



**BRIMSTONE**  
INVESTMENT CORPORATION LIMITED

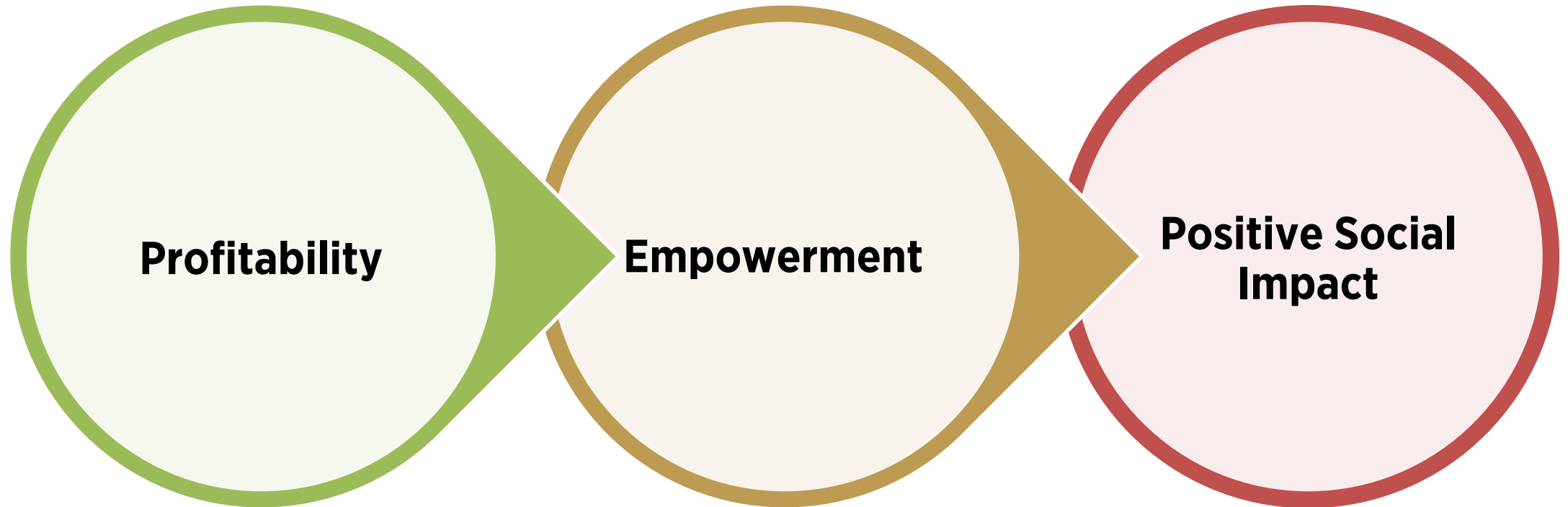
**FINANCIAL RESULTS  
FOR THE YEAR ENDED  
31 DECEMBER 2021**



**BRIMSTONE**  
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**Overview**

# Philosophy



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*Profitability. Empowerment. Positive Social Impact.*

# Introduction

- COVID-19 - seems the worst is over and managed to live with the pandemic
- De-gearing strategy has had a positive impact - resultant savings in finance costs
- Cost-cutting and cost containment measures - positive effect
- Lion of Africa; House of Monatic
- Oceana - delay in release of results; no evidence of any fraud
- FRAP finalisation - post year-end



|   |  |   |   |   |
|---|--|---|---|---|
| <p><b>Food</b></p>                      |   |    |   |   |
| <p><b>Healthcare</b></p>                |   |   |   |   |
| <p><b>Property</b></p>                  |    |    |   |   |
| <p><b>Financial Services</b></p>        |   |   |   |   |
| <p><b>Restricted BEE structures</b></p> |    |    |    |  |
| <p><b>Other</b></p>                     |  |  |  |   |



# Brimstone Group & Associated Brands



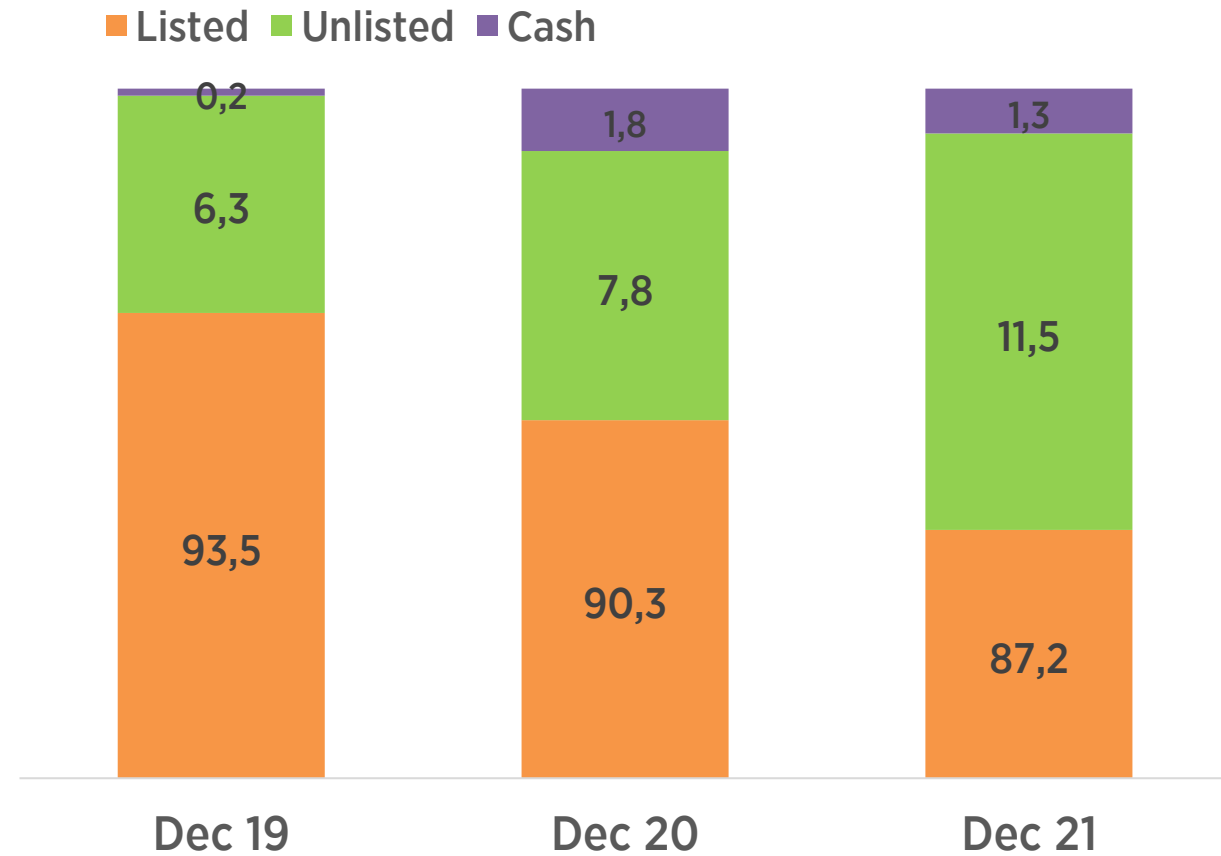
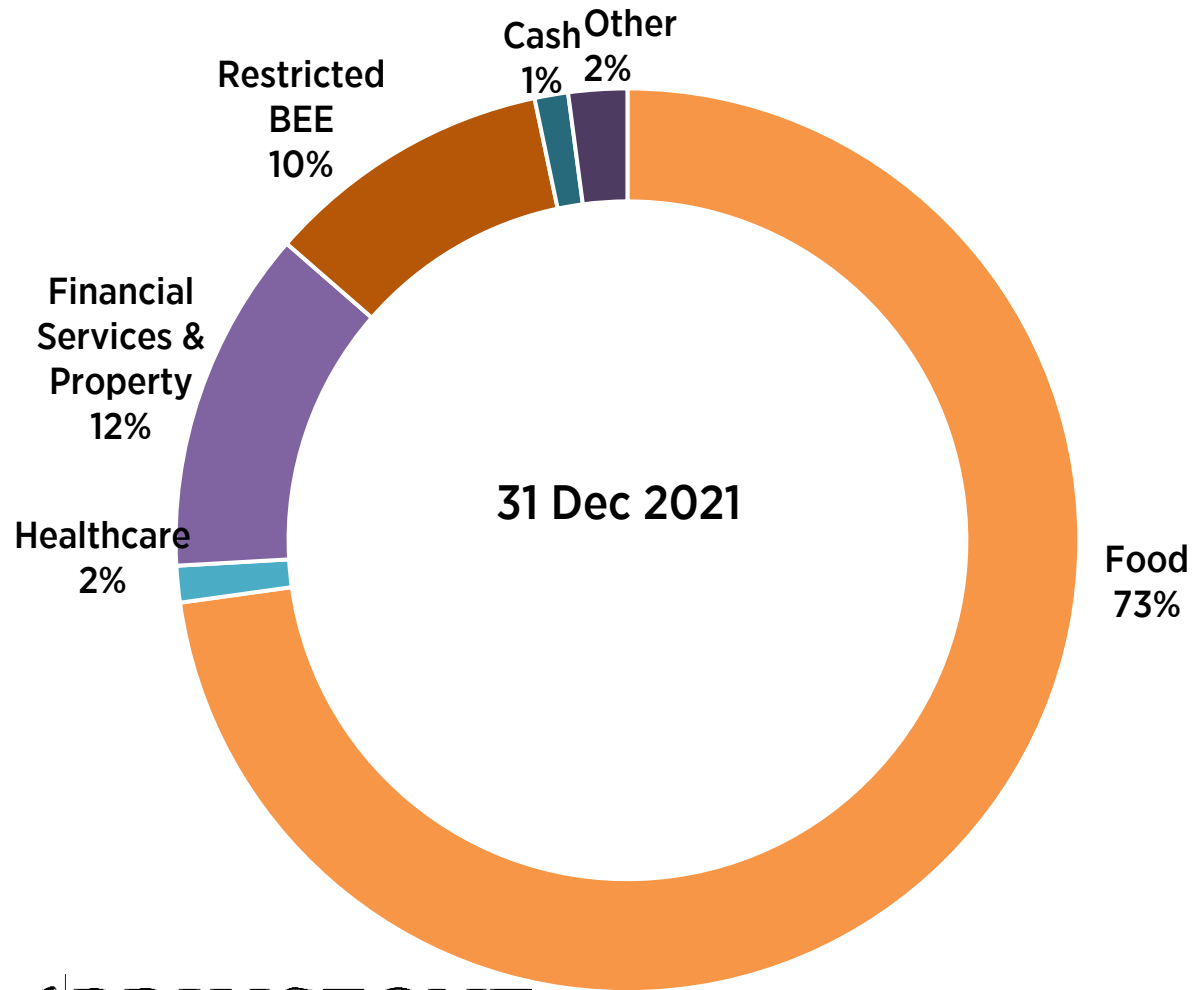
HOUSE OF  
MONATIC



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# Contribution to Intrinsic Gross Asset Value



# Highlights

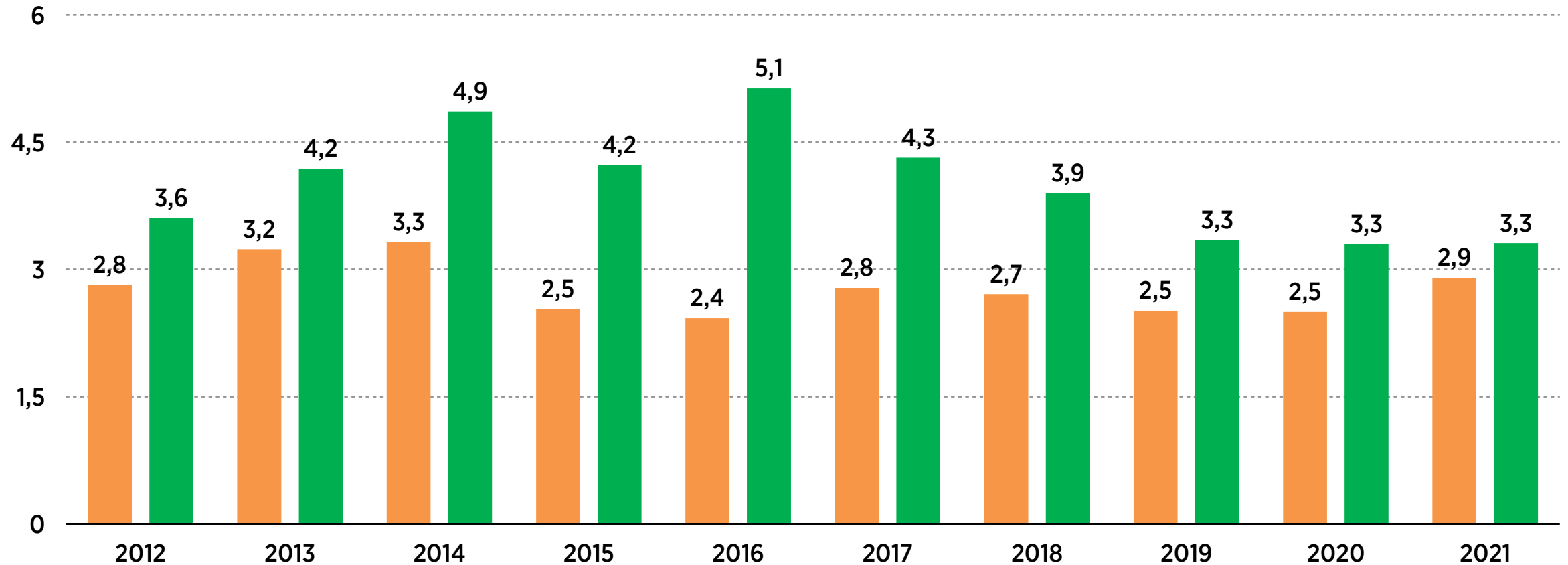
- ✓ **Group profit** R920.9m compared to a loss of R43.8m in previous year
- ✓ **Group earnings per share up** 500% to 292.3cents
- ✓ **Group headline earnings per share up** 586% to 298.9cents
- ✓ **Dividend declared** of 30 cents per share (2020: nil)
- ✓ **Finance costs down** by 45% to R219.0m
- ✓ **Reduction of debt** of R1.2b
- ✓ **Repurchase** of 5.8million “N” ordinary shares for R34.9m
- ✓ **Improved** debt and liquidity ratios





# Book NAV & INAV History

## R' billion



BOOK NAV

INAV

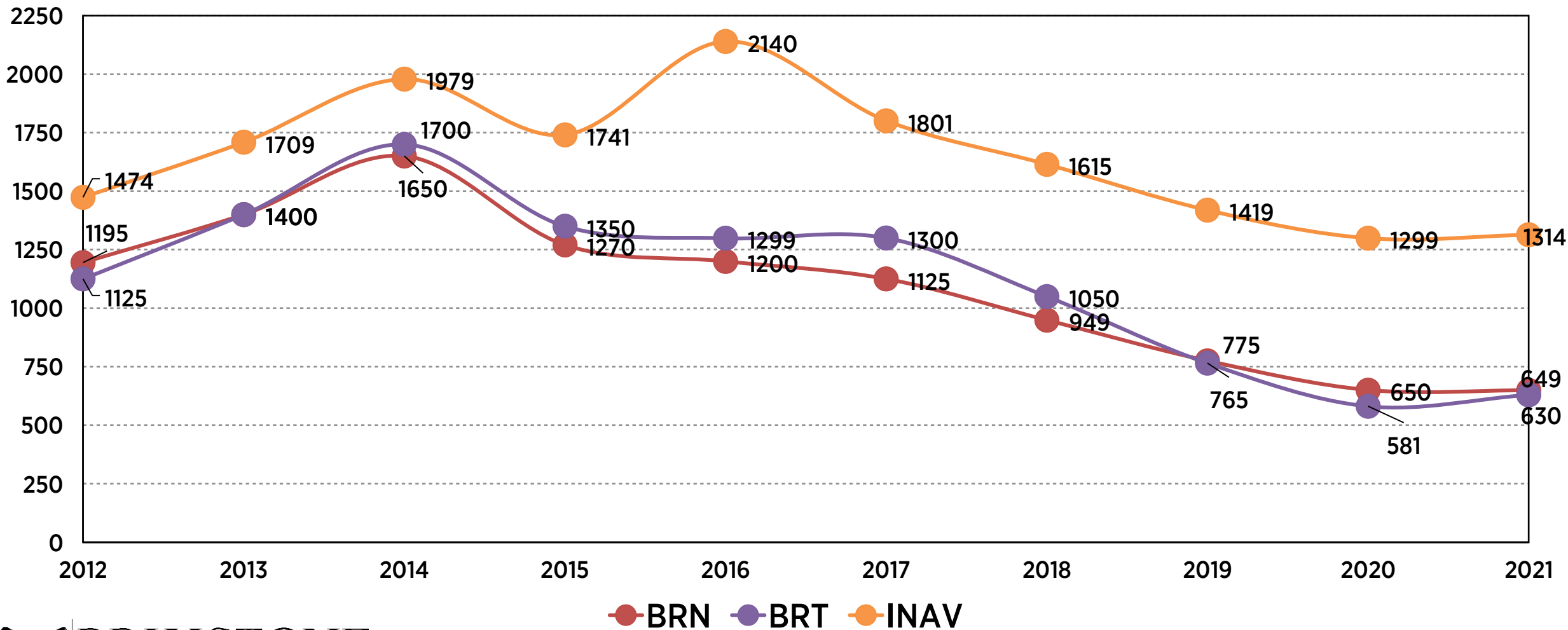


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# Share Price & INAV History

## Cents Per Share



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**Underlying Investment  
Performance**



# Food



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## Sea Harvest (53.4%)

- Accounts for 40% of Brimstone's intrinsic gross asset value
- Proved its resilient and defensive nature despite ongoing volatility caused by COVID-19
- Profit after tax increased to R434m (2020: R398m)
- Dividend receivable 56cps – R89.3m (11 April 2022)
- Closing share price R13.80 (2020: R14.26)



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## Oceana (25.01%)

- Oceana accounts for 33% of Brimstone's intrinsic gross asset value
- Shareholding of 32.6m shares, market value R1.8bn (31 Dec 2020: R2.1bn)
- Recorded R234.0m (2020: R197.8m) in equity accounted earnings to Sept 2021
- Received dividends of R35.9m (2020: R128.2m) from Oceana during the year
- Expect to receive final dividend of R80.9m on 4 Apr 2022
- Closing share price R55.54 (Dec 2020: R64.25)





# Financial Services & Property



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# AON

RE AFRICA



## AON Re Africa (18%)

- Equity accounted earnings of R12.0m (2020: R10.7m)
- Received dividends of R8.0m (2020: R4.1m) from AON Re Africa during the year



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## Equites (1.9%)

- Received dividends of R22.2m (2020: R37.2m) from Equites during the year
- Revalued upwards by R78.4m at year end to R320.9m
- Closing share price R22.99 (Dec 2020: R17.37)

## FPG Property Fund (9.9%)

- Cape-based black owned and managed unlisted property fund valued in excess of R6b on a gross basis
- Portfolio of properties in the retail convenience market
- Owns 22 convenience shopping centres in SA with and expanding footprint in UK
- Received dividends of R2.6m (2020: R2.2m) from FPG during the year
- Revalued upwards by R47.1m to R229.7m at year end





# Healthcare



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# OBSIDIAN HEALTH



## Obsidian Health (70%)

- Leading supplier of innovative healthcare solutions to private and public sector
- Shareholding reorganisation
- Point of care unit outperformed targets, driven by sale of rapid antigen COVID-19 test kits and HIV test kits
- Contributed R20.7m to group profit (2020: R6.9m)



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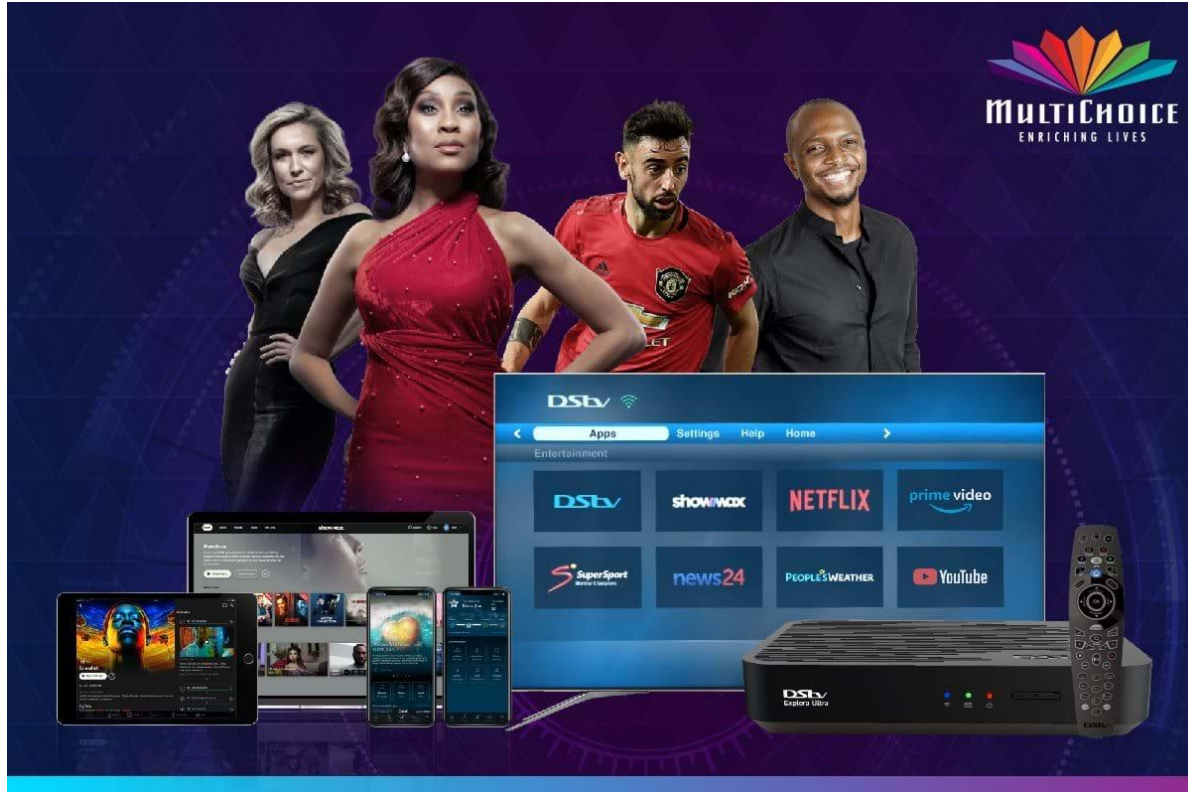
ASSOCIATION  
OF  
AMBA  
ACCREDITED

# Restricted BEE Structures



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## Phuthuma Nathi (2.8%)

- Received dividends of R42.1m (2020: R63.2m) from PN during the year
- Revalued upwards by R30.7m to R255.8m
- Closing share price R134.95 (Dec 2020: R118.75)



MTN Zakhele



## MTN Zakhele Futhi (1.5%)

- Revalued upwards by R38.8m to R56.4m
- Closing share price R31.00 (Dec 2020: R9.67)



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# STADIO

— HOLDINGS —



## STADIO (5.1%)

- Revalued upwards by R75.7m to R163.4m
- Closing share price R3.75 (Dec 2020: R1.95)
- Lock-in until 5 December 2024
- Expect to receive a dividend of R2.0m on 16 May 2022





## Milpark Education (14.5%)

- Milpark contributed R8.3m in equity accounted earnings (2020: R40.1m loss)
- Received dividends of R17.1m (2020: R11.3m) from Milpark during the year
- Brimstone invested a further R30.1m in Milpark to enable early-settlement of its acquisition of CA Connect



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# Other



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## House of Monatic (100%)

- Disposed of its manufacturing assets and transferred related factory staff to TFG Ltd on 1 April 2021
- Running down its retail operation and closing retail stores as leases expire
- Loss of R38.6m (2020: R104.8m)



## South African Enterprise Development (25%)

- Provides equity growth capital to high potential small and medium-sized enterprises
- Investments to date:
  - High Duty Castings (45%)
  - Tombake (32.6%)
  - Decision Inc. (48.4%)
  - ASG Holdings (35.3%)
  - Specialised Food Investment Holdings (46.4%)
- SAED contributed R1.1m in equity accounted earnings (2020: R17.1m loss)
- Accrued a dividend of R1.5m (2020: R1.3m) during the year



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**Financial Results**

# Group Income Statement

| Key line items<br>R'000   | Dec<br>2021    | Restated<br>Dec<br>2020 | %<br>Change    |
|---|----------------|-------------------------|----------------|
| <b>Continuing operations</b>                                      |                |                         |                |
| Sales and fee income  | 4 979 804      | 4 615 163               | 7.9%           |
| Dividends received  | 74 922         | 110 644                 | (32.3%)        |
| <b>Operating profit</b>   | <b>695 091</b> | <b>609 432</b>          | <b>14.1%</b>   |
| Fair value gains/(losses)   | 273 916        | (175 099)               | +256.4%        |
| Other investment losses   | (57 591)       | (47 061)                | 22.4%          |
| Share of profits of associates and JV's                           | 256 840        | 153 198                 | 67.7%          |
| Finance costs (net)   | (199 162)      | (373 564)               | (46.7%)        |
| <b>Profit before taxation</b>                                     | <b>969 094</b> | <b>166 906</b>          | <b>480.6%</b>  |
| Tax expense   | (205 941)      | (152 914)               | 34.7%          |
| <b>Profit from continuing operations</b>                          | <b>763 153</b> | <b>13 992</b>           | <b>-</b>       |
| Profit/(loss) from discontinued operation                         | 157 708        | (57 826)                | +372.7%        |
| <b>Group profit for the year</b>                                  | <b>920 861</b> | <b>(43 834)</b>         | <b>-</b>       |
| <b>Profit/(loss) attributable to equity holders of the parent</b> | <b>731 903</b> | <b>(184 540)</b>        | <b>+496.6%</b> |

SHG: R240m (5%)  
OBH: R130m (73%)

SHG: R68m (11%)  
OBH: R16m (114%)

OGL: R41m  
SHG: R19m

BIC: R154m (53%)  
SHG: R23m (23%)  
Income: R7m

Tax rate: 21.3%  
Recognition of DTA's



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# Analysis of Dividends Received

| R'000  | Dec 2021       | Dec 2020       |
|--|----------------|----------------|
| Sea Harvest  | 71 775         | 79 734         |
| Oceana   | 35 890         | 128 225        |
| AON Re (net of minority share)                         | 4 804          | 2 476          |
| Milpark (net of minority share)                        | 8 705          | 5 760          |
| Phuthuma Nathi   | 42 121         | 63 180         |
| Equites  | 22 185         | 37 246         |
| Other  | 13 108         | 12 531         |
| <b>Total dividends received</b>                        | <b>198 588</b> | <b>329 152</b> |
| Add: Minority share of associates dividends            | 11 565         | 7 186          |
| Less: Dividend received from Sea Harvest (eliminated)  | (71 775)       | (79 734)       |
| Less: Dividends received from associates (reallocated) | (63 456)       | (145 960)      |
| <b>Dividends received recognised in profit or loss</b> | <b>74 922</b>  | <b>110 644</b> |



# Analysis of Fair Value Movements

| R'000                             | Dec 2021       | Restated Dec 2020 |
|-----------------------------------|----------------|-------------------|
| Life Healthcare                   | 351 932        | (223 730)         |
| Zero-Cost-Collar (derivative)     | (346 499)      | 225 364           |
| Equites                           | 78 447         | (134 073)         |
| STADIO Holdings                   | 78 417         | (2 178)           |
| FPG Properties                    | 47 076         | 8 493             |
| MTN Zakhele Futhi                 | 38 795         | (6 420)           |
| Phuthuma Nathi                    | 30 706         | (6 805)           |
| MultiChoice Group                 | -              | (22 521)          |
| Contingent consideration (Viking) | (10 629)       | (9 112)           |
| Other                             | 5 671          | (4 117)           |
| <b>Total</b>                      | <b>273 916</b> | <b>(175 099)</b>  |





# Share of Profits of Associates and JV's

| R'000        | Dec 2021       | Dec 2020       | % Change     |
|--------------|----------------|----------------|--------------|
| Oceana       | 233 975        | 197 827        | 18.3%        |
| Aon Re       | 12 020         | 10 715         | 12.2%        |
| SAED         | 1 036          | (17 130)       | +106.0%      |
| Milpark      | 8 337          | (40 093)       | +120.8%      |
| Other        | 1 472          | 1 879          | (21.7%)      |
| <b>Total</b> | <b>256 840</b> | <b>153 198</b> | <b>67.7%</b> |



# Group Balance Sheet

| Key line items<br>R'000                     | Dec<br>2021         | Dec<br>2020         | %<br>Change         |                                  |
|---|---------------------|---------------------|---------------------|----------------------------------|
| Property, plant and equipment               | 2 253 348           | 2 057 951           | 9.5%                | SHG: R200m (capex & new subs.)   |
| Investments (non-current and current)       | 1 083 868           | 1 347 393           | (19.6%)             | BIC: R282m (FVTPL & sale of LHC) |
| Investments in associates and JV's          | 2 332 148           | 2 437 298           | (4.3%)              | OGL: R119m (REAE & FCTR & EI)    |
| Cash and cash equivalents                   | 862 931             | 427 894             | 101.7%              | SHG: R451m<br>For acquisitions   |
| <b>Total assets</b>                         | <b>10 498 264</b>   | <b>10 343 576</b>   | <b>1.5%</b>         |                                  |
| Non-current liabilities                     | (4 780 354)         | (4 385 267)         | 10.3%               | SHG: R451m<br>For acquisitions   |
| Current liabilities                         | (1 327 394)         | (2 165 908)         | (42.3%)             | BIC: R907m<br>ZCC funding        |
| <b>Total liabilities</b>                    | <b>(6 107 748)</b>  | <b>(6 550 175)</b>  | <b>(6.8%)</b>       |                                  |
|   |                     |                     |                     |                                  |
| <b>Ratio</b>                                | <b>Dec<br/>2021</b> | <b>Dec<br/>2020</b> | <b>Dec<br/>2019</b> |                                  |
| Current ratio                               | 2.11x               | 1.40x               | 1.15x               |                                  |
| Debt ratio/debt to asset ratio <sup>1</sup> | 40.9%               | 49.1%               | 55.1%               |                                  |





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**Intrinsic Net Asset Value**

# INTRINSIC NAV DETAIL

## Listed investments

| Asset             | % held | Valuation basis | Gross<br>R'000 | Debt<br>R'000 | CGT<br>R'000 | INAV<br>R'000 |
|-------------------|--------|-----------------|----------------|---------------|--------------|---------------|
| Sea Harvest       | 53.4%  | Mkt value       | 2 201 210      | -             | -            | 2 201 210     |
| Oceana            | 25.01% | Mkt value       | 1 812 110      | -             | -            | 1 812 110     |
| Equites           | 1.9%   | Mkt value       | 320 909        | -             | (30 979)     | 289 930       |
| Phuthuma Nathi    | 2.8%   | Mkt value       | 255 788        | -             | (4 271)      | 251 517       |
| STADIO            | 5.1%   | Mkt value       | 163 369        | -             | (2 734)      | 160 635       |
| MTN Zakhele Futhi | 1.5%   | Mkt value       | 56 383         | -             | -            | 56 383        |

# INTRINSIC NAV DETAIL

## Unlisted investments

| Asset                                      | % held  | Valuation basis | Gross R'000 | Debt R'000 | CGT R'000 | INAV R'000 |
|--|---------|-----------------|-------------|------------|-----------|------------|
| FPG Property Fund                          | 9.9%    | Book value      | 229 681     | -          | (21 698)  | 207 984    |
| Obsidian                                   | 70%     | Book value      | 71 960      | -          | (7 719)   | 64 241     |
| Milpark Education                          | 14.5%   | Market approach | 92 873      | -          | (7 102)   | 85 771     |
| Aon Re Africa                              | 18.0%   | PE valuation    | 69 906      | -          | (13 871)  | 56 035     |
| SAED                                       | 25%     | Book value      | 60 231      | -          | -         | 60 231     |
| Investment property                        | 100%    | Cap rate        | 57 500      | -          | -         | 57 500     |
| Other Investments,<br>Assets & Liabilities | Various | Valuation       | 53 096      | -          | 31 114    | 84 210     |

# INTRINSIC NAV Summary

| Asset                           | Gross<br>R'000   | Debt<br>R'000      | CGT<br>R'000    | INAV<br>R'000    |
|---------------------------------|------------------|--------------------|-----------------|------------------|
| Listed                          | 4 809 768        | -                  | (37 984)        | 4 771 784        |
| Unlisted                        | 635 246          | -                  | (19 275)        | 615 971          |
| Cash / (Net debt)               | 67 752           | (2 199 899)        | -               | (2 132 147)      |
| <b>Total</b>                    | <b>5 512 766</b> | <b>(2 199 899)</b> | <b>(57 259)</b> | <b>3 255 608</b> |
| Intrinsic NAV per share (cents) | 2 225            | (888)              | (23)            | 1 314            |



# Other Key Statistics

| Other Key statistics<br>R'000         | Dec<br>2021 | Dec<br>2020 | %<br>Change |
|---------------------------------------|-------------|-------------|-------------|
| Intrinsic gross asset value           | 5 512 766   | 6 468 953   | (14.8%)     |
| Book NAV                              | 2 924 444   | 2 491 312   | 17.4%       |
| Book NAV per share (cents)            | 1 180.3     | 985.5       | 19.8%       |
| Intrinsic NAV                         | 3 255 608   | 3 284 773   | (0.9%)      |
| Intrinsic NAV per share (cents)       | 1 314.0     | 1 299.3     | 1.1%        |
| <b>Market price per share (cents)</b> |             |             |             |
| Ordinary shares                       | 630         | 581         | 8.4%        |
| N Ordinary shares                     | 649         | 650         | (0.2%)      |
| <b>Discount to Intrinsic NAV</b>      |             |             |             |
| Ordinary shares                       | 52.1%       | 55.3%       |             |
| N Ordinary shares                     | 50.6%       | 50.0%       |             |



# Prospects

- Level 1 B-BBEE
- FRAP finalised
- Will continue to maintain a positive long-term view on our investments and pursue value accreting opportunities





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**Questions**