

Profitability. Empowerment. Positive Social Impact.

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

Salient features

- **Share of profits of associate, Oceana, up 97% to R187 million (2023: R94.9 million)**
- **Headline earnings per share up 110% to 71.9 cents (2023: 34.2 cents)**
- **Repaid funders R357.6 million**
- **Repurchase of 3 513 000 shares for R16.2 million**
- **Subsequent to period end, repurchase of 1 000 000 shares for R5.5 million**
- **Deconsolidation of Sea Harvest, resulting in net loss on deemed disposal of R562.1 million**

Commentary

The economic environment characterised by a volatile Rand and high interest rates in South Africa remained challenging during the period under review. While a persistently high unemployment rate continued to impact consumer spending, easing inflation contribute to the prospect of a possible interest rate cut in the short-term. Electricity grid stability and reduced loadshedding over the period are early signs of a favourable long-term solution to our energy crisis. South Africa also had free, fair and peaceful elections during the period and the sentiment about the new government of national unity have had a positive impact on domestic investment markets.

Despite the operating environment, the Group reported headline earnings per share of 71.9 cents (2023: 34.2 cents), up 110% over the comparative period. This was mainly due to fair value gains of R76.2 million compared to fair value losses of R40.3 million in the prior period, and the increase in Brimstone's share of profits of associate, Oceana, from R94.9 million in the prior period to R187 million in the period under review.

During the period under review, Sea Harvest completed its acquisition of certain subsidiaries of Terrasan Group Limited ("Terrasan"). Sea Harvest issued 60 million shares to Terrasan as part of the purchase consideration, diluting Brimstone's shareholding in Sea Harvest. As a result, Sea Harvest ceased to be a subsidiary of Brimstone and was reclassified as an associate, representing a fundamental change in the accounting for this investment.

Brimstone disposed of its entire stake in Milpark, and part-stakes in Phuthuma Nathi, MTN Zakhele Futhi and Equites. These disposals have contributed to further implementation of our debt reduction strategy aimed at significantly reducing Brimstone's gearing. The Group repaid R357.6 million to its funders during the period under review.

As part of a dual strategy to enhance shareholder returns, the Group repurchased 3 500 000 shares during the period under review and a further 1 000 000 shares after period end.

Underlying investments



Brimstone portfolio

Food

Sea Harvest (44.5%)¹

Brimstone held 159.6 million shares in Sea Harvest with a fair value of R1.3 billion at period end (31 December 2023: R1.5 billion). Sea Harvest's share price closed at R8.09 per share, down from R9.45 per share at 31 December 2023.

During the period under review, Sea Harvest concluded its acquisition of certain subsidiaries of Terrasan, which resulted in Sea Harvest issuing 60 million shares to Terrasan, which diluted existing shareholders. Consequently, Sea Harvest is no longer a subsidiary of Brimstone, and has been accounted for as an associate, with effect from 14 May 2024.

After the effective date, Brimstone recognised R90.2 million as its share of profits of the associate based on Sea Harvest's reported profit for the period to 30 June 2024.

Oceana (25.1%)¹

Brimstone held 32.7 million shares in Oceana with a market value of R2.4 billion at period end (31 December 2023: R2.3 billion). Oceana's share price closed at R71.85 per share, up from R70.67 per share at 31 December 2023. Brimstone recognised R187 million (2023: R94.9 million) as its share of profits of the associate based on Oceana's reported profit for the period to 31 March 2024.

Brimstone received cash dividends of R63.8 million (2023: R42.6 million) from Oceana during the period under review.

Vuna Fishing Company ("Vuna") (49.8%)

Vuna is a fully integrated fishing business based in Mossel Bay, fishing for Cape hake, sole, monkfish and kingklip. It processes and packages its catch, providing value-added chilled and frozen food products to foodservice customers throughout South Africa and abroad. Vuna contributed R0.9 million (2023: R0.3 million) in equity accounted earnings during the period under review.

Financial services and property

Aon Re Africa (18%)

Aon Re Africa is a leading reinsurance broker licensed and operating in South Africa and the rest of Africa. Brimstone recorded R24.9 million (2023: R30.2 million) in equity accounted earnings and received dividends of R24.3 million (2023: Rnil) from Aon Re Africa during the period under review.²

Equites (0.5%)

Equites' share price closed at R12.79 per share, down from R13.95 per share at 31 December 2023. During the period under review, Brimstone disposed of 9 838 393 Equites shares for a total cash consideration of R137.4 million. The remaining shares were revalued downwards by R4.8 million to R52.7 million at period end.

Brimstone received a dividend of R3.4 million (2023: R12.3 million) from Equites during the period under review.

FPG Property Fund (10.1%)

FPG Property Fund is a Cape-based black-owned and managed unlisted property fund specialising in the retail convenience market. It owns 36 convenience shopping centres in South Africa with an expanding footprint in the United Kingdom. The property portfolio is independently valued in excess of R9 billion on a gross basis (refer note 7).

The investment was revalued upwards by R38.8 million to R401.4 million at period end.

¹ Treasury shares have been included in the calculation of the percentage interest held.

² Amounts stated in respect of associates held through partially owned subsidiaries are before attribution to non-controlling interests.

Brimstone portfolio (continued)

Healthcare

Obsidian Health (“Obsidian”) (70%)¹

Obsidian is a leading supplier of innovative healthcare solutions to both the private and public healthcare sectors within Sub-Saharan Africa.

Obsidian contributed R6.1 million (2023: R2.8 million) to Group profit during the period under review.

Obsidian experienced revenue growth of 40% mostly due to the inclusion of the new Life Sciences division. There remains significant cost increases, driven by Rand weakness and large increases from suppliers, which cannot fully be passed on to customers. However, strong control over operational expenses and working capital has ensured that cash flows have remained positive.

Restricted BEE

MTN Zakhele Futhi (1.4%)

MTN Zakhele Futhi’s share price closed at R14.12 per share, down from R17.17 per share at 31 December 2023. During the period under review, Brimstone disposed of 137 582 shares for a total cash consideration of R2.0 million. The remaining shares were revalued downwards by R5.1 million to R23.7 million at period end.

Phuthuma Nathi (1.3%)

Phuthuma Nathi’s share price closed at R98.50 per share, up from R93.00 per share at 31 December 2023. During the period under review, Brimstone disposed of 1 000 000 shares for a total cash consideration of R100 million. The remaining shares were revalued upwards by R4.9 million to R88.2 million at period end.

STADIO (5.1%)

STADIO’s share price closed at R5.25 per share, up from R5.22 per share at 31 December 2023. The investment was revalued upwards by R1.3 million to R228.7 million at period end. Brimstone received a dividend of R4.4 million (2023: R3.9 million) from STADIO during the period under review.

Brimstone is subject to a lock-in in respect of this investment which expires as follows:

- 78% on 4 December 2024; and
- 22% on 22 March 2025.

Other

South African Enterprise Development (“SAED”) (25%)

SAED is an investment vehicle providing equity growth capital to high potential small and medium sized enterprises, and contributed R2.0 million in equity accounted losses (2023: R10.1 million profits) to Brimstone during the period under review.

Brimstone accrued a dividend of R0.5 million (2023: R0.8 million) from SAED during the period under review.

¹ Treasury shares have been included in the calculation of the percentage interest held.

Intrinsic net asset value (“INAV”)

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 2023. The analysis of INAV is available on the Company’s website at www.brimstone.co.za.

DESCRIPTION	30 JUNE 2024	31 DECEMBER 2023	PERCENTAGE CHANGE
Intrinsic NAV of Brimstone (R'm)	2 773.9	2 978.9	(6.9%)
Intrinsic NAV per share (cents)	1 143.6	1 213.3	(5.7%)
Discount to Intrinsic NAV			
Ordinary shares	52.0%	57.9%	
“N” Ordinary shares	56.5%	60.0%	

Declaration of cash dividend

In line with the prior period, no interim dividend has been declared.

F Robertson
EXECUTIVE CHAIRMAN

MA Brey
CHIEF EXECUTIVE OFFICER

27 August 2024

Directorate and administration

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

TRANSFER SECRETARIES: Computershare Investor Services Proprietary Limited, 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 Director)*, MI Khan (Chief Operating Officer)*, T Moodley*, PL Campher (Lead Independent), M Hewu, N Khan, M Ndlovu, LA Parker, FD Roman, L Wort *Executive

COMPANY SECRETARY: T Moodley

WEBSITE: www.brimstone.co.za

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Condensed consolidated statement of profit or loss

for the six months ended 30 June 2024

R'000	NOTES	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024	UNAUDITED SIX MONTHS ENDED 30 JUNE 2023	AUDITED YEAR ENDED 31 DECEMBER 2023
Revenue	3	2 048 132	3 342 887	6 528 963
Sales and fee income		2 040 409	3 326 723	6 460 762
Dividends received		7 723	16 164	68 201
Net operating expenses		(1 984 566)	(3 105 372)	(6 073 867)
Operating profit		63 566	237 515	455 096
Fair value gains/(losses)		76 200	(40 324)	(37 220)
Other investment (losses)/gains	4	(506 106)	89 429	95 522
Share of profits of associates and joint ventures		298 829	150 218	428 331
(Loss)/profit before net finance costs		(67 511)	436 838	941 729
Interest income		27 225	14 160	29 866
Finance costs	5	(203 575)	(222 952)	(471 843)
(Loss)/profit before taxation		(243 861)	228 046	499 752
Taxation		(41 019)	(39 951)	(77 878)
(Loss)/profit for the period		(284 880)	188 095	421 874
(Loss)/profit attributable to:				
Equity holders of the parent		(295 698)	88 177	291 267
Non-controlling interests		10 818	99 918	130 607
		(284 880)	188 095	421 874
(Loss)/earnings per share (cents)				
Basic		(121.2)	35.6	117.9
Diluted		(121.2)	35.3	116.6

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2024

R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024	UNAUDITED SIX MONTHS ENDED 30 JUNE 2023	AUDITED YEAR ENDED 31 DECEMBER 2023
(Loss)/profit for the period	(284 880)	188 095	421 874
Other comprehensive (loss)/income, net of tax	(60 807)	(64 839)	91 258
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
Profit/(loss) arising during the period	49 540	(113 098)	(62 974)
Recycled to operating expenses	1 104	(5 936)	716
Recycled to other investment (losses)/gains	(40 470)	—	—
Cost of hedging reserve			
Profit/(loss) arising during the period	—	5 577	(6 301)
Recycled to operating expenses	—	(6 333)	4 682
Recycled to other investment (losses)/gains	31 777	—	—
Foreign currency translation			
(Loss)/profit arising during the period	(29 040)	95 864	85 677
Recycled to other investment (losses)/gains	(74 378)	—	—
Share of other comprehensive income/(loss) of associates			
Current period movement	12 490	(41 749)	69 351
Items that will not be reclassified subsequently to profit or loss			
Movement in investment at fair value through other comprehensive income	1 623	—	(2 242)
Measurement of defined benefit plans	—	—	1 513
Share of other comprehensive (loss)/income of associates	(921)	836	836
Transferred to retained earnings on deemed disposal of subsidiary	(12 532)	—	—
Total comprehensive (loss)/income for the period	(345 687)	123 256	513 132
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent	(366 642)	32 567	372 948
Non-controlling interests	20 955	90 689	140 184
	(345 687)	123 256	513 132

Condensed consolidated statement of financial position

as at 30 June 2024

R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024	UNAUDITED SIX MONTHS ENDED 30 JUNE 2023	AUDITED YEAR ENDED 31 DECEMBER 2023
Assets			
Non-current assets	5 247 639	9 374 249	9 368 582
Property, plant, equipment and vehicles	3 707	2 542 106	2 450 740
Investment property	—	3 700	79 432
Right-of-use assets	12 162	224 673	209 658
Biological assets	—	76 097	71 410
Goodwill	—	1 038 937	1 036 759
Intangible assets	3 211	1 524 790	1 484 135
Investments in associate companies and joint ventures	4 482 628	2 708 533	2 927 839
Investments	692 685	1 061 370	883 421
Loans and receivables	6 556	13 225	21 052
Loans to supplier partners	—	94 554	103 590
Deferred taxation	43 839	50 999	64 521
Other financial assets	2 851	35 265	36 025
Current assets	278 504	2 652 761	2 623 348
Inventories	49 354	1 120 508	1 089 380
Biological assets	—	103 966	118 266
Trade and other receivables	61 301	1 146 652	985 097
Loans and receivables	2 314	12 909	2 385
Other financial assets	—	4 104	55
Taxation	3 117	22 889	6 336
Cash and cash equivalents	162 418	241 733	421 829
Non-current assets held for sale¹	140 897	—	263 774
Total assets	5 667 040	12 027 010	12 255 704

¹ Included in non-current assets held for sale are shares held in Phuthuma Nathi Investments Limited and Equities Property Fund Limited (2023: Phuthuma Nathi Investments Limited and Milpark Investments SPV Proprietary Limited).

Condensed consolidated statement of financial position (continued)

as at 30 June 2024

R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024	UNAUDITED SIX MONTHS ENDED 30 JUNE 2023	AUDITED YEAR ENDED 31 DECEMBER 2023
Equity and liabilities			
Capital and reserves	3 393 200	4 762 040	5 104 476
Share capital	39	39	39
Capital reserves	850 612	520 326	627 487
Revaluation reserves	14 097	20 001	18 734
Cash flow hedging reserve	—	(21 847)	11 125
Cost of hedging reserve	—	(31 197)	(31 777)
Foreign currency translation reserve	—	96 861	91 205
Changes in ownership	—	500 010	489 918
Retained earnings	2 465 726	2 167 807	2 370 897
Attributable to equity holders of the parent	3 330 474	3 252 000	3 577 628
Non-controlling interests	62 726	1 510 040	1 526 848
Non-current liabilities	1 970 195	5 510 225	5 642 336
Long-term interest bearing borrowings	1 833 180	4 262 479	4 436 309
Long-term non-interest bearing borrowings	45 069	—	—
Employee related liabilities	—	22 146	29 791
Lease liabilities	13 756	231 043	216 647
Deferred grant income	—	32 013	30 990
Other financial liabilities	1 050	78 158	3 252
Deferred taxation	77 140	884 386	925 347
Current liabilities	303 645	1 754 745	1 508 892
Short-term interest bearing borrowings	146 665	514 900	395 473
Short-term provisions	—	26 090	4 704
Bank overdrafts	46	41 184	56 116
Trade payables	50 482	662 492	598 869
Other payables	25 457	299 030	245 175
Deferred grant income	—	3 070	4 367
Lease liabilities	3 833	34 012	34 101
Other financial liabilities	70 596	173 316	166 975
Taxation	6 566	651	3 112
Total equity and liabilities	5 667 040	12 027 010	12 255 704
NAV per share (cents)	1 373	1 310	1 457
Shares in issue at end of period (000's)	242 544	248 221	245 512

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2024

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
Balance 1 January 2023 – audited	39	572 786	19 989	47 457	(30 731)	41 417	508 419	2 164 128	3 323 504	1 479 703	4 803 207
Attributable profit for the year	—	—	—	—	—	—	—	291 267	291 267	130 607	421 874
Other comprehensive income/(loss)	—	70 729	(1 299)	(36 352)	(937)	49 540	—	—	81 681	9 577	91 258
Total comprehensive income/(loss)	—	70 729	(1 299)	(36 352)	(937)	49 540	—	291 267	372 948	140 184	513 132
Recognition of share-based payments	—	38 671	—	—	—	—	—	—	38 671	6 574	45 245
Further investment in subsidiary	—	—	—	—	—	—	(21 328)	—	(21 328)	9 882	(11 446)
Arising on disposal of subsidiaries	—	—	—	—	—	—	—	—	—	(26 722)	(26 722)
Dividend paid	—	—	—	—	—	—	—	(84 498)	(84 498)	(63 314)	(147 812)
Share of other net asset changes of associate	—	(15 153)	—	—	—	—	—	—	(15 153)	—	(15 153)
Shares issued by subsidiaries	—	(17 935)	44	20	(109)	248	2 827	—	(14 905)	(19 459)	(34 364)
Shares repurchased by subsidiaries	—	(21 611)	—	—	—	—	—	—	(21 611)	—	(21 611)
Balance 31 December 2023 – audited	39	627 487	18 734	11 125	(31 777)	91 205	489 918	2 370 897	3 577 628	1 526 848	5 104 476
Balance 1 January 2024 – audited	39	627 487	18 734	11 125	(31 777)	91 205	489 918	2 370 897	3 577 628	1 526 848	5 104 476
Attributable (loss)/profit for the period	—	—	—	—	—	—	—	(295 698)	(295 698)	10 818	(284 880)
Other comprehensive income/(loss)	—	4 246	(4 637)	(11 125)	31 777	(91 205)	—	—	(70 944)	10 137	(60 807)
Total comprehensive income/(loss)	—	4 246	(4 637)	(11 125)	31 777	(91 205)	—	(295 698)	(366 642)	20 955	(345 687)
Recognition of share-based payments	—	12 447	—	—	—	—	—	—	12 447	5 003	17 450
Derecognition on disposal of subsidiaries	—	—	—	—	—	—	—	—	—	(1 433 045)	(1 433 045)
Transfer of reserves	—	10 206	—	—	—	—	(489 918)	492 244	12 532	—	12 532
Dividend paid	—	—	—	—	—	—	—	(101 717)	(101 717)	(57 035)	(158 752)
Share of other net asset changes of associates	—	212 462	—	—	—	—	—	—	212 462	—	212 462
Shares repurchased ¹	—	(16 236)	—	—	—	—	—	—	(16 236)	—	(16 236)
30 June 2024 – unaudited	39	850 612	14 097	—	—	—	—	2 465 726	3 330 474	62 726	3 393 200

¹ Refer to note 8

Condensed consolidated statement of changes in equity (continued)

for the six months ended 30 June 2024

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
Balance 1 January 2023 – audited	39	572 786	19 989	47 457	(30 731)	41 417	508 419	2 164 128	3 323 504	1 479 703	4 803 207
Attributable profit for the period	—	—	—	—	—	—	—	88 177	88 177	99 918	188 095
Other comprehensive (loss)/income	—	(41 248)	—	(69 313)	(437)	55 388	—	—	(55 610)	(9 229)	(64 839)
Total comprehensive (loss)/income	—	(41 248)	—	(69 313)	(437)	55 388	—	88 177	32 567	90 689	123 256
Recognition of share-based payments	—	22 993	—	—	—	—	—	—	22 993	(558)	22 435
Arising on acquisition of subsidiary	—	—	—	—	—	—	(6 361)	—	(6 361)	5 130	(1 231)
Dividend paid	—	—	—	—	—	—	—	(84 498)	(84 498)	(57 164)	(141 662)
Share of other net asset changes of associate	—	(7 825)	—	—	—	—	—	—	(7 825)	—	(7 825)
Shares repurchased by subsidiaries	—	(17 899)	12	9	(29)	56	(2 048)	—	(19 899)	(7 760)	(27 659)
Shares repurchased	—	(8 481)	—	—	—	—	—	—	(8 481)	—	(8 481)
Balance 30 June 2023 – unaudited	39	520 326	20 001	(21 847)	(31 197)	96 861	500 010	2 167 807	3 252 000	1 510 040	4 762 040

Condensed consolidated statement of cash flows

for the six months ended 30 June 2024

R'000	NOTES	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024	UNAUDITED SIX MONTHS ENDED 30 JUNE 2023	AUDITED YEAR ENDED 31 DECEMBER 2023
Operating activities				
(Loss)/profit for the period		(284 880)	188 095	421 874
Adjustments for non-cash and other items		410 569	221 536	322 724
Operating cash flows before movements in working capital		125 689	409 631	744 598
Decrease/(increase) in inventories		8 048	17 890	(8 762)
Increase in trade and other receivables		(85 724)	(186 610)	(77 689)
(Decrease)/increase in trade and other payables		(99 999)	14 335	(25 979)
Cash (used in)/generated from operations		(51 986)	255 246	632 168
Interest received		24 366	25 535	33 896
Proceeds from receipt of a government grant		—	—	2 353
Dividends received from associates and joint ventures		88 596	57 149	174 208
Dividends received from other equity investments		7 723	16 164	68 201
Income taxes paid		(9 315)	(30 697)	(37 674)
Finance costs paid		(473 432)	(183 139)	(411 545)
Net cash (used in)/generated by operating activities		(414 048)	140 258	461 607
Investing activities				
Loans and receivables advanced		(5 431)	(2 902)	(3 330)
Proceeds on disposal of property, plant, equipment and vehicles		174	66 870	64 184
Insurance proceeds		—	4 448	9 410
Acquisition of property, plant, equipment and vehicles		(147 772)	(304 091)	(466 654)
Acquisition of biological assets		(24 187)	(40 037)	(76 872)
Acquisition of intangible assets		—	—	(286)
Deemed disposal of subsidiary	10.1	68 000	—	—
Disposal of subsidiary	10.2	117 500	—	6 158
Disposal of investments	10.3	239 399	—	—
Disposal of investment at fair value through other comprehensive income		14 180	—	—
Supplier partner loans repaid		457	2 739	3 330
Supplier partner loans advanced		(725)	—	(250)
Net cash generated by/(used in) investing activities		261 595	(272 973)	(464 310)
Financing activities				
Dividends paid by Company and subsidiaries		(158 752)	(141 662)	(147 812)
Repayment of borrowings and lease liabilities		(252 349)	(102 911)	(175 379)
Loans raised		377 608	259 072	392 966
Shares repurchased		(16 236)	(8 481)	(21 611)
Shares repurchased by subsidiaries		—	(27 659)	(34 364)
(Decrease)/increase in bank overdrafts		(56 070)	16 469	31 401
Net cash (used in)/generated by financing activities		(105 799)	(5 172)	45 201
Net (decrease)/increase in cash and cash equivalents		(258 252)	(137 887)	42 498
Cash and cash equivalents at beginning of period		421 829	375 133	375 133
Foreign exchange differences		(1 159)	4 487	4 198
Cash and cash equivalents at end of period		162 418	241 733	421 829
Bank balances and cash		162 418	241 733	421 829

Headline earnings per share

for the six months ended 30 June 2024

	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024	UNAUDITED SIX MONTHS ENDED 30 JUNE 2023	AUDITED YEAR ENDED 31 DECEMBER 2023
Headline earnings per share (cents)			
Basic	71.9	34.2	71.6
Diluted	71.2	33.9	70.8
Headline earnings calculation (R'000)			
(Loss)/profit attributable to equity holders of the parent	(295 698)	88 177	291 267
Net loss on deemed disposal of subsidiary	562 093	—	—
Impairment of property, plant equipment and vehicles	—	1 945	26
Insurance proceeds	—	(2 493)	(5 396)
Loss/(profit) on disposal of property, plant, equipment and vehicles	—	13	(970)
(Gain)/loss on disposal of subsidiary	(73 094)	—	293
Adjustments relating to results of associates	(19 738)	(3 275)	(109 906)
Total tax effects of adjustments	1 747	328	1 664
Headline earnings	175 310	84 695	176 978
Weighted average number of shares on which basic (loss)/earnings and basic headline earnings per share is based (000's)	243 926	247 868	247 071
Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based (000's) ¹	246 366	249 718	249 831

¹ In the current period, due to a loss per share, the weighted average number of shares on which diluted loss per share is based, has been limited to 243 926 000.

Further information

1. Basis of preparation

The consolidated interim financial statements for the period ended 30 June 2024 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim results and the requirements of the Companies Act of South Africa, applicable to financial statements. The Listings Requirements require interim results to be prepared in accordance with and containing the information required by IAS 34 *Interim Financial Reporting* and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements as at 31 December 2023.

The information has not been audited or reviewed by the Group's auditors Ernst & Young Inc. The directors take full responsibility for the preparation of this report. The consolidated interim financial statements were prepared under the supervision of the Financial Director, Geoffrey George Fortuin CA(SA).

2. Accounting policies

The accounting policies applied in the preparation of these consolidated interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2023.

3. Revenue

Revenue for the period is analysed as follows:

R'000	NOTES	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024	UNAUDITED SIX MONTHS ENDED 30 JUNE 2023	AUDITED YEAR ENDED 31 DECEMBER 2023
Revenue recognised at a point in time		2 006 355	3 278 852	6 338 979
Revenue recognised over time		34 054	47 871	121 783
		2 040 409	3 326 723	6 460 762

The Group's revenue comprises:

Food products		1 868 268	3 202 639	6 204 776
Clothing products		275	213	213
Healthcare products		171 008	122 093	253 053
Other		858	1 778	2 720
Total sales and fee income		2 040 409	3 326 723	6 460 762

Dividends received

7 723	16 164	68 201
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Total revenue

2 048 132	3 342 887	6 528 963
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Revenue per food product mix comprises:

Wild-caught fish		1 132 419	1 725 270	3 387 715
Shellfish		117 939	182 827	559 516
Convenience foods		48 311	400 149	490 213
Traded		53 991	112 730	180 361
Dairy		515 608	781 663	1 586 971
		1 868 268	3 202 639	6 204 776

4. Other investment (losses)/gains

Deal costs incurred		(17 107)	—	(95)
Gain on purchased loans		—	93 310	93 310
Gain/(loss) on disposal of subsidiary	10.2	73 094	—	(578)
Net loss on deemed disposal of subsidiary	10.1	(562 093)	—	—
Other items		—	(3 881)	2 885
Total other investment (losses)/gains		(506 106)	89 429	95 522

Further information (continued)

R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024	UNAUDITED SIX MONTHS ENDED 30 JUNE 2023	AUDITED YEAR ENDED 31 DECEMBER 2023
5. Finance costs			
Interest on borrowings	92 466	101 085	222 448
Preference dividends	104 482	107 665	224 064
Interest expense on lease liabilities	6 504	9 920	19 899
Other	123	4 282	5 432
Total finance costs	203 575	222 952	471 843
6. Segmental information			
<p>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. The Group's reportable segments under IFRS 8 <i>Operating Segments</i>, are food and investments. Investments include subsidiaries House of Monatic (Pty) Ltd and Firefly Investments 306 (Pty) Ltd ("Obsidian Health"), as well as, investments at fair value through other comprehensive income ("FVTOCI") and investments at fair value through profit or loss ("FVTPL").</p>			
Segment revenue	2 048 132	3 342 887	6 528 963
Food	1 868 268	3 202 639	6 204 776
Investments	179 864	140 248	324 187
Segment operating profit	63 566	237 515	455 096
Food	85 297	252 031	459 600
Investments	(21 731)	(14 516)	(4 504)
<p>A reconciliation of operating profit from segments to (loss)/profit for the period is provided below:</p>			
Operating profit	63 566	237 515	455 096
Fair value gains/(losses)	76 200	(40 324)	(37 220)
Other investment (losses)/gains	(506 106)	89 429	95 522
Share of profits of associates and joint ventures	298 829	150 218	428 331
Interest income	27 225	14 160	29 866
Finance costs	(203 575)	(222 952)	(471 843)
Taxation	(41 019)	(39 951)	(77 878)
(Loss)/profit for the period	(284 880)	188 095	421 874
Segment assets and liabilities			
Segment assets			
Food	6 882	8 091 612	8 017 556
Investments	5 660 158	3 935 398	4 238 148
Total segment assets	5 667 040	12 027 010	12 255 704
Segment liabilities			
Food	45 684	4 811 119	4 647 749
Investments	2 228 156	2 453 851	2 503 479
Total segment liabilities	2 273 840	7 264 970	7 151 228

Further information (continued)

7. Fair value measurements

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

Some of the Group's financial assets, non-financial assets and financial liabilities are measured at fair value at each reporting date. The following table gives information about how the fair values of these financial assets, non-financial assets 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 (but fair value disclosures are required) recognised in the consolidated interim financial statements approximate their fair values.

R'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
30 June 2024 – unaudited				
Financial assets at FVTPL				
Derivative financial assets	–	2 851 ¹	–	2 851
Listed shares	393 352	–	–	393 352
Unlisted shares	–	–	440 230 ²	440 230
Total	393 352	2 851	440 230	836 433
Financial liabilities at FVTPL				
Derivative financial liabilities	–	1 646 ¹	–	1 646
Financial liability with contingent settlement provisions	–	–	70 000 ⁶	70 000
Total	–	1 646	70 000	71 646
30 June 2023 – unaudited				
Financial assets at FVTPL				
Derivative financial assets	–	39 369 ¹	–	39 369
Listed shares	663 531	–	–	663 531
Unlisted shares	–	–	366 619 ²	366 619
Non-financial assets at fair value				
Biological assets	–	–	180 063 ³	180 063
Investment properties	–	–	3 700 ⁴	3 700
Financial assets at FVTOCI				
Unlisted shares	–	–	31 220 ⁵	31 220
Total	663 531	39 369	581 602	1 284 502
Financial liabilities at FVTPL				
Derivative financial liabilities	–	151 540 ¹	–	151 540
Financial liability with contingent settlement provisions	–	–	99 934 ⁶	99 934
Total	–	151 540	99 934	251 474
31 December 2023 – audited				
Financial assets at FVTPL				
Derivative financial assets	–	36 080 ¹	–	36 080
Listed shares	629 636	–	–	629 636
Unlisted shares	–	–	401 700 ²	401 700
Non-financial assets at fair value				
Biological assets	–	–	189 676 ³	189 676
Investment properties	–	–	79 432 ⁴	79 432
Financial assets at FVTOCI				
Unlisted shares	–	–	28 360 ⁵	28 360
Total	629 636	36 080	699 168	1 364 884
Financial liabilities at FVTPL				
Derivative financial liabilities	–	70 293 ¹	–	70 293
Financial liability with contingent settlement provisions	–	–	99 934 ⁶	99 934
Total	–	70 293	99 934	170 227

Further information (continued)

7. 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

1. 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 calculated using an average of actual 2022 and 2023 earnings and 2024 projected earnings multiplied by a price earnings multiple, ii) yield curve, and iii) volatility. A change in unobservable inputs would not have a material change in the fair value.
 - Financial assets and liabilities relate to hedging contracts 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.
2. 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 the capitalisation of net income method or open market values for existing use, on a three-year rolling basis, i.e. a third of the portfolio is independently valued annually. 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 period would increase/decrease by R31.5 million (2023: R26.0 million).
3. Biological assets were measured at fair value less costs to sell. Biological assets included abalone and oysters cultivated at aquaculture farms, and were measured at their fair value less estimated point-of-sale costs. Fair value was 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. During the prior period, a fair value gain of R5.3 million was recognised in profit or loss relating to the valuation of biological assets. A change in unobservable inputs would not result in a significant change in the fair value.
4. Subsequent to the sale of a 5% interest in subsidiary BM Foods Manufacturers Proprietary Limited ("BMFM") and the consequential loss of control, commercial and industrial properties occupied by BMFM were no longer owner occupied and were held as investment properties which resulted in an increase in investment properties of R75.7 million. The fair value was determined by an independent valuer, using the income capitalisation approach.
5. Asset valuation method performed by an independent valuer represented unlisted shares in a vessel-owning company. The underlying vessel was 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 result in a significant change in the fair value.
6. 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 of Africa Insurance Company Limited ("Lion") at the date of disposal of the former subsidiary, which was 30 December 2021. During the current period, the fair value of the liability was remeasured based on updated financial information received from Lion.

Further information (continued)

	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024	UNAUDITED SIX MONTHS ENDED 30 JUNE 2023	AUDITED YEAR ENDED 31 DECEMBER 2023
8. Share capital (number)			
In issue (number)			
Ordinary shares	39 874 146	39 874 146	39 874 146
Held as treasury shares	(3 269 948)	(3 237 285)	(3 256 948)
	36 604 198	36 636 861	36 617 198
<hr/>			
"N" Ordinary shares	224 975 962	224 975 962	224 975 962
Held as treasury shares	(19 035 789)	(13 391 679)	(16 080 679)
	205 940 173	211 584 283	208 895 283
<hr/>			
Total net of treasury shares	242 544 371	248 221 144	245 512 481
<hr/>			
Closing share price (cents)			
Ordinary shares	549	545	511
"N" Ordinary shares	497	500	485

During the period, Brimstone, through its treasury share vehicle, bought back 13 000 Ordinary shares and 3 500 000 "N" Ordinary shares for a total cash consideration of R0.1 million (average price of R5.00 per share) and R16.2 million (average price of R4.62 per share), respectively. These shares are now classified as treasury shares.

9. 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 ("Sea Harvest") subsidiary, Sea Harvest Corporation Proprietary Limited ("Sea Harvest Corporation"), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation. The following information is presented for the period when Sea Harvest was a subsidiary of Brimstone. Purchases from SeaVuna amounted to R98.6 million compared to R152.7 million for the period ended 30 June 2023 and R295.1 million for the year ended 31 December 2023. Sales to SeaVuna during the period amounted to R1.5 million compared to R7.6 million for the period ended 30 June 2023 and R14.8 million for the year ended 31 December 2023.

At period end, a loan owing by Vuna Fishing Group Proprietary Limited to Sea Harvest, amounted to R45.1 million. Prior to the loss of control of Sea Harvest, this loan was eliminated upon consolidation.

Further information (continued)

10. Disposals

10.1 Deemed disposal of subsidiary

During the current period, Sea Harvest concluded its acquisition of certain subsidiaries of Terrasan, which resulted in Sea Harvest issuing 60 million shares to Terrasan, which diluted existing shareholders. Consequently, Sea Harvest is no longer a subsidiary of Brimstone, and has been accounted for as an associate, with effect from 14 May 2024.

Upon the loss of control of Sea Harvest, Brimstone recognised a net loss on deemed disposal of R562.1 million, which comprises, a loss on deemed disposal of R337.5 million, a fair value loss on the remeasurement of the portion of the investment that was retained of R307.7 million, and a gain of R83.1 million relating to the recycling of other comprehensive income ("OCI").

R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024
Portion of investment disposed of	
Consideration	—
Less: carrying value of investment disposed of	337 511
Loss on deemed disposal	(337 511)
Portion of investment retained	
Fair value	1 241 368
Less: carrying value of investment retained	1 549 022
Loss on remeasurement of investment retained	(307 654)
Recycling of OCI	83 072
Net loss on deemed disposal	(562 093)
The carrying amount of the assets and liabilities at the date of deemed disposal were:	
Property, plant, equipment and vehicles	2 484 527
Investment property	79 432
Right-of-use assets	190 247
Biological assets	198 441
Goodwill	1 030 162
Intangible assets	1 445 346
Investments in associate companies and joint ventures	126 275
Investments	14 180
Loans and other receivables	59 115
Loans to supplier partners	106 636
Deferred taxation	5 225
Other financial assets	37 806
Inventories	1 054 155
Trade receivables	1 007 053
Taxation	14 487
Cash and cash equivalents	64 873
Total assets	7 917 960

Further information (continued)

10. Disposals (continued)

10.1 Deemed disposal of subsidiary (continued)

R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2024
The carrying amount of the assets and liabilities at the date of deemed disposal were: (continued)	
Interest bearing borrowings	2 654 503
Employee related liabilities	25 774
Lease liabilities	226 878
Deferred grant income	34 706
Deferred taxation	870 403
Short-term provisions	18 897
Bank overdrafts	132 873
Trade payables	446 434
Other payables	218 455
Other financial liabilities	57
Taxation	11 870
Total liabilities	4 640 850
Net assets	3 277 110
Less: Non-controlling interests	21 258
Net assets attributable to shareholders of Sea Harvest	3 255 852
Net cash flow on disposal of subsidiary	
Consideration received in cash	—
Add: net overdrafts disposed of	68 000
	68 000
10.2 Disposal of subsidiary	
During the current period, Brimstone disposed of its 51% holding in Newshelf 1409 Proprietary Limited ("Newshelf 1409") (which held the investment in Milpark Investments SPV Proprietary Limited) to STADIO Holdings Limited, for a total consideration of R117.5 million. The Group realised a profit of R73.1 million on the disposal.	
Investment disposed of	
Consideration	117 500
Less: carrying value of investment	(44 406)
Gain on disposal	73 094
The carrying amount of the assets and liabilities at the date of disposal were:	
Investments	87 499
Total assets	87 499
Other payables	830
Total liabilities	830
Net assets attributable to shareholders of Newshelf 1409	86 669
Net cash flow on disposal of subsidiary	
Consideration received in cash	117 500

Further information (continued)

10. Disposals (continued)

10.3 Disposal of investments

Brimstone disposed of the following investments during the current period:

INVESTMENT	NUMBER OF SHARES SOLD	GROSS PROCEEDS REALISED R'000
Phuthuma Nathi Investments Limited	1 000 000	100 000
Equities Property Fund Limited	9 838 393	137 415
MTN Zakhele Futhi	137 582	1 984
		239 399

Proceeds from disposals were used to reduce debt.

11. Events occurring after the reporting period

There are no events which have occurred between the reporting date and the date the consolidated interim financial statements were authorised for issue which require adjustment or disclosure in the consolidated interim financial statements.

12. Going concern

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 reporting date.