintainable EBITDA to calculate the Enterprise Value ("EV") for the portfolio investment.

That EV is then adjusted by net cash/debt to calculate net EV to which the Company's percentage holding is applied to calculate the Company's carrying value. Net cash/debt may be adjusted for the estimated effect of working capital and cost deferrals, where applicable.

Notes to the summary financial statements continued for the period ended 30 September 2022

	Unaudited 30 September 2022 R'm	Restated Unaudited 30 September 2021 R'm	Audited 31 March 2022 R'm
2. INVESTMENTS CONTINUED			
Fair value hierarchy continued			
Since BIH's classification as an investment entity under IFRS10 with effect from 1 October 2021, the investment in BML has been measured at FVTPL as opposed to the historical measurement at cost less accumulated impairment losses. As fair value equated to historical cost less accumulated impairments, there are no adjustments required to the numbers reported in HY22.			
BIH Investment in Brait Mauritius Limited ("BML")			
Premier	10 292		9 266
Virgin Active	7 879		8 282
New Look	854		672
Other investments	44		437
BML net working capital	26		34
Borrowings (refer note 2.1)	(2 607)		(2 478)
Investment in BML	16 488	13 701	16 213

Notes to the summary financial statements continued for the period ended 30 September 2022

2. INVESTMENTS CONTINUED

Valuation metrics (note 1)	September 2022			September 2021			March 2022		
	EBITDA	Multiple	3rd party net debt	EBITDA	Multiple	3rd party net debt	EBITDA	Multiple	3rd party net debt
Premier (R'm) (note 2)	1 634.9	7.6x	1 896.8	1 248.7	8.0x	1 465.3	1 505.0	7.6x	2 008.0
Virgin Active (£'m) (note 3)	113.3	9.0x	437.2	105.4	9.0x	455.5	110.1	9.0x	380.4
New Look (£'m) (note 4)	55.0	5.0x	37.8	55.0	5.0x	71.4	55.0	5.0x	78.5
Other investments		varied			varied			varied	

Note 1 Brait's portfolio companies publish their respective audited financial results in accordance with IFRS16: Leases. Other than Premier whose metrics are on a post IFRS16 basis (FY22: post-IFRS16: HY22: pre-IFRS16), Brait has valued its investment portfolio on a pre-IFRS16 basis, adjusting financial data for the impact of IFRS16, as appropriate to ensure consistency.

Note 2 Maintainable EBITDA of R1,635 million is based on Premier's Last Twelve Months ("LTM") Adjusted EBITDA. The primary reference measure considered at reporting date is the peer group average spot multiple of 7.5x. Net third party debt is adjusted to exclude R308 million mostly in respect of capital expenditure on the recently commissioned Pretoria mill and bakery. Brait's shareholding in Premier has increased to 99.0% (FY22: 98.5%) due to the receipt of additional ordinary shares in Premier in lieu of preference shares and shareholder loans previously held by Brait. Brait's equity value participation at reporting date is 97.6% (FY22: 96.5%) due to the dilutionary impact of the Premier management incentive scheme put in place in FY21.

Note 3 Maintainable EBITDA based on look-through to a March 2024 estimate sustainable level of GBP113 million. HY23 includes £3m EBITDA from the completed Real foods (Kauai and Nü) acquisition, which was not included in March 2022. The valuation multiple has been maintained at 9.0x. Net third party debt has been increased by GBP27.2 million for the estimated effect of working capital and costs deferred during lockdown periods. Post the acquisition of the Real Foods nutrition assets, Brait's equity and shareholder funding participation is 67.4% (FY22: 70.6%).

Note 4 Maintainable EBITDA is based on a look-through to a sustainable level of GBP55.0 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 includes an estimated GBP4.0 million normalisation adjustment, to take consideration of certain costs deferred during lockdown periods. Brait holds 18.3% of the New Look shareholder loans/PIK facility and equity (17.4% equity participation post dilution for management incentive plan).

Notes to the summary financial statements continued for the period ended 30 September 2022

2. INVESTMENTS CONTINUED

Fair value hierarchy

IFRS13 provides a hierarchy that classifies inputs employed to determine fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the assets or liability that are not based on observable market data

There are no financial assets that are categorised as Level 2 in the current or prior periods. All level 3 investments have been valued using the fair values of the underlying assets and liabilities. The changes in fair values in investments is attributable to fair value losses, foreign currency exchange differences and changes in shareholding.

Investments designated as fair value through profit and loss	Investment Level 3 R'm	Total R'm
30 September 2022		
Investment in BML	16 488	16 488
Investments at fair value	16 488	16 488
31 March 2022		
Investment in BML	16 213	16 213
Investments at fair value	16 213	16 213

Notes to the summary financial statements continued for the period ended 30 September 2022

	Unaudited 30 September 2022 R'm	Restated Unaudited 30 September 2021 R'm	Audited 31 March 2022 R'm
2. INVESTMENTS CONTINUED			
2.1 Borrowings (BML RCF)			
The issuance of the BIH Exchangeable Bonds resulted in BIH's classification changing to that of an Investment Entity, and consequent exemption from consolidation for the Brait Group with effect from 1 October 2021. Borrowings (BML RCF) that were historically consolidated are now presented within Investments.			
Opening balance	2 478		
Take on: 1 April 2021	–		3 417
Interest accrual	109		252
Net repayments of borrowings	70		(1 085)
Drawdowns	378		1 997
Capital repayments ⁽¹⁾	(308)		(3 082)
Interest repayments	(50)		(106)
Closing balance	2 607		2 478

⁽¹⁾ FY22 included R2,934 million of net proceeds from the issuance of the BIH Exchangeable Bonds.

Brait's committed revolving credit facility, which is secured by the assets of BML (the "BML RCF"), has a facility limit of R3 billion, with agreed reductions as Brait de-gears, and a tenure to 30 June 2024. The BML RCF bears interest at JIBAR plus 4.0% repayable quarterly, with the margin decreasing as utilisation reduces, with a right to rollup these quarterly interest payments.

Notes to the summary financial statements continued for the period ended 30 September 2022

3. STATED CAPITAL

At 30 September 2022, the Company had 20,899,776,485 ordinary shares of USD0.01 each in issue, unchanged from 31 March 2022.

	Number of shares in issue	R'm
30 September 2021	20 899 776 485	17 788
Stated capital		17 788
Reduction in share capital	–	(430)
31 March 2022	20 899 776 485	17 358
Stated capital		17 358
Reduction in share capital	–	(132)
30 September 2022	20 899 776 485	17 226
Stated capital		17 226
	20 899 776 485	

Notes to the summary financial statements continued for the period ended 30 September 2022

	Unaudited 30 September 2022 R'm	Restated Unaudited 30 September 2021 R'm	Audited 31 March 2022 R'm
4. ACCOUNTS RECEIVABLE			
Brait PLC			
Opening balance	–	227	227
Loan to Brait PLC	132	125	230
Loan repayment from Brait PLC	–	–	(2)
Conversion to capital	(132)	–	(430)
Translation adjustment	–	1	(25)
Closing balance	–	353	–

Notes to the summary financial statements continued for the period ended 30 September 2022

5. BIH EXCHANGEABLE BONDS (5% DUE 2024)

Brait concluded a R3 billion capital raise during December 2021 through the issuance of 5.00% senior unsecured BIH Exchangeable Bonds due 3 December 2024 issued by BIH ("BIH Exchangeable Bonds"). 3,000,000 BIH Exchangeable Bonds with a denomination of R1,000 each were listed on the Main Board of the JSE on 14 December 2021, and on the Stock Exchange of Mauritius on 11 May 2022, and carry a fixed coupon of 5.0% per annum payable semi-annually.

The BIH Exchangeable Bonds are exchangeable into Brait PLC issued ordinary shares at the holder's election at the earlier of their term of 3 December 2024, or on full settlement of the 2024 Convertible Bonds (the "BIH Exchange Shares"). Using the exchange price of R4.37, holders as at 30 September 2022 are entitled to exchange their BIH Exchangeable Bonds to a maximum of 686.179 million ordinary shares (subject to rounding provisions).

In the event that bondholders have not exercised their exchange rights at maturity, BIH may redeem the BIH Exchangeable Bonds at par (together with accrued and unpaid interest) or by delivery of the BIH Exchange Shares (at prevailing market value) and cash totalling the principal amount in value.

	Unaudited 30 September 2022 R'm	Restated Unaudited 30 September 2021 R'm	Audited 31 March 2022 R'm
Reconciliation of the movements for the period:			
Opening balance	2 999		
R3 billion Exchangeable Bonds issued 22 December 2021	–		3 000
1 396 Exchangeable Bonds exchanged into Brait PLC ordinary shares	–		(1)
Closing balance	2 999		2 999

Notes to the summary financial statements continued for the period ended 30 September 2022

	Unaudited 30 September 2022 R'm	Restated Unaudited 30 September 2021 R'm	Audited 31 March 2022 R'm
6. ACCOUNTS PAYABLE AND OTHER LIABILITIES			
Accounts payable at reporting date includes the R49 million coupon accrual on the BIH Exchangeable Bonds	49	–	41
7. LOAN PAYABLE			
Loan from BML			
Opening balance	1	–	–
Loan from BML	200	126	229
Conversion to capital	(201)	–	(228)
Closing balance	–	126	1
8. FINANCE COST			
BIH Exchangeable Bonds:			
– Coupon	75	–	42
Total finance cost	75	–	42

Notes to the summary financial statements continued for the period ended 30 September 2022

	Unaudited 30 September 2022 R'm	Restated Unaudited 30 September 2021 R'm	Audited 31 March 2022 R'm
9. RELATED PARTY BALANCES			
During the year, BIH entered into the following transactions with related parties			
Company statement of financial position			
Investments in subsidiaries and affiliated parties	16 488	13 701	16 213
Loans receivable from Brait PLC ⁽¹⁾ (refer note 4)	–	353	–
Company statement of comprehensive income			
Directors' fees	(6)	(4)	(8)

⁽¹⁾ On 30 September 2022 and 31 March 2022, the directors of BIH resolved to settle the loan receivable from its parent as a reduction in stated capital in accordance with Section 62 of the Companies Act of Mauritius.

Notes to the summary financial statements continued for the period ended 30 September 2022

	Unaudited 30 September 2022 R'm	Restated Unaudited 30 September 2021 R'm	Audited 31 March 2022 R'm
10. COMMITMENTS			
10.1 Commitments			
BIH Exchangeable Bond commitments	3 374		3 442
– Coupon payment due within one year	150		143
– Coupon payments due between one and five years ⁽¹⁾	225		300
– Principal settlement due within five years ⁽¹⁾	2 999		2 999
<i>⁽¹⁾ The coupon payments for the financial year reflect the semi-annual coupons of 5.0% payable in arrears over the remaining term of the BIH Exchangeable Bonds. The principal settlement amounts are payable in the event that the respective bondholders have not exercised their exchange rights.</i>			
Total commitments	3 374		3 442

10.2 Other

The Brait Group has rights and obligations in terms of standard representation shareholder or purchase and sale agreements relating to its present or former investments.

Notes to the summary financial statements continued for the period ended 30 September 2022

11. NON-ADJUSTING POST BALANCE SHEET EVENTS

As outlined in Brait PLC's market announcement released today:

- Premier has today announced its Intention To Float on the main board of the JSE, subject to market conditions and the requisite approvals (the "Listing").
- In advance of the possible listing, a R924 million return of capital distribution was paid to Brait on 4 November 2022.
- 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.
- 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.

