











**BRIMSTONE**  
INVESTMENT CORPORATION LIMITED

*Profitability. Empowerment. Positive Social Impact.*

ISIN Number: ZAE000015277 | Share Code: BRT  
ISIN Number: ZAE000015285 | Share Code: BRN  
Company Registration Number: 1995/010442/06  
(Incorporated in the Republic of South Africa)  
("Brimstone" or "the Company" or "the Group")

# REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

## HIGHLIGHTS

-  Group profit of R920.9 million compared to a loss of R43.8 million in the comparative period
-  Group earnings per share up 500% to 292.3 cents (2020: loss per share of 73.0 cents)
-  Group headline earnings per share up 586% to 298.9 cents (2020: loss per share of 61.5 cents)
-  Dividend declared of 30 cents (2020: nil cents) per share
-  Finance costs down by 45% to R219.0 million
-  Reduction of debt of R1.2 billion
-  Repurchase of 5.8 million "N" Ordinary shares for R34.9 million
-  Improved debt and liquidity ratios

## COMMENTARY

The Group reported a profit for the year under review of R920.9 million (2020: loss of R43.8 million), which comprises profit from continuing operations of R763.2 million (2020: R14.0 million) and profit from a discontinued operation of R157.7 million (2020: loss of R57.8 million). The current year profit from continuing operations is mainly due to strong performances by certain of the Group's subsidiaries, the upward revaluation of investments held at fair value through profit or loss, an increase of R103.6 million in share of profits of associates and joint ventures and a significant reduction of R181.6 million in finance costs compared to the comparative period.

The Group is pleased to report the declaration of a dividend after the suspension of dividends during the COVID-19 period.

## UNDERLYING INVESTMENTS



## BRIMSTONE PORTFOLIO

### SUBSIDIARIES

#### Sea Harvest (53.4%)<sup>1</sup>

Brimstone held 159.5 million shares in Sea Harvest with a fair value of R2.2 billion at 31 December 2021 (R2.3 billion at 31 December 2020). Sea Harvest's share price closed at R13.80 per share, marginally down from R14.26 per share at 31 December 2020.

Despite the ongoing volatility caused by COVID-19, Sea Harvest once again proved its resilient and defensive nature in delivering profit after tax of R434 million (2020: R398 million) for the year ended 31 December 2021, 9% ahead of 2020, while earnings per share increased by 9% to 168 cents (2020: 154 cents).

Revenue for the year increased 5% to R4.6 billion (2020: R4.4 billion) benefiting from good performances from the South African Fishing segment and the Australian operations. The Cape Harvest Foods segment had a mixed year and the Aquaculture segment, while showing an improving trend, continues to be impacted by the effects of COVID-19.

Despite the 5% reduction in the total allowable catch in 2021, a stronger Rand and R16 million in acquisition-related costs, Sea Harvest delivered operating profit of R691 million (2020: R629 million) for the year, 10% higher than the prior year, with the operating profit margin expanding to 15% (2020: 14%).

Sea Harvest continued to execute on its growth strategies in 2021. In value-added dairy, Sea Harvest commissioned a third powder plant and a new butter factory at Ladismith Cheese and acquired 100% of Mooivallei Suiwel, a producer and supplier of value-added dairy products, thereby securing additional cheese capacity. In the broader food sector, Sea Harvest acquired 53.7% of BM Foods, a manufacturer and distributor of a range of chilled and frozen food products and convenience foods, thereby diversifying the group's South African food offering across multiple new categories. On 11 January 2022, Sea Harvest announced the acquisition of the Western Australia-based fishing and related businesses of MG Kailis, one of the oldest and leading vertically integrated fishing businesses in Australia.

#### Obsidian Health (Obsidian) (70%)<sup>1</sup>

Obsidian is a leading supplier of innovative healthcare solutions to both the private and public healthcare sectors within Sub-Saharan Africa. During the year under review, the non-controlling shareholder acquired an additional 5% interest in Obsidian's share capital and an additional 5% was issued to the management share incentive trust. Consequently, Brimstone's interest in Obsidian decreased from 80% to 70%.

Obsidian contributed R20.7 million (2020: R6.9 million) to Group profit during the year under review. The strong performance of the last quarter in 2020 continued into 2021. Although elective surgery caseloads have improved over the course of 2021, they were still negatively impacted by the varying degrees of COVID-19 lockdown regulations and restrictions within hospital theatres. The result being that Obsidian's product portfolios relating to elective surgeries underperformed compared to budget and pre-COVID-19 sales levels.

The Point of Care business unit however continued to outperform targets and produce strong growth driven by rapid Antigen COVID-19 testing and HIV screening testing. The stabilisation of the Rand also assisted with relieving margin pressure, which resulted in increased profitability during the year under review.

#### House of Monatic (Monatic) (100%)

Monatic disposed of its manufacturing assets and transferred related factory staff to a subsidiary of a major South African retailer on 1 April 2021. Monatic is also in the process of running-down its retail operation and closing retail stores as leases expire. Monatic reported a loss of R38.6 million (2020: R104.8 million) for the year under review.

<sup>1</sup> Treasury shares have been included in the calculation of the percentage interest held.

## ASSOCIATES AND JOINT VENTURES

### Oceana (25.01%)<sup>1</sup>

Brimstone held 32.6 million shares in Oceana with a market value of R1.8 billion at year end (R2.1 billion at 31 December 2020). Oceana's share price closed at R55.54 per share, down from R64.25 per share at 31 December 2020. Brimstone recognised R234.0 million as its share of profits of the associate (2020: R197.8 million) based on Oceana's reported earnings for the year to 30 September 2021. Brimstone received dividends of R35.9 million (2020: R128.2 million) from Oceana during the year under review and will receive a final dividend of R80.9 million on 4 April 2022 in respect of the 2021 year.

### Aon Re Africa (18%)<sup>2</sup>

Aon Re Africa is a leading reinsurance broker licensed and operating in South Africa and the rest of Africa. Brimstone recorded R12.0 million (2020: R10.7 million) in equity accounted earnings and received dividends of R8.0 million (2020: R4.1 million) from Aon Re Africa during the year under review.

### South African Enterprise Development (SAED) (25%)

SAED is an investment vehicle providing equity growth capital to high potential small and medium sized enterprises. Its interests include stakes in High Duty Castings (Pty) Ltd (45%), Tombake Holdings (Pty) Ltd (32.6%), Decision Inc. (Pty) Ltd (48.4%), ASG Holdings (Pty) Ltd (35.3%) and Specialised Food Investment Holdings (Pty) Ltd (46.4%). SAED contributed R1.1 million in equity accounted earnings (2020: R17.1 million losses) to Brimstone during the year under review. Brimstone accrued a dividend of R1.5 million (2020: R1.3 million) from SAED during the year under review.

### Vuna Fishing Company (Vuna) (49.8%)

Vuna is a fully integrated fishing business based in Mossel Bay, fishing for Cape hake, sole, horse mackerel and sardines and the processing and packing thereof in order to provide value-added chilled and frozen food products to foodservice customers throughout South Africa and abroad. Despite the ongoing impact of the pandemic on the local and global foodservice market and on the operations of the company, Vuna managed to post a positive result for the year. Vuna contributed R2.0 million in equity accounted earnings (2020: R0.3 million) for the year under review. Brimstone accrued R1.0 million (2020: R 1.0 million) in dividends during the year under review.

### Milpark Education (Milpark) (14.5%)<sup>2</sup>

Milpark is a leading provider of higher education and training qualifications. Milpark contributed R8.3 million in equity accounted earnings (2020: R40.1 million losses) during the year under review. Brimstone received a dividend of R17.1 million (2020: R11.3 million) from Milpark during the year under review. Brimstone invested a further R30.1 million in Milpark to early-settle Milpark's acquisition of the business of CA Connect during the year under review. CA Connect has performed exceptionally well in terms of student numbers and profitability.

## INVESTMENTS

### Equites (1.9%)

Equites' share price closed at R22.99 per share up from R17.37 per share at 31 December 2020. The investment was revalued upwards by R78.4 million to R320.9 million at year end. Brimstone received a dividend of R22.2 million (2020: R37.2 million) from Equites during the year under review.

### FPG Property Fund (9.9%)

FPG Property Fund is a Cape-based black-owned and managed unlisted property fund specialising in the retail convenience market. It owns 22 convenience shopping centres in South Africa with an expanding footprint in the United Kingdom. The property portfolio is valued in excess of R6.0 billion on a gross basis. The investment was revalued upwards by R47.1 million to R229.7 million at year end. Brimstone received a dividend of R2.6 million (2020: R2.2 million) from FPG Property Fund during the year under review.

### MTN Zakhele Futhi (1.5%)

MTN Zakhele Futhi's share price closed at R31.00 per share, significantly up from R9.67 per share at 31 December 2020. The investment was revalued upwards by R38.8 million to R56.4 million at year end.

### Phuthuma Nathi (2.8%)

Phuthuma Nathi's share price closed at R134.95 per share up from R118.75 per share at 31 December 2020. The investment was revalued upwards by R30.7 million to R255.8 million at year end. Brimstone received a dividend of R42.1 million (2020: R63.2 million) from Phuthuma Nathi during the year under review.

### STADIO (5.1%)

STADIO Holdings is a listed holding company investing in private higher (tertiary) education through multiple prestigious institutions which collectively offer over 90 accredited programmes, from Higher Certificates to Doctorates. STADIO enrolls over 30 000 students via contact, distance and hybrid learning. STADIO's share price closed at R3.75 per share, up from R1.95 per share at 31 December 2020. The investment was revalued upwards by R78.4 million to R163.4 million at year end. Brimstone expects to receive a dividend of R2.0m from STADIO on 16 May 2022.

<sup>1</sup> Treasury shares have been included in the calculation of the percentage interest held.

<sup>2</sup> Amounts stated in respect of associate held through partially owned subsidiaries are before attribution to non-controlling interests.

## INTRINSIC NET ASSET VALUE (INAV)

INAV at 31 December 2021 calculated on a line-by-line basis, totalled R3.26 billion, or R13.14 per share (31 December 2020: R3.28 billion or R12.99 per share). As at 31 December 2021, Brimstone Ordinary shares were trading at a discount of 52.0% to INAV (31 December 2020: 55.3%) and "N" Ordinary shares traded at a discount of 50.6% to INAV (31 December 2020: 50.0%). The analysis of INAV is available on the Company's website at [www.brimstone.co.za](http://www.brimstone.co.za).

The INAV information presented in this report has been prepared on a basis consistent with that used in the Integrated Report for the year ended 31 December 2020. Where the presentation of investments changed compared to 31 December 2020, these changes have been identified and the INAV information at 31 December 2020 has been re-presented to achieve comparability.

## DECLARATION OF CASH DIVIDEND

Brimstone's board has declared a final gross dividend of 30 cents per share for the year ended 31 December 2021 (2020: nil cents) payable on Monday, 25 April 2022. The final dividend has been declared out of income reserves.

In compliance with the requirements of Strate, the Company has determined the following salient dates for the payment of the final dividend:

Dividend declaration date	Tuesday, 29 March 2022
Last day to trade cum dividend	Tuesday, 19 April 2022
Shares commence trading ex dividend	Wednesday, 20 April 2022
Record date	Friday, 22 April 2022
Payment date	Monday, 25 April 2022

Shares may not be rematerialised or dematerialised from Wednesday, 20 April 2022 to Friday, 22 April 2022, both days inclusive.

The final dividend is subject to a local Dividends Tax at 20%. The final net local dividend amount is 24 cents per share for shareholders liable to pay Dividends Tax and 30 cents per share for shareholders exempt from paying Dividends Tax.

The number of Brimstone Ordinary and "N" Ordinary shares eligible for the final dividend at the date of this declaration is 39 874 146 and 224 975 962 respectively and the Company's tax reference number is 9397002719.

## CHANGES TO THE BOARD OF DIRECTORS

Mr Logan Wort and Mr Mduduzi Ndlovu were appointed as independent non-executive directors, effective 11 November 2021 and 2 December 2021, respectively.

The Board welcomes Mr Wort and Mr Ndlovu and looks forward to their contributions to Brimstone.

## PROSPECTS

We are confident that the Group's bona fide empowerment credentials and level 1 B-BBEE contributor status, will continue to benefit its investee companies. Despite the already challenging economic environment in South Africa being exacerbated by the COVID-19 pandemic, Brimstone's main investments have continued to produce resilient results. Brimstone will thus continue to monitor subsidiary and investee companies' compliance with health protocols and regulations and support them operationally, through any further waves of the virus.

The Fishing Rights Allocation Process 2020/2021 application process concluded in February 2022, and the Group's fishing businesses were pleased with the outcomes of the allocation process. There have been no material changes to previous rights allocated.

**F ROBERTSON**  
EXECUTIVE CHAIRMAN

**MA BREY**  
CHIEF EXECUTIVE OFFICER

29 March 2022

## DIRECTORATE AND ADMINISTRATION

**REGISTERED OFFICE:** Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700, Cape Town

**TRANSFER SECRETARIES:** Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

**SPONSOR:** Nedbank Corporate and Investment Banking, a division of Nedbank Limited, 135 Rivonia Road, Sandton, 2196

**DIRECTORATE:** F Robertson (Executive Chairman)\*, MA Brey (Chief Executive Officer)\*, GG Fortuin (Financial)\*, MI Khan (Chief Operating Officer)\*, T Moodley\*, PL Campher (Lead Independent), M Hewu, N Khan, KR Moloko, M Ndlovu, LA Parker, FD Roman, L Wort \*Executive

**COMPANY SECRETARY:** T Moodley

**WEBSITE:** [www.brimstone.co.za](http://www.brimstone.co.za)

**E-MAIL:** [info@brimstone.co.za](mailto:info@brimstone.co.za)

## **INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **To the Shareholders of Brimstone Investment Corporation Limited**

We have reviewed the condensed consolidated financial statements of Brimstone Investment Corporation Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 31 December 2021 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

### **Directors' Responsibility for the Condensed Consolidated Financial Statements**

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

### **Other matters**

The annual consolidated financial statements Brimstone Investment Corporation Limited for the year end 31 December 2020, was audited by another auditor who expressed an unmodified opinion on those statements on 12 April 2021.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Brimstone Investment Corporation Limited for the year ended 31 December 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

### **ERNST & YOUNG INC.**

**DIRECTOR – PIERRE GUSTAV DU PLESSIS**

**REGISTERED AUDITOR**

**CHARTERED ACCOUNTANT (SA)**

Date: 29 March 2022

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021

R'000	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2021	REVIEWED RESTATE <sup>*</sup> YEAR ENDED 31 DECEMBER 2020
<b>Continuing operations</b>			
<b>Revenue</b>	3	<b>5 054 726</b>	4 725 807
Sales and fee income		<b>4 979 804</b>	4 615 163
Dividends received		<b>74 922</b>	110 644
Operating expenses		<b>(4 359 635)</b>	(4 116 375)
<b>Operating profit</b>		<b>695 091</b>	609 432
Fair value gains/(losses)		<b>273 916</b>	(175 099)
Other investment losses		<b>(57 591)</b>	(47 061)
Share of profits of associates and joint ventures		<b>256 840</b>	153 198
<b>Profit before net finance costs</b>		<b>1 168 256</b>	540 470
Interest income	4	<b>19 797</b>	27 013
Finance costs	5	<b>(218 959)</b>	(400 577)
<b>Profit before taxation</b>		<b>969 094</b>	166 906
Taxation	6	<b>(205 941)</b>	(152 914)
<b>Profit for the year from continuing operations</b>		<b>763 153</b>	13 992
Profit/(loss) for the year from discontinued operation	13	<b>157 708</b>	(57 826)
<b>Profit/(loss) for the year</b>		<b>920 861</b>	(43 834)
Profit/(loss) attributable to:			
Equity holders of the parent		<b>731 903</b>	(184 540)
Non-controlling interests		<b>188 958</b>	140 706
		<b>920 861</b>	(43 834)
<b>Earnings/(loss) per share (cents)</b>			
<b>From continuing and discontinued operations</b>			
Basic		<b>292.3</b>	(73.0)
Diluted		<b>291.7</b>	(73.0)
<b>From continuing operations</b>			
Basic		<b>229.3</b>	(50.1)
Diluted		<b>228.8</b>	(50.1)

\* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 13).

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2021	AUDITED YEAR ENDED 31 DECEMBER 2020
<b>Profit/(loss) for the year</b>	<b>920 861</b>	<b>(43 834)</b>
<b>Other comprehensive (loss)/income, net of tax</b>	<b>(157 704)</b>	<b>152 290</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Cash flow hedges		
Profit/(loss) arising during the year	<b>59 886</b>	(109 566)
Recycled to operating expenses	<b>(31 047)</b>	56 584
Cost of hedging reserve		
(Loss)/profit arising during the year	<b>(34 660)</b>	19 400
Recycled to operating expenses	<b>20 540</b>	(25 385)
Foreign currency translation		
Profit arising during the year	<b>18 947</b>	69 131
Share of other comprehensive (loss)/income of associates		
Current year movement	<b>(188 588)</b>	140 127
Recycled to other investment losses	<b>(6 025)</b>	—
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Movement in investment at fair value through other comprehensive income	<b>3 639</b>	—
Measurement of defined benefit plans	<b>324</b>	619
Share of other comprehensive (loss)/income of associates	<b>(720)</b>	1 380
<b>Total comprehensive income for the year</b>	<b>763 157</b>	<b>108 456</b>
Total comprehensive income/(loss) attributable to:		
Equity holders of the parent	<b>558 321</b>	(35 115)
Non-controlling interests	<b>204 836</b>	143 571
	<b>763 157</b>	<b>108 456</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2021

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2021	AUDITED YEAR ENDED 31 DECEMBER 2020
<b>Assets</b>		
<b>Non-current assets</b>	<b>7 696 471</b>	<b>7 255 371</b>
Property, plant, equipment and vehicles	2 253 348	2 057 951
Investment property	3 700	—
Right-of-use assets	132 511	157 888
Biological assets	68 299	67 321
Goodwill	865 192	862 492
Intangibles	776 628	742 800
Investments in associate companies and joint ventures	2 332 148	2 437 298
Investments	1 083 868	792 358
Loans and receivables	11 306	16 493
Loans to supplier partners	94 384	85 484
Deferred taxation	41 153	5 196
Other financial assets	33 934	30 090
<b>Current assets</b>	<b>2 801 793</b>	<b>3 088 205</b>
Inventories	979 870	731 757
Biological assets	82 123	93 087
Investments	—	555 035
Trade and other receivables	797 630	825 562
Loans and receivables	7 870	1 036
Insurance assets	—	70 153
Other financial assets	58 866	373 833
Taxation	12 503	9 848
Cash and cash equivalents	862 931	427 894
<b>Total assets</b>	<b>10 498 264</b>	<b>10 343 576</b>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

for the year ended 31 December 2021

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2021	AUDITED YEAR ENDED 31 DECEMBER 2020
<b>Equity and liabilities</b>		
<b>Capital and reserves</b>	<b>4 390 516</b>	<b>3 757 401</b>
Share capital	39	39
Capital reserves	256 511	552 624
Revaluation reserves	19 271	17 207
Cash flow hedging reserve	70 323	53 932
Cost of hedging reserve	(45 182)	(37 172)
Foreign currency translation reserve	32 211	21 436
Changes in ownership	540 679	564 557
Retained earnings	2 050 592	1 318 689
Attributable to equity holders of the parent	2 924 444	2 491 312
Non-controlling interests	1 466 072	1 266 089
<b>Non-current liabilities</b>	<b>4 780 354</b>	<b>4 385 267</b>
Long-term borrowings	3 945 233	3 408 564
Employee related liabilities	20 927	22 557
Lease liabilities	141 662	170 879
Contingent consideration	9 773	99 974
Deferred grant income	32 148	30 814
Other financial liabilities	—	901
Share-based payment liability	—	31 510
Deferred taxation	630 611	620 068
<b>Current liabilities</b>	<b>1 327 394</b>	<b>2 200 908</b>
Short-term borrowings	113 205	1 016 436
Short-term provisions*	4 170	—
Bank overdrafts	53 028	32 742
Trade payables	594 302	585 902
Other payables*	275 590	263 713
Contingent consideration	120 671	—
Deferred grant income	3 546	4 059
Lease liabilities	24 645	17 588
Insurance liabilities	—	226 213
Share-based payment liability	35 746	—
Other financial liabilities	102 334	49 404
Taxation	157	4 851
<b>Total equity and liabilities</b>	<b>10 498 264</b>	<b>10 343 576</b>
NAV per share (cents)	1 180	985
Shares in issue at end of year ('000's)	247 770	252 803

\* Short-term employee related liabilities, which were previously presented under short-term provisions have been re-presented under other payables (refer to note 17).

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

R'000	SHARE CAPITAL	CAPITAL RESERVES	REVALUATION RESERVES	CASH FLOW HEDGING RESERVE	COST OF HEDGING RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	CHANGES IN OWNERSHIP	RETAINED EARNINGS	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON- CONTROLLING INTERESTS	TOTAL
<b>Balance at 1 January 2020 – audited</b>											
39	389 774	17 293	82 531	(33 242)	(18 141)	574 755	1 503 229	2 516 238	1 160 450	3 676 688	
–	–	–	–	–	–	–	(184 540)	(184 540)	140 706	(43 834)	
–	142 167	–	(27 920)	(4 226)	39 404	–	–	149 425	2 865	152 290	
–	142 167	–	(27 920)	(4 226)	39 404	–	(184 540)	(35 115)	143 571	108 456	
–	(2 921)	–	–	–	–	–	–	(2 921)	–	(2 921)	
–	32 649	–	–	–	–	–	–	32 649	8 824	41 473	
–	–	–	–	–	–	–	–	–	15 324	15 324	
–	–	–	–	–	–	–	–	–	(74 554)	(74 554)	
–	(9 782)	(86)	(679)	296	173	(10 198)	–	(20 276)	13 229	(7 047)	
–	737	–	–	–	–	–	–	737	(755)	(18)	
39	552 624	17 207	53 932	(37 172)	21 436	564 557	1 318 689	2 491 312	1 266 089	3 757 401	
<b>Balance at 31 December 2020 – audited</b>											
<b>Balance 1 January 2021 – audited</b>											
39	552 624	17 207	53 932	(37 172)	21 436	564 557	1 318 689	2 491 312	1 266 089	3 757 401	
–	–	–	–	–	–	–	731 903	731 903	188 958	920 861	
–	(194 860)	2 073	16 435	(8 020)	10 790	–	–	(173 582)	15 878	(157 704)	
–	(194 860)	2 073	16 435	(8 020)	10 790	–	731 903	558 321	204 836	763 157	
–	(3 425)	–	–	–	–	–	–	(3 425)	–	(3 425)	
–	26 044	–	–	–	–	–	–	26 044	9 655	35 699	
–	–	–	–	–	–	–	–	–	51 198	51 198	
–	–	–	–	–	–	–	–	–	(72 784)	(72 784)	
–	(89 007) <sup>1</sup>	–	–	–	–	–	–	(89 007)	–	(89 007)	
–	29	(9)	(44)	10	(15)	(23 878)	–	(23 907)	7 078	(16 829)	
–	(34 894)	–	–	–	–	–	–	(34 894)	–	(34 894)	
39	256 511	19 271	70 323	(45 182)	32 211	540 679	2 050 592	2 924 444	1 466 072	4 390 516	
<b>Balance 31 December 2021 – reviewed</b>											

<sup>1</sup> Mainly relates to Group's share of associate's loss on repurchase of treasury shares from employee share trust, which were subsequently cancelled.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2021	AUDITED YEAR ENDED 31 DECEMBER 2020
<b>Operating activities</b>		
Profit for the year from continuing operations	763 153	13 992
Profit/(loss) for the year from discontinued operation	157 708	(57 826)
Profit/(loss) for the year	920 861	(43 834)
Adjustments for non-cash and other items	(38 204)	746 773
Operating cash flows before movements in working capital	882 657	702 939
(Increase)/decrease in inventories	(125 805)	30 989
Decrease in trade and other receivables	37 262	114 867
Increase in trade and other payables	48 357	135 887
Net decrease in insurance assets	27 341	135 385
Net decrease in insurance liabilities	(89 622)	(216 360)
Cash generated from operations	780 190	903 707
Interest received	18 032	22 780
Proceeds from receipt of a government grant	3 049	3 328
Dividends received from associates and joint ventures	63 456	145 960
Dividends received from other equity investments	74 922	110 644
Income taxes paid	(144 817)	(123 274)
Finance costs paid	(122 304)	(304 358)
Net cash generated by operating activities	672 528	758 787
<b>Investing activities</b>		
Loans and receivables advanced	—	(54 028)
Loans and receivables repaid	6 230	3 000
Proceeds on disposal of investments	906 969	1 016 845
Proceeds on disposal of property, plant, equipment and vehicles	2 605	7 636
Insurance proceeds	46 450	25 747
Acquisition of property, plant, equipment and vehicles	(269 837)	(314 719)
Acquisition of biological assets	(68 703)	(65 605)
Acquisition of subsidiaries	(65 116)	(22 514)
Acquisition of intangible assets	(2 045)	(35 293)
Disposal of subsidiary	(5 672)	—
Supplier partner loans advanced	—	(7 295)
Supplier partner loans repaid	1 559	—
Acquisition of investments and investments in associates	(31 745)	(17 286)
Net cash generated by investing activities	520 695	536 488
<b>Financing activities</b>		
Dividend paid to non-controlling interest	(72 784)	(74 554)
Repayment of borrowings	(1 187 355)	(1 653 464)
Loans raised	586 160	592 207
Shares repurchased	(34 894)	737
(Repurchase)/issue of shares by subsidiaries	(16 716)	3 543
Repayment of other financial liabilities	(53 564)	(22 752)
Further investment in subsidiary	(111)	(380)
Increase/(decrease) in bank overdrafts	20 286	(32 465)
Net cash used in financing activities	(758 978)	(1 187 128)
Net decrease in cash and cash equivalents	434 245	108 147
Cash and cash equivalents at beginning of year	427 894	319 172
Foreign exchange differences	792	575
Cash and cash equivalents at end of year		
Bank balances and cash	862 931	427 894

## HEADLINE EARNINGS/(LOSS) PER SHARE

for the year ended 31 December 2021

	REVIEWED YEAR ENDED 31 DECEMBER 2021	REVIEWED RESTATED* YEAR ENDED 31 DECEMBER 2020
<b>Headline earnings/(loss) per share (cents)</b>		
<b>From continuing and discontinued operations</b>		
Basic	298.9	(61.5)
Diluted	298.3	(61.5)
<b>From continuing operations</b>		
Basic	236.0	(38.6)
Diluted	235.4	(38.6)
<b>Headline earnings/(loss) calculation (R'000)</b>		
<b>From continuing and discontinued operations</b>		
Profit/(loss) attributable to equity holders of the parent	731 903	(184 540)
Impairment of property, plant and equipment and vehicles	3 578	45 896
Insurance proceeds	(26 285)	(14 682)
Loss on deemed disposal of associate	40 640 <sup>1</sup>	—
Fair value adjustment of previously held interest in associate	—	391
(Profit)/loss on disposal of property, plant, equipment and vehicles	(553)	5 169
Gains on bargain purchase	(899)	(5 200)
Adjustments relating to results of associates	(8 283)	(10 094)
Total tax effect of adjustments	8 359	7 515
<b>Headline earnings/(loss) from continuing and discontinued operations</b>	<b>748 460</b>	<b>(155 545)</b>
<b>From continuing operations</b>		
Profit/(loss) attributable to equity holders of the parent	574 195	(126 714)
Impairment of property, plant and equipment and vehicles	3 578	45 896
Insurance proceeds	(26 285)	(14 682)
Loss on deemed disposal of associate	40 640 <sup>1</sup>	—
Fair value adjustment of previously held interest in associate	—	391
(Profit)/loss on disposal of property, plant, equipment and vehicles	(553)	5 169
Gains on bargain purchase	(899)	(5 200)
Adjustments relating to results of associates	(8 283)	(10 094)
Total tax effect of adjustments	8 359	7 515
<b>Headline earnings/(loss) from continuing operations</b>	<b>590 752</b>	<b>(97 719)</b>
Weighted average number of shares on which basic earnings/(loss) and basic headline earnings/(loss) per share is based (000's)	250 366	252 803
Weighted average number of shares on which diluted earnings/(loss) and diluted headline earnings/(loss) per share is based (000's)	250 938	252 803

\* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 13).

<sup>1</sup> Deemed disposal as a result of decrease in proportional interest in associate due to sale of treasury shares into the market by employee share trust.

## FURTHER INFORMATION

### 1. Basis of preparation

The condensed consolidated financial statements for the year ended 31 December 2021 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. These condensed consolidated financial statements for the year ended 31 December 2021 have been reviewed by Ernst & Young Inc., who expressed an unmodified review conclusion. The directors take full responsibility for the preparation of this report.

The condensed consolidated financial statements were prepared under the supervision of the Financial Director, Geoffrey George Fortuin CA(SA).

### 2. Accounting policies

The accounting policies and methods of computation applied in the preparation of these condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the financial statements for the year ended 31 December 2020.

R'000S	REVIEWED YEAR ENDED 31 DECEMBER 2021	REVIEWED RESTATE <sup>*</sup> YEAR ENDED 31 DECEMBER 2020
<b>3. Revenue</b>		
The Group's revenue comprises the following:		
<b>Revenue from industrial and other operations</b>		
Sale of goods recognised at a point in time		
Food products	4 615 463	4 375 339
Clothing products	49 500	58 613
Healthcare products	309 308	179 030
Other	5 533	2 181
<b>Total revenue from industrial and other operations</b>	<b>4 979 804</b>	<b>4 615 163</b>
<b>Dividends received</b>	<b>74 922</b>	<b>110 644</b>
<b>Total revenue</b>	<b>5 054 726</b>	<b>4 725 807</b>
<b>4. Interest income</b>		
Interest received on bank deposits and loans to associates	19 760	27 013
Other	37	—
<b>Total interest income</b>	<b>19 797</b>	<b>27 013</b>
<b>5. Finance costs</b>		
Interest on borrowings	68 387	240 769
Preference dividends	129 350	139 614
Interest expense on lease liabilities	16 315	15 942
Other	4 907	4 252
<b>Total finance costs</b>	<b>218 959</b>	<b>400 577</b>
<b>6. Taxation</b>		
Current normal and deferred tax	205 941	152 914

\* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 13).

## FURTHER INFORMATION (CONTINUED)

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2021	AUDITED YEAR ENDED 31 DECEMBER 2020
<b>7. Capital commitments</b>		
Commitments for the acquisition of property, plant, equipment and vehicles:		
Contracted for	21 189	32 023
Authorised by directors but not contracted for	197 914	186 508
	<b>219 103</b>	<b>218 531</b>

**8. Segmental information**

Information reported to the Group's operating decision makers for the purpose of resource allocation and assessment of segment performance is specifically focused on the individual entity in which Brimstone has invested. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Brimstone, who makes strategic decisions. In previous years, the Group disclosed clothing as a reportable segment, however, as this segment is in run-off and does not meet the quantitative thresholds in IFRS 8 *Operating Segments*, its results are now disclosed under the investments segment. The prior period amounts have been adjusted in order to achieve comparability. The Group's reportable segments under IFRS 8, are therefore food and investments. Investments include investments in associates, joint ventures, investments at fair value through other comprehensive income ("FVTOCI") and investments at fair value through profit or loss ("FVTPL").

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2021	REVIEWED RESTATE <sup>*</sup> YEAR ENDED 31 DECEMBER 2020
<b>Segment revenues and results</b>		
<b>Segment revenue</b>		
Food	4 623 463	4 383 339
Investments	431 263	342 468
<b>Total revenue</b>	<b>5 054 726</b>	<b>4 725 807</b>
<b>Segment profit/(loss) from operations</b>		
Food	711 533	643 625
Investments	(16 442)	(34 193)
<b>Total profit from operations</b>	<b>695 091</b>	<b>609 432</b>
Fair value gains/(losses)	273 916	(175 099)
Other investment losses	(57 591)	(47 061)
Share of profits of associates and joint ventures	256 840	153 198
Interest income	19 797	27 013
Finance costs	(218 959)	(400 577)
Taxation	(205 941)	(152 914)
<b>Profit after taxation</b>	<b>763 153</b>	<b>13 992</b>
<b>Segment assets and liabilities</b>		
<b>Segment assets</b>		
Food	6 829 430	5 703 878
Insurance	—	179 798
Investments	3 668 834	4 459 900
<b>Total segment assets</b>	<b>10 498 264</b>	<b>10 343 576</b>
<b>Segment liabilities</b>		
Food	3 670 639	2 999 673
Insurance	—	324 591
Investments	2 437 109	3 261 911
<b>Total segment liabilities</b>	<b>6 107 748</b>	<b>6 586 175</b>

\* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 13).

## FURTHER INFORMATION (CONTINUED)

### 9. Fair value measurements

This note provides information about how the Group determines fair values of various financial assets, non-financial assets and financial liabilities.

#### Fair value of the Group's financial assets, non-financial assets and financial liabilities that are measured on a fair value basis on a recurring basis

Some of the Group's financial assets, non-financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets, non-financial liabilities and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). The directors consider that the carrying amounts of financial assets, non-financial assets and financial liabilities not measured at fair value on a recurring basis (but fair value disclosures are required) recognised in the condensed consolidated financial statements approximate their fair values.

(R'000)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>31 December 2021 – reviewed</b>				
<b>Financial assets at FVTPL</b>				
Derivative financial assets	—	92 800 <sup>1</sup>	—	92 800
Listed shares	796 448	—	—	796 448
Unlisted shares	—	—	257 431 <sup>2</sup>	257 431
<b>Non-financial assets at fair value</b>				
Biological assets	—	—	150 422 <sup>3</sup>	150 422
<b>Financial assets at FVTOCI</b>				
Unlisted shares	—	—	29 989 <sup>4</sup>	29 989
<b>Total</b>	<b>796 448</b>	<b>92 800</b>	<b>437 842</b>	<b>1 327 090</b>
<b>Financial liabilities at FVTPL</b>				
Contingent consideration	—	—	130 444 <sup>5</sup>	130 444
Derivative financial liabilities	—	2 400 <sup>1</sup>	—	2 400
Financial liability with contingent settlement provisions	—	—	99 934 <sup>6</sup>	99 934
<b>Total</b>	<b>—</b>	<b>2 400</b>	<b>230 378</b>	<b>232 778</b>
<b>31 December 2020 – audited</b>				
<b>Financial assets at FVTPL</b>				
Derivative financial assets	—	403 923 <sup>1</sup>	—	403 923
Listed shares	1 125 118	—	—	1 125 118
Unlisted shares	—	—	197 011 <sup>2</sup>	197 011
<b>Non-financial assets at fair value</b>				
Biological assets	—	—	160 408 <sup>3</sup>	160 408
<b>Financial assets at FVTOCI</b>				
Unlisted shares	—	—	25 265 <sup>4</sup>	25 265
<b>Total</b>	<b>1 125 118</b>	<b>403 923</b>	<b>382 684</b>	<b>1 911 725</b>
<b>Financial liabilities at FVTPL</b>				
Contingent consideration	—	—	99 974 <sup>5</sup>	99 974
Derivative financial liabilities	—	50 305 <sup>1</sup>	—	50 305
<b>Total</b>	<b>—</b>	<b>50 305</b>	<b>99 974</b>	<b>150 279</b>

## FURTHER INFORMATION (CONTINUED)

### 9. Fair value measurements (continued)

The table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels 1, 2 and 3 in the current or prior period.

There are no changes to unobservable inputs that might result in a significantly higher or lower fair value measurement within level 2 and level 3 financial assets and liabilities.

#### Notes

<sup>1</sup> The following methods and inputs are used in valuing level 2 financial assets and liabilities:

- The fair value of the financial asset representing the call option to acquire shares in Vuna Fishing Company Proprietary Limited ("Vuna") was independently determined by an expert using the Black-Scholes option pricing model. The inputs applied in the option pricing model were i) the value of Vuna which was calculated using an average of actual 2021 earnings and 2022 projected earnings multiplied by a price earnings multiple, ii) yield curve and iii) volatility.
- Financial assets and liabilities which relate to hedging contracts, are entered into by the Group for the purpose of minimising the Group's exposure to foreign currency and fuel price volatility. The valuation is performed by an independent valuer, taking into account forward exchange contracts spot and forward rates, current fuel prices, and discount factors.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of the Zero Cost Collar was calculated by an independent valuer using the Monte Carlo method, taking into account the spot price per share, the risk free rates, dividend and volatility.

<sup>2</sup> Value is based on the effective interest held in the net assets of the underlying entity. In assessing the net assets of the underlying entity, substantially all of the assets are carried at fair value and all of the liabilities are carried at amortised cost. The assets are valued using capitalisation of net income method or open market values for existing use. Therefore, application of Brimstone's percentage interest to the net asset value of the entity is the best indication of fair value of the investment. If the net assets of the underlying entity had been 10% higher/lower, profit for the year would increase/decrease by R20.0 million (2020: R15.3 million).

<sup>3</sup> Biological assets are measured at fair value less costs to sell. Biological assets include abalone, mussels, oysters, fish and spats cultivated at aquaculture farms, and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the dollar denominated market prices of biological assets of similar age, breed and genetic merit. In order to measure and value biological assets, management uses growth formula and drip-and-purge-loss factors to determine the weight of animals at the reporting date. These formulas are based on empirical evidence and confirmed industry norms. A fair value loss of R5.6 million (2020: R2.6 million gain) was recognised in profit or loss relating to the valuation of biological assets. A change in unobservable inputs would not have a significant change in the fair value.

<sup>4</sup> Asset valuation method performed by an independent valuer and represents unlisted shares in a vessel-owning company. The underlying vessel is valued based on the age and condition of the vessel and current market value derived by sales comparison of these or similar types of vessels adjusted for differences in age, condition, degree of upgrade already carried out on the vessel, and size. A change in unobservable inputs would not have a significant change in the fair value.

<sup>5</sup> The fair value of the contingent consideration arrangements was estimated calculating the present value of the expected future cash flows. The estimates are based on discount rates and the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date. As at 31 December 2021, there was an increase of R10.6 million (2020: R9.1 million) recognised as fair value losses in profit or loss as a result of discounting the Viking Fishing earn-out. An additional R19.8 million relating to the acquisition of BM Foods Group was recognised in 2021.

<sup>6</sup> The fair value of the financial liability with contingent settlement provisions is measured as the undiscounted amount that the Group could be required to repay immediately, and is represented by the net liabilities of Lion at the date of disposal. Refer to note 13 for further information.



## FURTHER INFORMATION (CONTINUED)

### 10. Share capital (number)

	REVIEWED YEAR ENDED 31 DECEMBER 2021	AUDITED YEAR ENDED 31 DECEMBER 2020
<b>In issue (number)</b>		
Ordinary shares	39 874 146	39 874 146
Held as treasury shares	(3 012 528)	(3 011 028)
	<b>36 861 618</b>	36 863 118
<b>"N" Ordinary shares</b>	<b>224 975 962</b>	224 975 962
Held as treasury shares	(14 067 213)	(9 035 600)
	<b>210 908 749</b>	215 940 362
<b>Total net of treasury shares</b>	<b>247 770 367</b>	252 803 480
Weighted average number of shares on which earnings/(loss) and headline earnings/(loss) per share is based:	<b>250 365 621</b>	252 803 480
Weighted average number of shares on which diluted earnings/(loss) and diluted headline earnings/(loss) per share is based:	<b>250 937 585</b>	252 803 480
<b>Closing share price (cents)</b>		
Ordinary shares	630	581
"N" Ordinary shares	649	650

During the year, Brimstone, through its treasury share vehicle, bought back 5 766 280 "N" Ordinary shares for a total cash consideration of R34.9 million (R6.35 per share). These shares are now classified as treasury shares.

### 11. Material related party transactions

In terms of a supply agreement between joint venture group, Vuna and SeaVuna Fishing Company Proprietary Limited ("SeaVuna"), and Sea Harvest Group Limited's subsidiary, Sea Harvest Corporation Proprietary Limited ("Sea Harvest Corporation"), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation. Purchases from SeaVuna during the year amounted to R240.2 million compared to R221.4 million for the year ended 31 December 2020. Sales to and other recoveries from SeaVuna during the year amounted to R26.7 million compared to R48.4 million for the year ended 31 December 2020.

Loans owing by Vuna and SeaVuna amounted to R76.6 million at 31 December 2021 compared to R84.4 million at 31 December 2020.

## FURTHER INFORMATION (CONTINUED)

### 12. Business combinations

#### 12.1 Mooivallei

With effect from 2 August 2021, Sea Harvest has, through its wholly-owned subsidiary Ladismith Cheese, acquired 100% of the issued share capital of Mooivallei for a purchase consideration of R9 million and assumed or settled Mooivallei debts to the value of R32 million.

Based in Bonnievale in the Western Cape, Mooivallei is a producer and supplier of value-added dairy products, with its main products of cheese and butter sold into the retail and non-retail channels in South Africa. The Mooivallei acquisition complements Ladismith Cheese through 40% additional cheese production capacity, raw material supply, access to industry skills and expertise, a strong asset base, and additional working capital.

The accounting for the acquisition of Mooivallei has been finalised.

R'000	REVIEWED FAIR VALUE AT ACQUISITION DATE
<b>Assets acquired and liabilities assumed</b>	
Property, plant, equipment and vehicles	41 592
Right-of-use assets	678
Intangible assets	1 972
Inventory	14 426
Trade and other receivables	13 651
Borrowings	(13 001)
Deferred tax	(9 793)
Lease liabilities	(714)
Trade and other payables	(19 491)
Bank overdraft	(19 203)
<b>Total identifiable assets and liabilities</b>	<b>10 117</b>
<b>Total consideration transferred</b>	
Cash	8 877
<b>Net cash flow on acquisition of subsidiary</b>	
Consideration paid in cash	8 877
Add: bank overdraft assumed	19 203
	<b>28 080</b>
<b>Gain on bargain purchase</b>	
Consideration	8 877
Less: Fair value of identifiable assets acquired and liabilities assumed	(10 117)
	<b>(1 240)</b>

Property, plant, equipment and vehicles with a carrying amount of R35.8 million were revalued to its fair value of R41.6 million at acquisition date. The fair value adjustment of R5.8 million relates to land and buildings. The valuations for land and buildings was performed by an independent valuer.

The intangible asset identified was the RIGGS brand. The fair value was determined by an independent valuer with reference to the best estimate of a market participant's ability to generate economic benefits by using the asset at its highest and best use. The fair value of trade and other receivables of R13.7 million includes trade receivables with a fair value of R13.5 million, which approximates the gross contractual amount.

The gain on bargain purchase is attributable to Ladismith Cheese securing a lower price for the distressed Mooivallei business.

## FURTHER INFORMATION (CONTINUED)

### 12. Business combinations (continued)

#### 12.2 BM Foods Group

With effect from 2 September 2021, Sea Harvest has, through its wholly-owned subsidiary Cape Harvest Foods, acquired 53.70% of the issued share capital of BM Foods Group.

BM Foods Group manufactures and distributes a range of chilled and frozen food products and convenience foods to the local retail and foodservices markets. Brands include Bettafresh, Mediterranean Delicacies, Tuna Marine, Judy's Preserves and Chelsea Pies.

The acquisition is a diversification into a new food sector in the South African food industry, providing synergies with the Group's dairy and fishing businesses and providing access to a platform business with good management and growth opportunities.

The Group has elected to measure the non-controlling interest in BM Foods Group at its proportionate percentage of the recognised amounts of the acquiree's identifiable net assets.

The accounting for the acquisition of BM Foods Group has been finalised.

R'000	REVIEWED FAIR VALUE AT ACQUISITION DATE
<b>Assets acquired and liabilities assumed</b>	
Property, plant, equipment and vehicles	122 454
Right-of-use assets	2 565
Investment property	3 700
Intangible assets	25 609
Investment in associate	2 557
Inventory	55 152
Trade and other receivables	35 953
Cash and cash equivalents	2 164
Borrowings	(71 551)
Deferred tax	(25 941)
Lease liabilities	(2 565)
Trade and other payables	(35 997)
Short-term provisions	(2 767)
Tax liability	(755)
<b>Total identifiable assets and liabilities</b>	<b>110 578</b>
<b>Total consideration transferred</b>	
Cash	39 200
Contingent consideration	19 842
	<b>59 042</b>
<b>Net cash flow on acquisition of subsidiary</b>	
Consideration paid in cash	39 200
Less: Cash and cash equivalents acquired	(2 164)
	<b>37 036</b>
<b>Gain on bargain purchase</b>	
Consideration	59 042
Less: Fair value of identifiable assets acquired and liabilities assumed	(110 578)
Non-controlling interest	51 198
	<b>(338)</b>

## FURTHER INFORMATION (CONTINUED)

### 12. Business combinations (continued)

#### 12.2 BM Foods Group (continued)

Property, plant, equipment and vehicles with a carrying amount of R99.4 million were revalued to its fair value of R122.5 million at acquisition date. The fair value adjustment of R23.1 million relates to land and buildings. The valuations for land and buildings were performed by independent valuers.

The intangible assets identified were the Mediterranean Delicacies, Judy's Preserves, Tuna Marine and Bettafresh brands. The fair value was determined by an independent valuer with reference to the best estimate of a market participant's ability to generate economic benefits by using the asset at its highest and best use.

The fair value of trade and other receivables of R35.9 million includes trade receivables with a fair value of R33.1 million, which approximates the gross contractual amount.

The contingent consideration was estimated by an independent valuer and is based on BM Foods Group achieving earn-out targets for the 12-month period ending 28 February 2022 and the 31 December 2022 financial year, respectively, discounted at the prime lending rate at acquisition date.

#### 12.3 Impact of the acquisitions on the results of the Group from continuing operations

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2021
<b>Amounts included in the Group's results relating to Mooivallei and BM Foods Group since the date of acquisition:</b>	
Revenue	235 261
Profit for the year	26 618
<b>Results of the Group if Mooivallei and BM Foods Group had been consolidated from 1 January 2021:</b>	
Revenue	5 384 982
Profit for the year	751 546

The directors consider these amounts to represent an approximate measure of the performance of the combined Group on an annualised basis.

In determining the profit of the Group had Mooivallei and BM Foods Group been acquired on 1 January 2021, the directors have taken into consideration the following:

- Additional finance costs that would have been incurred had the transaction taken place on 1 January 2021;
- The depreciation of property, plant, equipment and vehicles and amortisation of intangibles acquired was calculated on the basis of the fair values arising in the accounting for the business combination, rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- Incremental operating costs that would have been incurred by the Group had the transaction taken place on 1 January 2021.

#### Acquisition-related costs

Acquisition-related costs of R3.5 million were recognised in profit or loss for the 2021 year.

## FURTHER INFORMATION (CONTINUED)

### 13 Discontinued operation

#### 13.1 Description

On 13 November 2018, the Group placed Lion of Africa Insurance Company Limited ("Lion") into run-off. The subsidiary was not previously classified as held-for-sale as a sale was not probable at the previous reporting date. On 30 December 2021, the Group disposed of its holding in Lion for a nominal value of R1 000. Net liabilities of Lion at the date of sale were R99.9 million. The comparative statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

#### 13.2 Financial performance and cash flow information

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2021	REVIEWED YEAR ENDED 31 DECEMBER 2020
Sales and fee income	13	(11 087)
Net operating expenses	16 847	(48 320)
Fair value losses	—	17
Other investment losses	—	380
Profit/(loss) before net finance costs	16 860	(59 010)
Interest income	—	1 332
Finance costs	—	(148)
Profit/(loss) before taxation	16 860	(57 826)
Taxation	—	—
Profit/(loss) after taxation	16 860	(57 826)
Gain on sale of the subsidiary after taxation	140 848	—
Profit/(loss) from discontinued operation	157 708	(57 826)
Net cash utilised in operating activities	(8 976)	(27 866)
Net decrease in cash utilised by the subsidiary	(8 976)	(27 866)

#### 13.3 Details of the sale of the subsidiary

Consideration received		
■ Cash	1	—
■ Financial liability with contingent settlement provisions <sup>1</sup>	(99 934)	—
Total disposal consideration	(99 933)	—
Carrying amount of net liabilities sold	99 934	—
Gain on sale before taxation	1	—
Taxation <sup>2</sup>	140 847	—
Gain on sale after taxation	140 848	—

<sup>1</sup> Represents liability recognised at date of sale and equals the net liabilities of Lion disposed of.

<sup>2</sup> Represents capital losses incurred on the investment in Lion, crystallised upon disposal of the investment by Brimstone and utilised during the period.

In terms of the sale agreement, the run-off business will be ring-fenced from the other business carried on by the acquirer of the ordinary shares and the acquirer will continue to fully operate and administer the run-off business for a fee, under the mandate and control of the Lion board of directors through its appointed Run-Off Committee. The arrangement effectively amounts to a third-party cell captive arrangement and Brimstone will subscribe for 100% of a new class of shares relating to the run-off business only. Although Brimstone is the "cell owner" of the run-off business, it does not control the business, nor does the cell satisfy the deemed separate entity condition in paragraph B77 of IFRS 10 *Consolidated Financial Statements* and thus may not be consolidated.

The sale agreement includes a contingent consideration which requires Brimstone to fund the run-off business to settle outstanding claims and other creditors until the completion of the run-off should the need arise, up to a currently envisaged maximum amount of R99.9 million (the "Instrument") which was the net liability value of the run-off business on the date of effective disposal, being 30 December 2021. The Instrument comprises mainly of "long-tail" liability claims which are at varying stages of the litigation process. The settlement amount may vary depending on the outcome of the litigation. The Instrument does not meet the definition of a financial guarantee in terms of IFRS 9 *Financial Instruments* due to its general nature. However, as it is a contractual obligation to deliver cash, the Instrument does satisfy the definition of a financial liability in terms of IAS 32 *Financial Instruments: Presentation* and has been recognised as a financial liability at fair value through profit or loss subsequent to initial recognition (refer to note 9). As the litigation could be finalised immediately and thus the Instrument could require immediate settlement, it has been measured at the full amount of the conditional obligation of R99.9 million at the time of sale (initial recognition) and called *Financial Liability with Contingent Settlement Provisions*.

## FURTHER INFORMATION (CONTINUED)

### 13 Discontinued operation (continued)

#### 13.3 Details of the sale of the subsidiary (continued)

At year end, there have been no significant developments in the abovementioned litigation and therefore the fair value is still deemed to be R99.9 million. Consequently, no gain or loss has been presented in the discontinued operation, in 13.2 on the previous page.

The carrying amount of the assets and liabilities at the date of sale were:

R'000	REVIEWED 30 DECEMBER 2021
Trade receivables	53 756
Insurance assets	42 812
Cash and cash equivalents	5 673
Total assets	102 241
Trade payables	58 931
Other payables	6 512
Insurance liabilities	136 591
Taxation	141
Total liabilities	202 175
<b>Net liabilities</b>	<b>99 934</b>

### 14. Zero Cost Collar

During 2019, Brimstone entered into a Zero Cost Collar arrangement with its funders, whereby all the Life Healthcare Group Holdings Limited ("Life Healthcare") shares held by Brimstone, were placed as security for a principle loan of R1.2 billion. The Zero Cost Collar unwound in six monthly instalments of between R220.7 million and R228.9 million from November 2020.

During November and December 2020, two tranches of the Zero Cost Collar unwound, resulting in 16.5 million shares being disposed of for a total consideration of R441.4 million which was used to settle a portion of the related debt.

During the first half of 2021, four tranches of the Zero Cost Collar unwound, resulting in the disposal of the remaining 33 million Life Healthcare shares for a total consideration of R907 million, which was used to fully settle the related debt.

### 15. Events occurring after the reporting period

#### Acquisition of MG Kailis

On 11 January 2022, the Group announced that it had, through its wholly-owned foreign subsidiaries, Sea Harvest Proprietary Limited and Sea Harvest Marine Proprietary Limited, entered into a business purchase agreement to acquire the Western Australia-based fishing and related businesses of MG Kailis and its subsidiaries for a purchase consideration of AUD70 million (R783 million) subject to the fulfilment or waiver (as the case may be) of various conditions precedent by no later than 31 March 2022 or such later date as may be agreed.

#### Change in tax rate

During the budget speech held on 23 February 2022, the Minister of Finance announced a decrease in the corporate tax rate from 28% to 27% with effect from 1 April 2022. If the legislation had been effective as at year end, this would have resulted in an estimated decrease in the deferred tax liability at 31 December 2021 of R22.5 million.

#### Fishing Rights Allocation Process ("FRAP")

The FRAP 2020/2021 application process concluded in February 2022, and the Group's fishing businesses were pleased with the outcomes of the allocation process. There have been no material changes to previous rights allocated.

## FURTHER INFORMATION (CONTINUED)

### 16. COVID-19 pandemic and going concern

The Group has assessed the impact of the COVID-19 pandemic on the condensed consolidated financial statements and considered the potential impairment indicators for its various subsidiaries, associates and joint ventures, as well as the assumptions used in testing goodwill for impairment. As at the date of approving these condensed consolidated financial statements, management has assessed that there is no material impact on the condensed consolidated financial statements for the year ended 31 December 2021 that has not been recognised.

As essential food manufacturers, the Group's major subsidiary, Sea Harvest Group Limited, and major associate, Oceana Group Limited, have been exempt from lockdown and will continue to be exempt. These entities have also produced resilient results during the 2021 financial year and once again proved their defensive nature in very tough economic and trading conditions.

The Brimstone board has assessed the funding facilities available to the Group and the projected cash flow forecast and is satisfied that sufficient funding and cash is available for a period of at least twelve months from the date of the approval of these condensed consolidated financial statements.

### 17. Re-presentation of employee related liabilities

In the current year, short-term employee related liabilities, which were previously presented under "Short-term provisions", have been classified under "Other payables". The comparative period amounts have been adjusted in order to achieve comparability. There is no impact on the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity or the statement of cash flows.

R'000	2020 PREVIOUS PRESENTATION	2020 REVISED PRESENTATION	NET IMPACT
<b>Statement of financial position</b>			
Short-term provisions	47 300	—	(47 300)
Other payables	216 413	263 713	47 300
Net impact			—