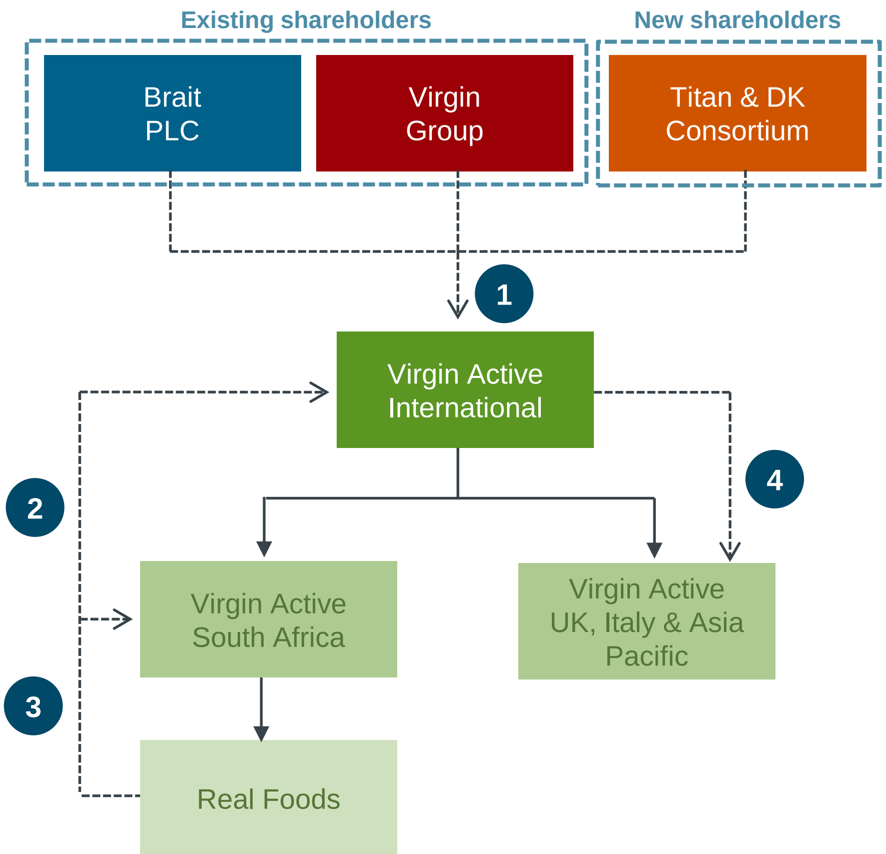
BRAIT
INVESTOR PRESENTATION
4 MARCH 2022

Brait PLC

(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", the "Company" or "Group")

TRANSACTION OVERVIEW

Transaction overview



All share transactions are based on the Brait 30 September 2021 Enterprise Value for Virgin Active of £949m

Transaction steps

1. Existing (£20.2m) and new shareholders (Titan and DK Consortium £68.2m) inject capital to acquire shares in Virgin Active International
2. Existing shareholders capitalise the current R950m shareholder guarantee in exchange for shares in Virgin Active International
3. Phase II - Virgin Active South Africa merges with Real Foods for £28.6m in exchange for shares in Virgin Active International via an amalgamation
4. Virgin Active International injects £30m into Virgin Active UK, Italy & Asia Pacific for liquidity and growth purposes

Ownership structure (pre and post transaction)

	Current / pre-money	Phase I		Phase II
		VASA Capitalisation	Subscription	
Change in value		+£46.3m	+£88.4m	+£28.6m
Equity value	**£470.8m**	**£517.2m**	**£605.6m**	**£634.1m**
Brait	80.1%	79.9%	70.6%	67.4%
Virgin Group	19.7%	19.7%	17.4%	16.6%
Management	0.2%	0.4%	0.2%	0.2%
Titan	-	-	8.3%	7.9%
DK consortium	-	-	3.6%	7.9%

VIRGIN ACTIVE CEO - DEAN KOWARSKI

The Board of Virgin Active has concluded a global search for a CEO replacement for the retiring founder Matthew Bucknall
Dean Kowarski will take over as the CEO of Virgin Active on 1 March 2022

Dean Kowarski

CEO and Founder of Real Foods

- Dean Kowarski has a **passion for the wellness industry** both personally and professionally. **Dean founded and grew Real Foods** into one of the leading health food groups in South Africa and internationally
- Dean started his career in corporate finance with KPMG, before working in **strategic and operational roles** in various international businesses
- **He is the CEO and Founder of Real Foods Group**, a multi-brand health food group across casual restaurants, locally sourced honey and bread, and nutrition bars, including the Kauai chain
- As an entrepreneur, Dean's career has been **centred around M&A deals, turnaround mandates and high growth start up opportunities**
- Dean worked on various M&A opportunities at Federal Mogul, before putting together a consortium to acquire the business and becoming CFO. As CEO of Fedsure Healthcare he worked on the disposal of the financial service assets and together with Brait, purchased the healthcare assets which realised significant value
- Dean acquired the Kauai business in 2015 and has **grown its store footprint from 100 to 204** since then despite the impacts of COVID on the business
- Dean has experience of **working in multi-site consumer facing businesses**, predominantly in South Africa, although he has had international exposure through much of his career
- **Virgin Active has had a relationship with Kauai business that dates back to 2005** and 108 of Kauai’s stores operate out of Virgin Active gyms
- Dean has therefore had **unique insights into the Virgin Active South Africa business** for many years

KAUAI AND NÜ BUSINESS OVERVIEW

	KAUAI	nü
Operations	• **Established in 1994**, Kauai is **SA's largest healthy, fast casual restaurant group, with 169 stores** across South Africa, Namibia, Botswana, Scotland, the Netherlands and Thailand. Of the 168 stores; 80 are corporate owned stores and 88 franchised. Of the estate, **97 are "In Motion" stores located in Virgin Active gyms** (56 corporate + 41 franchise stores). 5 stores are located outside SA and are franchised	• **Established in 2013**, Nü's nutritional philosophy brings together forward-thinking science & food trends, and nutritionally dense ingredients from local suppliers, focussing on food are rich in minerals, antioxidants, fibres and phytonutrients. The estate comprises **14 stores in SA, all company owned, 2 of these are retail stores, with the balance operating from Virgin Active gyms**
Value Proposition	• **Making healthy eating accessible** to a broader audience, offering a broad range of healthy menu items appealing to several dietary preferences. Where possible, food is free of GMO's, low in refined sugar and avoids additives, preservatives, artificial colourants or flavourants • **Responsible sourcing** (e.g., free range chicken & eggs, Angus pasture-raised beef, Organic coffee, Local sourcing) • **Championing sustainability:** Packaging innovation (e.g., 100% recyclable packaging and 80% recycled plastic smoothie cups)	• Differentiated from Kauai as a premium health food offering, focused on capturing new trends and designed for consumers that are focused on nutrition • A belief that micronutrients and phytonutrients convey information to the body that can improve health, wellbeing & longevity, used to offer a unique food experience for its customers. • **Local sourcing** from the finest local food producers across SA • Format used to support VA's request for a premium, differentiated operator to partner at its Classic and Premium clubs
Trading Formats	• Operates through **several trading formats** including Retail stores, Forecourts / gas stations, inside health clubs / gyms (through its partnership with Virgin Active), inside supermarkets (partnership with Checkers), inside corporate offices and Food trucks	• Nü **operates medium and large retail stores as well as stores inside health clubs / gyms** (through its partnership with Virgin Active). Management have identified the potential to grow store footprint to 30 – 40 stores
Other Initiatives	i) **Partnerships,** with other lifestyle brands (e.g. Vitality, Vodacom, eBucks) where members are rewarded for healthy lifestyle choices with a selection of drinks or vouchers provided by Kauai for which it is reimbursed by the partners ("Partner Sales") ii) **Best in class loyalty programme,** awarded Best Loyalty Programme for Restaurants / QSR in SA in 2021 for the third year running, iii) **Omni channel,** products are available for delivery either by third parties (e.g. Uber) or through the business own delivery fleet, iv) **Partnered to roll out concessions in Checkers stores in SA;** of the 30 new stores opened in FY21 and FY22 (15 corporate + 15 franchise), 9 of the corporate stores are Checkers concession stores v) **Kauai branded health food supplied through grocery retail channel** in SA provides high brand exposure and relationship with retailers to support concession stores	

Healthy food players tend to be more regional than national, with significantly fewer stores than mainstream Quick Service Restaurant brands. When compared to other healthy food operators, KAUAI offers a full range of products including smoothies, raw juices, wraps, salads, warm meals, breakfast and snacks.

TRANSACTION RATIONALE

Use of proceeds

– £88.4m of new capital **for liquidity purposes and to drive new growth initiatives in the businesses**

– Emerging into a post COVID world has provided significant opportunities for the businesses to **improve membership engagement, enhance digital and data strategies and to expedite Virgin Active's growth by leveraging its global footprint**

– In addition to providing **liquidity to support growth** in the businesses, the capital will be used to:

- **Rejuvenate the estate where required** and invest in equipment / product and skills to improve the member experience
- Invest in sales and marketing to **drive sales and improve the acquisition channels**
- Continue the investment in the **product offering and facilities to drive penetration and reduce churn**
- Invest in **digital and technology** to improve customer loyalty, CRM systems, digitalisation, data and personalisation

Real Foods investment rationale

– Nutrition and exercise are **key drivers of health and wellness**, which, if effectively integrated into the customer value proposition, have the potential to improve VA acquisition, retention and customer lifetime value

– Kauai and Nü are currently the **exclusive provider of in-club food** and beverage services in VASA clubs under a long-term contract and **nutrition already forms part of VASA's strategic plans**

– The rationale for the acquisition is based on:

i. The **standalone investment case** for the Nutrition Business based on earnings prospects and return on capital

ii. The potential for VA and the Real Foods to **value enhance** each other's businesses

iii. Capital markets perception through creation of a holistic wellness business combining exercise and nutrition

Value enhancement opportunities

– Enhance cross-collaboration in data, marketing and customer engagement through **promoting cross selling of product**, **integrating combined exercise and nutritional advice and plans** and **improving customer engagement through a shared data strategy**

– Real Foods can support VASA members achieving their health and fitness goals through the provision of nutritional advice, plans and meals (in-club, take-way and through retail stores) as part of a **broader nutritional strategy**

The transaction will expedite Virgin Active's turnaround and its strategic transition to a wellness themed business

IMPACT TO BRAIT

– Virgin Active raising capital at Brait's most recently reported valuation[1] **serves to underpin Brait's valuation**

– Virgin Active made up 45% of Brait's total assets incorporated in the 30 September 2021 reported NAV per share of **R8.14**, a **significant premium to Brait's current share price** (which traded at **R4.31,** a **c. 47%** discount, prior to the announcement of the Transaction[2])

– Brait's pro forma BML RCF net debt as at 31 December 2021, will increase from R2.0 billion (including the VASA Capitalisation) to R2.4 billion (facility limit R3.0 billion). Post the receipt of proceeds from the Consol disposal, the pro forma BML RCF net debt would **reduce to R2.0 billion**

(1) Valued using £105m EBITDA at a 9.0x EV/EBITDA multiple, less net debt as at 31 December 2021
(2) Closing price: 3 March 2022