BRIMSTONE
INVESTMENT CORPORATION LIMITED

INTEGRATED REPORT 2021

ABOUT THIS REPORT

REPORT PROFILE
This report is for the year ended 31 December 2021. This is the 13th Integrated Report produced by Brimstone.

For any enquiries on this report please contact: Nisaar Pangarker (npangarker@brimstone.co.za), Paige Govender (pgovender@brimstone.co.za) or Tiloshani Moodley (tmoodley@brimstone.co.za) at the e-mail addresses provided or telephone number +27 21 683 1444.

REPORT SCOPE AND BOUNDARY
As an investment holding company Brimstone reports on all unlisted businesses which it controls. Where the business is separately listed or Brimstone does not enjoy control, it has chosen to influence the principles of sustainability within the context of that business, but will however not report on the landscape and progress. Brimstone currently has three operating subsidiaries, i.e. House of Monatic, Obsidian Health and Sea Harvest. Sea Harvest is listed and the other two subsidiaries are unlisted but all are operated and managed as independent entities with their own boards of directors.

MATERIALITY
In keeping with our mission statement, we focus on material aspects that impact our ability to be profitable, empowering and have a positive social impact in the communities in which we operate. Material aspects are defined as any significant developments that would influence an assessment of Brimstone's performance or opportunities. In achieving our mission, various capitals are consumed.

PRIMARY REPORTING FRAMEWORK
This report is prepared under the guidance of the International Integrated Reporting <IR> Framework which has been adopted by the Board.

INDEPENDENT ASSURANCE
Independent assurance and assessment has been provided over the financial and certain non-financial information presented in this report. Ernst & Young Inc. as our external auditors has issued an unmodified audit opinion on the consolidated annual financial statements. Premier Verification has issued certificates verifying the B-BBEE ratings presented.

REPORT APPROVAL
The Board believes that the Integrated Report has been prepared in accordance with best practice, appropriately addresses material aspects of Brimstone's business and is a fair representation of the integrated performance of the Group.

BRIMSTONE
INVESTMENT CORPORATION LIMITED

CORPORATE PROFILE

BRIMSTONE IS A BLACK CONTROLLED AND MANAGED INVESTMENT HOLDING COMPANY INCORPORATED AND DOMICILED IN THE REPUBLIC OF SOUTH AFRICA, EMPLOYING IN EXCESS OF 5 400 EMPLOYEES IN ITS SUBSIDIARIES AND MORE THAN 33 000 IN ITS ASSOCIATES AND JOINT VENTURES AND COMPANIES IN WHICH IT HAS INVESTED. BRIMSTONE SEEKS TO ACHIEVE ABOVE AVERAGE RETURNS FOR ITS SHAREHOLDERS BY INVESTING IN WEALTH CREATING BUSINESSES AND ENTERING INTO STRATEGIC ALLIANCES TO WHICH IT CONTRIBUTES CAPITAL, INNOVATIVE IDEAS, MANAGEMENT EXPERTISE, IMPECCABLE EMPOWERMENT CREDENTIALS AND A VALUES DRIVEN CORPORATE IDENTITY.

MISSION STATEMENT

BRIMSTONE INVESTMENT CORPORATION LIMITED SEEKS TO BE PROFITABLE, EMPOWERING AND TO HAVE A POSITIVE SOCIAL IMPACT ON THE BUSINESSES AND THE INDIVIDUALS WITH WHOM IT IS INVOLVED, INCLUDING SHAREHOLDERS, EMPLOYEES, SUPPLIERS, CUSTOMERS AND THE GREATER COMMUNITY.

www.brimstone.co.za

CONTENTS

GROUP STRUCTURE

A schematic representation of Brimstone and its operating subsidiaries, including information regarding their number of employees and ownership interest.

SEA HARVEST

Sea Harvest

Shareholding: 53.4%

Number of employees: 5 270

OBSIDIAN HEALTH

OBSIDIAN HEALTH

Shareholding: 70%

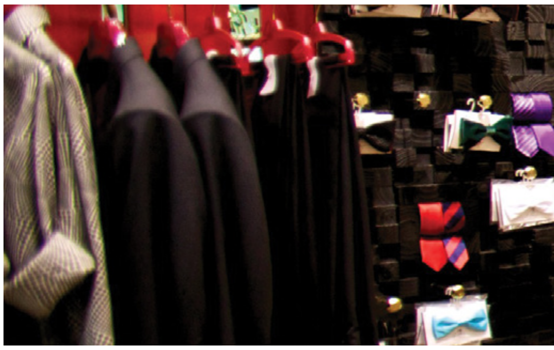
Number of employees: 76

HOUSE OF MONATIC

HOUSE OF MONATIC

Shareholding: 100%

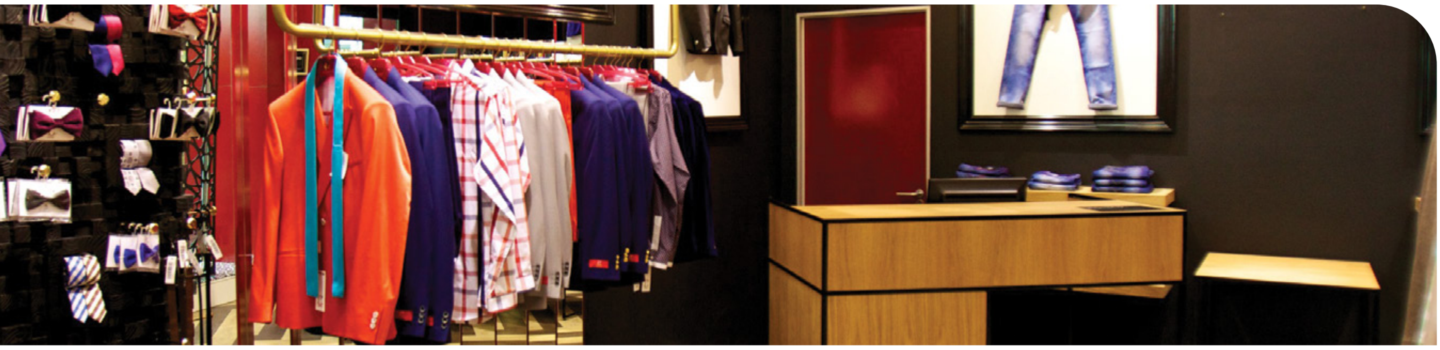
Number of employees: 59



ASSOCIATES, JOINT VENTURES AND INVESTMENTS

- Aon Re Africa
- Equites Property Fund
- FPG Property Fund
- Milpark Education
- MTN Zakhele Futhi
- MultiChoice Phuthuma Nathi
- SeaVuna
- South African Enterprise Development
- STADIO Holdings

OUR BUSINESS
GOVERNANCE
ANNUAL FINANCIAL STATEMENTS



INVESTMENT PROFILE

COMPANY	INTEREST	COMPANY INFORMATION
Sea Harvest	53.4%	■ Listed on the JSE ■ The Sea Harvest group is a leading, internationally recognised vertically integrated fishing and branded FMCG business established in 1964 with operations in South Africa and Australia. The principal business of the group is fishing of MSC-certified Cape hake and Shark Bay tiger and king prawns, processing of the catch into frozen and chilled seafood, and the marketing of these products, locally and internationally. ■ Owns market-leading brands including Ladismith Cheese ■ Level 1 B-BBEE contributor www.seaharvest.co.za
OCEANA GROUP	25.01%	■ Listed on the JSE and NSE ■ Oceana is a global fishing company with operations in South Africa, Namibia and USA ■ Core fishing business is the catching, procuring, processing, marketing and distribution of canned fish, fishmeal, fish oil, horse mackerel, hake, lobster and squid ■ Oceana also provides refrigerated warehouse facilities and logistical support services ■ Owns market-leading brand Lucky Star ■ Level 1 B-BBEE contributor www.oceana.co.za
AON RE AFRICA	18%	■ Unlisted ■ Aon Re Africa is a leading reinsurance and retrocession intermediary in Sub-Saharan Africa, based in Johannesburg, South Africa with an office in Harare, Zimbabwe www.aon.co.za
equites PROPERTY FUND	1.9%	■ Listed on the JSE ■ Specialist logistics property developer and landlord listed as a REIT www.equites.co.za
FPG PROPERTY FUND	9.9%	■ Unlisted ■ Black-owned and managed property fund with a portfolio of properties specialising in the retail convenience market www.fpggroup.co.za

COMPANY	INTEREST	COMPANY INFORMATION
OBSIDIAN HEALTH	70%	▪ Unlisted ▪ Leading supplier of innovative solutions to healthcare providers and clinicians within Sub-Saharan Africa www.obsidianhealth.co.za
HOUSE OF MONATIC	100%	▪ Unlisted ▪ Owns C^2 and Carducci brands
STADIO HOLDINGS	5.1%	▪ Listed on the JSE ▪ Focussed on the acquisition of, investment in, growth and development of higher education institutions www.stadio.co.za
MULTICHOICE PHUTHUMA NATHI SHARE THE FUTURE	2.8%	▪ Listed on the Equity Express Securities Exchange ▪ Black-owned investment company that holds 20% of MultiChoice South Africa www.phuthumanathi.co.za
MTN Zakhele Futhi	1.5%	▪ Black-owned investment company that holds approximately 4% of MTN Group www.mtnz.co.za
SAED SOUTH AFRICAN ENTERPRISE DEVELOPMENT	25%	▪ Unlisted ▪ Provides equity capital to high growth potential small and medium sized enterprises www.saenterprise.co.za
SeaVuna	49.8%	▪ Unlisted ▪ Hake-inshore trawl fishery and processing
MILPARK EDUCATION	14.5%	▪ Unlisted ▪ Leading provider of higher education and further education and training qualifications www.milpark.ac.za

PROFITABILITY EMPOWERMENT POSITIVE SOCIAL IMPACT

SALIENT FINANCIAL HIGHLIGHTS

for the year ended 31 December 2021

	2021	RESTATED* 2020
Revenue	5 054 739	4 714 720
■ Continuing operations	5 054 726	4 725 807
■ Discontinued operation	13	(11 087)
Operating profit	711 951	550 025
■ Continuing operations	695 091	609 432
■ Discontinued operation	16 860	(59 407)
Profit/(loss)	920 861	(43 834)
■ Continuing operations	763 153	13 992
■ Discontinued operation	157 708	(57 826)
Total assets	10 498 264	10 343 576
Performance per share		
Earnings/(loss) (cents)	292.3	(73.0)
■ Continuing operations	229.3	(50.1)
■ Discontinued operation	63.0	(22.9)
Net asset value	11.80	9.85

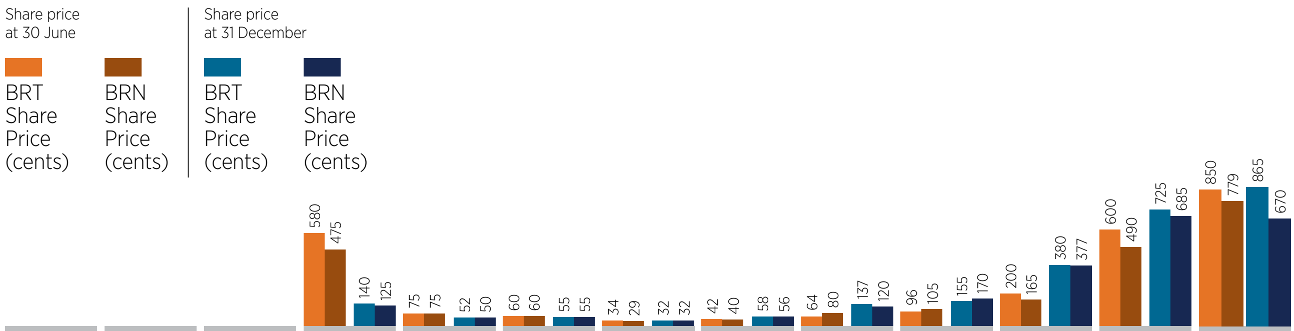
* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 26 to the financial statements).

FIVE YEAR FINANCIAL REVIEW

	YEAR ENDED 31 DECEMBER 2021	YEAR ENDED 31 DECEMBER 2020	YEAR ENDED 31 DECEMBER 2019	YEAR ENDED 31 DECEMBER 2018	YEAR ENDED 31 DECEMBER 2017
Operating results (R'000)					
Revenue	**5 054 739**	4 714 720	4 440 085	3 376 655	2 783 431
Operating profit	**711 951**	550 025	656 109	388 559	374 453
Headline earnings/(loss)	**748 460**	(155 545)	(139 226)	(51 015)	26 957
Financial Position (R'000)					
Total assets	**10 498 264**	10 343 576	11 267 145	10 896 551	9 185 104
Net assets	**2 924 444**	2 491 312	2 516 238	2 713 444	2 782 002
Performance per share					
Headline earnings/(loss) (cents)	**298.9**	(61.5)	(54.2)	(21.1)	11.2
Dividend (cents)	**30.0**	—	—	45.0	42.0
Net Asset Value (Rands)	**11.80**	9.85	10.66	11.24	11.60
Intrinsic Net Asset Value (Rands)	**13.14**	12.99	14.19	16.15	18.01
Share statistics					
Weighted average number of shares in issue net of treasury shares	**250 365 621**	252 803 480	256 661 171	241 946 011	240 170 204
Shares in issue at end of year net of treasury shares	**247 770 369**	252 803 480	235 979 441	241 445 838	239 767 194
Closing share price: Ordinary (Rands)	**6.30**	5.81	7.65	10.50	13.00
Closing share price: "N" Ordinary (Rands)	**6.49**	6.50	7.75	9.49	11.25
Market capitalisation: Ordinary shares (R'000)[1]	**232 228**	214 175	282 003	417 030	500 299
Market capitalisation: "N" Ordinary shares (R'000)[1]	**1 368 798**	1 403 612	1 543 152	1 914 406	2 269 881
Total (R'000)	**1 601 026**	1 617 787	1 825 155	2 331 436	2 770 180

[1] Net of treasury shares

HISTORIC REVIEW



1995
- Incorporated in October
- Acquired stake in Oceana for R7.5m
- Raised initial capital of R3m from community shareholders

1996
- Raised R13m from shareholders
- Total investments R17.4m
- Acquired stakes in Plessey Cellular, KFM Radio and Norwich Holdings

1997
- Restructure of share capital
- First AGM held
- Raised more than R45m from previously disadvantaged shareholders
- Raised R104m from institutions

1998
- Raised R85m in various share issues
- Asset base R300m
- Sold stake in Norwich at profit of R21m
- Acquired House of Monatic
- Listed on JSE
- Sold off non-core assets raising R62m
- Acquired stake in Sea Harvest
- Acquired stake in Nandos Group

1999 (150)
- Paid back 150cps to all shareholders
- Acquired 30% of Lion of Africa
- Prof Jakes Gerwel appointed as Chairman of Board

2000
- Acquired stake in Peoples Bank
- Sold stake in KFM Radio
- Started BrimEquity, a JV with Coronation Capital

2001
- Received empowerment deal of the year award for Peoples Bank
- Disposed of property investments
- Acquisition of further shares in Sea Harvest
- Market capitalisation drops to below R40m

2002
- Declared maiden dividend of 4cps

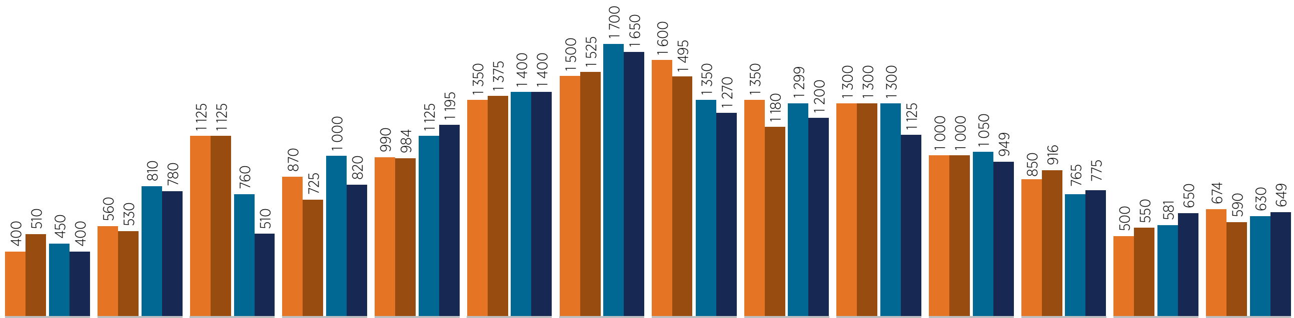
2003 (4)
- Disposed of stake in Nandos Group
- Acquired 25% in Lenco Holdings for R52m
- Doubled stake in Sea Harvest to 21.52% for R85.3m
- Specific share repurchase
- Paid maiden dividend of 4cps

2004 (8)

2005 (10)
- Acquired stakes in Old Mutual and Nedbank
- Acquired 18% stake in Life Healthcare
- Clawback offer of R110m

2006 (12)
- Acquired a further 10% stake in Oceana for R176m
- Increased stake in Life Healthcare to 21.9%

2007 (16)
- Sold Lenco stake for R203m
- Acquired 18% stake in Aon Re Africa



Year	Special Dividend (cents)	Ordinary Dividend (cents)
2008		32
2009		24
2010		32
2011		15
2012		18
2013		25
2014	10	30
2015		30
2016	20	35
2017		42
2018		42
2019		45
2020		
2021		

2008
- 10 years on the JSE
- Acquired Phuthuma Nathi shares

2009
- Increased stake in Sea Harvest to 55.7%
- Increased stake in Lion of Africa to 74%
- Acquired option to subscribe for 1% of Tiger Brands

2010
- Unbundled part of Life Healthcare stake to shareholders
- Acquisition of remaining 26% of Lion of Africa
- Acquired MTN Zakhele shares

2011
- Increased stake in Scientific Group to 28.2%
- Acquired further 8.5m shares in Oceana for R382m

2012
- Acquired 12.3% of Taste Holdings
- Disposed of 4.5m shares in Life Healthcare realising R140m
- Acquired 25.1% of Afena Capital

2013
- Total assets increase by R1.1bn

2014
- Acquired 4.97% of Grindrod
- Acquired further 1.16m MTN Zakhele shares
- Acquired further 1.1m Phuthuma Nathi shares

2015
- Subscribed for additional 2.8m shares in Oceana rights offer
- Acquired further 19.7m shares in Taste Holdings
- Old Mutual and Nedbank transactions matured
- Disposed of investment in Scientific Group at a profit of R44.8m
- Increased shareholding in Grindrod to effective 6.62%
- Acquired further 1.96m Phuthuma Nathi shares
- Acquired 10% of Equites for R350m

2016
- Increased stake in Sea Harvest to 85%
- Disposed of investment in Rex Trueform and African & Overseas realising R51.8m
- Disposed of investment in Taste Holdings realising R143.4m
- Disposed of investment in Afena Capital realising R11m
- Participated in Equites private placement of shares in the amount of R100m

2017
- Listing of Sea Harvest on the JSE
- Acquired 17.2m shares in Life Healthcare rights offer
- Acquired 40m shares in Long4Life ahead of its listing
- Disposed of investment in MTN Group
- Acquired 33.8m shares in STADIO BEE transaction

2018
- Disposed of investment in Tiger Brands
- Acquired 10% of FPG Property Fund
- Disposed of investment in Long4Life
- Lion of Africa placed into run-off

2019
- Acquired a further 21.4m shares in Sea Harvest for R300m
- Acquired a further 9.5m shares in Oceana for R686m
- Raised R1.2bn in Zero Cost Collar funding arrangement

2020
- National lockdown as a result of COVID-19 pandemic
- Capitalisation issue of 17.3m Brimstone "N" Ordinary shares
- Increased shareholding in Oceana to 25.01%
- Disposed of 20.9m Equites shares for R321.4m
- Disposed of 1.9m Phuthuma Nathi shares for R175.3m
- Repaid more than R1.0b in debt to funders

2021
- Disposal of Life Healthcare shares
- Repaid R1.2b in debt to funders
- Repurchase of 5.8m Brimstone "N" Ordinary Shares

OUR BUSINESS MODEL

KEY INPUTS

Human capital
- Market sensing investment team
- Strong and committed leadership and back office
- Professional service providers

Social and relationship capital
- Business networks
- Unique and broad shareholder profile
- Long-term investment focus
- Proven track record of successful partnering
- Strong B-BBEE credentials

Intellectual capital
- Track record of adding value
- Reputation for fair and ethical business practices
- Balance sheet management expertise
- Optimisation of financial capital

Financial capital
- Debt and equity funding
- Vendor funding
- Reinvestment of retained earnings
- Available borrowing facilities

OUR ACTIVITIES

Identify investment opportunities
- Leveraging networks
- Researching publicly available information
- Approaches from investment banks and corporate finance houses
- Approaches from businesses seeking BEE partner
- Restricted BEE equity ownership schemes

Rigorous evaluation of opportunities
- Preferred sectors
- Good growth potential
- Strong cash flows and record of profitability
- Minimum hurdle rates, including ESG considerations
- Minimise discount to INAV
- Listed vs unlisted and significant influence or control
- Ethical, competent and like-minded management team
- Board representation required where possible

Robust negotiation and consider sources of funds
- Robust negotiation for the best terms
- Optimal funding and investment holding structure
- Involving necessary specialists in process
- Approvals framework adhered to

Monitoring investment performance
- Board representation and committee involvement
- Contribution of management expertise to investee
- Providing strategic insight to investee companies
- Dedicated executives assigned to subsidiaries
- Regular review of performance
- Robust discussions with investee companies

GOVERNANCE

OUR BUSINESS CONTEXT

External factors

P12

- COVID-19 pandemic
- Macro-economic factors on South African economy
- B-BBEE Act and Sector Codes
- Increased volatility of equity market

Our material risks

P14

1 Political instability
2 Investment concentration in highly regulated industries
3 Sustained stock market shock
4 Funding of transactions while maintaining BEE ownership
5 Intrinsic Net Asset Value (INAV) discount
6 Economic instability
7 IT security
8 Reputational risk
9 Post-acquisition integration of acquisitions
10 COVID-19 pandemic

OUTPUT

Key outcomes

R145 million
TAXES PAID TO SARS

5 422
TOTAL WORKFORCE IN GROUP

R4 252 million
PAID TO EMPLOYEES AND SUPPLIERS

R5 million
CSI SPEND

R122 million
INTEREST PAID TO FINANCIERS

R2 051 million
REINVESTED

R3 256 million
INTRINSIC NET ASSET VALUE

VALUE DELIVERED

EXTERNAL FACTORS IMPACTING OUR BUSINESS MODEL

The COVID-19 Pandemic

At the time of writing this report, President Cyril Ramaphosa had just declared an end to the state of national disaster imposed more than two years ago. This, however, does not imply that the pandemic is over, as South Africa is expecting a fifth wave of COVID-19 infections in the forthcoming weeks.

Although the measures aimed at curbing the spread of the virus were eased during the 2021 year, it continued to have a disruptive impact on global supply chains and the sale of abalone in foreign markets, in particular.

Brimstone has been fortunate that all of its operating subsidiaries and major associate, Oceana, were classified as essential service providers and continued to operate during all levels of lockdown. However, as stated above the aforementioned companies were not unaffected by global COVID-19 restrictions. Brimstone continues to monitor these companies' compliance with health protocols and government regulations.

Macro-Economic Factors on South African Economy

COVID-19 has undoubtedly exacerbated South Africa's economic challenges and destroyed productive capacity. However, the public violence in July 2021, regrettably not only led to the loss of life, but led to the wanton destruction of productive capacity and port and rail disruptions, which interrupted the "good" economic growth experienced in the first half of 2021. South Africa's growing social unrest poses a significant threat to economic growth and attracting foreign investment.

The South African Reserve Bank expects the economy to grow by 1.7% in 2022, 1.8% in 2023 and 2.0% in 2024, which is nowhere near enough to address the very high level of unemployment, poverty and inequality prevalent in the country. Consequently, in addition to urgently and effectively dealing with the challenges outlined above, deeper economic reforms will be required to transition onto a path of economic recovery and meaningfully lift growth over the next five years.

Average inflation for 2021 was 4.5%, which is above the 3.3% for 2020 and enabled the SARB's Monetary Policy Committee ("the MPC") to cut interest rates during 2020 by a total 300 basis points, in order to lessen the devastating effect of the Coronavirus on the already fragile economy and struggling businesses and households. However, late in 2021 rising inflation prompted the MPC to increase interest rates by 25 basis points and then again in January 2022 by a further 25 basis points. This trend of interest rate hikes is expected to continue during 2022 due to increasing fuel prices resulting from surging global oil prices and the global effects of the Russia-Ukraine War.

The Rand weakened from R14.66 to the US Dollar at the beginning of 2021 to R15.95 to the US Dollar at the end of 2021, which nevertheless represents a recovery to pre-pandemic levels, supported by higher commodity prices.

Although most of the businesses in Brimstone's portfolio continued to be classified as essential service providers during the various levels of lockdown, the effects of COVID-19 were felt across all industries, some more than others. This continued to present a very difficult trading environment and negatively impacted the financial performance of these businesses. However, the more significant businesses in Brimstone's portfolio such as Sea Harvest and Oceana, with global footprints, physically and through exports, continue to produce resilient results.

While the virus is expected to continue in new waves, the rollout of vaccines and better management of the virus, is expected to boost global growth prospects generally, in 2022. This will have a positive effect on those investee companies with significant exports of finished goods and significant imports of raw material inputs.

The B-BBEE Act and Sector Codes

The B-BBEE Commission ("the Commission") is responsible for monitoring compliance and adherence with the B-BBEE Act No. 53 of 2003 ("the Act"). The Commission's latest report available is the annual report on the National Status and Trends of Broad-Based Black Economic Empowerment for the calendar year 2019 issued in June 2020.

Some key findings of the research were as follows:

- Section 13G of the Act makes it compulsory for all JSE listed entities to submit compliance reports, however, only 42% (2018: 43%) complied with the reporting requirement. The Commission is preparing to refer measured entities that failed to submit reports for prosecution as their conduct is not only a violation of the Act but enables the harbouring of fronting arrangements.
- JSE listed entities achieving at least B-BBEE contribution level 4, have decreased by 2% compared to 2018. The analysis indicates that 49% (2018: 51%) of entities are level 4 to level 1 and 49% (2018: 44%) are between level 5 and non-compliant.
- Black ownership is 29% (2018: 25%) and black women ownership is 10% (2018: 10%).
- Control of the boards of JSE listed entities improved over the prior year, with 56% (2018: 62%) in the hands of white people and foreign nationals. 44% (23% male and 21% female) of Board positions were held by black people.

The analysis of submissions shows a slow pace in the transformation and achievement of the B-BBEE for the priority elements: Ownership, Skills Development and Enterprise and Supplier Development. A company will not be able to achieve a reasonable level of B-BBEE compliance without meeting the priority elements of the relevant sector code.

Ownership remains a critical element in most of the sector codes and the procurement element is heavily weighted towards procuring from black-owned businesses as opposed to the highest-rated businesses. The increased monitoring that the Commission has implemented and consequence management for organisations that do not meet the desirable level of compliance should over time result in an increased level of B-BBEE deals to improve the level of ownership.

Brimstone with its strong black ownership credentials and B-BBEE contribution level 1, together with its more than 25-year track record of deal-making is well placed to partner with companies looking for a credible B-BBEE partner.

Increased Volatility of Equity Market

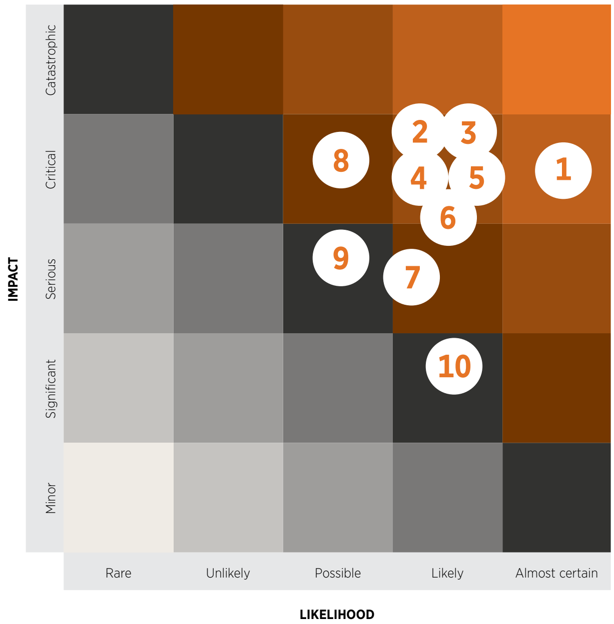
The first quarter of 2020 saw the worst sell-off of equities, since the global financial crisis, when the JSE lost an estimated R4 trillion in shareholder value. No comparable market collapse occurred during 2021. The collapse in 2020 put corporates with valuation-based debt covenants under significant pressure to de-gear their balance sheets. Although Brimstone had no covenant breaches, despite the market collapse, we have settled debt of circa R2 billion during the past two financial years.

Investments in listed companies, accounted for at fair value through profit or loss in Brimstone's consolidated financial statements, only ranged from 9% to 14% of the intrinsic gross asset value of Brimstone's investment portfolio during the year. Despite this relatively low proportion, the increase in the market price of these listed shares was of such magnitude during 2021 as to cause significant volatility in the statement of profit or loss.

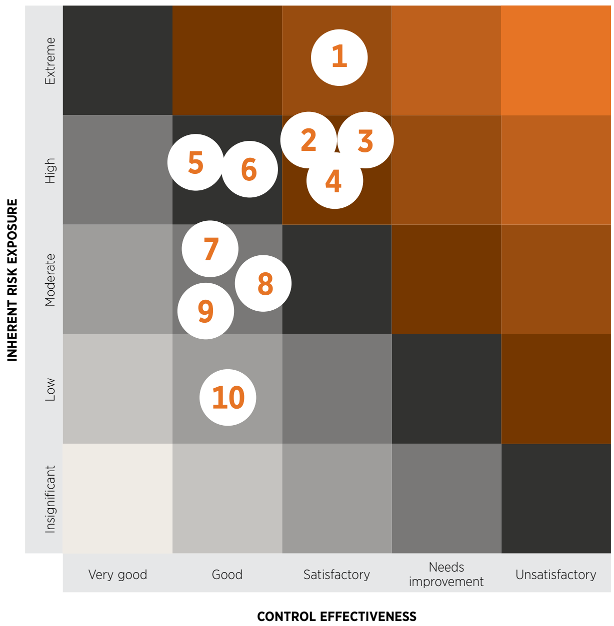
MANAGING OUR MATERIAL RISKS

RISK HEAT MAPS

INHERENT RISK EXPOSURE



RESIDUAL RISK EXPOSURE



TOP 10 MATERIAL RISKS (BY RESIDUAL RISK PRIORITY)

1 NEGATIVE EFFECT OF POLITICAL INSTABILITY ON THE RETURNS OF THE GROUP

2 INVESTMENT CONCENTRATION IN HIGHLY REGULATED INDUSTRIES

3 SUSTAINED STOCK MARKET SHOCK

4 INABILITY TO FUND TRANSACTIONS WHILE MAINTAINING TRANSFORMATION OWNERSHIP

5 INTRINSIC NET ASSET VALUE (INAV) DISCOUNT

6 NEGATIVE GROWTH DUE TO ECONOMIC INSTABILITY

7 INADEQUATE IT SECURITY

8 REPUTATIONAL RISK

9 INADEQUATE POST-ACQUISITION INTEGRATION OF NEW ACQUISITIONS (BUSINESS COMBINATIONS)

10 IMPACT OF THE COVID-19 PANDEMIC ON BUSINESS OPERATIONS

RISK CONTEXT	RESPONSE MEASURES
■ Increase in corruption awareness in public and private sector ■ Severe social instability ■ Governance failure ■ Strike action/protests ■ Political leadership's inability to create policy certainty ■ Government's inability to commercially stabilise state owned entities' finances ■ Government's ability to successfully prosecute transgressors ■ Low investor confidence ■ Downgrading of sovereign credit rating ■ Politically motivated organised crime	■ Interaction between management and government ■ Actively supporting anti-corruption initiatives ■ Business initiatives to assist in improving the economy and preventing further unemployment ■ Supporting/establishing emerging businesses ■ Financial support and monitoring progress of current group skills development projects ■ Improved labour relations ■ Insurance cover ■ Physical security
■ Group has interests in the fishing and healthcare industries which are subject to strict regulation ■ Increased scrutiny from competition authorities ■ New regulatory guidelines to respond to the pandemic	■ Monitor policy and legislative changes, and engage actively with relevant authorities on policy and legislative framework through industry groups ■ Reduce reliance on South African market ■ Geographic and industry diversification of sources of revenue ■ Establishing employment skills development programmes for coastal fishing communities ■ Sustaining the South African Fisheries Development Fund
■ Significant investments in listed companies exposes the Group to market volatility ■ Market conditions in relation to exchange rates impacting negatively on subsidiaries ■ Impact on valuation-based debt covenants	■ Assess value protection ■ Hedging strategies ■ Continuous monitoring of debt covenants ■ Conservative debt policy ■ Determine optimal mix of investments ■ Increase exposure to unlisted investments ■ Reduce debt whenever possible ■ Monitor compliance with foreign exchange hedging policies
■ Restrictions on capital base ■ Ability to gear/leverage ■ Ability to issue shares ■ Maintain minimum B-BBEE control	■ Treasury function continues to optimise balance sheet ■ Continuous monitoring of discount to INAV ■ Continuous monitoring of debt covenants ■ Institutionalisation of relationships with bankers ■ Exploring alternative sources of funding
■ Impact of market perception of Brimstone's investment philosophy and portfolio ■ Debt levels ■ Impacts Brimstone's ability to raise capital	■ Implementation of the revised strategy and plan to become more focussed and proactive ■ Increase communication with the investment community ■ Decisive action on under performing assets ■ Continuous consideration of appropriateness of share buy backs
■ Further sovereign credit rating downgrades by rating agencies ■ Low investor confidence ■ Sluggish economic growth impacting investment returns ■ Volatility of the Rand ■ Volatility of commodity prices ■ Super power struggle and the impact on the global economy ■ Impact of the pandemic on the global economy	■ Supporting offshore opportunities by subsidiary companies ■ Hedging strategies ■ Debt management plan ■ Diversification of investment portfolio
■ Increase in cyber-attacks and cyber crime ■ Mobile devices security ■ Increased remote access ■ Compliance with the POPI Act	■ Data protection software ■ Data security policy ■ Back up data security and disaster recovery plan/procedures ■ Cyber security as part of the Fraud Prevention Plan ■ IT security policies ■ Security risk assessment ■ Vulnerability assessment ■ Outsourced service provider
■ Impact of poor brand or reputation in the market based on information within the public domain ■ Inadequate stakeholder engagement ■ Increased incidents of fake news ■ Unethical business practices ■ Inappropriate behaviour of management ■ Increased burden of compliance ■ ESG impact of investment decisions	■ Value system ■ Ethics and fraud policy ■ Whistle blower line ■ Social and Ethics Committee ■ Harassment policies ■ Anti-competitive behaviour prohibited and training on Competition Act ■ Formal programme for stakeholder engagement ■ Employee climate survey ■ Continuous monitoring of the brand ■ Code of conduct ■ Appropriate compliance culture ■ Investment Committee
■ Different policy frameworks and operating areas ■ Organisational culture ■ Adoption of policies ■ Ability to integrate acquisitions ■ Maintaining entrepreneurial culture	■ Involvement of Brimstone Group team to assist with integration of acquisitions
■ Regulations restricting business operations ■ Changes to operating models to adapt to essential services needs ■ Loss of market with catastrophic consequences for subsidiaries ■ Loss/availability of key staff	■ Cash flow management ■ Adapted operational processes to comply with health protocols ■ Implementation and monitoring of compliance with COVID policy ■ Agility of marketing and operating strategies ■ Scrutiny and re-prioritisation of capital and operational budgets ■ Implementation of the Brimstone Business Continuity Plan

BOARD OF DIRECTORS

Executive directors

Years of service at Brimstone

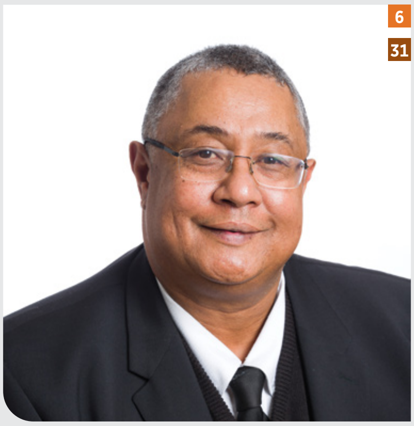
Years of work experience

Fred Robertson (67)
DPhil (h.c.)
EXECUTIVE CHAIRMAN

Board committees
- Social and Ethics

Mustaq Brey (68)
BCompt (Hons); CA(SA)
CHIEF EXECUTIVE OFFICER

Board committees
- Social and Ethics



Iqbal Khan (56)
BCompt (Hons); CA(SA)
CHIEF OPERATING OFFICER

Geoff Fortuin (55)
BCom (Acc) (Cum Laude); BCom (Acc) (Hons); CA(SA)
FINANCIAL DIRECTOR

Tiloshani Moodley (47)
BA (Law); LLB
EXECUTIVE DIRECTOR: LEGAL & COMPLIANCE

Independent non-executive directors

Leon Campher (74)

BEcon

LEAD INDEPENDENT DIRECTOR

Board committees

- Investment
- Audit and Risk
- Remuneration and Nominations
- Social and Ethics

Keneilwe Moloko (53)

NDip (Building Survey); BSc(QS); BCom; PGDA; CA(SA)

Board committees

- Audit and Risk

Liyaqat Parker (68)

Board committees

- Investment
- Audit and Risk

Mduduzi Ndlovu (49)

BCom; Mphil; CFA

Board committees

- Audit and Risk
- Investment

Nazeem Khan (66)

BSc(QS); MAQS; AAArb

Board committees

- Investment
- Audit and Risk
- Remuneration and Nominations
- Social and Ethics

Mzwandile Hewu (58)

BCom (Hons); BPhil (Hons)

Board committees

- Social and Ethics
- Remuneration and Nominations

Felicia Roman (58)

BA; Post Graduate Secondary Teacher's Diploma

Board committees

- Audit and Risk

Logan Wort (58)

BA; MPA

Board committees

- Audit and Risk
- Social and Ethics

TEAM BRIMSTONE

Years of service at Brimstone

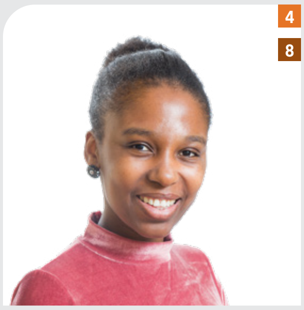
Years of work experience

Nisaar Pangarker BBusSc; MBA
MANAGING EXECUTIVE

Nazeema Jogee
SHAREHOLDER LIAISON AND MARKETING

Zukiswa Nkejane
OFFICE SUPPORT

Takula Tapela BCompt
MANAGING EXECUTIVE



Nangamso Ngoma BBusSc; CA(SA)
INVESTMENT ANALYST

Richard Siddle BBusSc; MFin; CA(SA)
SENIOR INVESTMENT ANALYST

Paige Govender BBusSc; CA(SA)
GROUP FINANCIAL MANAGER

Lwazi Mdana BTech
ASSISTANT ACCOUNTANT

Sabira Dhansay BCom; CA(SA)
ACCOUNTANT

Fatima Allie
PA: CHAIRMAN & CEO

Virginia Feleza
RECEPTION & PA

Zaheerah Harribi LLB
ASSISTANT COMPANY SECRETARY

CHAIRMAN'S REPORT

THIS IS OUR 13TH INTEGRATED REPORT AND ANOTHER STEP IN OUR JOURNEY OF GOOD CORPORATE GOVERNANCE.

The year 2021 has been another difficult year. I present this report within a context and conviction that we have successfully emerged from an extremely challenging two-year period. Every year presents new challenges and like the tides of the oceans these challenges test the resilience and strength of our businesses and our people. They also test our empathy and responsibility as corporate citizens and the role we play in our communities.

FRED ROBERTSON
EXECUTIVE CHAIRMAN

In South Africa the year under review presented multiple complexities that tested us on many fronts. We saw a vicious third wave of the COVID-19 pandemic that claimed many South African lives. We extend our condolences to the families and loved ones of Group employees who sadly succumbed to the virus. I firmly believe that vaccination is currently our only tested and proven defence for the virus. It mitigates the loss of lives. We will continue to advocate and promote the use of vaccines which ultimately brings stability to our workforce and communities. I am cautiously optimistic that South Africa has transitioned well through the pandemic. I believe that we are now on course for a post-Covid era and have learnt to live with the virus, however we should remain vigilant as further waves are anticipated. At the time of writing, the National State of Disaster, imposed by the South African government in response to the pandemic, had also been lifted. This indeed is positive for us to revitalise our economy.

CHAIRMAN'S REPORT (CONTINUED)

In July 2021, we witnessed social unrest and looting on a catastrophic scale in KwaZulu-Natal province, probably the worst ever in post-apartheid South Africa. The extent of economic destruction, loss of jobs and property brought about by these events are still being felt. Sadly, smaller business owners were probably hardest hit in relative terms as many of them did not have the necessary business and other insurance to mitigate their extensive losses. It is unfortunate and unfair that many small business owners and young entrepreneurs have lost their entire wealth and source of income as a result of the looting. This event brings into question the effectiveness of our government's security and intelligence agencies. I hope that the perpetrators and masterminds are brought to account for their actions.

As a responsible corporate citizen we closely monitor failures in governance and corruption. To this extent we are pleased that the Zondo Commission has presented a major part of its findings in the release of their reports to President Cyril Ramaphosa. I am hopeful that the necessary course of action against these unscrupulous individuals and organisations involved in state capture is taken swiftly. It takes at least two parties to create a corrupt activity and it is shocking to see the number of supposedly respected national and international corporations whose names appear in the Zondo report. Corruption is often initiated and enabled by the private sector and it is certainly time that these entities, be they audit firms, consultancies or the like, are seriously sanctioned for their actions. Corruption has cost our economy dearly and unfortunately the poorest of the poor continue to bear the brunt of it.

As reported by Stats SA, the South African economy had a great rebound in the year under review. After a record contraction of -6.4% in GDP in 2020, South Africa's real GDP growth bounced back to +4.9% in 2021. This was largely driven by strong commodity prices, and the gradual reopening of the economy after strict COVID-19 regulations. Unemployment still remained very high at around 35%, a serious challenge for any economy with low growth rates. I am optimistic about our President's drive to attract foreign investment, as this private sector investment can help create jobs and thereby stimulate growth in a mutually beneficial manner. We cautiously observe the increasing interest rate cycle, rising energy and oil prices, volatile exchange rates and equity prices, disrupted global supply chains, continued global logistics challenges and its resultant increase in costs of moving goods worldwide. In the year ahead we will probably see inflationary pressure and lower global growth as a result of these and other factors.

At the time of writing it is sad and horrific that we are faced with the Russian war in Ukraine. I am reminded of the words of Nelson Mandela, *"This must be a world of democracy and respect for human rights, a world freed from the horrors of poverty, hunger, deprivation and ignorance, relieved of the threat and the scourge of civil wars and external aggression and unburdened of the great tragedy of millions forced to become refugees."*

I hope and pray that all conflicts around the world are resolved as soon as possible so that peace may prevail.

I also note the severe floods in the KwaZulu-Natal region. This event is catastrophic for the province and will have a serious impact on the rest of the country. It is also evidence of climate change and changing weather patterns. Appropriately our President has declared a National State of Disaster in response to this natural disaster. The massive destruction and loss of lives is most tragic. This event is most unfortunate for a region that has endured so much loss last year. I am hopeful that the reconstruction of facilities and infrastructure happens swiftly to restore livelihoods and economic activity in the region. We shall endeavour to assist in whichever way possible to alleviate the plight of the victims.

I am pleased to present the 2021 Integrated Report of Brimstone Investment Corporation Limited and its results for the year ended 31 December 2021. This is our 13th Integrated Report and another step in our journey of good corporate governance. In summary, the Group generated a fantastic profit of R920.9 million in the year under review, an incredible turnaround from a loss of R43.8 million in the previous year. Group earnings per share increased by 500% to 292.3 cents. At the start of the pandemic when the outlook was so uncertain, we decided to suspend paying any cash dividends and thereby preserve cash. I am pleased to announce that based on these outstanding results we have declared a dividend again. Dividends is an important component of our value generation strategy to our very broad shareholder base. For many of them and particularly the NGO shareholders, the dividend is an important component of their annual income.

In 2020 we reviewed our investment portfolio and capital structure. A conscious decision was made to reduce debt. Since then, we have reduced debt by approximately R2 billion, a major feat for our Company, resulting in improved debt and liquidity ratios. The reduction in debt has directly resulted in a 45% reduction in finance costs during the year under review. The solid performance of our investments together with our de-gearing strategy have had a very positive impact on our results, despite the constraints of operating within and around a pandemic. Prior to the year under review, we also made a commitment to reduce costs. I am pleased to report that the cost saving measures implemented have had the desired effect. Collectively these decisive actions taken by the management team have contributed to the outstanding performance for the year and sets the Company on a path of further value creation.

Today Brimstone has a truly diverse base of shareholders. We have the general public, management and staff, institutional investors including pension funds and many NGO's. Brimstone has again achieved a Level 1 B-BBEE – a dedicated effort by the entire team that ensures that B-BBEE is not reduced to a mere number on a scorecard but an active component of the way we conduct business.

Brimstone's portfolio is anchored by significant investments in the food sector, namely its subsidiary Sea Harvest and associate Oceana, collectively valued at around R4 billion at year end and representing approximately 73% of the Company's intrinsic gross asset value. The outcome of the Fishing Rights Allocation Process was announced earlier this year. This process was important for the stability and sustainability of both these businesses. The new allocations bring certainty and will enable these businesses to continue their incredible journey of being major economic drivers, market leaders, and sustainable job creators in their respective sectors.

Brimstone's Intrinsic Net Asset Value (INAV) increased to R13.14 per share at year end from R12.99 at the previous year end. Ordinary shares were trading at a discount of 52.1% to INAV and "N" Ordinary shares traded at a discount of 50.6% to INAV on 31 December 2021. The discount is still wider than where we would like it to be, but we are constantly exploring various means of reducing the discount, including share buybacks. During the year under review we successfully repurchased 5.8 million "N" Ordinary shares. This phenomenon of wide discounts to INAV continue to exist for many other listed investment holding companies which has resulted in many of them delisting their shares from the JSE.

Brimstone's social commitment is a core part of its mission of being Profitable, Empowering and making a Positive Social Impact on the businesses and the individuals with whom it is involved. Integral to our social commitment is the activity of Brimstone Empowerment Share Trust (BEST) that is governed by an independent board of trustees who follow a rigorous process in awarding shares to worthy NGO's. We sadly miss the contribution of Mr Y Pahad and Dr L Ramages who passed on during the year. We thank their families for sharing them with us since the inception of Brimstone. We commend and thank all the beneficiary organisations for the amazing work they continue to do in their respective communities.

I wish to extend a warm welcome to Mr Logan Wort and Mr Mduduzi Ndlovu, who joined the Board in November and December 2021 respectively. They both have an incredible wealth of experience which they bring and we look forward to their contribution to the Board and its various sub-committees. I thank the Board for their support, counsel and good advice during the year. Their support certainly reinforces the strength of our management team, yet ensuring that good corporate governance remains a top priority.

I commend and thank our executive team and staff as well as the management and staff of all our subsidiaries, associates and investee companies for their contribution and support during the year.

I thank our shareholders and all other stakeholders who have supported us over the past year and given us the opportunity to execute our strategy for the benefit of all stakeholders.

FRED ROBERTSON
EXECUTIVE CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

BRIMSTONE WAS FOUNDED ON THE PREMISE THAT IT SHOULD OWN QUALITY ASSETS.

The results for the financial year under review is testimony to the resilience of our investments that performed exceptionally well despite still operating during periods of partial lockdown. Brimstone is anchored by quality assets in the food sector which have proven their defensive nature during this challenging economic period.

MUSTAQ BREY
CHIEF EXECUTIVE OFFICER

At the start of the COVID-19 pandemic we set ourselves a very clear target to reduce debt. We are delighted that our total debt has reduced by another R1.2 billion in the year under review resulting in a cumulative reduction in debt of approximately R2 billion since the start of lockdown in 2020. This reduction in debt has commensurately reduced finance costs which is pleasing in the current environment of an upward interest rate cycle. This de-gearing has improved our liquidity and gearing ratios.

As a Group we continue to consider all value enhancing mechanisms including buying back our own shares. During the period the Group repurchased 5.7 million Brimstone "N" Ordinary shares, which is value enhancing to all our shareholders. The shares were bought back at an average price of R6.35 per share through the Group's treasury share vehicle. We had also aimed to reduce costs at Company level, which we have done quite successfully and this further contributed to the solid performance during the year.

The Group reported a profit for the year under review of R920.9 million compared to a loss R43.8 million in the prior year. The profit for the year under review comprised of profit from continuing operations of R763.2 million and profit from a discontinued operation of R157.7 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. I am delighted to report the declaration of a dividend of 30 cents per share after the suspension of dividends during the COVID-19 period.

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%).

Portfolio Performance
Subsidiaries

Sea Harvest

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, 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)

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)

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.

Associates and joint ventures

Oceana

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

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

(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 received a final dividend of R80.9 million on 4 April 2022 in respect of the 2021 financial year.

Aon Re Africa

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)

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)

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)

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 Property Fund (Equites)

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

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

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

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 Holdings (STADIO)

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 enrols 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.

Conclusion

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 (FRAP) 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. The allocations are subject to the appeals process which is currently in progress.

I wish to thank my fellow Board members for their continued commitment, good counsel and advice. Their accessibility makes our task so much easier. I also extend my thanks to our executive management team and staff, and the teams at our subsidiaries, associates, joint ventures and investments for contributing to these stellar results.

Thank you to our shareholders and all other stakeholders for your support and input. It is the constant dialogue between us that enables us to consider and action your views and recommendations accordingly.

We trust that the results we have delivered in the past year is a stepping stone to a great year ahead.

MUSTAQ BREY
CHIEF EXECUTIVE OFFICER

CORPORATE SOCIAL INVESTMENT

Nature, scope and effectiveness of all programmes on communities

Brimstone's social commitment is an extension of its mission of being profitable, empowering and to have a positive social impact on the businesses and the individuals with whom it is involved.

As presented in this Integrated Report, the Group's activities and its impact, be it corporate, social or environmental are measured against these yardsticks to ensure long-term sustainability.

Brimstone directly employs more than 5 400 individuals in its subsidiaries and over 33 000 in its associates and investments.

Brimstone through its own corporate social initiatives and those of its subsidiaries and investments is involved in education, training and development, the arts and the support of specific charitable and social campaigns.

Apart from its internal corporate social investment programmes, Brimstone has established the Brimstone Empowerment Share Trust to extend the long-term reach and sustainable impact of its initiatives.

NAZEEMA JOGEE HANDING OVER CARE PACKS TO HEALTHCARE WORKERS AT EERSTE RIVER HOSPITAL

ZUKISWA NKEJANA (LEFT) AND LWAZI MDANA (BELOW) AFTER RECEIVING THEIR COVID-19 VACCINATIONS

HANDOVER OF CPAP MACHINES FROM GIFT OF THE GIVERS TO SA RED CROSS AIR MERCY SERVICE

Brimstone Empowerment Share Trust (BEST)

BEST was established in 2005 with the intention of supporting a broad range of NGOs and non-profit organisations through the allotment of Brimstone shares. These shares have a vested value and can be sold by the nominated beneficiaries after a period of five years, in tranches of 20% per annum. The beneficiary organisations participate fully in any dividends declared by Brimstone from the date of receipt of the shares. BEST is governed by an independent board of trustees. To date, BEST has allotted more than 2.4 million Brimstone shares (worth approximately R16 million at year end) to 40 organisations across South Africa. These organisations support more than 3.5 million beneficiaries in South Africa and beyond our borders.

The full list of beneficiary organisations are available at www.brimstone.co.za/csi/best/

CORPORATE SOCIAL INVESTMENT (CONTINUED)

Corporate Social Initiatives

Due to the COVID-19 pandemic and related restrictions, spending on our regular social initiatives was again curtailed during the year under review.

Brimstone facilitated the distribution of CPAP machines from Gift of the Givers to SA Red Cross Air Mercy Service (AMS), both beneficiaries of BEST. These lifesaving medical devices are able to support patients in respiratory distress and add to the patient life support options currently available on the AMS air ambulances.

In April 2021, parts of University of Cape Town (UCT) were destroyed by a wildfire. This impacted the UCT Library, student residences and other buildings on main campus. Approximately 4000 UCT students were then relocated for 5 days and temporarily accommodated across Cape Town. Brimstone contributed by donating bottled water, energy bars, oats and other non-perishable items for the benefit of the students and firefighters.

The Brimstone team brought some relief to the healthcare workers at Eerste River Hospital, during the third COVID-19 wave. This initiative formed part of Brimstone's annual Mandela Day programme. Brimstone provided them with care packs which included energy bars, bottled water, oats, noodles, soup, beans, pilchards, coffee and hand sanitiser.

Staff well-being remained key during the year and along with the Company's regular health and wellness programme for staff, which includes health checks and flu vaccinations, Brimstone assisted its staff with their COVID-19 vaccinations. We are pleased to report that all staff were fully vaccinated.

Brimstone held its annual Cancer Dialogue featuring cancer champions and medical specialists in a virtual format in partnership with Groote Schuur Hospital. This Dialogue is available for viewing at www.brimstone.co.za

Employee wellness at subsidiary Obsidian Health

OBSIDIAN HEALTH

Obsidian's **Wellness Day** held at the end of 2021 was very well received. A talk on healthy eating habits and samples of examples has resulted in several individuals choosing to pack healthy meals each day for the office. They were also able to identify 6 individuals as "pre-diabetic" through the HbA1c testing performed on the day. This therefore gives those individuals the opportunity to change their lifestyles to ensure that they do not develop full Diabetes Type 2.

Following the success of the Wellness Day a group of individuals have also started a "walking club" who take a daily walk around the office park during lunch.

▲ **DIALOGUE ON CANCER HOSTED BY BRIMSTONE AND GROOTE SCHUUR HOSPITAL**

▼ **NISAAR PANGARKER AND UCT VICE CHANCELLOR PROF MAMOKGETHI PHAKENG AT THE HANDOVER OF GOODS FOR UCT STUDENTS AND FIREFIGHTERS**

INTRINSIC NET ASSET VALUE REPORT

The INAV of Brimstone at 31 December 2021 was R3 255.6 million (2020: R3 284.8 million), translating to R13.14 per share (2020: R12.99 per share), based on 247.8 million shares (2020: 252.8 million shares) in issue, net of treasury shares. Fully Diluted INAV per share was R12.93 per share (2020: R12.83 per share), based on 251.9 million shares (2020: 256.1 million shares) in issue, net of treasury shares after taking into account unvested forfeitable shares.

The Book Net Asset Value ("Book NAV") of Brimstone on 31 December 2021 was R2 924.4 million (2020: R2 491.3 million), translating to R11.80 per share (2020: R9.85 per share), based on the respective number of shares in issue.

The closing share prices on 31 December 2021 of Brimstone Ordinary and "N" Ordinary shares on the JSE were R6.30 and R6.49 (2020: R5.81 and R6.50) per share respectively.

	31 DEC 21	31 DEC 20
INAV of Brimstone (R'm)	**3 255.6**	3 284.8
Book NAV (R'm)	**2 924.4**	2 491.3
INAV per share (Rand)	**13.14**	12.99
Fully Diluted INAV per share (Rand)	**12.93**	12.83
Book NAV per share (Rand)	**11.80**	9.85
Market price per share (Rand)		
■ Ordinary shares	**6.30**	5.81
■ "N" Ordinary shares	**6.49**	6.50
Discount to INAV:		
■ Ordinary shares %	**52.1%**	55.3%
■ "N" Ordinary shares %	**50.6%**	50.0%

Oceana
The INAV of the 25.01% shareholding in Oceana was based on the closing share price of Oceana on the JSE at 31 December 2021 of R55.54 per share.

Sea Harvest
The INAV of the 53.4% shareholding in Sea Harvest was based on the closing share price of Sea Harvest on the JSE at 31 December 2021 of R13.80 per share.

Equites
The INAV of the 1.9% shareholding in Equites was based on the closing share price of Equites on the JSE at 31 December 2021 of R22.99 per share.

Phuthuma Nathi
The INAV of the 2.8% shareholding in Phuthuma Nathi was based on the closing share price of Phuthuma Nathi on the Equity Express Securities Exchange at 31 December 2021 of R134.95 per share.

Stadio
The INAV of the 5.1% shareholding in STADIO was based on the closing share price of STADIO on the JSE at 31 December 2021 of R3.75 per share.

MTN Zakhele Futhi
The INAV of the 1.5% shareholding in MTN Zakhele Futhi was based on the closing share price of MTN Zakhele Futhi on the JSE at 31 December 2021 of R31.00 per share.

Milpark
The INAV of the 14.5% shareholding in Milpark was based on the market approach.

FPG Property Fund
The INAV of the 9.9% shareholding in FPG Property Fund was based on book value.

Aon Re Africa
The INAV of the 18% shareholding in Aon Re Africa was based on a price-to-earnings multiple.

Obsidian
The INAV of the 70% shareholding in Obsidian was based on book value.

South African Enterprise Development (SAED)
The INAV of the 25% shareholding in SAED was based on book value.

INAV analysis by asset

An analysis of the INAV of Brimstone as at 31 December 2021 is set out below, including the valuation basis of each asset. Where applicable, INAV is net of ring-fenced debt and potential CGT relating to that asset.

ASSET	% HELD	VALUATION BASIS	GROSS VALUE (R'000)	DEBT (R'000)	CGT (R'000)	INAV (R'000)
Oceana[1]	25.01%	Market value per share	1 812 110	–	–	1 812 110
Sea Harvest[1]	53.4%	Market value per share	2 201 210	–	–	2 201 210
Life Healthcare[2]	0.0%	Market value per share	–	–	–	–
Life Healthcare Zero Cost Collar[2]	0.0%	Option valuation	–	–	–	–
Equites	1.9%	Market value per share	320 909	–	(30 979)	289 930
Phuthuma Nathi	2.8%	Market value per share	255 788	–	(4 271)	251 517
Stadio[3]	5.1%	Market value per share	163 369	–	(2 734)	160 635
MTN Zakhele Futhi	1.5%	Market value per share	56 383	–	–	56 383
Milpark[3]	14.5%	Market approach	92 873	–	(7 102)	85 771
Investment property	100%	Capitalisation rate	57 500	–	–	57 500
FPG Property Fund	9.9%	Book value	229 681	–	(21 698)	207 984
Aon Re Africa	18.0%	PE valuation	69 906	–	(13 871)	56 035
Obsidian[3]	70.0%	Book value	71 960	–	(7 719)	64 241
SAED[3]	25.0%	Book value	60 231	–	–	60 231
Other Investments, Assets & Liabilities[3]	Various	Valuation	53 096	–	31 114	84 210
Cash/(Net debt)[3]	100%	Book value	67 752	(2 199 899)	–	(2 132 147)
Total			**5 512 768**	**(2 199 899)**	**(57 260)**	**3 255 610**
INAV per share (Rands)[4]			22.25	(8.88)	(0.23)	13.14
Fully Diluted INAV per share (Rands)[5]			21.89	(8.73)	(0.23)	12.93

1 No CGT provided on shareholding in Oceana and Sea Harvest due to potential use of the corporate relief provisions of the Income Tax Act.

2 The Life Healthcare investment was disposed of to settle the related Zero Cost Collar funding.

3 Brimstone amended the presentation of this INAV Report to provide users with more relevant information in respect of its investment portfolio at 31 December 2021. Therefore, to achieve comparability with the current period, the INAV Report as published for the year ended 31 December 2020 has been re-presented below. There was no impact on the value of the respective assets.

R'000	31 DEC 2020 PREVIOUS PRESENTATION	31 DEC 2020 REVISED PRESENTATION	EFFECT ON INAV
Stadio & Milpark	130 759	–	(130 759)
Stadio	–	84 952	84 952
Milpark	–	45 807	45 807
Obsidian	–	48 752	48 752
SAED	–	54 276	54 276
House of Monatic	6 369	–	(6 369)
Other Investments	127 559	–	(127 559)
Other Investments, Assets & Liabilities	–	88 458	88 458
Cash/(Net Debt)	(1 929 664)	(1 987 222)	(57 558)
Net effect on INAV			–

4 Based on 247.8 million shares (December 2020: 252.8 million shares) in issue, net of treasury shares.

5 Based on 251.9 million shares (December 2020: 256.1 million shares) in issue, net of treasury shares after taking into account unvested forfeitable shares.

GOVERNANCE REPORT

Governance and Stakeholder Engagement

Corporate governance approach

The Board of directors ("the Board") remains fully committed to the principles of integrity, competence, responsibility, fairness, transparency and accountability in its dealings with all its stakeholders. The Board is the focal point of the Company's corporate governance system and remains ultimately accountable and responsible for its performance and affairs.

Application of and compliance with King IV

Brimstone endorses and endeavours to adhere to the guidelines and principles of The King IV Report on Corporate Governance for South Africa, 2016 ("King IV"). The Board is satisfied that Brimstone is in substantive alignment with the principles of King IV.

The Board has recognised that it is the custodian of corporate governance of the Company and has ensured that directors lead ethically and effectively; supported an ethical culture; set the strategic direction for the Company for the year ahead; approved policies and planning and administered and monitored the Company's risks and opportunities, business model, performance and sustainable development.

The full King IV disclosure report is available on Brimstone's website at www.brimstone.co.za.

Ethical leadership

The Board is responsible for providing leadership, either directly or through its committees, to Brimstone and its subsidiaries in order to deliver long term value to shareholders and other stakeholders. A formal Code of Conduct has been approved by Brimstone and its subsidiary companies and requires directors and employees to observe the highest ethical standards when conducting the Group's business.

Governance framework and structure

Board of directors

The Board has a formal charter setting out, inter alia, its composition, meeting frequency, powers and responsibilities, particularly with regard to financial, statutory, administrative, regulatory and human resource matters.

Key responsibilities in terms of the charter include the following:

- Determining the Company's vision, mission and key objectives;
- Determining the Group's values and incorporating them into the Code of Conduct;
- Appointment of new directors;
- Providing strategic direction to the Company, and taking responsibility for the adoption of strategic plans;
- Monitoring compliance with laws and regulations and codes of best business practice;
- Ensuring that relevant and accurate information is timeously communicated to stakeholders; and
- Evaluating the going concern status of the Company and the Group.

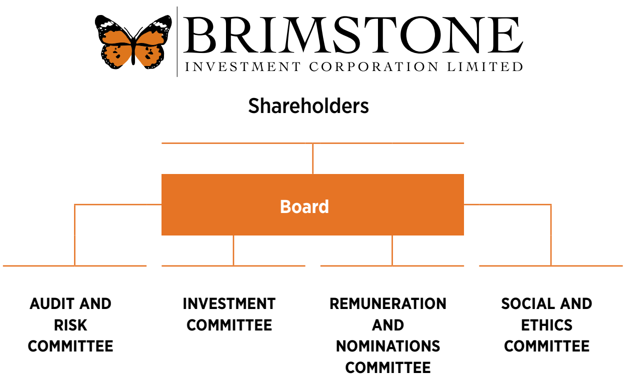
The Board is satisfied that it has discharged its duties and obligations as described in the board charter, during the past financial year.

To ensure a balance with no individual having unfettered powers of decision-making, a clear division of responsibilities exists between the Board and executive management.

The Board provides effective leadership and vision, aiming to enhance shareholder value and ensure long-term sustainable development and growth of the Company for the benefit of shareholders and other stakeholders over time.

The Board meets at least four times a year. Additional meetings are convened as and when necessary. All members of the Board have unlimited access to the services of the Company Secretary and senior management, as well as all Company records.

The diagram below illustrates Brimstone's group governance structure, reflecting the Brimstone Board as having ultimate oversight:



Composition of the Board

The composition of the Board reflects a balance of executive and non-executive directors.

The Board has formally adopted a board Diversity Policy which reflects the Board's view that ensuring gender and race diversity at board level is an essential and important element to maintain a competitive advantage as well as contributing to society at large.

In reviewing the Board's composition, the Remuneration and Nominations Committee is committed to considering the benefits of all aspects of diversity, specifically gender diversity, in order to effectively discharge its duties and responsibilities. This committee continues to discuss and agree on an annual basis the objectives for achieving gender and race diversity at board level and duly recommend such objectives to the Board.

Taking into account the size of the Board, diversity and demographics, the majority of directors are independent. The Board believes that the current mix of knowledge, skill, culture, age and experience meet the requirements to lead the Company effectively.

The demographics of the Board are depicted below:

Demographics

■ African/Coloured/Indian: Male
■ African/Coloured/Indian: Female
■ White male

Gender

■ Male
■ Female

Independence

■ Executive directors
■ Independent non-executive directors

At year end, the Board consisted of five executive and eight independent non-executive directors (one of whom is the Lead Independent Director).

Non-executive directors are selected to serve on the Board for their broader knowledge and experience and are expected to contribute effectively to decision-making and the formulation of policy. The independence of non-executive directors, who have served on the Board for more than twelve years, is subject to review by the Board.

In terms of the memorandum of incorporation ("MOI") of the Company at least one third of the directors must retire by rotation annually and may make themselves available for re-election at an annual general meeting.

The roles and responsibilities of the Chairman of the Board and the Chief Executive Officer are separated. One of the principles of King IV is that the Chairman of the Board be an independent non-executive director. Mr F Robertson was appointed Executive Chairman early in 2013. The Board believes that Mr Robertson (who previously served as Executive Deputy Chairman since 2002) has the required level of expertise and experience to act as Chairman of the Company and oversee the strategy of unlocking shareholder value for the benefit of shareholders. Mr PL Campher serves as Lead Independent Director, in compliance with King IV and the JSE Limited ("JSE") Listings Requirements.

Board committees and individual directors are evaluated by its members.

The results of these evaluations are not disclosed in the Integrated Report, but the nomination for reappointment of directors only occurs after the evaluation of the members by the Board.

An independence assessment of all non-executive directors was conducted during the year under review. Post the assessment, the Board, under the guidance of the Remuneration and Nominations Committee has undertaken to re-evaluate the tenure of the current Board members and steps are underway to address this. During the fourth quarter of 2021, two new independent non-executive directors were appointed to the Board. Messrs Logan Wort and Mduduzi Ndlovu were appointed to the Board of Brimstone on 11 November 2021 and 2 December 2021 respectively.

Induction of directors

To assist directors, the Board has established an orientation programme for new directors which include background material, meetings with executive directors and senior management and visits to the various Group Companies' locations. In addition, new directors will also receive information on the Companies Act of South Africa and the JSE Listings Requirements and the duties they impose on directors.

Should circumstances arise where a non-executive director needs to obtain independent professional advice in order to act in the best interest of the Company, that director is encouraged to seek such advice with all reasonable costs being borne by the Company.

Company Secretary's role and responsibilities

The Company Secretary performs the company secretarial function which ensures that Board procedures and relevant legislation and regulation is observed and complied with and ensures that proper governance principles are adhered to. All directors have unlimited access to the services of the Company Secretary, Ms T Moodley.

The Board has considered and satisfied itself of the competence and qualifications of the Company Secretary.

The Board is further satisfied that as far as is reasonably possible, an arm's length relationship between the Company Secretary and the Board exists.

Board committees (see tables overleaf)

Specific responsibilities have been delegated to board committees with defined terms of reference set out in their respective charters. Copies of the Board and committee charters, which are reviewed annually, are available on request from the Company Secretary.

Each committee adopted its charter with the terms of reference approved by the Board. All committee charters were reviewed during the year with changes being made, where so required, to take into account new regulatory requirements and King IV to ensure best governance practices. The current subcommittees of the Board are the Audit and Risk Committee, Investment Committee, Remuneration and Nominations Committee and the Social and Ethics Committee.

Notwithstanding the delegation of functions to Board committees, the Board remains ultimately responsible for the proper fulfilment of such functions, except for the functions of the Audit and Risk Committee relating to the appointment, fees and terms of engagement of the external auditor.

GOVERNANCE REPORT (CONTINUED)

Policy on trading in company securities

In accordance with the JSE Listings Requirements, the Company has adopted a Code of Conduct for insider trading. Directors and employees may not trade in the Company securities during prohibited and closed periods.

Directors and designated employees may only deal in the Company's securities outside of the prohibited and closed periods, with the approval of the Chairman, Chief Executive Officer or Lead Independent Director.

Risk management

The Board is responsible for overseeing governance and risk. The Board charter outlines the directors' responsibilities for ensuring that an appropriate system and process of risk management is implemented and maintained.

Compliance

The Board is ultimately responsible for the governance of compliance with applicable laws, codes and standards and was satisfied with the compliance to the relevant legal and regulatory requirements.

Conflicts of interest

All directors of the Company and its subsidiaries and senior management, are reminded of the requirement to submit, at least annually, a list of all their directorships and interests in contracts with Brimstone.

Directors are required to disclose their personal financial interests, and those of persons related to them, in contracts or other matters in which Brimstone has a material interest or which are to be considered at a Board or committee meeting. Where a potential conflict exists; directors are expected to recuse themselves from relevant discussions and decisions.

	NAME	ROLE, PURPOSE AND PRINCIPAL FUNCTIONS	KEY FOCUS FOR THE YEAR UNDER REVIEW
REMUNERATION AND NOMINATIONS COMMITTEE	**PL Campher** (chairman) Appointed: February 2012 **MJT Hewu** Appointed: July 2013 **N Khan** Appointed: March 2019	■ Determine, approve and develop the Company's (a) general philosophy on remuneration and (b) specific philosophy in respect of executive remuneration ■ Review and determine the remuneration packages of executives, including bonus incentive schemes, increases and shares ■ Prepare for inclusion in the Company's Integrated Report an annual remuneration policy ■ Review the general level of remuneration for directors of the Board, including its committees. Put forward to the Board the necessary proposals in this respect for final approval by shareholders at the annual general meeting ■ Approve appointments and promotions of senior executives ■ Annually review the effectiveness of the Company's Code of Conduct ■ Evaluate cases of unethical behaviour by senior managers and executives of the Company ■ The approval of amendments to the Brimstone Share Schemes ■ Ensure the Company has proper succession planning in place. ■ Make recommendations to the Board in respect of senior management succession and senior talent development and education ■ Review the structure, size and composition of the Board ■ Make recommendations to the Board with regard to the appointment of new directors ■ Identify and nominate candidates to fill Board vacancies ■ Ensure that formal succession plans for the Chairman, Chief Executive Officer, Financial Director and Senior Management are developed and implemented ■ Review the Board and committee charters	■ Reviewed long-term and short-term incentive payments to executive directors, management and staff ■ Reviewed bonus calculations against approved targets ■ Reviewed Remuneration Report for inclusion in the Integrated Report before recommending to the Board for approval ■ Reviewed staff remuneration to align to market levels ■ Reviewed profiles of directors coming up for re-election at the annual general meeting ■ Reviewed the annual re-election of the Lead Independent Director ■ Appointment of two independent non-executive directors ■ Reviewed benchmarking exercise conducted on Non-Executive Directors fees

	NAME	ROLE, PURPOSE AND PRINCIPAL FUNCTIONS	KEY FOCUS FOR THE YEAR UNDER REVIEW
AUDIT AND RISK COMMITTEE	**N Khan** (chairman) Date first appointed: January 1999 **LA Parker** Date first appointed: January 1999 **PL Campher** Date first appointed: November 2006 **F Roman** Date first appointed: May 2009 **KR Moloko** Date first appointed: November 2013 **LAD Wort** Date first appointed: November 2021 **M Ndlovu** Date first appointed: December 2021	■ The Audit and Risk Committee shall provide an open avenue of communication between the internal auditors, external auditors, and the Board ■ Consider in consultation with external and internal auditors, their audit scope and plans ■ Review with internal audit and the representative of the external auditors the co-ordination of audit effort to ensure completeness of coverage, reduction of redundant efforts and effective use of audit resources ■ The Audit and Risk Committee shall review with the internal and the external auditors: – The adequacy and effectiveness of the Company's internal controls, including computerised information system controls and security; – The quality of financial information produced to ensure integrity and reliability; – Compliance with the requirements for Audit and Risk Committees as set out by the King Report on Corporate Governance; – Any related significant findings and recommendations of the internal and external auditors together with management's responses thereto; – The effectiveness of the risk management process – Oversee the external audit function and internal audit function – Examine and review the interim and annual financial statements before submission to the Board and prior to public announcements ■ Determine the nature and extent of any non-audit services which the auditor may provide to the Company ■ To review significant cases of employee conflicts of interest, misconduct or fraud ■ Consider other topics as defined by the Board from time to time and investigate any activity which the Audit and Risk Committee, in its sole discretion, considers to fall within the scope of its powers ■ Review the Risk Management Policy for approval by the Board annually ■ Review policies and procedures with respect to senior executive discretionary expenditure including their expense accounts and use of corporate assets and consider the results of any review of these areas by the internal or external auditors ■ Obtain the requisite resources for the effective discharge of its responsibilities ■ Review the expertise, resources and experience of the Company's finance function, including satisfying itself of the suitability, expertise and experience of the Financial Director annually as required by the JSE Listings Requirements and disclose the results of the review in the Integrated Report	See the full Audit and Risk Committee Report on pages 47 to 49.

GOVERNANCE REPORT (CONTINUED)

	NAME	ROLE, PURPOSE AND PRINCIPAL FUNCTIONS	KEY FOCUS FOR THE YEAR UNDER REVIEW
INVESTMENT COMMITTEE	**PL Campher** (chairman) Appointed: August 2006 **N Khan** Appointed: February 2007 **LA Parker** Appointed: August 2013 **M Ndlovu** Appointed: December 2021	■ Provide advice to the Board regarding investment principles, objectives and guidelines ■ Considers and recommends to the Board proposals for the investment of financial resources in new enterprises that are of strategic interest to the Company ■ Advises the Board on policy regarding borrowings, and recommend action to be taken within established policy in relation to requirements per the Company's delegated levels of authority ■ The Investment Committee, in carrying out its tasks under its terms of reference, may obtain such independent professional advice as it considers necessary to effectively carry out its duties ■ Considers the impact of investments on cash resources	■ Considered and recommended to the Board the annual year-end valuation of investments ■ Considered and recommended to the Board the Intrinsic Net Asset Values of investments ■ Considered and approved the following: – disposal of investment in Life Healthcare – sale of shares in Lion of Africa Insurance Company – sale of certain manufacturing assets of House of Monatic – conclusion of interest rate hedge on borrowings – dilution of investment in Obsidian Health from 80% to 70% ■ Monitored the Company's compliance with debt covenants in respect of its borrowing facilities
SOCIAL AND ETHICS COMMITTEE	**MJT Hewu** (chairman) Appointed: February 2018 **MA Brey** Appointed: November 2012 **PL Campher** Appointed: November 2012 **N Khan** Appointed: November 2012 **F Robertson** Appointed: February 2013 **LAD Wort** Appointed: November 2021	■ Monitors the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice ■ Considers and ensures appropriate resources and committees are in place to ensure transformation within the Group ■ Ensures the promotion of equality, prevention of unfair discrimination and reduction of corruption within the Group ■ Monitors targets in respect of the B-BBEE Act within the Group ■ Considers and ensures appropriate programmes are in place in respect of CSI targets within the Group ■ Assists the Board in ensuring that the Company's ethical standards are integrated into all the Company's strategies and operations	See the full Social and Ethics Committee Report on page 38.

Directors' attendance at meetings

	BOARD		AUDIT AND RISK COMMITTEE		INVESTMENT COMMITTEE		REMUNERATION AND NOMINATIONS COMMITTEE		SOCIAL AND ETHICS COMMITTEE	
ATTENDANCE BY DIRECTORS	POSSIBLE	ATTENDED	POSSIBLE	ATTENDED	POSSIBLE	ATTENDED	POSSIBLE	ATTENDED	POSSIBLE	ATTENDED
F Robertson	4	4	3	3	2	2	2	2	2	2
MA Brey	4	4	3	3	2	2	2	2	2	1
MI Khan	4	4	3	3	2	2	2	2	2	2
GG Fortuin	4	4	3	3	2	2	2	2	2	2
T Moodley	4	4	3	3	2	2	2	2	2	2
PL Campher	4	4	3	3	3	3	2	2	2	2
MJT Hewu	4	4	—	—	—	—	2	2	2	2
N Khan	4	4	3	3	3	3	2	2	2	2
LA Parker	4	4	3	3	3	3	—	—	—	—
K Moloko	4	4	3	3	—	—	—	—	—	—
FD Roman	4	4	3	3	—	—	—	—	—	—
LAD Wort*										
M Ndlovu**										

* LAD Wort was appointed to the Board on 11 November 2021

** M Ndlovu was appointed to the Board on 2 December 2021

Stakeholder Engagement

PRESCRIBED ENGAGEMENT ACTIVITIES	TARGETED GROUPINGS
JSE SENS announcements*	All
The publication of interim and annual results in printed media	All
The distribution of Integrated Report and Notice of AGM	All
Posting of interim and annual financial results on our website	All
AGM and other shareholder meetings	All shareholders

* The JSE provides an investor service to facilitate a listed company's prescribed and voluntary disclosures to the general investor public. SENS is an acronym for Stock Exchange News Service.

PROACTIVE ENGAGEMENT ACTIVITIES	TARGET GROUPINGS
Bi-annual results presentations posted on website	Institutional investors, analysts and financial media
Responded where necessary to analyst and media reports to improve accuracy	Analysts and financial media
Press announcements, together with media interviews for interim and annual results	All
Website provides a wide range of information, including dividend announcements, SENS announcements, share price information and Integrated Report	All

2022 Investor diary

SHAREHOLDERS	DATE
2021 Annual financial results presentation	30 March 2022
AGM	30 May 2022

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics committee ("the Committee") was established to assist in monitoring the Group's performance as a good and responsible corporate citizen and to perform the statutory functions required of a social and ethics committee in terms of the Companies Act, No. 71 of 2008, as amended (''the Companies Act''). This report is presented by the Committee to describe how it has discharged its duties in terms of the Companies Act as well as its additional duties assigned to it by the Board in respect of the financial year ended 31 December 2021.

Membership and composition of the Committee

- MJT Hewu (Chairman)
- PL Campher
- N Khan
- F Robertson
- MA Brey
- LAD Wort (appointed 11 November 2021)

The Committee comprises of independent non-executive and executive directors with the majority being independent non-executive directors. Mr Logan Wort joined the Board of Brimstone on 11 November 2021 and is a member of the Social and Ethics Committee.

The executive directors of the Group's subsidiary companies, House of Monatic and Obsidian Health are invited to attend all committee meetings.

In terms of the Committee's mandate at least two meetings should be held annually.

The Committee's role and responsibilities

Role

The Committee fulfils an oversight role with accountability to the Board. The main objective of the Committee is to assist the Board in monitoring the Group's performance as a good corporate citizen.

Responsibilities

The Committee performs all the necessary functions to fulfil its role as stated above, including the following statutory duties:

(a) Monitoring the Group's activities, having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice, with regard to matters relating to:
   - Social and economic development, including the Group's standing in terms of the goals and purposes of:
     - The 10 principles set out in the United Nations Global Compact Principles;
     - The Organisation for Economic Co-Operation and Development recommendations regarding corruption;
     - The Employment Equity Act; and
     - The Broad-Based Black Economic Empowerment Act.
   - Good corporate citizenship, including the Group's
     - Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
     - Contribution to the development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
   - Record of sponsorship, donations and charitable giving.
   - The environment, health and public safety, including the impact of the Group's activities and of its products or services;
   - Consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws; and
   - Labour and employment, including:
     - The Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
     - The Group's employment relationships, and its contribution toward the educational development of its employees;

(b) Ensure that the Group's ethics, risks and opportunities are assessed and that an ethics risk profile is compiled;

(c) Ensure that the ethical standards guiding the Group's relationships with internal and external stakeholders are clearly identified;

(d) Ensure that the Group's ethical standards are integrated into all the Group's strategies and operations;

(e) Ensure that the Group's ethics performance is assessed, monitored, reported and disclosed;

(f) To draw matters within its mandate to the attention of the Board as may be required; and

(g) To report, through one of its members, to the shareholders at the Company's annual general meeting on matters within its mandate.

Report to shareholders

The Committee has reviewed and is satisfied with the content in the Integrated Report that is relevant to the activities and responsibilities of the Committee. Further highlights of the Committee's focus areas can be found on pages 26 to 29 of the Integrated Report.

MJT HEWU
CHAIRMAN OF THE SOCIAL AND ETHICS COMMITTEE

28 April 2022

REMUNERATION REPORT

Presented on the following pages is the Remuneration Report for 2021 on behalf of the Remuneration and Nominations Committee ("the Committee"). In line with the recommendations of the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV") we have split the report into three parts:

- **Part 1:** Remuneration background statement
- **Part 2:** Remuneration policy and philosophy
- **Part 3:** Implementation report

Part 1: Remuneration Background Statement

Business performance and the impact on remuneration outcomes

Globally businesses have had to endure, adapt and survive arguably one of the worst pandemics in history. This has forced change in the way business and operations are conducted, very often, change that has had no precedence with proven success.

In the Brimstone context the Group's major investments were classified as essential services and were allowed to continue operating throughout all levels of the national lockdown.

Managing operations at multiple sites with a large number of staff proved to be a significant challenge across the food producing businesses. Despite these challenges, the businesses were able to successfully operate at near capacity levels to generate cash and keep production and efficiency at peak levels.

As the world became accustomed to dealing with COVID-19 and as the threat to sustainability became more understandable, governments globally began to ease prevention restrictions. Businesses slowly followed suit and after consulting expert remuneration professionals, Brimstone began to reverse the precautionary measures (salary cuts, bonus reductions, etc.) we put in place at the beginning of 2021.

All adjustments made to remuneration at the beginning of 2021 were reversed and a comprehensive market comparison was undertaken with the assistance of Remchannel, to understand how we benchmarked relative to the market and investment sector.

The study identified Brimstone as being well below market average in the appropriate sector.

After careful consideration, the Committee decided to plan a roadmap over two to three years to be able to adjust the remuneration levels at Brimstone to bring them in line with the 50th percentile that we strive to achieve. This process will commence in January 2022.

The resultant outcome of this strategy is that we were able to remain cautious and circumspect during the uncertainty of the COVID-19 pandemic and that we will now be preparing to remunerate people at Brimstone at a level where we believe we will be able to attract and retain our top talent.

Policy changes and performance alignment

Individual executives and selected employees will continue to be evaluated specifically in relation to their focus areas within the overall strategic direction of Brimstone. The performance measures are weighted differently for different individuals resulting in focused efforts to achieving the strategic goals.

The Committee is satisfied that this focused and role-aligning measurement has achieved the required performance outcomes of the executive and employees.

In determining the remuneration structure, Brimstone is committed to responsible corporate governance practices, creating sustainable shareholder value through consistent growth in Intrinsic Net Asset Value ("INAV"), assets under management and cash generation. The Committee is satisfied that the remuneration policy (as set out in Part 2) is aligned with the Company's strategy and has achieved its stated objectives for 2021.

No changes have been made to the remuneration policy for 2022.

Shareholding voting options

At the Annual General Meeting ("AGM") held on 19 May 2021, Brimstone received the following favourable votes from shareholders:

- 97.59% of shareholders voted in favour of the remuneration policy resolution
- 99.60% of shareholders voted in favour of the implementation report; and
- 99.76% voted in favour of the non-executive director's fees.

Key Performance Measures used to evaluate performance and reward have been consistently applied year on year. However, since 2019, the relative weightings of these measures were adjusted to more appropriately reflect the role required of the individual employee. We believe that the appropriate behaviour is being cultivated.

At the 2022 AGM, in line with the JSE Listings Requirements we will once again be putting Parts 2 and 3 of this report (containing the forwarding-looking remuneration policy and 2021 implementation report respectively) to non-binding shareholder votes. Brimstone is committed to maintaining an open dialogue with shareholders and welcomes any feedback or comments.

Brimstone has operated a Forfeitable Share Plan ("FSP") for a number of years. It takes regular guidance from experts in the field, in order to deliver the best outcome for employees and stakeholders.

The Committee and management used Remchannel as external remuneration consultants to provide market practice and intelligence in the context of COVID-19. The research and advice received was independent and objective.

REMUNERATION REPORT (CONTINUED)

Part 2: Remuneration Policy and Philosophy

Remuneration and Nominations Committee

The Committee has been appointed by the Board, has its own delegated authority framework to act on behalf of the Board and its own charter to guide it. All the members of the Committee are independent non-executive directors. The Committee meets regularly to deal with remuneration related matters. The attendance record of members is set out on page 37. Should any relevant matters be raised by shareholders, these would be dealt with by the Committee. No matters were raised at the AGM or in any other forum during the year.

The Committee's standing annual activities include:

- Recommending the remuneration of non-executive directors;
- As tasked by the Board through the Committee charter, confirming that remuneration policies, processes and practices are implemented and continuously reviewed, to at a minimum comply with the requirements of King IV;
- Monitoring remuneration practices and adherence to the remuneration policy, having met formally during the year;
- Evaluating and approving annual increases for all employees and executive directors;
- Determining the performance criteria and targets for both short-term and long-term incentives;
- Approving short-term incentive payments in terms of the designated scheme; and
- Approving the allocation and award of FSP shares in terms of the Company's long-term incentive plan rules.

Remuneration policy and philosophy

The forward-looking remuneration policy deals with remuneration of non-executive directors, executive directors, senior management and other employees. The remuneration mix between guaranteed and variable pay is linked to each job, it's seniority and its expected deliverables.

In determining the remuneration policy, the Committee gives due consideration to the principle of fair and responsible remuneration. As there is no "one-size-fits-all" solution, the Committee as well as the Board must develop initiatives, policies and arrangements to give effect to this principle in line with best practice, bearing in mind the Company's strategic objectives. The Committee takes the necessary steps to ensure that executive remuneration is justifiable in the context of overall employee remuneration. The Committee will continue to monitor remuneration to ensure that, to the extent possible, they are adhering to the principle of fair and responsible remuneration.

Elements of remuneration

The mix of remuneration varies per grade with higher grades, which have the ability to influence performance, receiving a higher proportion of variable pay.

In line with the Company's human resources and business strategies, the objective of the remuneration policy is to align the reward practices to create sustainable shareholder value. The principles of the remuneration policy are designed to attract, retain and motivate employees.

All employees receive total guaranteed pay and are eligible to participate in the short-term incentive scheme ("STI"), which requires the achievement of individual performance criteria and predetermined financial targets.

In addition to the STI, executive directors and senior managers are eligible to participate in the long- term incentive scheme ("LTI").

The elements of remuneration are discussed in further detail below.

Total guaranteed pay

Guaranteed pay is reviewed regularly and benchmarked to appropriate market data. The Company uses benchmarking to ensure that the remuneration policy remains competitive with the external market, allowing for the retention and recruitment of the talent required to execute the business strategy. It is Brimstone's policy to strive to align total remuneration with the 50th percentile.

As a general principle, increases for all employees (including executive directors), are determined by taking into account the following factors:

- Performance of the individual and the Company;
- Competence and contribution to the wider group;
- Forecast profitability; and
- Economic factors, including the consumer price index ("CPI").

Benefits provided include medical aid, provident fund, group life and personal accident insurance cover.

A condition of employment for employees is to be a member of the Company's retirement fund. Contributions to the fund are used primarily for retirement funding and risk benefits. The risk benefits include benefits such as death and disability cover. An umbrella fund arrangement is in place for provident fund members, which offers investment choice.

STI

Under the STI, eligible employees have, on an annual basis, the opportunity to receive a cash payment based on the achievement of individual and corporate performance measures (see below for details). The weighting of these measures varies according to grade.

The maximum amount that can be earned under the STI is:

	% OF ANNUAL CTC*
Executive Chairman and Chief Executive Officer	95%
Executive directors and Senior managers	60% – 80%
Junior management and specialist staff	30% – 45%
Junior staff	17% – 25%

* CTC = Cost to company

Executive directors and senior management

In addition to the STI, executive directors and senior managers are eligible to participate in the LTI. The LTI is a FSP which also requires the achievement of individual performance criteria and corporate performance and financial targets.

LTI

The purpose of the FSP is to retain, motivate and reward those executive directors and senior managers who are able to influence the performance of the Company and align their interests with those of the Company's stakeholders.

The LTI takes the form of an FSP under which, eligible employees, on an annual basis are granted a share award. The awards vest after 3 years, provided the employee remains in employment and subject to the achievement of individual and corporate performance measures. However, the shares remain restricted instruments while the Company is in a prohibited or closed period. During the vesting period, employees enjoy normal shareholder rights including the right to vote and the right to receive dividends.

The maximum expected value of shares that can be granted under the LTI is:

	% OF ANNUAL CTC
Executive Chairman and Chief Executive Officer	60%
Other executive directors and senior management	17% – 40%
Junior management and specialist staff	15%

Short and long-term incentives

Performance measures

Both the STI and LTI use the same pool of performance measures which focus on growth in INAV, deal creation, achievement of strategic objectives, cash management and personal performance of the individual.

Brimstone has and continues to promote a share owning culture among all levels of staff both at Brimstone and its subsidiaries. Executive directors and senior staff are all invested in Brimstone shares in varying degrees and hence the performance of the share price is of critical importance to all staff and management, in terms of their long-term individual financial and retirement planning. This is an important concept to ensure employee and stakeholder alignment and it is for this reason that specific performance measures relating to share price is not included in annual performance evaluations.

The constant management of INAV is meant to have an effect on the share price in terms of how the market and shareholders interpret value and merit of management performance.

All performance measures differ per individual, in keeping with the principle of the different roles expected from different individuals.

All key performance indicators are contracted with the Committee by each employee and are continuously monitored throughout the year. While not specifically linked to the 6 capitals (set out by the International Integrated Reporting Council), the personal key performance indicators cover a broad spectrum of capitals and, most importantly, are aligned with Brimstone's strategic priorities.

For the STI, performance is tested to the end of the financial year, for the LTI, performance is tested over the 3 financial years between grant and vesting date.

Relative weightings for executive directors differ per executive but are comprised of the performance measures set out below:

		WEIGHTINGS DIFFER PER INDIVIDUAL EXECUTIVE
1.1	Growth in INAV per share over a 12 month period relative to the FINDI	
1.2	Growth in INAV per share over a 36 month period relative to the FINDI	
1.3	Growth in INAV per share above CPI over a 36 month period	
2.	Cash at the centre – Sufficient cash must be held at the centre to cover operational and ad-hoc funding and requirements	
3.	Deal creation: Threshold: Deals worth R300 million over a 3 year rolling period worth R900 million over a 3 year rolling period	
4.	Individual key performance indicators	
		100%

Termination arrangements

In the event of an executive director and senior manager ceasing employment due to resignation or just cause dismissal, all STI and unvested LTI awards will be forfeited in their entirety. Where the executive director's or senior manager's employment is terminated due to death, ill-health, permanent disability, or retirement, STI and LTI awards will be treated in accordance with the relevant plan rules with awards being pro-rated for both time served during the performance cycle and the extent to which performance conditions are met.

Share dilution limits

In terms of the rules of the FSP, the maximum aggregate number of shares that may be allocated to all participants shall not exceed 2 157 271 Ordinary shares and 12 293 329 "N" Ordinary shares.

For any one participant the maximum aggregate number allocated shall not exceed 215 727 Ordinary shares and 1 229 333 "N" Ordinary shares. As at 31 December 2021, the actual number of shares that had been allocated to participants under the FSP is, in aggregate, 5 459 918 "N" Ordinary shares. No Ordinary shares have been awarded to participants.

REMUNERATION REPORT (CONTINUED)

Pay mix

Pay for performance is a key principle of our remuneration philosophy and a high weighting is placed on variable pay.

The table below sets out the mix between fixed and variable pay (STI and LTI) for each of our executive directors on a minimum, on-target and maximum basis.

ELEMENT	MINIMUM	ON-TARGET	MAXIMUM
Fixed (annual CTC)	Salary and benefits in line with those paid in the 2021 financial year (as reported in the single figure table)		
STI	Nil	50% of stretch	60% – 95% of annual CTC
LTI	Nil	The maximum number of instruments granted in 2021 multiplied by the share price on grant.	The maximum number of instruments granted in 2021 multiplied by the share price on grant.

Service agreements

All executive directors have service agreements in place and contain notice periods of one month by either party. No additional payments are made to executive directors upon termination of employment in terms of contractual arrangements (apart from those required in terms of labour legislation).

Non-Executive Directors (NED's)

Brimstone last benchmarked NED fees in 2018, however, COVID-19 measures and challenges prevented the performance of an updated benchmarking.

In terms of the Company's normal practice:

- Non-executive directors' remuneration is benchmarked by management to credible independent surveys and to companies of a similar size, nature and complexity to Brimstone. Where the benchmarking reveals a significant difference in remuneration, base adjustments are made with a view of achieving parity over a reasonable period of time.
- More specifically, the remuneration of the lead independent director has been set, taking into account the fact that Brimstone has an executive chairman and consequently the lead independent director has more responsibility.
- Remuneration for Board meetings is fixed and does not depend on attendance, while that of sub-committees is based on a fee per meeting attended. Non-executive directors do not receive any benefits or variable incentives. Travel expenses incurred during the course and scope of their duties are reimbursed by the Company.

A benchmarking of our NED fees was done based on the results of the latest benchmarking survey conducted by the Institute of Directors of South Africa (issued in October 2021).

Management specifically benchmarked NED fees to the category of listed companies with a market capitalisation of between R1 billion and R10 billion. The findings of the benchmarking revealed that our NED fees are in the main significantly below the 50th percentile. Consequently, in terms of our normal practice a base adjustment of 7.3% in total was made to NED fees after which an inflation adjustment of 4.9% was also made. Notwithstanding these adjustments, NED fees are still below the 50th percentile, which in terms of the Company's normal practice we will endeavour to narrow over a reasonable period of time.

Therefore, the proposal for the 2022 year is to increase the NED fees to within some acceptable reach of the 50th percentile.

The resultant financial effect is a total 12.6% increase year on year for existing non-executive directors.

R	1/1/2021 TO 31/12/2021 (APPROVED)	1/1/2022 TO 31/12/2022 (FOR APPROVAL)
Board (Annual fee)		
Chairman	–	**–**
Lead independent director	438 000	**473 200**
Member	238 000	**259 900**
Committees (Per meeting)		
Audit and Risk Committee		
Chairman	59 100	**68 433**
Member	31 700	**36 167**
Investment Committee		
Chairman	47 500	**54 350**
Member	25 300	**32 050**
Remuneration and Nominations Committee		
Chairman	47 500	**54 350**
Member	25 300	**32 050**
Social and Ethics Committee		
Chairman	47 500	**54 350**
Member	25 300	**32 050**

In addition, that non-executive directors continue to be paid an amount of R2 000 (Two-thousand Rand) an hour excluding VAT, in respect of work performed by them as required by extraordinary circumstances, provided that payment in respect of such additional work is approved by the Company's Remuneration and Nominations Committee and the chief executive officer.

Shareholder engagement

As mentioned in Part 1, we will be putting both the remuneration policy (Part 2 of this report) and the implementation report (Part 3 of this report) to a vote at the 2022 AGM. In the event that 25% or more of the shareholders vote against either or both the remuneration policy, or the implementation report, the Committee will commence engagement with shareholders to ascertain their reasons and legitimate concerns underlying their votes. Should this occur, the Committee will extend an invitation to shareholders in a Stock Exchange News Service announcement together with the results of the AGM, setting out the precise details of the manner, date and timing of engagement. Such methods may include written correspondence, individual meetings and Committee representation at shareholder engagement sessions. Any engagement will be led by the Committee chair.

Part 3: Implementation report

This section of the report sets out how the policy was applied during 2021 and the resulting remuneration outcomes.

2022 Environment

As described in last year's report, Brimstone successfully implemented a number of austerity measures which has recalibrated and positioned the Company for the future environment. The uncertainty in the duration and medical complexity of the pandemic has, thankfully, now been understood more deeply by medical experts and at this stage the end of the pandemic seems in sight. This is supported by some international destinations downgrading the pandemic to an epidemic.

Against this background, we have sought advice from Remchannel to position our packages to be able to be market competitive and help us attract and retain good resources.

Re-alignment

For 2022 all job gradings and related remuneration have been brought in line with the applicable market levels (37.5 percentile) and we hope to steadily adjust these to reach our aspiration of paying at the 50th percentile of the market. We would like to emphasise that Brimstone strives to remunerate its people in a manner that is fair and competitive.

STI

Performance in respect of the year ended 31 December 2021 was individually assessed. The measures for growth in INAV were not achieved in all assessments while the cash at the centre and deal creation metrics were fully achieved. Individual key performance indicators were assessed and varied per individual.

The performance detailed above resulted in the following STI payments to be made to executive directors in respect of the financial year.

NAME	TOTAL ACHIEVED AS % OF MAXIMUM	MAXIMUM STI (% OF CTC)	CTC FOR STI CALCULATION (R'000)	STI INCLUDED IN THE SINGLE FIGURE TABLE (R'000)
MA Brey	78%	95%	4 292	3 180
F Robertson	78%	95%	4 292	3 180
GG Fortuin	75%	80%	2 899	1 739
MI Khan	76%	80%	3 409	2 073
T Moodley	80%	60%	1 822	875

LTI

Awards were made to executive directors in terms of the FSP in 2018 with awards vesting subject to performance conditions and continued employment. The awards were subject to the same performance conditions and outcomes set out in the paragraph on STI in Part 2. The performance period for the awards made in February 2018 ended on 28 February 2021. The awards vested in 2021 and became unrestricted following the lifting of the closed period.

LTI awards granted in the year

During the financial year the Company made awards under the FSP as detailed in the policy. Details of the awards are set out in the table on executive director's interests on page 46. The performance conditions, weightings and targets are set out in Part 2.

REMUNERATION REPORT (CONTINUED)

Remuneration of directors

Executive directors' remuneration

The table below sets out details of the amounts paid to or receivable by executive directors in respect of the financial year. We note the recommendation in terms of King IV to move towards disclosure of a single figure of remuneration. The table below includes all elements of remuneration.

Paid by the Company

2021 NAME (R'000)	BASIC SALARY	FEES PAID BY SUBSIDIARY	OTHER BENEFITS[1]	STI	LTI AWARD VALUE	TOTAL
MA Brey	3 124	–	448	3 180	2 104	8 856
F Robertson	3 200	773	372	3 180	2 104	9 629
GG Fortuin	2 217	–	266	1 739	981	5 203
MI Khan	2 611	–	280	2 073	1 140	6 104
T Moodley	1 417	–	179	875	634	3 105
Total	12 569	773	1 545	11 047	6 963	32 897

2020 NAME (R'000)	BASIC SALARY	FEES PAID BY SUBSIDIARY	OTHER BENEFITS*	STI[2]	LTI AWARD VALUE	VALUE OF CAP SHARES RECEIVED	TOTAL
MA Brey	2 960	–	468	1 666	2 338	384	7 816
F Robertson	3 280	753	385	1 666	2 338	384	8 806
GG Fortuin	2 252	–	380	746	1 003	173	4 554
MI Khan	2 776	–	289	855	1 179	203	5 302
T Moodley	1 454	–	182	520	630	104	2 890
Total	12 722	753	1 704	5 453	7 448	1 248	29 368

1 Company contributions to retirement fund and medical aid

2 As reported in the 2020 Remuneration Report, one third of the achieved award was deferred on a non-obligatory basis, for reassessment in 2021. During 2021, an amount of R2.7 million was paid in respect of the deferred amount.

Non-executive directors' remuneration

Non-executive directors receive fees for membership of the Brimstone Investment Corporation Limited Board and a subsidiary company. They also receive fees for work done on committees of the Board. The amounts below are exclusive of VAT.

2021 NAME (R'000)	BOARD FEES	BOARD FEES PAID BY SUBSIDIARIES	COMMITTEE FEES	TOTAL
PL Campher	438	31	478	947
MJT Hewu	238	—	196	434
N Khan	238	31	405	674
K Moloko	238	—	95	333
LA Parker	238	—	171	409
FD Roman	238	275	95	608
Total	1 628	337	1 440	3 405

New appointments

LAD Wort was appointed on 11 November 2021.
M Ndlovu was appointed on 2 December 2021.

2020 NAME (R'000)	BOARD FEES	BOARD FEES PAID BY SUBSIDIARIES	COMMITTEE FEES	TOTAL
PL Campher	438	31	336	805
MJT Hewu	238	—	146	384
N Khan	238	31	329	598
MK Ndebele*	119	—	25	144
K Moloko	238	—	95	333
LA Parker	238	—	146	384
FD Roman	238	267	95	600
Total	1 747	329	1 172	3 248

* MK Ndebele retired from the Board on 24 June 2020.

Prescribed officers

The Board has determined that there are no prescribed officers in the employ of the Company as defined by the Companies Act, No.71 of 2008.

REMUNERATION REPORT (CONTINUED)

Executive directors' interests

The table below sets out details of all awards made under the FSP scheme in the current and prior years that, at the end of the financial year had not yet vested. The performance measures attached to the FSP's are set out in the remuneration policy. The awards made are for "N" Ordinary shares.

NAME	DATE OF GRANT	FINAL VESTING DATE	NUMBER OF INSTRUMENTS AWARDED	FSP NOTIONAL SHARE AMOUNT	INDICATIVE VALUE OF UNVESTED INSTRUMENTS
MA Brey	04-Mar-19	03-Mar-22	323 220	9.19	1 573 273
	24-Feb-20	23-Feb-23	439 273	7.10	2 138 161
	25-Feb-21	24-Feb-24	437 752	6.41	2 130 758
F Robertson	04-Mar-19	03-Mar-22	323 220	9.19	1 573 273
	24-Feb-20	23-Feb-23	439 273	7.10	2 138 161
	25-Feb-21	24-Feb-24	437 752	6.41	2 130 758
GG Fortuin	04-Mar-19	03-Mar-22	145 553	9.19	708 479
	24-Feb-20	23-Feb-23	197 814	7.10	962 860
	25-Feb-21	24-Feb-24	204 138	6.41	993 642
MI Khan	04-Mar-19	03-Mar-22	171 144	9.19	833 043
	24-Feb-20	23-Feb-23	232 593	7.10	1 132 146
	25-Feb-21	24-Feb-24	237 196	6.41	1 154 552
T Moodley	04-Mar-19	03-Mar-22	91 453	9.19	445 147
	24-Feb-20	23-Feb-23	124 290	7.10	604 982
	25-Feb-21	24-Feb-24	131 842	6.41	641 741

The table below sets out details of awards which were granted on 18 February 2018, and vested on 17 February 2021.

	NUMBER OF INSTRUMENTS AWARDED	NUMBER OF INSTRUMENTS VESTED	NUMBER OF INSTRUMENTS FORFEITED	VALUE OF VESTED INSTRUMENTS
MA Brey	233 784	172 533	61 251	1 052 451
F Robertson	233 784	171 364	62 420	1 045 320
GG Fortuin	105 278	76 642	28 636	467 516
MI Khan	123 788	89 024	34 764	543 046
T Moodley	54 119	40 950	13 169	249 795

Approval

The remuneration report was approved by the Remuneration and Nominations Committee of Brimstone Investment Corporation Limited.

PL CAMPHER

CHAIRMAN OF THE REMUNERATION AND NOMINATIONS COMMITTEE

28 April 2022

AUDIT AND RISK COMMITTEE REPORT

Introduction
The Audit and Risk Committee ("the Committee") is a formal committee of the Board. The responsibilities of the Committee are outlined in its written terms of reference which are reviewed annually and are in line with the Companies Act, No. 71 of 2008 as amended ("Companies Act"), the King IV Report on Corporate Governance for South Africa, 2016 ("King IV") and the JSE Limited ("JSE") Listings Requirements. The Committee has an independent role with accountability to the Board and shareholders.

This report of the Committee is presented to the shareholders in terms of section 94(7)(f) of the Companies Act and as recommended by King IV.

The members of the Committee were recommended by the Board and appointed by shareholders for the 2021 financial year.

Membership and composition of the Committee
The Committee comprises seven independent non-executive directors and is chaired by Mr N Khan. Messrs Logan Wort and Mduduzi Ndlovu were appointment as members of the Committee on 11 November 2021 and 2 December 2021 respectively. All the Committee members are suitably skilled and experienced. The Committee meets at least three times per year.

The executive directors and senior management make themselves available to attend meetings and answer questions.

The Committee chairman and Brimstone's lead independent director are representatives at subsidiary company House of Monatic's finance committee meetings.

Roles and responsibilities
The Committee has a charter, approved by the Board, which is annually reviewed and ensures alignment with King IV.

The Committee's roles and responsibilities include its statutory and regulatory duties in accordance with the Companies Act and the JSE Listings Requirements, as well as the responsibilities assigned to it by the Board.

The finance committees of Brimstone's operating subsidiary companies, namely, House of Monatic and Obsidian Health report to this Committee at each meeting by way of report back by the respective chairpersons of the finance committees.

Statutory and regulatory duties
In the conduct of its duties, the Committee has in respect of the 2021 financial year performed the following statutory and regulatory duties:

- After a comprehensive Mandatory Audit Firm rotation process conducted by the Committee, Ernst & Young Inc. ("EY") were appointed as Brimstone's external auditors at the Company's Annual General Meeting in May 2021. Mr Pierre du Plessis is currently the designated individual partner. He has confirmed to the Committee that EY have complied with the independence requirements in terms of the Independent
- Regulatory Board for Auditors ("IRBA") and the South African Institute of Chartered Accountants standards.
- Evaluated the information required by paragraph 22.15(h) of the JSE Listings Requirements in its assessment of the suitability for appointment of the audit firm and the designated individual partner as required by paragraph 3.84(g)(iii) of the JSE Listings Requirements;
- Ensured that the appointment of the external auditors complies with the provisions of the Companies Act and any other legislation relating to the appointment of external auditors;
- Determined the fees to be paid to the external auditors and their terms of engagement;
- Reviewed revisions to the Group's Policy on Use of External Auditors for Non-Audit Services to ensure conformity with the revisions to the International Ethics Standards Board's Non-Assurance Services Provisions of the Code (issued April 2021)
- Determined the nature and extent of any non-audit services;
- Pre-approved any proposed agreement with the auditors for the provision of non-audit services; and
- Considered the Group structure and the nature and size of the components forming part thereof, to ensure that management have established appropriate procedures to ensure that all relevant components have submitted audited or reviewed financial reporting packages, prepared in accordance with International Financial Reporting Standards ("IFRS"), which have been included in the consolidated financial statements of Brimstone using an appropriate IFRS treatment, as required by paragraph 3.84(g))(ii) of the JSE Listings Requirements.

Independence of external auditors
The Committee is satisfied that the Company's external auditors are independent of the Company and are able to conduct their audit functions without any influence from the Company. The Committee has rules contained in its Policy on Use of External Auditors for Non-Audit Services, regulating the services and conditions of use of non-audit services provided by the external auditors. The Committee has furthermore been provided with the latest IRBA audit firm and registered auditors review findings which were used in the consideration of the external auditor's appointment.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

Interaction with external and internal auditors

In terms of its charter this Committee is responsible for the appointment of the Company's internal auditors. Nexia SAB&T performed this function for the past year and were reappointed as internal auditors for the 2021 financial year.

The Committee meets at least three times a year with the Company's internal and external auditors together with management to review accounting, internal and external auditing, internal control and financial reporting matters. Both the internal and external auditors enjoy unrestricted access to the Committee and vice versa.

The Committee's chairman meets at least three times per year with both internal and external audit without management being present. In addition, they are also provided with the opportunity to meet with the full Committee without management being present, at every Audit and Risk Committee meeting.

The Committee approves the fees and scope of external and internal audit services. It is responsible for the maintenance of a professional relationship with both the external and internal auditors and oversees co-operation between these two parties.

Expertise and experience of the Financial Director and finance function

The Committee has satisfied itself of the appropriateness of the expertise and experience of the Financial Director, Mr Geoffrey George Fortuin. The Committee has furthermore considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Company's finance function and the experience of the senior members of management responsible for the finance function.

Internal financial controls

Brimstone is responsible for ensuring that a sound system of internal control exists to safeguard shareholders' investments and the assets of the Group. The Group's internal controls, systems and procedures are designed to provide reasonable, but not absolute assurance as to the integrity and reliability of the annual financial statements, that assets are adequately safeguarded against material loss and that transactions are properly authorised and recorded.

The Committee has considered the approach adopted by management to ensure that the CEO and FD responsibility statement sign-off on the consolidated and separate annual financial statements and internal financial reporting controls in terms of the JSE Listings Requirement 3.84(k) is appropriately supported. In satisfying itself in this regard, the Committee has evaluated:

- The risk assessment and scoping framework, including the determination of materiality, applied to ensure that significant areas of risk, complexity and judgement are included for the evaluation of internal financial reporting controls;
- The process followed for the evaluation of the design of existing internal financial reporting controls and the need for amending and/or supplementing those controls;
- The ongoing implementation of the aforementioned controls and whether they have operated effectively during the reporting period under review; and
- The findings of assurance providers, including management declarations and internal audit findings, following their assessment of the operating effectiveness of internal financial reporting controls.

The Committee will continue to monitor progress in the implementation of amended and supplementary controls over financial reporting and formal remediation plans that have been developed to address control deficiencies identified in design and operating effectiveness.

The Committee has discussed and documented the basis for its conclusion, which includes discussions with internal and external auditors as well as management.

The Committee believes that the Group's internal financial reporting controls can be relied upon as a reasonable basis for the preparation of the consolidated and separate annual financial statements.

Financial statements

The Committee reviewed the consolidated and separate annual financial statements and is satisfied that they comply with IFRS and the requirements of the Companies Act, and that the accounting policies used are appropriate.

Key audit matters

The Independent Auditor's Report on pages 53 to 56 details the matters considered by the Committee and the external auditors to be significant in relation to the consolidated and separate annual financial statements for the year under review and the manner in which these key audit matters were addressed. These key audit matters were:

- Aquaculture operation valuation of goodwill; and
- Valuation of biological assets.

The Committee is satisfied that these key audit matters were adequately and appropriately addressed in the context of the audit.

JSE proactive monitoring reports

The Committee has received and considered the findings in the following reports on the JSE's proactive monitoring of financial statements for compliance with IFRS:

1. Report back on Proactive Monitoring of Financial Statements in 2021 (issued 9 November 2021).
2. The 2019 New Standards Thematic Review Report on compliance with IFRS 9 Financial Instruments and IFRS 15 Revenue, (issued 6 November 2019).
3. The following sections from the Combined Findings Report for the period 2011 to 2020 (issued 31 October 2021):
    a. Disclosure of judgements and estimates (pages 15 to 18);
    b. Revenue (pages 35 to 37); and
    c. Financial Instruments: Disclosures (pages 52 to 56).
4. The letter issued by the JSE on 25 May 2020, (containing the JSE's expectations for reporting the impact of COVID-19) which was reconsidered in the context of reporting the impact of the July 2021 civil unrest.

The Committee has ensured that where applicable, the contents of these reports have been appropriately actioned in the preparation of the consolidated and separate annual financial statements for the year ended 31 December 2021.

Going concern

The Committee has reviewed a documented assessment by management of the going concern premise of the Group and the Company, including an assessment of the financial impact of the COVID-19 pandemic, before recommending to the Board that the Group and the Company will be a going concern for the foreseeable future.

Risk management

In giving effect to risk management responsibilities the Group has implemented a continuous risk management review programme to ensure a coherent governance approach throughout the Group.

The Group has ensured that no undue, unexpected or unusual risks have been undertaken in pursuit of reward.

Compliance

The Committee is responsible for reviewing any major breach of relevant legal, regulatory and other responsibilities. The Committee is satisfied with the compliance to these standards and with the applicable laws and regulations. Furthermore, the Committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

IT and Technology Governance

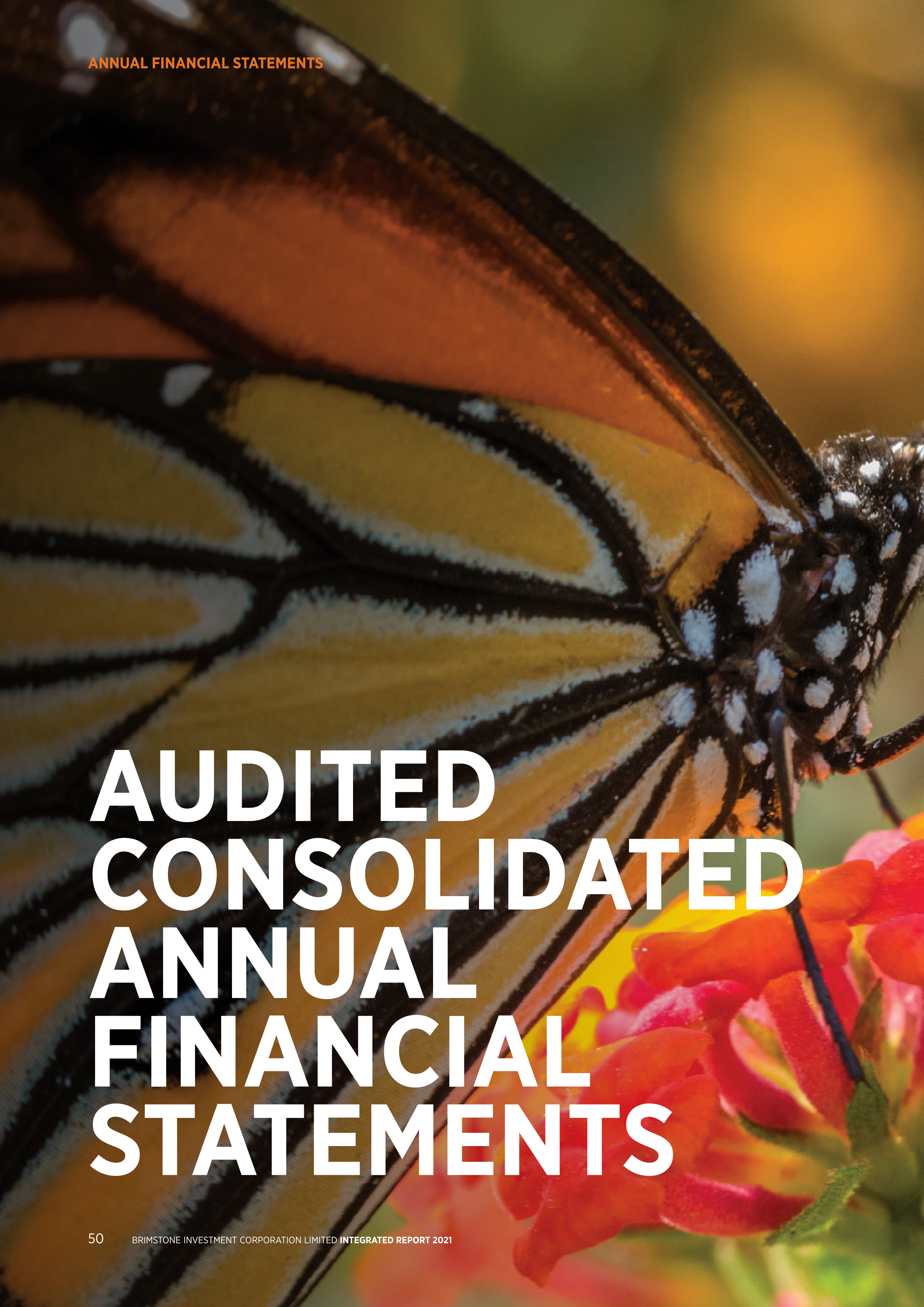
The Committee has oversight responsibility for IT governance and risk management.

Recommendation of the Integrated Report for approval by the Board

The Committee has reviewed and considered the Integrated Report, the consolidated annual financial statements and the separate annual financial statements and has recommended it for approval by the Board.

N KHAN
CHAIRMAN OF THE AUDIT AND RISK COMMITTEE

28 April 2022



AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

BRIMSTONE
INVESTMENT CORPORATION LIMITED

CONTENTS

SUPPLEMENTARY REPORTS ON INVESTMENTS

APPROVAL AND DECLARATIONS

Directors' Approval of Consolidated Annual Financial Statements

The directors of the Company are responsible for the preparation, integrity and objectivity of the consolidated annual financial statements as well as for all other information contained in this Integrated Report. To fulfil this responsibility, the Group maintains controls to provide reasonable assurance that assets are safeguarded and that records accurately reflect the transactions of the Group.

The consolidated annual financial statements are prepared in terms of International Financial Reporting Standards and have been reported on by our auditors in conformity with International Standards on Auditing and the Companies Act of South Africa. The consolidated annual financial statements for the year ended 31 December 2021 which appear on pages 30 and 31, 44 to 49 and 57 to 136 were approved by the Board and authorised for issue on 28 April 2022.

On behalf of the Board:

F ROBERTSON
EXECUTIVE CHAIRMAN

MA BREY
CHIEF EXECUTIVE OFFICER

Preparation of Consolidated Annual Financial Statements

The consolidated annual financial statements of Brimstone Investment Corporation Limited for the year ended 31 December 2021 have been prepared under the supervision of Financial Director, GG Fortuin, BCom (Acc) (Hons) CA(SA).

Chief Executive Officer and Financial Director Internal Financial Control Responsibility Statement

The directors, whose names are stated below, hereby confirm that:

- the consolidated annual financial statements set out on pages 30 to 31, 44 to 49 and 57 to 136 fairly present, in all material respects, the financial position, financial performance and cash flows of the issuer in terms of International Financial Reporting Standards;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Report on Corporate Governance™ for South Africa, 2016. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

MA BREY
CHIEF EXECUTIVE OFFICER

GG FORTUIN
FINANCIAL DIRECTOR

Certificate by Secretary

In terms of section 88(2)(e) of the Companies Act, I certify that the Company has lodged with the Commissioner all such returns and notices as are required by the Companies Act and that all such returns and notices are true, correct and up to date.

T MOODLEY
COMPANY SECRETARY

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Brimstone Investment Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Brimstone Investment Corporation Limited and its subsidiaries ('the Group') set out on pages 30 to 31 and 58 to 131 which comprise of the consolidated statements of financial position as at 31 December 2021, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

to the Shareholders of Brimstone Investment Corporation Limited

The Key Audit Matters apply only to the audit of the consolidated financial statements.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Aquaculture operation valuation of goodwill Goodwill intangible assets comprise 11% of total non-current assets in the statement of financial position amounting to R865 million (2020: R862 million). R70 million of this balance arose on the acquisition of 51% of the Viking Aquaculture Proprietary Limited Group in 2018. The goodwill is allocated to the Aquaculture operation's CGU. The Group is required to assess the recoverable amount of these assets on an annual basis in accordance with IAS 36: Impairment of Assets ("IAS 36"). Management applies significant judgement and estimation in determining the recoverable amounts regarding future performance of the cash-generating units ("CGU's") by applying value in use discounted cash flow computations. Details of the assumptions applied are disclosed in note 16 of the financial statements. The key assumptions applied in the value in use assessments are with respect to discount rates and growth rates in the forecasted cash flows. The valuation of goodwill for the aquaculture operations CGU required significant auditor attention and is considered a key audit matter due to the following factors: · Obtaining an understanding of the nature, type and valuation methodologies which apply to the biological assets contained within the CGU. · Assessing the changes in managements assumptions around foreign economic recoveries in a post-COVID world and the changes in their strategies including sales mix. · Assessing the changes to the inputs into the model in terms of sales prices, biological asset grades and sales mix. · The extent to which we involved our internal valuations specialists to evaluate management's judgements and assumptions.	Our procedures included, amongst others: ■ We obtained an understanding of management's process for assessing the recoverability of the goodwill for Aquaculture operation's CGU. ■ Assessed whether Aquaculture operation's CGU met the definition in terms of IAS 36. ■ In conjunction with our internal valuation specialists, we assessed the methodologies and assumptions applied in determining the recoverable amount of the Aquaculture CGU. We: ■ Compared the cash flow forecast to approved budgets and other independent relevant market and economic information to assess the reasonability thereof. ■ Assessed the impairment model for compliance with IAS 36. ■ Recalculated the discount rate and assessed the reasonability thereof with the assistance of our internal valuation specialist by performing sensitivity analysis, assessing the inputs used in determining the discount rate and benchmarking against independent data. ■ Assessed the inputs and assumptions used in determining the appropriateness of the revenue growth rates, selling prices, and exchanges rates with specific emphasis on forecasted abalone quantities of the Aquaculture's CGU by performing the following procedures: – Enquiry of management. – Assessing growth rates against historical performance and independent industry information. – Performing sensitivity analyses on areas of judgement and estimation. – Compared selling prices and exchanges rates to external independent sources. ■ We recalculated the enterprise value comprising of assets and liabilities to be included in the carrying amount of the CGU based on the cash flows included in the determination of the recoverable amount. ■ Recalculated the value-in-use of the CGU and compared the calculated recoverable amount against the carrying values the CGU. ■ Evaluated the completeness and accuracy of the Group's disclosures relating to the impairment assessments for compliance with the requirements of IAS 36: Impairment of Assets.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of biological assets As disclosed in note 15, the Group's Biological assets balance is R150million (R68million Non-current; R82million Current) as at 31 December 2021. The Group is required to assess the fair value less cost to sell of these assets on an annual basis in accordance with IAS 41: Agriculture ("IAS 41"). The fair value is determined based on the market prices of biological assets of similar age, breed and genetic merit. Management's valuation methodology requires estimates of growth rates, harvest rates, sales price and costs to sell, associated with the biological assets. Significant auditor attention was spent on auditing the valuation of the biological assets due to the specialised nature of the biological assets, namely abalone. We spent significant effort, due to it being an initial audit, in obtaining an understanding of the abalone market, the grading and valuation process of abalone on hand at year end as well as the assumptions and estimates applied in the valuation model when valuing the abalone. Due to the level of judgment involved in the valuation of Biological assets, as well as the significance of Biological assets to the Group's financial position, this is considered to be a key audit matter.	Our procedures included, amongst others: ■ We obtained an understanding of management's process for assessing the fair value less costs to sell of the Group's Biological assets. ■ We obtained an understanding over management's controls and their processes in place for the valuation of Biological assets directly owned by the subsidiary companies. ■ We have assessed the key inputs contained within the fair value calculations including estimated sales price, weight, quantity and estimated cost to sell by vouching to underlying supporting documents or physical evidence as appropriate. ■ We tested the underlying inputs to the model, considered its appropriateness through agreement to independent sources. ■ We have also observed the grading process, by attending physical abalone counts at various locations during the year, observing the counting process as well as conducting our own asset counts and assessments of their methods of counting.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 133 page document titled "Brimstone Investment Corporation Limited Audited Consolidated Annual Financial Statements 2021", which includes the Integrated Report, Governance Report, Social and Ethics Committee Report, Audit and Risk Committee Report, Preparation of Consolidated Annual Financial Statements, Chief Executive Officer and Financial Director Internal Financial Control Responsibility Statement, Certificate by Secretary, Directors Report, Directors' Interests in Shares and Shareholding Information. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

to the Shareholders of Brimstone Investment Corporation Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Other Matters

- The annual consolidated financial statements of 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that this is the first year Ernst & Young Inc. has been the auditor of Brimstone Investment Corporation Limited.

Ernst & Young Inc.

ERNST & YOUNG INC.
DIRECTOR – PIERRE GUSTAV DU PLESSIS
CHARTERED ACCOUNTANT
REGISTERED AUDITOR

28 April 2022

Waterway House
3 Dock Road
Cape Town

DIRECTORS' REPORT

for the year ended 31 December 2021

Principal activities of the Group
Brimstone is an investment holding company. It has a sector based approach to investments backed by research and focussing on food, healthcare, property, restricted B-BBEE and enterprise development.

Review of operations
The results for the year under review are set out in the attached financial statements.

Declaration of a cash dividend
Brimstone's Board declared a final cash dividend of 30 cents per Brimstone share for the year ended 31 December 2021 (2020: nil cents) paid on Monday, 25 April 2022.

Voting rights
Ordinary shares carry 100 votes per share, while "N" Ordinary shares carry one vote per share. "N" Ordinary shares rank pari passu with ordinary shares in all other respects, including receipt of dividends and proceeds on the winding up of the Company.

Share capital
The following share movements occurred during the year under review:

	ORDINARY	"N" ORDINARY
Treasury shares		
Acquired during the year	–	5 766 280

There were no changes to the authorised ordinary and "N" Ordinary share capital.

The unissued shares are the subject of a general authority granted to the directors in terms of the Companies Act, which authority remains valid only until the forthcoming annual general meeting.

General authority
The Board is proposing that the general authority granted at the last annual general meeting held in May 2021, to permit the Company or a subsidiary to acquire the Company's own shares and to permit the Company to issue shares for cash, be renewed at the forthcoming annual general meeting. Full details are set out in the notice of annual general meeting.

Directors' interests in contracts
Details of relevant transactions during the year are included in note 50 to the financial statements.

Interests of directors in the shares of the Company
The details of directors' interest in the shares of the Company are set out on page 132. Details of the directors' interest in forfeitable shares in terms of the Company's share incentive scheme are set out on page 114.

Interest rate and currency risk management
The Board utilises appropriate expertise in controlling and managing material identified risks in asset holdings, borrowings and foreign currency exposure both in the holding company and in advising and assisting subsidiaries, associates and joint ventures.

Going concern
The directors believe that the Group and Company will be a going concern for the foreseeable future. Refer to note 53 for further details.

Companies Act, No. 71 of 2008 (as amended)
The Board confirms that Brimstone Investment Corporation Limited has complied with the provisions of the Companies Act, No. 71 of 2008 (as amended) specifically relating to its incorporation and has operated in conformity with its memorandum of incorporation during the year under review.

Directors and secretary
The names of the directors in office at the date of this report appear on pages 16 to 17 of the Integrated Report. T Moodley, LA Parker, F Robertson, and FD Roman are due to retire by rotation in terms of the Company's memorandum of incorporation and, being eligible, offer themselves for re-election at the Company's upcoming annual general meeting. LAD Wort and M Ndlovu were appointed as independent non-executive directors to the Board on 11 November 2022 and 2 December 2022 respectively. Their appointments will be tabled at the Company's upcoming annual general meeting.

The company secretary's name and her business and postal address appear on the inside back cover of the Integrated Report.

Audit and Risk Committee Report
The Audit and Risk Committee Report on the performance of its duties in terms of section 94(7) of the Companies Act is set out on pages 47 to 49 of the Integrated Report.

Events subsequent to 31 December 2021
Details of all events subsequent to 31 December 2021 are included in note 52 to the financial statements.

Litigation
There is no material litigation outstanding against the Company or its subsidiaries.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021

R'000	NOTES	2021	RESTATED* 2020
Continuing operations			
Revenue	2	**5 054 726**	4 725 807
Sales and fee income		**4 979 804**	4 615 163
Dividends received		**74 922**	110 644
Operating expenses	3	**(4 359 635)**	(4 116 375)
Operating profit		**695 091**	609 432
Fair value gains/(losses)	4	**273 916**	(175 099)
Other investment losses	5	**(57 591)**	(47 061)
Share of profits of associates and joint ventures		**256 840**	153 198
Profit before net finance costs	6	**1 168 256**	540 470
Interest income	8	**19 797**	27 013
Finance costs	9	**(218 959)**	(400 577)
Profit before taxation		**969 094**	166 906
Taxation	10	**(205 941)**	(152 914)
Profit for the year from continuing operations		**763 153**	13 992
Profit/(loss) for the year from discontinued operation	26	**157 708**	(57 826)
Profit/(loss) for the year		**920 861**	(43 834)
Profit/(loss) attributable to:			
Equity holders of the parent		**731 903**	(184 540)
Non-controlling interests		**188 958**	140 706
		920 861	(43 834)
Earnings/(loss) per share (cents)	12		
From continuing and discontinued operations			
Basic		**292.3**	(73.0)
Diluted		**291.7**	(73.0)
From continuing operations			
Basic		**229.3**	(50.1)
Diluted		**228.8**	(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 26).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

R'000	NOTES	2021	2020
Assets			
Non-current assets		**7 696 471**	7 255 371
Property, plant, equipment and vehicles	13	**2 253 348**	2 057 951
Investment property		**3 700**	–
Right-of-use assets	14	**132 511**	157 888
Biological assets	15	**68 299**	67 321
Goodwill	16	**865 192**	862 492
Intangibles	17	**776 628**	742 800
Investments in associate companies and joint ventures	20	**2 332 148**	2 437 298
Investments	21	**1 083 868**	792 358
Loans and receivables		**11 306**	16 493
Loans to supplier partners	22	**94 384**	85 484
Deferred taxation	41	**41 153**	5 196
Other financial assets	23	**33 934**	30 090
Current assets		**2 801 793**	3 088 205
Inventories	24	**979 870**	731 757
Biological assets	15	**82 123**	93 087
Investments	21	**–**	555 035
Trade and other receivables	25	**797 630**	825 562
Loans and receivables		**7 870**	1 036
Insurance assets		**–**	70 153
Other financial assets	23	**58 866**	373 833
Taxation		**12 503**	9 848
Cash and cash equivalents	27	**862 931**	427 894
Total assets		**10 498 264**	10 343 576

R'000	NOTES	2021	2020
Equity and liabilities			
Capital and reserves		**4 390 516**	3 757 401
Share capital	28	**39**	39
Capital reserves	29	**256 511**	552 624
Revaluation reserves	30	**19 271**	17 207
Cash flow hedging reserve	31	**70 323**	53 932
Cost of hedging reserve	32	**(45 182)**	(37 172)
Foreign currency translation reserve	33	**32 211**	21 436
Changes in ownership	34	**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
Non-current liabilities		**4 780 354**	4 385 267
Long-term borrowings	36	**3 945 233**	3 408 564
Employee related liabilities	48.1, 48.2	**20 927**	22 557
Lease liabilities	40	**141 662**	170 879
Contingent consideration	38	**9 773**	99 974
Deferred grant income		**32 148**	30 814
Other financial liabilities	39	**—**	901
Share-based payment liability		**—**	31 510
Deferred taxation	41	**630 611**	620 068
Current liabilities		**1 327 394**	2 200 908
Short-term borrowings	36	**113 205**	1 016 436
Short-term provisions*		**4 170**	—
Bank overdrafts	42	**53 028**	32 742
Trade payables		**594 302**	585 902
Other payables*	37	**275 590**	263 713
Contingent consideration	38	**120 671**	—
Deferred grant income		**3 546**	4 059
Lease liabilities	40	**24 645**	17 588
Insurance liabilities		**—**	226 213
Share-based payment liability		**35 746**	—
Other financial liabilities	39	**102 334**	49 404
Taxation		**157**	4 851
Total equity and liabilities		**10 498 264**	10 343 576
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 54).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

R'000	SHARE CAPITAL	CAPITAL RESERVES	REVALUATION RESERVES
Balance at 1 January 2020	39	389 774	17 293
Attributable (loss)/profit for the year	–	–	–
Other comprehensive income/(loss)	–	142 167	–
Total comprehensive income/(loss)	–	142 167	–
Transfer to share-based payment liability subsequent to modification	–	(2 921)	–
Recognition of share-based payments	–	32 649	–
Arising on acquisition of subsidiary	–	–	–
Dividend paid	–	–	–
Net shares issued by subsidiaries	–	(9 782)	(86)
Shares repurchased	–	737	–
Balance at 31 December 2020	39	552 624	17 207
Balance 1 January 2021	**39**	**552 624**	**17 207**
Attributable profit for the year	**–**	**–**	**–**
Other comprehensive (loss)/income	**–**	**(194 860)**	**2 073**
Total comprehensive (loss)/income	**–**	**(194 860)**	**2 073**
Transfer to share-based payment liability subsequent to modification	**–**	**(3 425)**	**–**
Recognition of share-based payments	**–**	**26 044**	**–**
Arising on acquisition of subsidiary	**–**	**–**	**–**
Dividend paid	**–**	**–**	**–**
Share of other net asset changes of associate	**–**	**(89 007)**[1]	**–**
Net shares issued by subsidiaries	**–**	**29**	**(9)**
Shares repurchased	**–**	**(34 894)**	**–**
Balance 31 December 2021	**39**	**256 511**	**19 271**

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

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
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)
(27 920)	(4 226)	39 404	—	—	149 425	2 865	152 290
(27 920)	(4 226)	39 404	—	(184 540)	(35 115)	143 571	108 456
—	—	—	—	—	(2 921)	—	(2 921)
—	—	—	—	—	32 649	8 824	41 473
—	—	—	—	—	—	15 324	15 324
—	—	—	—	—	—	(74 554)	(74 554)
(679)	296	173	(10 198)	—	(20 276)	13 229	(7 047)
—	—	—	—	—	737	(755)	(18)
53 932	(37 172)	21 436	564 557	1 318 689	2 491 312	1 266 089	3 757 401
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**
16 435	**(8 020)**	**10 790**	**—**	**—**	**(173 582)**	**15 878**	**(157 704)**
16 435	**(8 020)**	**10 790**	**—**	**731 903**	**558 321**	**204 836**	**763 157**
—	**—**	**—**	**—**	**—**	**(3 425)**	**—**	**(3 425)**
—	**—**	**—**	**—**	**—**	**26 044**	**9 655**	**35 699**
—	**—**	**—**	**—**	**—**	**—**	**51 198**	**51 198**
—	**—**	**—**	**—**	**—**	**—**	**(72 784)**	**(72 784)**
—	**—**	**—**	**—**	**—**	**(89 007)**	**—**	**(89 007)**
(44)	**10**	**(15)**	**(23 878)**	**—**	**(23 907)**	**7 078**	**(16 829)**
—	**—**	**—**	**—**	**—**	**(34 894)**	**—**	**(34 894)**
70 323	**(45 182)**	**32 211**	**540 679**	**2 050 592**	**2 924 444**	**1 466 072**	**4 390 516**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

R'000	NOTES	2021	2020
Operating activities			
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	43.1	**(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	43.2	**(144 817)**	(123 274)
Finance costs paid	43.3	**(122 304)**	(304 358)
Net cash generated by operating activities		**672 528**	758 787
Investing activities			
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	19	**(65 116)**	(22 514)
Acquisition of intangible assets		**(2 045)**	(35 293)
Disposal of subsidiary	26	**(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
Financing activities			
Dividend paid to non-controlling interest		**(72 784)**	(74 554)
Repayment of borrowings and lease liabilities	43.4	**(1 187 355)**	(1 653 464)
Loans raised	43.4	**586 160**	592 207
Shares repurchased		**(34 894)**	737
(Repurchase)/issue of shares by subsidiaries		**(16 716)**	3 543
Repayment of other financial liabilities	39	**(53 564)**	(22 752)
Further investment in subsidiary		**(111)**	(380)
Increase/(decrease) in bank overdrafts	43.4	**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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Presentation of financial statements

(a) Basis of preparation

Statement of compliance

The consolidated (or "Group") annual financial statements (or "financial statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements issued by the Financial Reporting Standards Council, the requirements of the JSE Limited Listings Requirements and the Companies Act of South Africa.

Basis of measurement

The consolidated financial statements have been prepared in accordance with the underlying assumption of going concern on the historical cost basis except for the revaluation of certain financial instruments and biological assets that are measured at fair values or fair values less costs to sell at the end of each reporting period, as explained in the accounting policies.

The principal accounting policies set out below and in the individual notes, have been applied on a basis consistent with the previous year.

Functional and presentation currency

The consolidated financial statements are presented in South African Rand, which is the Group's functional currency, rounded to the nearest thousand, unless otherwise stated.

Disclosure of accounting policies

The Group discloses only those accounting policies which relate to material transactions, other events or conditions and:

- was changed during the reporting period because the Group was required to or chose to change its policy and this change resulted in a material change to the amounts included in the financial statements;
- was chosen from one or more alternatives in an IFRS Standard;
- was developed in accordance with paragraphs 10 to 12 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* in the absence of an IFRS Standard that specifically applies;
- relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy and discloses those judgements or assumptions; or
- applies the requirements of an IFRS Standard in a way that reflects the Group's specific circumstances.

(b) Basis of consolidation

The consolidated financial statements include the total comprehensive income or loss, the financial position and the cash flows of the Company and its subsidiaries, associates and joint ventures. Details of the Company's related undertakings are presented in Appendices 1 and 2. In the case of associates and joint ventures, those entities are presented as single line items in the statement of profit or loss, statement of comprehensive income and statement of financial position (see note 20). Intercompany transactions and balances are eliminated on consolidation. Consistent accounting policies have been applied across the Group in the preparation of the consolidated financial statements.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company under the heading "changes in ownership".

(c) Foreign currency translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

NOTES (CONTINUED)

for the year ended 31 December 2021

1. Presentation of financial statements (continued)

(d) Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgements and estimates are described within the notes and identified under the heading "significant judgements and estimates". The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(e) Intrinsic net asset value ("INAV")

INAV which is presented in the report appearing on pages 30 to 31 of the Integrated Report, is a key valuation tool used to measure the Brimstone Group's performance and compliance with financial covenants. In determining INAV,

- the intrinsic gross asset value of listed assets is valued using quoted market prices, whereas unlisted assets are valued using appropriate valuation methods as indicated in the fair value hierarchy note 49.12 to the financial statements. These values will not necessarily correspond with the carrying amounts in the consolidated statement of financial position since the latter are measured using the relevant IFRS which include historical cost, consolidation and the equity method of accounting;
- debt outstanding and ring fenced with the specific asset is deducted from the intrinsic gross asset value; and
- capital gains tax ("CGT") calculated on changes in the intrinsic gross asset value of the asset in relation to its base cost in terms of the Income Tax Act, No. 58 of 1962 ("the Act"), is deducted from the intrinsic gross asset value of the asset and added if a capital loss will be allowed to be off-set against other capital gains for tax purposes. In addition, where the Group is able to utilise any tax relief in the so-called Corporate Rules of the Act, it has been taken into account in the determination of CGT.

The balance outstanding on the Group's preference share funding facility utilised to fund all other assets is also deducted from the intrinsic gross asset value, in determining INAV.

INAV per share is determined by dividing INAV by the number of shares in issue at the reporting date after deducting treasury shares. Fully diluted INAV per share is determined by dividing INAV by the number of shares in issue at the reporting date after deducting treasury shares which have been adjusted for treasury shares which are likely to vest.

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.

(f) New standards, interpretations, and amendments effective and adopted

In the current year, the Group has applied amended IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- **Interest Rate Benchmark Reform (RBF – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)**
  The amendments to Interest Rate Benchmark Reform introduce a practical expedient for modifications required by the reform and clarify that hedge accounting is not discontinued solely because of the Interbank Offered Rate (IBOR) reform. They also introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

  The amendments must be applied prospectively for annual periods which began on or after 1 January 2021, with earlier application permitted. While most non-US dollar LIBORs will transition to RFRs at the end of 2021, other IBORs (such as the Johannesburg InterBank Average Rate (JIBAR)) may transition at some further date in the future. The Group only has JIBAR and prime interest rate linked long term liabilities, therefore no change is required in the current year.

(g) Standards that are issued but not yet effective:

The amendment below will not be early adopted and will be implemented on the effective date. The impact of the new standards are in the process of being determined.

- **Definition of Accounting Estimates (Amendments to IAS 8)**
  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate resulting from new information or new developments is not the correction of an error.

  The amendments must be applied prospectively for annual periods beginning on or after 1 January 2023, with earlier application permitted.

2. Revenue

Accounting policy

Recognition and measurement
Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excluding value added tax. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, which is normally on delivery. Delivery in the case of export sales is determined by reference to the sales contract and application of Incoterms. The normal credit terms in the Group ranges from 30 to 90 days after delivery.

The Group considers whether there are other promises in the sales order that are separate performance obligations to which a portion of the transaction price needs to be allocated such as warranties and customer loyalty points. The impact of warranties and customer loyalty points is insignificant.

Dividend income is recognised when the right to receive payment has been established, which is normally the last date to trade.

R'000	2021	RESTATED* 2020
The Group's revenue comprises the following:		
Revenue from industrial and other operations		
Sale of goods recognised at a point in time		
Wild-caught fish	**2 808 530**	2 848 476
Shellfish	**343 255**	308 089
Convenience foods	**246 588**	93 852
Traded	**132 005**	188 774
Dairy	**1 085 085**	936 148
Food products	**4 615 463**	4 375 339
Clothing products	**49 500**	58 613
Healthcare products	**309 308**	179 030
	4 974 271	4 612 982
Other	**5 533**	2 181
Total revenue from industrial and other operations	**4 979 804**	4 615 163
Dividends received		
■ listed investments	**47 238**	100 426
■ unlisted investments	**27 684**	10 218
Total dividends received	**74 922**	110 644
Total revenue	**5 054 726**	4 725 807

Business and geographic segments:
The clothing and food products mentioned above are processed and manufactured in the Group's factories in the Western Cape and Australia. The table below shows the geographical breakdown of the clothing, food and healthcare product sales.

Sales revenue by geographical market:		
South Africa	**3 010 798**	2 577 918
Australia	**545 622**	543 009
Europe	**1 065 041**	1 299 838
Other markets	**352 810**	192 217
	4 974 271	4 612 982

* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 26).

NOTES (CONTINUED)

for the year ended 31 December 2021

R'000	2021	RESTATED* 2020
3. Operating expenses		
Operating expenses from industrial and other operations		
Production, selling and administration expenses[1]	**939 042**	1 030 603
Raw materials and consumables used	**3 420 593**	3 085 772
Total operating expenses industrial and other operations	**4 359 635**	4 116 375

[1] Includes holding company administration expenses of R79.5 million (2020: R71.8 million), after deducting external fee income, but before recoveries from subsidiary companies of R4.9 million (2020: R5.8 million) which have been eliminated on consolidation. The current year holding company administration expenses include R4.2 million paid in 2021 in respect of the 2020 bonus which was deferred on a non-obligatory basis.

R'000	2021	RESTATED* 2020
4. Fair value gains/(losses)		
Changes in fair value of financial assets and liabilities and non-financial assets, at fair value through profit or loss and fair value less costs to sell:		
■ mark-to-market revaluation of listed investments	**205 846**	(399 981)
■ mark-to-market revaluation of unlisted investments	**431 250**	7 647
■ loss on remeasurement of previously held interest in associate	**–**	(391)
■ revaluation of options	**(346 499)**	231 484
■ revaluation of contingent consideration	**(10 629)**	(9 112)
■ biological assets	**(5 642)**	2 585
■ other financial instruments	**(410)**	(7 331)
Total fair value gains/(losses)	**273 916**	(175 099)
5. Other investment gains/(losses)		
Other investment gains		
■ on disposal of fishing trawlers	**8 206**	1 126
■ gains on bargain purchase	**1 578**	5 200
Total gains	**9 784**	6 326
Other investment losses		
■ impairment of property, plant, equipment and vehicles	**(72)**	(45 895)
■ impairment of assets of subsidiary	**(6 153)**	–
■ on disposal of fishing trawlers	**(7 684)**	(7 492)
■ deal costs incurred	**(12 826)**	–
■ loss on deemed disposal of associate	**(40 640)**	–
Total losses	**(67 375)**	(53 387)
Other investment losses	**(57 591)**	(47 061)

* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 26).

R'000	2021	2020

6. Profit before net finance costs

Profit before net finance costs includes the following items of income and expenditure not shown separately in the statement of profit or loss:

6.1 Income

Profit on disposal of property, plant, equipment and vehicles (excluding fishing trawlers)	**448**	750
Government grant income	**2 235**	4 008
Insurance proceeds	**46 450**	25 747
Foreign exchange gains	**150 851**	3 636

6.2 Expenditure

Auditors' remuneration	**14 153**	11 046
External statutory audit	**8 977**	8 025
Other services	**5 176**	2 981
Loss on disposal of property, plant, equipment and vehicles (excluding fishing trawlers)	**–**	2 077
Foreign exchange losses	**373**	72 036
Employee related expenses		
Staff costs	**1 267 781**	1 039 811
Post-employment benefits	**53 115**	50 999
COVID-19 related expenses	**26 898**	39 203
Professional fees	**7 157**	8 979
Write down of inventory to net realisable value	**34 063**	17 085

7. Directors' emoluments

Paid by Company

Fees for services as directors		
Non-executive directors	**3 068**	2 919
Management and other services		
Executive directors	**34 851**	27 367
Total paid by Company	**37 919**	30 286

Paid by subsidiaries

Fees for services as directors		
Non-executive directors	**337**	329
Executive directors	**773**	753
Total paid by subsidiary companies	**1 110**	1 082
Total paid by Company and subsidiaries	**39 029**	31 368

Executive directors do not have fixed term contracts. They have employment agreements with the Company which are subject to a one month notice period by either party. Detailed information appears in the remuneration report starting on page 44. Directors' emoluments do not include non-performance related remuneration.

8. Interest income

		RESTATED*
Interest received on bank deposits and loans to associates and joint ventures	**19 760**	24 188
Other	**37**	2 825
	19 797	27 013

NOTES (CONTINUED)

for the year ended 31 December 2021

	R'000	2021	RESTATED* 2020
9.	**Finance costs**		
	Interest on borrowings	**68 387**	240 769
	Interest on lease liabilities	**16 315**	15 942
	Preference dividends	**129 350**	139 614
	Other	**4 907**	4 252
		218 959	400 577
10.	**Taxation**		
10.1	**Taxation charge**		
	■ Continuing operations	**205 941**	152 914
	■ Discontinued operation	**(140 848)**	—
	Total taxation	**65 093**	152 914
	SA normal taxation	**65 093**	152 914
	Current – current year	**135 501**	127 137
	– under/(over) provision prior year	**286**	(2 203)
	Deferred – current year	**(41 575)**	27 862
	– (over)/under provision prior year	**(29 119)**	118
	Unutilised computed tax losses carried forward	**358 947**	1 137 513
	Saving in taxation attributable thereto at current rate	**100 505**	318 504
	No deferred tax asset was raised in respect of estimated tax losses in subsidiaries amounting to[1]	**237 847**	892 286
10.2	**Reconciliation of taxation charge**		
	Profit/(loss) before tax		
	■ Continuing operations	**969 094**	16 860
	■ Discontinued operation	**16 860**	(57 826)
		985 954	109 080
	Tax at statutory rates (28%) (2020: 28%)	**276 508**	30 544
	Adjustment for entities with different tax rates to the statutory company rate	**(112)**	462
	Over provided previous year	**(28 833)**	(2 085)
	Tax effect of share of results of associates and joint ventures	**(71 915)**	(42 895)
	Tax effect of fair value gains	**(81 800)**	(5 811)
	Tax effect of fair value losses	**—**	62 412
	Tax effect of non-deductible expenses[2]	**99 082**	106 113
	Tax effect of non-taxable income[3]	**(35 715)**	(32 455)
	Tax effect of building allowance	**(599)**	(900)
	Tax effect of utilisation of prior year losses	**(13 872)**	4 071
	Tax effect of discontinued operation	**(140 848)**	—
	Deferred tax asset not raised	**26 839**	40 767
	Capital gains tax	**36 358**	(7 309)
	Taxation	**65 093**	152 914

1 Deferred tax assets are recognised on deductible temporary differences to the extent that it is probable that future taxable income will be generated against which to utilise the deductible temporary differences.

2 Non-deductible expenses consists primarily of preference dividends included in finance costs and the non-deductible portion of expenditure relating to an investment holding company.

3 Non-taxable income consists primarily of dividends received.

11. Dividends

On 29 March 2022, a final gross dividend of 30 cents per share (2020: nil cents) was declared out of income reserves.

* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 26).

12. Earnings/(loss) and headline earnings/(loss) per share

The following is a reconciliation of the earnings/(loss) figures used in the earnings/(loss) and headline earnings/(loss) per share calculations:

R'000	2021	RESTATED* 2020
Basic earnings/(loss)		
Profit/(loss) attributable to equity holders of the parent from continuing and discontinued operations	731 903	(184 540)
Profit/(loss) attributable to equity holders of the parent from continuing operations	574 195	(126 714)

R'000	2021 GROSS	2021 NET[1]	RESTATED* 2020 GROSS	RESTATED* 2020 NET[1]
Headline earnings/(loss) calculation				
From continuing and discontinued operations				
Profit/(loss) attributable to equity holders of the parent		731 903		(184 540)
Impairment of property, plant and equipment and vehicles	6 225	3 578	45 896	45 896
Insurance proceeds[2]	(46 135)	(19 633)	(25 747)	(9 931)
Loss on deemed disposal of associate[3]	40 640	40 640	—	—
Fair value adjustment of previously held interest in associate	—	—	391	391
(Profit)/loss on disposal of property, plant, equipment and vehicles	(970)	(553)	8 424	5 169
Gains on bargain purchase	(1 578)	(899)	(5 200)	(5 200)
Adjustments relating to results of associates	(8 367)	(6 576)	(10 094)	(7 330)
Headline earnings/(loss) from continuing and discontinued operations	no total	748 460	no total	(155 545)
From continuing operations				
Profit/(loss) attributable to equity holders of the parent		574 195		(126 714)
Impairment of property, plant and equipment and vehicles	6 225	3 578	45 896	45 896
Insurance proceeds[2]	(46 135)	(19 633)	(25 747)	(9 931)
Loss on deemed disposal of associate[3]	40 640	40 640	—	—
Fair value adjustment of previously held interest in associate	—	—	391	391
(Profit)/loss on disposal of property, plant, equipment and vehicles	(970)	(553)	8 424	5 169
Gains on bargain purchase	(1 578)	(899)	(5 200)	(5 200)
Adjustments relating to results of associates	(8 367)	(6 576)	(10 094)	(7 330)
Headline earnings/(loss) from continuing operations	no total	590 752	no total	(97 719)
Headline earnings/(loss) per share (cents)				
From continuing and discontinued operations				
Basic		298.9		(61.5)
Diluted		298.3		(61.5)
From continuing operations				
Basic		236.0		(38.7)
Diluted		235.4		(38.7)

	2021	2020
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

1 Net of tax and non-controlling interests.
2 Excluded from insurance proceeds is an amount received from insurance for loss of biological assets stock.
3 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.
* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 26).

NOTES (CONTINUED)

for the year ended 31 December 2021

13. Property, plant, equipment and vehicles

Accounting policy

Recognition and measurement
Property, plant, equipment and vehicles are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost
Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of fishing trawler refits (major overhauls) includes expenditure on materials, direct labour and an allocated proportion of project overheads. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss in the period in which they are incurred.

Gains or losses on disposals of property, plant, equipment and vehicles are determined by comparing proceeds with the carrying amount and are included in operating profit in the statement of profit or loss.

Depreciation
Property, plant, equipment and vehicles are depreciated to its estimated residual value on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Land and buildings comprise mainly factories and office buildings. Owned land is not depreciated. Leasehold improvements are depreciated over the lesser of the period of the lease and the useful life of the asset.

Impairment
The Group reviews the carrying amount of its property, plant, equipment and vehicles annually and if events occur which call into question the carrying amount of the assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Where the carrying amount exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

Significant judgements and estimates

Depreciation and residual values
The Group depreciates its assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore, requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, operating conditions and maintenance programmes. These depreciation rates represent management's current best estimate of the useful lives of these assets.

Significant judgement is applied by management when determining the residual values for property, plant, equipment and vehicles. When determining the residual value, the following factors are taken into account:
- external residual value information (if available); and
- internal technical assessments for specialised plant and machinery.

The Group has reviewed the residual values and useful lives of its assets. No material adjustments resulted from the review in the current year.

Depreciation rates

The rates used to depreciate the Group's assets for the 2021 year are as follows:

Buildings:	2% – 10%
Leasehold improvements:	20%
Fishing trawlers (including refits):	5.5% – 50%
Plant and machinery and computers:	20% – 33.3%
Office furniture and equipment:	10% – 17%
Motor vehicles:	20%

R'000	LAND AND BUILDINGS – FREEHOLD	LAND AND BUILDINGS – LEASEHOLD IMPROVE-MENTS	PLANT AND MACHINERY	FISHING TRAWLERS (INCLUDING REFITS)	OFFICE FURNITURE, EQUIPMENT AND COMPUTERS	MOTOR VEHICLES	TOTAL
2021							
Cost	257 295	63 054	1 091 548	1 405 723	122 430	33 440	2 973 490
Accumulated depreciation and impairment losses	(49 795)	(34 634)	(244 976)	(500 026)	(72 955)	(13 153)	(915 539)
Carrying value 1 January	207 500	28 420	846 572	905 697	49 475	20 287	2 057 951
Additions	1 223	7 379	98 374	133 203	17 689	11 969	269 837
Disposals – cost	(599)	(1 963)	(45 577)	(96 230)	(11 609)	(2 249)	(158 227)
Acquisitions through business combinations	110 533	1 764	46 092	—	2 197	3 460	164 046
Effect of foreign currency differences on cost	754	—	2 927	6 680	736	24	11 121
Transfers between classes of assets – cost	74 774	(545)	(103 252)[1]	27 012	512	1 499	—
Depreciation for the year	(6 163)	(6 496)	(65 605)	(118 492)	(17 049)	(5 123)	(218 928)
Accumulated depreciation on disposals	239	1 961	41 165	80 398	11 165	1 640	136 568
Effect of foreign currency differences on depreciation	(241)	—	(164)	(1 724)	(646)	(20)	(2 795)
Impairment losses	(419)	(165)	(5 152)	(324)	(81)	(84)	(6 225)
Balance at 31 December	387 601	30 355	815 380	936 220	52 389	31 403	2 253 348
Carrying value comprises:							
Cost	443 980	69 689	1 090 112	1 476 388	131 955	48 143	3 260 267
Accumulated depreciation and impairment losses	(56 379)	(39 334)	(274 732)	(540 168)	(79 566)	(16 740)	(1 006 919)
Carrying value at 31 December 2021	387 601	30 355	815 380	936 220	52 389	31 403	2 253 348

[1] Projects costs are accumulated in a capital work in progress account and transferred to the relevant asset categories when the asset is complete and ready for use.

NOTES (CONTINUED)

for the year ended 31 December 2021

13. Property, plant, equipment and vehicles (continued)

R'000	LAND AND BUILDINGS – FREEHOLD	LAND AND BUILDINGS – LEASEHOLD IMPROVE-MENTS	PLANT AND MACHINERY	FISHING TRAWLERS (INCLUDING REFITS)	OFFICE FURNITURE, EQUIPMENT AND COMPUTERS	MOTOR VEHICLES	TOTAL
2020							
Cost	233 840	57 767	1 030 591	1 261 523	117 472	29 785	2 730 978
Accumulated depreciation and impairment losses	(8 473)	(32 711)	(193 524)	(442 573)	(66 438)	(8 372)	(752 091)
Carrying value 1 January	225 367	25 056	837 067	818 950	51 034	21 413	1 978 887
Additions	14 768	8 419	111 119	161 338	14 675	4 400	314 719
Disposals – cost	(836)	(3 177)	(24 550)	(62 973)	(13 040)	(1 267)	(105 843)
Acquisitions through business combinations	–	45	3 810	–	814	89	4 758
Effect of foreign currency differences on cost	3 536	–	(461)	23 160	2 534	109	28 878
Transfers between classes of assets – cost	5 987	–	(28 961)	22 675	(25)	324	–
Depreciation for the year	(5 708)	(4 851)	(64 780)	(104 256)	(16 365)	(5 570)	(201 530)
Accumulated depreciation on disposals	715	2 928	23 004	50 237	12 014	883	89 781
Effect of foreign currency differences on depreciation	(678)	–	(410)	(3 434)	(1 189)	(93)	(5 804)
Impairment losses	(35 651)[2]	–	(9 266)	–	(977)	(1)	(45 895)
Balance at 31 December	207 500	28 420	846 572	905 697	49 475	20 287	2 057 951
Carrying value comprises:							
Cost	257 295	63 054	1 091 548	1 405 723	122 430	33 440	2 973 490
Accumulated depreciation and impairment losses	(49 795)	(34 634)	(244 976)	(500 026)	(72 955)	(13 153)	(915 539)
Carrying value at 31 December 2020	207 500	28 420	846 572	905 697	49 475	20 287	2 057 951

[2] Impairment loss recognised on the Group's Epping property which housed clothing subsidiary, House of Monatic's manufacturing operations. The value of the property decreased as rentals were negatively impacted by the COVID-19 pandemic. The property was impaired to the value determined by an independent expert.

Cost of fully depreciated property, plant, equipment and vehicles still in use at 31 December 2021 is R195.8 million (2020: R233.7 million).

The registers containing details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered offices of the companies to which the relevant properties belong.

Details of encumbered assets

The moveable assets of the Group, including property, plant, equipment and vehicles with a carrying amount of approximately R2.2 billion (2020: R2.0 billion) have been pledged to secure long-term borrowings of the Group (refer note 36).

14. Right-of-use assets

Accounting policy

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of certain properties and motor vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below R100 000). Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Judgement is required in determining whether the Group is reasonably certain to exercise its option to extend the lease or terminate the lease at inception of the lease. This is based on various factors including terms for renewal in relation to market rates, whether there has been significant leasehold improvements and the costs relating to termination.

NOTES (CONTINUED)

for the year ended 31 December 2021

R'000	2021	2020
14. Right-of-use assets (continued)		
Cost	**215 264**	181 170
Accumulated depreciation	**(57 376)**	(30 141)
Carrying value at 1 January	**157 888**	151 029
New leases acquired	**7 784**	18 940
Acquisitions through business combinations	**3 243**	16 118
Effect of foreign currency exchange differences on cost	**370**	2 248
Depreciation for the year	**(30 123)**	(27 749)
Terminated leases	**(13 140)**	(2 593)
Accumulated depreciation on terminated leases	**6 807**	1 144
Effect of foreign currency exchange differences on depreciation	**(318)**	(1 249)
Balance at 31 December	**132 511**	157 888
Carrying value comprises:		
Cost	**226 661**	218 476
Accumulated depreciation	**(94 150)**	(60 588)
Carrying value 31 December	**132 511**	157 888
Amounts recognised in profit or loss:		
Depreciation expense on right-of-use assets	**(30 441)**	(28 998)
Expenses relating to leases of low-value assets	**(4 505)**	(10 776)
Gain on modification of leased asset	**1 198**	266
Interest expense on lease liabilities	**(16 315)**	(15 942)
Expenses relating to short-term leases	**(7 812)**	(5 428)

15. Biological assets

Accounting policy

Recognition and measurement

Biological assets include abalone, mussels, oysters and fish cultivated at aquaculture farms and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the market prices of biological assets of similar age, breed and genetic merit. Point-of-sale costs include all costs that would be incurred in order to get the biological assets to the customer. Gains or losses arising from measurement on initial recognition or from a subsequent change in fair value less estimated point-of-sale costs is included in profit or loss in the period in which it arises.

Significant judgements and estimates

The fair value of abalone, mussels, oysters, fish and spats are determined based on market prices of these biological assets of a similar age, breed, and genetic merit. In the absence of an active market, due to early stages of biological assets transformation, the capitalised costs are deemed to be the best estimate of fair value. Subsequent expenditure incurred in the development of abalone, mussels, oysters, fish and spats from a certain size up to the point of maturity, is capitalised in the cost.

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.

Included in inventory finished goods is an amount of R9.9 million (2020: R12.7 million) relating to canned, dried and frozen. The operating cycle is more than one year and therefore only abalone above and including 40 – 50g, oysters above and including 50 – 60g size categories and fish, fish larger than 1.5kg are classified as current assets.

The fair value adjustment to biological assets of R5.6 million (2020: R2.6 million) consists of a downward revaluation of R11.3 million (2020: upward revaluation of R10.3 million) relating to physical change in size an upward revaluation of R5.7 million (2020: downward revaluation of R7.7 million) relating to change in market price. A change in unobservable inputs would not have a significant change in fair value.

The Group has budgeted to spend R81.3 million (2020: R74.1 million) in further development and acquisition of the biological assets during the next reporting period.

There are no biological assets pledged as security for debt.

15.1 Reconciliation of biological assets

R'000	ABALONE	MUSSELS AND OYSTERS	FISH IN WATER	TOTAL
2021				
Balance as at 1 January	**123 276**	**29 935**	**7 197**	**160 408**
Increase due to additions and cost capitalized	**50 065**	**15 296**	**3 342**	**68 703**
Decrease due to harvest and mortalities	**(42 606)**	**(21 014)**	**(9 428)**	**(73 048)**
Fair value adjustment	**2 902**	**(7 576)**	**(967)**	**(5 641)**
Balance as at 31 December	**133 637**	**16 641**	**144**	**150 422**
Transferred to current	**(80 325)**	**(1 654)**	**(144)**	**(82 123)**
Total non-current	**53 312**	**14 987**	**—**	**68 299**
2020				
Balance as at 1 January	107 758	24 181	7 400	139 339
Increase due to additions and cost capitalized	47 069	12 190	6 346	65 605
Decrease due to harvest and mortalities	(28 451)	(8 456)	(10 214)	(47 121)
Fair value adjustment	(3 100)	2 020	3 665	2 585
Balance as at 31 December	123 276	29 935	7 197	160 408
Transferred to current	(73 035)	(16 099)	(3 953)	(93 087)
Total non-current	50 241	13 836	3 244	67 321

	ABALONE (TONS)	MUSSELS (TONS)	OYSTERS (UNITS)	FISH (TONS)
2021				
Quantities on hand at 31 December	**501**	**—**	**8**	**41**
Quantities harvested during the period	**210**	**144**	**1 550**	**46**
2020				
Quantities on hand at 31 December	572	743	12 726	118
Quantities harvested during the period	153	158	924	22

NOTES (CONTINUED)

for the year ended 31 December 2021

15. Biological assets (continued)

15.2 Risk management strategy related to aquacultural activities

Exchange rate risks

The Group is subject to changes in the exchange rate as abalone sales prices are denominated in US dollar and biological assets are measured at fair value which is also based on the US dollar market price. The Group's currency risk management is described in note 49.5.

Mechanical, environmental and disease risks

Reliance on property, plant, equipment and vehicles to sustain a living environment for the abalone exposes the Group to certain risks. This risk is managed by allowing for redundancy of key equipment and the use of generators and wind turbines to mitigate shortage of electricity supply. Critical assets are monitored with sophisticated alarm systems.

Aquaculture farming is exposed to storms, red tides and water temperatures that could kill the animals and/or introduce stress related illnesses. As far as possible the farms have been placed within the biological parameters of the species being grown to minimise extreme temperature profiles. Each of the farms belong to a Veterinary Health Programme to ensure good husbandry to minimise disease risk. The abalone farms have well proven recirculation systems to prevent the abalone being exposed to red tides and other contaminants.

Strict testing and closure protocols are in place where animals cannot be removed from red tide events to prevent accidental human consumption and illness. The farms are insured against storm losses but not disease.

Kelp rights

The Aquaculture farms rely heavily on wild harvested kelp either from its own concession or third parties. These concessions are regulated by the Fishing Rights Allocation Process ("FRAP") processes and allocation is dependent on maintaining a good B-BBEE score.

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in exchange rates used in the valuation of abalone. The sensitivity analysis demonstrate the increase/(decrease) on the biological assets, which could result from a change in this assumption.

	EXCHANGE RATE	FAIR VALUE ADJUSTMENT R'000
2021		
–10% (weakening of the Rand against the USD)	$1/R17.51453	10 610
+10% (strengthening of the Rand against the USD)	$1/R14.33007	(10 610)
2020		
–10% (weakening of the Rand against the USD)	$1/R16.11863	8 745
+10% (strengthening of the Rand against the USD)	$1/R13.18797	(8 745)

16. Goodwill

Accounting policy

Recognition and measurement
Goodwill arising on the acquisition of subsidiaries or businesses is presented separately in the statement of financial position and carried at cost less accumulated impairment losses.

Cost
Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest, the acquisition date fair value of any previously held equity interest over the net identifiable assets acquired and liabilities assumed. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary or business acquired, the difference (gain on bargain purchase) is recognised in profit or loss.

The gain or loss recognised in profit or loss on the loss of control of a subsidiary is calculated after taking into account the carrying amount of any related goodwill.

Impairment
For the purposes of impairment testing, goodwill is allocated to the lowest level of cash generating unit (or "CGU"). Each of those cash generating units represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. Impairment assessments are performed annually, or more frequently if there are indicators that the carrying amount might be impaired. Impairment testing is performed by comparing the value-in-use of the cash generating unit to the carrying amount. Impairment testing is only performed on cash generating units that are considered to be significant in comparison to the total carrying amount of goodwill. In addition, the carrying values of intangible assets with an indefinite useful life have been included in the carrying amounts and fair values of the CGU's and therefore forms part of the overall impairment consideration.

Significant estimates
The value-in-use calculation requires management to estimate future cashflows and a suitable discount rate in order to calculate present value. The South African Fishing CGU's recoverable amount is the fair value less costs to sell which require earnings projections and price earnings multiple estimates.

Value-in-use
Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a period of up to five years and are extrapolated over the useful life of the asset to reflect the long-term plans of the Group using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax based on an assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.

Management determines the expected performance of the assets based on the following:
- an assessment of existing products against past performance and market conditions;
- an assessment of existing products against existing market conditions; and
- the pipeline of existing products under development, applying past experiences of launch success, existing market conditions and new markets

The growth rate used to extrapolate cash flow projections beyond the period covered by the budgets and forecasts takes into account the long-term average rates of the industry in which the cash generating unit is operating. Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports on market growth. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets and forecasts.

The weighted average cost of capital is derived from a pricing model based on credit risk and the cost of debt. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the cash generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

Impairment losses recognised in respect of goodwill are not reversed in subsequent periods.

NOTES (CONTINUED)

for the year ended 31 December 2021

R'000	2021	2020
16. Goodwill (continued)		
Balance at 1 January	**862 492**	849 614
Foreign currency translation adjustment	**2 700**	12 878
Balance at 31 December	**865 192**	862 492

Allocation of goodwill to cash-generating units for the purpose of impairment reviews and testing

Goodwill is allocated to the consolidated entity's cash-generating units identified according to geographical segments.

The carrying amount of goodwill was allocated to CGU's as follows:

	2021	2020
South African Fishing operations	**463 325**	463 324
Australian operations	**101 303**	98 604
Cape Harvest Foods	**230 581**	230 581
Aquaculture operations	**69 983**	69 983
	865 192	862 492

Management has taken into account the effects of the COVID-19 pandemic in assessing goodwill for impairment.

Australian operations

The recoverable amount of this CGU is determined based on a value-in-use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Sea Harvest board, covering a five-year period. The below key estimates are used in the value-in-use calculation:

%	2021	2020
Pre-tax discount rate	**10.78**	10.38
Revenue growth per annum	**2.30**	2.30
Inflation	**2.00**	2.00
Terminal growth rate[1]	**2.50**	2.50

[1] The 2.5% terminal growth rate is the mid-point of the long-term Reserve Bank of Australia inflation target of 2% to 3%.

The valuation resulted in a surplus over the carrying values of the CGU and thus the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

Cape Harvest Foods

The recoverable amount of this CGU is determined based on a value-in-use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Sea Harvest board, covering a five-year period. The below key estimates are used in the value-in-use calculation:

%	2021	2020
Pre-tax discount rate	**16.22**	14.53
Revenue growth per annum (five-year average)[1]	**9.00**	7.00
Inflation[2]	**5.00**	3.00
Terminal growth rate	**5.00**	5.60

[1] Revenue forecast increased as a result of an increase in milk supply from the farmers.

[2] In line with the inflation rate in South Africa.

The valuation resulted in a surplus over the carrying value of the CGU and thus the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

The carrying values of intangible assets with indefinite useful lives have been included in the carrying amounts and fair values of the Australian and Cape Harvest Foods CGUs.

%	2021	2020
Aquaculture operations		
The recoverable amount of this CGU is determined based on a value-in-use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Sea Harvest board, covering a five-year period. The below key estimates are used in the value-in-use calculation:		
Pre-tax discount rate	**15.29**	15.03
Revenue growth per annum[1]	**6.50**	16.00
Inflation[2]	**5.00**	3.00
Terminal growth rate	**4.00**	3.20

1 The significant change in the revenue growth per annum is as a result of the forecast (four years average) stronger rand against the US dollar compared to the previous forecast (five years average), and the lower abalone US dollar prices. The forecast for 2022 has been revised to take into account the effects of the COVID-19 pandemic, by appropriately adjusting the forecasted sales volumes to reflect lower demand.

2 In line with the inflation rate in South Africa.

As a result of the lower than expected financial performance of the Aquaculture CGU in the current year and tough prevailing market conditions in China, significant judgement is required in estimating future sales quantities of abolone.

The valuation resulted in a significant surplus over the carrying values of the CGU and thus the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

The Group performed a scenario analysis on the sensitivity of the valuation to sales volume, prices and the discount rate. A reasonable decrease in sales volume and price still resulted in a surplus over the carrying value of the CGU.

South African Fishing operations

The recoverable amount of the CGU was determined on the basis of fair value less costs to sell. The fair value less costs to sell calculation used an average of actual 2021 earnings and 2022 projected earnings. A price earnings multiple of 11.05 (2020: 8.84) was used in the valuation, which is an average of listed companies operating in the same industry adjusted by a 20% (2020: 25%) risk factor for size and the unlisted nature of the CGU. The valuation resulted in a surplus over the carrying value of the CGU and thus the directors believe that a reasonably possible change in the multiple would not result in an impairment of the carrying value of goodwill.

The inputs applied in the valuation techniques to determine the recoverable amount are categorised as level 3 inputs in terms of IFRS 13 *Fair Value Measurement*.

NOTES (CONTINUED)

for the year ended 31 December 2021

17. Intangible assets

Accounting policy

Recognition and measurement
Intangible assets acquired separately are initially measured at cost. Intangible assets acquired separately include long-term fishing rights and permits, retail agency rights, trade names and brands, aquaculture-related intangibles and computer software. Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy either the separability criterion or contractual legal criterion in IFRS 3 *Business Combinations*. The cost of such intangible assets is their fair value at the acquisition date. Identifiable acquired intangible assets relating to business combinations include long-term fishing rights and permits, trade names and brands and aquaculture-related intangibles.

Accumulated amortisation
Subsequent to initial recognition, intangible assets with finite useful lives, are carried at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the assets estimated useful lives, and is recognised as expenses in the statement of profit or loss. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment
An indefinite useful life intangible asset is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

An impairment assessment is performed on indefinite useful life intangible assets at the end of each reporting period, or more frequently if there are impairment indicators. Intangible assets with finite useful lives are reviewed at the end of each reporting period, but only assessed for impairment when there are impairment indicators. Impairment testing is performed by comparing the recoverable amount to the carrying amount of the intangible asset.

The recoverable amounts of the intangible assets are determined as the higher of value-in-use and fair value less costs to sell.

Value-in-use
Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a period of up to five years and are extrapolated over the useful life of the asset to reflect the long-term plans of the Group using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax based on an assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.

Management determines the expected performance of the assets based on the following:
- an assessment of existing products against past performance and market conditions;
- an assessment of existing products against existing market conditions; and
- the pipeline of products under development, applying past experiences of launch success and existing market conditions.

The growth rate used to extrapolate cash flow projections beyond the period covered by the budgets and forecasts takes into account the long-term average rates of the industry in which the cash generating unit is operating. Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports on market growth. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets and forecasts.

The weighted average cost of capital is derived from a pricing model based on credit risk and the cost of debt. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the cash generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

Intangible assets that have been impaired in past financial years are reviewed for possible reversal of impairment at each reporting date.

Significant judgements and estimates

Intangible assets as a result of contractual or legal rights
Significant judgement is applied by management when determining the classification of long-term fishing rights and permits as finite or indefinite useful life intangible assets and in determining the amortisation period for finite useful life intangible assets.

Perpetual fishing licences
Australian fishing licences held in perpetuity by the Group subject to compliance with regulatory and financial obligations, which are probable of being complied with, are classified as indefinite useful life intangible assets.

Long-term fishing rights
Fishing rights allocated by the South African Department of Forestry, Fisheries and the Environment for a period of time in terms of its FRAP are classified as finite useful life intangible assets.

Indefinite useful life intangible assets constitute 85% of total intangible assets (2020: 82% of total intangible assets).

Amortisation of long-term fishing rights
The Group amortises long-term fishing rights over a longer period than the original term of the right, after considering the following factors:
- whether the Group intends and is able to renew the fishing rights;
- whether there are substantial costs associated with renewal; and
- whether there will be any material modifications to existing terms of the right.

The expectation of renewal of the long-term fishing rights is based on the Group's:
- transformation credentials;
- history of compliance with permit conditions and fishing responsibly;
- significant capital investment in order to conduct deep sea fishing operations;
- socio-economic impact on the communities in which it operates;
- assessment of the impact of new entrants on the FRAP;

and therefore requires a significant degree of judgement to be applied by management.

Due to the nature of the Group's intangible assets, management do not apply residual values to them.

Amortisation useful lives
The anticipated useful lives used to amortise the Group's intangible assets for the 2021 year are as follows:

Long-term fishing rights and permits (finite)	2 allocation cycles
Perpetual fishing licences	Indefinite
Retail agency rights	Indefinite
Brands	8 years – indefinite
Trade names and customer relationships	5 – 10 years
Aquaculture-related intangibles	8 – 14 years
Computer software	1 – 3 years

NOTES (CONTINUED)

for the year ended 31 December 2021

17. Intangible assets (continued)

R'000	LONG TERM FISHING RIGHTS AND PERMITS	RETAIL AGENCY RIGHTS	TRADE NAMES AND BRANDS	AQUACULTURE RELATED INTANGIBLES	COMPUTER SOFTWARE DEVELOPMENT	TOTAL
2021						
Cost	**827 194**	**3 477**	**59 264**	**2 991**	**35 841**	**928 767**
Accumulated amortisation and impairment losses	**(147 761)**	**(87)**	**(1 810)**	**(565)**	**(35 744)**	**(185 967)**
Carrying value 1 January	**679 433**	**3 390**	**57 454**	**2 426**	**97**	**742 800**
Additions	**1 940**	**—**	**64**	**—**	**41**	**2 045**
Acquisitions through business combinations	**—**	**—**	**27 581**	**—**	**—**	**27 581**
Effect of foreign currency differences on cost	**15 410**	**93**	**22**	**—**	**—**	**15 525**
Amortisation	**(7 873)**	**—**	**(3 098)**	**(226)**	**(100)**	**(11 297)**
Effect of foreign currency differences on amortisation	**(26)**	**—**	**—**	**—**	**—**	**(26)**
Balance at 31 December	**688 884**	**3 483**	**82 023**	**2 200**	**38**	**776 628**
Carrying value comprises:						
Cost	**844 544**	**3 570**	**86 931**	**2 991**	**35 882**	**973 918**
Accumulated amortisation and impairment losses	**(155 660)**	**(87)**	**(4 908)**	**(791)**	**(35 844)**	**(197 290)**
Carrying value at 31 December 2021	**688 884**	**3 483**	**82 023**	**2 200**	**38**	**776 628**
2020						
Cost	725 673	3 034	49 134	2 991	35 589	816 421
Accumulated amortisation and impairment losses	(139 818)	(87)	(793)	(339)	(35 349)	(176 386)
Carrying value 1 January	585 855	2 947	48 341	2 652	240	640 035
Additions	32 200	—	3 028	—	65	35 293
Acquisitions through business combinations	—	—	6 999	—	187	7 186
Effect of foreign currency differences on cost	69 321	443	103	—	—	69 867
Amortisation	(7 877)	—	(1 017)	(226)	(395)	(9 515)
Effect of foreign currency differences on amortisation	(66)	—	—	—	—	(66)
Balance at 31 December	679 433	3 390	57 454	2 426	97	742 800
Carrying value comprises:						
Cost	827 194	3 477	59 264	2 991	35 841	928 767
Accumulated amortisation and impairment losses	(147 761)	(87)	(1 810)	(565)	(35 744)	(185 967)
Carrying value at 31 December 2020	679 433	3 390	57 454	2 426	97	742 800

The most significant intangible assets are the fishing licences with an indefinite useful life. These fishing licences were acquired as part of the Sea Harvest Australia business acquisition in 2016 and have an indefinite life. The licences represent 10 of 18 licences issued by the Western Australian Department of Fisheries for the Shark Bay Prawn Managed Fishery (SBPMF) and are held in perpetuity by the Group, subject to compliance with regulatory and financial obligations. The Group acquired an additional Spanish mackerel license in the current year for R1.9 million (2020: six licenses were acquired for R32.2 million), resulting in the Group now owning 20 Spanish mackerel licenses. There have been no breaches of financial or regulatory obligations. Fishing licences with a carrying value of R577.0 million (2020: R559.7 million) have been pledged to secure long-term borrowings with the National Australian Bank.

Fishing licenses and permits with finite useful lives have a remaining useful life of 14.8 years.

18. Interest in subsidiaries

Details of non-wholly owned subsidiaries that have material non-controlling interests

%	2021	2020
Name of subsidiary		
Sea Harvest Group Limited[1]	**43.1**	43.0

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

R'000	2021	2020
Statement of financial position		
Assets		
Non-current assets	**4 303 957**	4 063 814
Current assets	**2 534 227**	1 730 201
Total assets	**6 838 184**	5 794 015
Equity and liabilities		
Non-current liabilities	**2 590 745**	2 146 905
Current liabilities	**1 078 715**	852 766
Equity attributable to owners of the company	**3 112 218**	2 754 206
Non-controlling interests	**56 506**	40 138
	6 838 184	5 794 015
Statement of profit or loss		
Revenue	**4 615 463**	4 375 339
Profit for the year	**434 185**	397 848
Profit attributable to owners of the company	**469 890**	430 751
Loss attributable to the non-controlling interests	**(35 705)**	(32 903)

1 Calculation of interest excludes treasury shares

NOTES (CONTINUED)

for the year ended 31 December 2021

18. Interest in subsidiaries (continued)

R'000	2021	2020
Sea Harvest Group Limited		
Statement of comprehensive income		
Other comprehensive income, net of tax	**37 629**	10 778
Total comprehensive income for the year	**471 814**	408 626
Total comprehensive income attributable to owners of the company	**507 519**	444 035
Total comprehensive loss attributable to the non-controlling interests	**(35 705)**	(35 409)
Dividends paid to non-controlling interests	**60 138**	66 427
Cash flow information		
Net cash inflow from operating activities	**636 945**	810 716
Net cash outflow from investing activities	**(352 422)**	(403 138)
Net cash inflow/(outflow) from financing activities	**131 163**	(366 999)
Net cash inflow	**415 686**	40 579

19. Business combinations

Accounting policy

Recognition and measurement

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as stated in note 16.

Non-controlling interests at acquisition date is determined as the non-controlling shareholders' proportionate share of the fair value of the net assets of the subsidiary acquired.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as a financial liability is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

19.1 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	FAIR VALUE AT ACQUISITION DATE
Assets acquired and liabilities assumed	
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)
Total identifiable assets and liabilities	10 117
Total consideration transferred	
Cash	8 877
Net cash flow on acquisition of subsidiary	
Consideration paid in cash	8 877
Add: bank overdraft assumed	19 203
	28 080
Gain on bargain purchase	
Consideration	8 877
Less: Fair value of identifiable assets acquired and liabilities assumed	(10 117)
	(1 240)

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.

NOTES (CONTINUED)

for the year ended 31 December 2021

19. Business combinations (continued)

19.2 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	FAIR VALUE AT ACQUISITION DATE
Assets acquired and liabilities assumed	
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)
Total identifiable assets and liabilities	110 578
Total consideration transferred	
Cash	39 200
Contingent consideration	19 842
	59 042
Net cash flow on acquisition of subsidiary	
Consideration paid in cash	39 200
Less: Cash and cash equivalents acquired	(2 164)
	37 036
Gain on bargain purchase	
Consideration	59 042
Less: Fair value of identifiable assets acquired and liabilities assumed	(110 578)
Non-controlling interest	51 198
	(338)

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.

19.3 Impact of the acquisitions on the results of the Group from continuing operations

R'000	2021
Amounts included in the Group's results relating to Mooivallei and BM Foods Group since the date of acquisition:	
Revenue	235 261
Profit for the year	26 618
Results of the Group if Mooivallei and BM Foods Group had been consolidated from 1 January 2021:	
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.

NOTES (CONTINUED)

for the year ended 31 December 2021

20. Investments in associate companies and joint ventures

Accounting policy

Recognition and measurement

Associates are entities in which the Group has an interest directly or indirectly and over which it has significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the entity. Where the Group holds at least an 20% equity interest it is presumed to have significant influence.

Joint ventures are entities in which the Group has an interest where it, along with one or more of the other shareholders, has contractually agreed to share control of the business and where the major decisions require the unanimous consent of the joint partners.

In both cases, the Group applies the equity method of accounting, under which the investments are initially recognised at the fair value of the purchase consideration, including acquisition related costs and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. The Group's share of any other changes of the investee's net assets, other than profit or loss or other comprehensive income and distributions received, is recognised in the Group's equity. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

The most recent available financial statements of the associate or joint venture are used in applying the equity method. When the reporting period of the associate or joint venture is different to that of the Group by more than three months, the associate or joint venture prepares, for the use of the Group, financial statements as of the same date as the financial statements of the Group unless it is impracticable to do so. When the reporting period of the associate or joint venture is different to that of the Group by less than three months, adjustments are made for significant transactions occurring between the respective year ends.

Discontinuing the use of the equity method

The Group discontinues the use of the equity method where the investment in the investee becomes a subsidiary (the Group gains control), a financial asset (the Group loses significant influence) or is disposed of. The Group reclassifies to profit or loss the cumulative amount of other net asset changes previously recognised in the Group's equity when it discontinues the use of the equity method for any reason.

R'000	2021	2020
Cost of investment in associate companies and joint ventures	**1 625 432**	2 087 775
Loans to associate companies and joint ventures	**144 060**	147 733
Share of other comprehensive income of associates	**144 947**	340 283
Share of distributions made by associates and joint ventures	**(82 267)**	(82 267)
Share of other net asset changes of associate	**(89 007)**	—
IFRS 16 transition adjustment	**11 650**	11 650
Share of retained income/(accumulated losses) since acquisition, net of dividends received	**577 333**	(67 876)
	2 332 148	2 437 298

Associates

Refer to Appendix 2 for full details of associate companies. The aggregate assets, liabilities and results of operations of associate companies are summarised below:

20.1 Details of material associate

DETAILS OF THE GROUP'S MATERIAL ASSOCIATE ARE AS FOLLOWS:	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP	
%	2021	2020
Oceana Group Limited[1]	26.88	27.96

The above associate is accounted for using the equity method in these consolidated financial statements. Oceana Group Limited is incorporated and operates in South Africa.

The financial year end of Oceana Group Limited is 30 September. Brimstone does not have the authority to change this date. For purposes of applying the equity method of accounting, the financial statements of Oceana Group Limited for the year ended 30 September 2021 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2021. As at 31 December 2021, the fair value of the Group's interest in Oceana Group Limited, which is listed on the JSE, was R1.8 billion (2020: R2.1 billion) based on the quoted market price available on the JSE, which is a level 1 input in terms of IFRS 13 *Fair Value Measurement*.

R'000	2021	2020
Non-current assets	**7 879 826**	7 847 728
Current assets	**3 456 548**	4 204 233
Assets held for sale	**—**	19 420
Total assets	**11 336 374**	12 071 381
Non-current liabilities	**3 478 113**	3 908 692
Current liabilities	**2 355 146**	2 182 754
Non-controlling interests	**199 508**	182 796
Net assets	**5 303 607**	5 797 139
Statement of comprehensive income		
Revenue	**7 633 416**	8 308 341
Profit for the year	**718 500**	816 151
Other comprehensive (loss)/income for the year	**(507 826)**	495 757
Total comprehensive income for the year	**210 674**	1 311 908
Dividend received from associate during the year	**35 890**	128 225
Reconciliation of the above summarised financial information to the carrying amount of the interest in Oceana Group Limited recognised in the consolidated financial statements.		
Net assets of the associate	**5 303 607**	5 797 139
Proportion of the Group's ownership interest in Oceana Group Limited (%)	**26.88**	27.96
Share of net assets	**1 425 546**	1 620 855
Goodwill (notional)	**658 178**	684 642
Dividend received after 30 September	**—**	(95 598)
Carrying amount of the Group's interest in Oceana Group Limited	**2 083 724**	2 209 899

[1] Calculation of interest excludes treasury shares

NOTES (CONTINUED)

for the year ended 31 December 2021

	R'000	2021	2020
20.	**Investments in associate companies and joint ventures (continued)**		
20.2	**Aggregate information of associates that are not individually material**		
	Group's share of profits/(losses)	**20 914**	(39 836)
	Group's share of other comprehensive losses	**(721)**	(767)
	Group's share of total comprehensive income/(losses)	**20 193**	(40 603)
	Dividends received from associates during the year	**26 570**	16 740
	Aggregate carrying amount of the Group's interest in these associates	**167 934**	140 138
	Joint ventures		
	Refer to Appendix 2 for full details of joint venture companies. The aggregate assets, liabilities and results of operations of joint ventures are summarised below:		
20.3	**Aggregate information of joint ventures that are not individually material**		
	Group's share of profits	**1 951**	340
	Group's share of total comprehensive income	**1 951**	340
	Dividends received from joint ventures during the year	**996**	996
	Aggregate carrying amount of the Group's interest in these joint ventures	**80 490**	87 261

21. Investments

Accounting policy

The Group holds financial assets including listed and unlisted equities and derivatives to support the Group's capital strategies and hedge market risks, including loans to external parties, associates and joint ventures.

Classification and measurement in accordance with IFRS 9 *Financial Instruments*
The Group initially records all financial assets at fair value. The Group subsequently holds each financial asset at fair value ("fair value through profit or loss" ("FVTPL") or "fair value through other comprehensive income" ("FVTOCI")) or at amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants. Amortised cost is the amount determined based on accreting the initial amount recognised for the financial instrument to the maturity value on a systematic basis using a fixed interest rate (effective interest rate), taking account of repayment dates and initial premiums or discounts.

Financial assets at amortised cost
Financial assets are measured at amortised cost when their contractual cash flows represent solely payments of principal and interest and they are held within a business model designed to collect cash flows. This classification typically applies to the Group's loans and trade receivables. The carrying value of amortised cost financial assets is adjusted for impairment under the expected loss model (see notes 22 and 25).

Financial assets at fair value through other comprehensive income
Financial assets are held at FVTOCI if it is an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognised in a business combination to which IFRS 3 applies, and the Group has at initial recognition made an irrevocable election to present subsequent changes in the fair value in other comprehensive income.

Financial assets at fair value through profit or loss
All other financial assets are held at FVTPL. The Group's financial assets at FVTPL principally comprise investments in equities and derivatives (also see note 23).

R'000	2021	2020
Investments at FVTOCI		
Unlisted investments		
Shares at fair value (non-current)	**29 989**	25 265
Investments at FVTPL		
Listed investments		
Shares at fair value (non-current)	**796 448**	570 083
Shares at fair value (current)	**—**	555 035
Total listed investments	**796 448**	1 125 118
Unlisted investments		
Shares and units at fair value (non-current)	**257 431**	197 010
Total investments at FVTPL	**1 053 879**	1 322 128
Total investments		
Non-current	**1 083 868**	792 358
Current	**—**	555 035
	1 083 868	1 347 393

Refer to Appendix 3 for full details on the investments.

22. Loans to supplier partners

Balance at 1 January	**85 484**	78 464
Advances to supplier partners[1]	**18 695**	8 425
Interest charged	**3 036**	5 565
Loans repaid	**(2 830)**	(1 130)
Current portion transferred to trade receivables	**(10 001)**	(5 840)
Balance at 31 December	**94 384**	85 484

The balance mainly relates to loans advanced to Nalitha Investments (Pty) Ltd and South African Fishing Empowerment Corporation (Pty) Ltd. These loans have no fixed terms of repayment and bear interest at JIBAR plus 2.65%.

The Group considered the expected credit losses required on these loans and the impact is insignificant.

[1] Advances to supplier partners were in the form of non-cash to assist the supplier partners to acquire portions of vessels from the Sea Harvest Group.

NOTES (CONTINUED)

for the year ended 31 December 2021

23. Other financial assets

R'000	2021	2020
Financial assets carried at FVTPL		
Foreign exchange contracts	58 971	27 334
Vuna Fishing Group call option	30 090	30 090
Zero Cost Collar	—	346 499
Other derivatives	3 739	—
	92 800	403 923
Non-current	33 934	30 090
Current	58 866	373 833
	92 800	403 923

Foreign exchange contracts

Comprises hedging contracts entered into by the Group for the purpose of minimising the Group's exposure to foreign currency and commodity price volatility. Please refer to note 49.5 for details on the Group's hedging process.

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.

24. Inventories

Accounting policy

Recognition and measurement

The Group recognises inventories initially at cost when it has control of the inventories, expects it to provide future economic benefits and the cost can be measured reliably. Cost is determined on the first-in-first-out basis. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Inventories are subsequently measured at the lower of cost and net realisable value. The carrying amounts of finished goods and work-in-progress include raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but exclude borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

A provision for obsolete inventories is established when there is evidence that no future economic benefits will be obtained for such inventories. The carrying amount of the inventories is reduced and the amount of the loss is recognised in profit or loss within raw materials and consumable used, if insignificant in amount, otherwise within operating expenses.

Significant judgements and estimates

Determination of net realisable value of inventories

Management is required to exercise considerable judgement in the determination of net realisable value, specifically relating to the forecasting of demand.

Management is also required to exercise significant judgement in estimating the provision for obsolete inventory. Such judgement would take into account the following:

- change in fashion and season;
- change in market; and
- inventory nearing expiry dates.

R'000	2021	2020
Raw materials	**96 510**	50 276
Work-in-progress	**35 323**	5 577
Finished goods	**717 341**	545 409
Consumable stores	**130 696**	130 495
	979 870	731 757

Inventory with a carrying amount of approximately R902.6 million (2020: R631.0 million), have been pledged to secure long-term borrowings (refer note 36).

Inventories have been stated at the lower of cost and net realisable value by the Group's subsidiaries with a total amount in their books of R50.7 million (2020: R55.0 million) being shown at net realisable value.

NOTES (CONTINUED)

for the year ended 31 December 2021

25. Trade and other receivables

Accounting policy

Recognition and measurement

Receivables (except for trade receivables which are initially measured at transaction price) are initially recognised at fair value and subsequently measured at amortised cost, less impairments, using the effective interest rate method. No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile. Other receivables comprise mainly of prepayments and value-added tax, initially recognised at fair value and subsequently at amortised cost. The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") which uses an expected credit loss allowance for all trade receivables.

IFRS 9 allows an entity to use a simplified "provision matrix" for calculating ECLs as a practical expedient for trade receivables, if consistent with the general principles for measuring ECLs. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward looking factors specific to the debtors and economic environment by looking at the future prospects of the industries that the Group's debtors operate in, obtained from financial analysts and various forecast economic information relating to the debtors' core operations. We considered the ECLs on receivables other than trade receivables under the general model and the impact is not considered significant.

This provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for losses.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group for a period of greater than 180 days past due.

For corporate customer's management have made the assumption that a customer is in default when the debt is 180 days past due. This is on the basis of billing disputes taking time to resolve resulting in a high cure rate.

If, in a subsequent period, the amount of the impairment loss, decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is credited against administrative expenses in profit or loss.

R'000	2021	2020
Gross trade receivables	**627 131**	831 536
Less: Allowance for expected credit losses	**(11 579)**	(163 779)
Trade receivables	**615 552**	667 757
Other receivables	**182 079**	157 805
Prepayments	**54 776**	40 574
VAT receivable	**81 082**	77 680
Other receivables*	**46 220**	39 551
	797 630	825 562

* Other receivables consist of non-trade debtors and other sundry receivables.

No interest is charged on the trade receivables within agreed credit terms. Thereafter, interest is charged at prime bank overdraft rates on the overdue balance.

Before accepting any new customer, the Group uses credit agency reports to assess creditworthiness together with reports from agents, visits to and interviews with the customer when deemed necessary. Credit limits are set and debtor balances are reviewed monthly. In some instances, security by way of personal surety, cession of debtors or notarial bond over assets is obtained. There are no uninsured customers who represent more than 5% of the total balance of trade receivables.

The following table shows the movement in lifetime ECLs that have been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

R'000	2021	2020
Movement in the allowance for ECLs		
Balance at beginning of the year	**163 779**	116 246
Amounts written off during the year	**(3 926)**	(7 685)
Increase in allowance recognised in profit or loss	**4 793**	55 198
Disposal of subsidiary	**(153 072)**	—
Effect of foreign currency differences on the allowance	**5**	20
Balance at end of the year	**11 579**	163 779

R'000	GROSS TRADE RECEIVABLES	ALLOWANCE FOR ECLs	EXPECTED LOSS RATE (%)
2021			
Current	**469 367**	**—**	**—**
31 to 60 days	**109 573**	**111**	**0.1**
61 to 90 days	**19 864**	**110**	**0.6**
91 to 120 days	**9 723**	**849**	**8.7**
over 120 days	**18 604**	**10 509**	**56.5**
	627 131	**11 579**	
2020			
Current	490 653	—	—
31 to 60 days	83 532	76	0.1
61 to 90 days	10 962	42	0.4
91 to 120 days	27 438	17 667	64.4
over 120 days	218 951	145 994	66.7
	831 536	163 779	

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of trade receivables from the date credit was initially granted up to the reporting date. The Group considers a financial asset in default when contractual payments are 90 days and more past due. However, in certain cases, the Group also considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The concentration of credit risk is limited because of the customer base being large and unrelated.

40% (2020: 44%) of the Group's trade receivables are insured against irrecoverability. However, the Group applies the IFRS 9 simplified model of recognising lifetime ECLs for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics and have been grouped on the days past due.

Included in the Group's trade receivable balance are receivables with a carrying value of R61.1 million (2020: R174.3 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

During the current year, the Group disposed of its holding in Lion of Africa Insurance Company Limited, which resulted in a decrease in the ECL allowance of R153.1 million. These ECLs were in the 91 days and older category.

Trade and other receivables with a value of R740.0 million (2020: R695.8 million) have been pledged to secure long-term borrowings (refer note 36).

NOTES (CONTINUED)

for the year ended 31 December 2021

26. Discontinued operation

26.1 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.

26.2 Financial performance and cash flow information

R'000	2021	2020
Sales and fee income	**13**	(11 087)
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)

26.3 Details of the sale of the subsidiary

	2021	2020
Consideration received		
■ Cash	**1**	—
■ Financial liability with contingent settlement provisions[1]	**(99 934)**	—
Total disposal consideration	**(99 933)**	—
Carrying amount of net liabilities sold	**99 934**	—
Gain on sale before taxation	**1**	—
Taxation[2]	**140 847**	—
Gain on sale after taxation	**140 848**	—

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

2 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 49.12). 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*.

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 26.2 on the previous page.

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

R'000	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
Net liabilities	99 934

27. Cash and cash equivalents

Accounting policy

Actual bank balances are reflected. Outstanding cheques and deposits are included in accounts payable and accounts receivable respectively. For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held with banks. Bank overdraft is considered to be a financing activity.

R'000	2021	2020
Cash at banks and on hand	862 931	427 894

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents with a carrying amount of approximately R686.9 million (2020: R270.4 million) have been pledged to secure long-term borrowings (refer note 36).

NOTES (CONTINUED)

for the year ended 31 December 2021

R'000	2021	2020
28. Share capital		
28.1 Authorised		
500 000 000 Ordinary shares of 0.1 cents each	**500**	500
1 000 000 000 "N" Ordinary shares of 0.001 cents each	**10**	10
	510	510
28.2 Issued and fully paid		
Ordinary shares		
At beginning and end of year		
39 874 146 (2020: 39 874 146) Ordinary shares of 0.1 cents each	**40**	40
"N" Ordinary shares		
At beginning of year		
224 975 962 (2020: 211 314 175) "N" Ordinary shares of 0.001 cents each	**2**	2
Repurchased in terms of the Brimstone call option and cancelled		
Nil (2020: 3 664 000) "N" Ordinary shares of 0.001 cents each	**–**	–
Capitalisation issue		
Nil (2020: 17 325 787) "N" Ordinary shares of 0.001 cents each	**–**	–
At end of year		
224 975 962 (2020: 224 975 962) "N" Ordinary shares of 0.001 cents each	**2**	2
28.3 Held as treasury shares		
Ordinary shares		
At beginning of year		
3 011 028 (2020: 3 011 028) Ordinary shares of 0.1 cents each	**(3)**	(3)
Repurchased for cash		
1 500 (2020: nil) Ordinary shares of 0.1 cents each	**–**	–
At end of year		
3 012 528 (2020: 3 011 028) Ordinary shares of 0.1 cents each	**(3)**	(3)
"N" Ordinary shares		
At beginning of year		
9 035 600 (2020: 12 197 852) "N" Ordinary shares of 0.001 cents each	**–**	–
Disposal in terms of staff BEE schemes		
Nil [2020: (3 664 000)] "N" Ordinary shares of 0.001 cents each	**–**	–
Forteitable share plan shares		
1 082 889 [2020: (312 987)] "N" Ordinary shares of 0.001 cents each	**–**	–
Repurchased for cash		
3 949 124 (2020: 312 987) "N" Ordinary shares of 0.001 cents each	**–**	–
Capitalisation issue		
Nil (2020: 501 748) "N" Ordinary shares of 0.001 cents each	**–**	–
At end of year		
14 067 613 (2020: 9 035 600) "N" Ordinary shares of 0.001 cents each	**–**	–
Total at end of year	**39**	39

R'000	2021	2020
29. Capital reserves		
Share premium		
Balance at 1 January	**196 196**	193 490
Specific repurchase of shares	**(34 894)**	737
Forfeitable share plan share issue (treasury shares)	**11 856**	1 969
Balance at 31 December	**173 158**	196 196
Share options reserve		
Balance at 1 January	**(14 639)**	(34 033)
Gain on issue of shares by subsidiary	**33**	459
Recognition of share-based payments	**35 699**	32 649
Forfeitable share plan share issue (treasury shares)	**(11 856)**	(1 969)
Transfer to share-based payment liability subsequent to modification	**(3 425)**	(2 921)
Non-controlling shareholders' share of reserves	**(9 655)**	(8 824)
Balance at 31 December	**(3 843)**	(14 639)
Share options exercised reserve		
Balance at 1 January and 31 December	**8 314**	8 314
Capital redemption reserve fund		
Balance at 1 January and 31 December	**3 655**	3 655
Actuarial gains/loss reserve		
Balance at 1 January	**4 583**	4 267
Dilution on issue of shares by subsidiary	**(4)**	(37)
Current year movement	**324**	619
Non-controlling shareholders' share of reserve	**(139)**	(266)
Balance at 31 December	**4 764**	4 583
Share of other comprehensive income of associates		
Balance at 1 January	**354 515**	214 081
Current year movement	**(189 308)**	140 127
Recycled to operating expenses	**(6 025)**	–
Non-controlling shareholders' share of reserves	**288**	307
Balance at 31 December	**159 470**	354 515
Share of other net asset changes of associate		
Balance at 1 January	**–**	–
Current year movement	**(89 007)**	–
Balance at 31 December	**(89 007)**	–
Total capital reserves	**256 511**	552 624
30. Revaluation reserves		
Investments revaluation reserve		
Balance at 1 January	**17 207**	17 293
Dilution on issue of shares by subsidiary	**(9)**	(86)
Current year movement	**4 725**	–
Deferred taxation thereon	**(1 086)**	–
Non-controlling shareholders' share of reserves	**(1 566)**	–
Balance at 31 December	**19 271**	17 207

NOTES (CONTINUED)

for the year ended 31 December 2021

R'000	2021	2020
31. Cash flow hedging reserve		
Balance at 1 January	**53 932**	82 531
Dilution on issue of shares by subsidiary	**(44)**	(679)
Current year movement	**83 552**	(152 403)
Deferred taxation thereon	**(23 665)**	42 837
Recycled to operating expenses	**(43 122)**	78 589
Deferred taxation thereon	**12 074**	(22 005)
Non-controlling shareholders' share of reserve	**(12 404)**	25 062
Balance at 31 December	**70 323**	53 932
32. Cost of hedging reserve		
Balance at 1 January	**(37 172)**	(33 242)
Dilution on issue of shares by subsidiary	**10**	296
Current year movement	**(48 139)**	26 945
Deferred taxation thereon	**13 479**	(7 545)
Recycled to operating expenses	**28 528**	(35 256)
Deferred taxation thereon	**(7 988)**	9 871
Non-controlling shareholders' share of reserve	**6 100**	1 759
Balance at 31 December	**(45 182)**	(37 172)
33. Foreign currency translation reserve		
Balance at 1 January	**21 436**	(18 141)
Dilution on issue of shares by subsidiary	**(15)**	173
Current year movement	**18 947**	69 131
Non-controlling shareholders' share of reserve	**(8 157)**	(29 727)
Balance 31 December	**32 211**	21 436
34. Changes in ownership		
Balance at 1 January	**564 557**	574 755
Dilution on issue of shares by subsidiary	**1**	–
Arising on acquisition of shares by subsidiary	**(76)**	–
Non-controlling shareholders' share of reserve*	**(23 803)**	(10 198)
Balance 31 December	**540 679**	564 557

* Arises on issue of FSP shares by Sea Harvest

R'000	2021	2020
35. Non-controlling interests		
Balance at 1 January	**1 266 089**	1 160 450
Share of profit for the year	**188 958**	140 706
Share of other comprehensive income for the year	**15 878**	2 865
Dividend paid	**(72 784)**	(74 554)
Arising on acquisition of subsidiary	**51 198**	15 324
Distributions made to participants of share trusts	**–**	(755)
Recognition of share-based payments	**9 655**	8 824
Issue of share capital by subsidiary	**6 133**	4 630
Effect of changes in ownership	**945**	8 599
Balance 31 December	**1 466 072**	1 266 089
Sea Harvest Group Limited	**1 395 567**	1 223 713
Other	**70 505**	42 376
	1 466 072	1 266 089

36. Interest bearing borrowings

Accounting policy

Recognition and measurement

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Fees paid on the establishment of selected loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment against the loan and amortised over the period of the facility to which it relates.

The Group presents separately current and non-current borrowings in the statement of financial position. A liability is classified as current unless the Group expects, and has the discretion, to refinance or roll over the obligation for at least twelve months after the reporting period under an existing loan facility, in which case the Group classifies the obligation as non-current, even if it would otherwise be due within a shorter period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in profit or loss in the period in which they are incurred.

Financial liabilities at amortised cost

Borrowings are classified as “liabilities at amortised cost” in terms of IFRS 9. Financial liabilities are recognised on the transaction date when the Group becomes a party to the contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment, unless if such costs or fees incurred are incremental and are directly related to the issue of the new debt instrument in which case any such costs or fees adjust the carrying amount of the liability and are amortised over the remaining term of the new financial liability. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

NOTES (CONTINUED)

for the year ended 31 December 2021

36. Interest bearing borrowings (continued)

R'000	2021	2020
Class A5 variable rate cumulative redeemable preference shares of R1 326.5 million issued by a subsidiary, Newshelf 1063 (RF) (Pty) Ltd. The dividend rate is 83% of the prime bank lending rate nominal annual compounded monthly. The company is not obliged (but is entitled) to declare and pay any scheduled preference share dividends that are deemed to accrue during the first three years after the subscription date on 1 March and 1 September of each year. The company is obliged to declare and pay any scheduled preference share dividends that are deemed to accrue during the fourth and fifth years after the subscription date on 1 March and 1 September of each year. The preference shares are redeemable in full on 3 July 2023. The company is obliged to pay outstanding preference share dividends according to a specific calculation should it decide to sell any assets that have been pledged as security for the debt. If the total asset cover ratio ("TACR") is less than 2.75 times or the listed asset cover ratio ("LACR") is less than 2.0 times then 100% of the net disposal proceeds are required to be used to pay outstanding debt. If the TACR is greater than 2.75 times but less than 3.75 times or the LACR is greater than 2.0 times but less than 3.0 times then 50% of the net disposal proceeds are required to be used to pay outstanding debt. If the TACR is greater than 3.75 times and the LACR is greater than 3.0 times then none of the net disposal proceeds are required to be used to pay outstanding debt. Brimstone Investment Corporation Limited has agreed to guarantee to the holders of the preference shares the due and full performance by the company of the guaranteed liabilities and to pay all guaranteed amounts and gross up amounts to the holders.	**1 577 626**	1 509 541
Class A6 variable rate cumulative redeemable preference shares of R227.2 million issued by a subsidiary, Newshelf 1063 (RF) (Pty) Ltd on 3 July 2018. The dividend rate is 83% of the prime bank lending rate nominal annual compounded monthly. The company is not obliged (but is entitled) to declare and pay any scheduled preference share dividends that are deemed to accrue during the first three years after the subscription date on 1 March and 1 September of each year. The company is obliged to declare and pay any scheduled preference share dividends that are deemed to accrue during the fourth and subsequent years after the subscription date on 1 March and 1 September of each year. The preference shares are redeemable in full on 7 January 2024. The company is obliged to pay outstanding preference share dividends according to a specific calculation should it decide to sell any assets that have been pledged as security for the debt. If the TACR is less than 2.75 times or the LACR is less than 2.0 times then 100% of the net disposal proceeds are required to be used to pay outstanding debt. If the TACR is greater than 2.75 times but less than 3.75 times or the LACR is greater than 2.0 times but less than 3.0 times then 50% of the net disposal proceeds are required to be used to pay outstanding debt. If the TACR is greater than 3.75 times and the LACR is greater than 3.0 times then none of the net disposal proceeds are required to be used to pay outstanding debt. Brimstone Investment Corporation Limited has agreed to guarantee to the holders of the preference shares the due and full performance by the company of the guaranteed liabilities and to pay all guaranteed amounts and gross up amounts to the holders.	**616 305**	590 041
As security for the A5 and A6 preference shares issued by Newshelf 1063 (RF) Pty Ltd, 32.6 million Oceana Group Limited shares, 159.5 million Sea Harvest Group Limited shares and 13.9 million Equites Property Fund Limited shares were ceded to the financial institution. The fair value of the shares at 31 December 2021 was R4.3 billion (2020: R4.6 billion).		
Brimstone entered into a Funded Equity Option Transaction (which comprised of a Loan Transaction and an Equity Option Transaction) on 23 January 2019, raising R1.159 billion. As security for the loan, Brimstone ceded and pledged its 49.5 million shares in Life Healthcare Group Holdings Limited. The Equity Option Transaction comprises put and call options (collar) over the 49.5 million Life Healthcare Group Holdings Limited shares. The loan bore interest at an effective fixed rate of 8.1% and was repayable in six monthly instalments of between R220.7 million and R228.7 million commencing on 19 November 2020. The loan was repaid in full during the year under review.	**–**	898 678

R'000	2021	2020
Loans from financial institutions to Sea Harvest Corporation (Pty) Ltd		
Senior debt – Standard Bank Limited The loan is subject to a variable interest rate of three-month JIBAR plus 2.13% and is secured by marine bonds and a general notarial bond over all of the Company's assets. No capital repayments were made in 2021 (2020: R161.5 million) and the remainder of the balance is payable in full on 30 November 2024.	**561 000**	561 000
Revolving credit facility – Standard Bank Limited The loan is subject to a variable interest rate of three-month JIBAR plus 2.13%, is secured by marine bonds and a general notarial bond over all of the Companies assets, and is repayable in full on 30 November 2024. During the current year, R100 million was repaid (2020: R466 million) and an additional draw down of R450 million was made (2020: R465.5 million).	**600 000**	250 000
Loans from financial institutions to Sea Harvest Australia		
Senior loan with National Australia Bank (NAB) The loan is subject to a variable interest rate of 100% floating at BBSY plus funding margin 0% plus customer margin of 2.38%. The loan is secured by a security interest and charge in the form of a General Security Agreement on the Personal Property Securities Register (PPSR) over all of Sea Harvest Australia's assets and expires on 28 February 2024.	**130 639**	138 729
Corporate market loan with NAB The loan is subject to a variable interest rate of 100% floating at BBSY plus funding margin 0% plus drawn margin of 3.08%. The loan is secured by a security interest and charge in the form of a General Security Agreement on the Personal Property Securities Register (PPSR) over all of Sea Harvest Australia's assets and is reviewed annually on 28 February. The maximum borrowing limit is R58.1 million (AUD5 million).	**58 053**	56 504
Corporate receivables finance loan with NAB The loan is subject to a variable interest rate of 100% floating at Lender Indicator rate plus customer margin of 1.39% plus purchase charge rate of 1.00% on facility limit. The loan is reviewed annually on or about 31 January. The maximum available funding is limited to R69.7 million (AUD6 million) and is based on 85% of trade debtors value.	**31 858**	20 014
Corporate market loan with NAB The loan is subject to a variable interest rate of 100% floating at BBSY plus funding margin 0% plus drawn margin of 2.38%. The loan is secured by a security interest and charge in the form of a General Security Agreement on the Personal Property Securities Register (PPSR) over all of Sea Harvest Australia's assets and is reviewed annually on or about 31 January. The maximum borrowing limit is R23.2 million (AUD 2.0 million).	**23 221**	22 602
COVID-19 Business Support Loan The loans are subject to interest of 4.5% and business options instalment loan NAB and expire on 31 May 2023 and 28 February 2026	**9 724**	2 700
Premium Funding Agreement with Premium Finance (Pty) Ltd The loan relates to group insurance policy, attracts interest at 2.15% and is repayable over 10 installments.	**3 795**	4 258

NOTES (CONTINUED)

for the year ended 31 December 2021

	R'000	2021	2020
36.	**Interest bearing borrowings (continued)**		
	Instalment sale agreements		
	The instalment sale agreements are between 48 to 60 months over the fleet, with variable interest rates from prime less 1.5% to prime and a fixed interest rate of 11%.	**16 248**	5 649
	Loans from non-controlling shareholders of Viking Aquaculture (Pty) Ltd		
	■ Loan from Viking Fishing Group Administration (Pty) Ltd	**248 488**	248 486
	■ Odin Investments (Pty) Ltd	**55 009**	55 009
	■ Redburg Investments (Pty) Ltd	**61 789**	61 789
	R110.5 million bears interest from 1 January 2020 at prime plus 2%, nominal annual compounded monthly and payable monthly in arrears. An additional R195 million bears interest from 1 January 2021 at prime plus 2%, nominal annual compounded monthly and payable monthly in arrears. The loan is unsecured and has no fixed terms of repayment. Repayment of the capital portion of the loan will be determined by directors when provided for in the budget as specified in the shareholders agreement. The balance of the loans are interest free and have no fixed terms of repayment and were provided to fund the growth and working capital of Viking Aquaculture.		
	Loans from financial institutions to BM Foods Group (Pty) Ltd		
	Investec term loan		
	The loan bears interest at prime plus 1% and has a maturity date of 4 November 2024.	**35 658**	–
	Loans from previous shareholders of Chelsea Pies (Pty) Ltd		
	The loan bears interest at prime less 1% and is repayable in equal monthly instalments over a period of 9 years.	**4 477**	–
	Nedbank bond		
	The loan is owed to the previous shareholders of Chelsea Pies (Pty) Ltd (a subsidiary of BM Foods Group), is interest free and payable on 1 May 2022.	**24 548**	–
	Total interest bearing borrowings	**4 058 438**	4 425 000
	Less: current portion of interest bearing borrowings	**(113 205)**	(1 016 436)
	Long-term interest bearing borrowings	**3 945 233**	3 408 564
37.	**Other payables**		
	Employee-related payables	**39 818**	35 603
	Bonus accrual	**71 338**	53 941
	Leave pay accrual	**61 404**	47 828
	Contract liability[1]	**24 958**	69 679
	Other payables[2]	**78 072**	56 662
		275 590	263 713

[1] The Group has a revenue stream arising from performance of services which relates to co-manufacturing and packaging contracts. The amount payable under contract as at 31 December 2021 was R25 million (2020: R70 million). The significant change in contract liability is as a result of the discharge of the obligation when inventory is collected by the customers, with the difference between the liability and inventory being the conversion cost to be recognised as revenue in the next reporting period. The conversion cost in relation to the 31 December 2020 liability was recognised as revenue in the current financial year.

[2] Included in other payables is VAT payable, audit fees, tenant allowance and licence fee accruals.

R'000	2021	2020
38. Contingent consideration		
Viking Fishing Holdings (Pty) Ltd[1]	**99 974**	90 862
BM Foods Group (Pty) Ltd[2]	**19 842**	—
	119 816	90 862
Effect of discounting	**10 628**	9 112
	130 444	99 974
Non-current	**9 773**	99 974
Current	**120 671**	—

[1] The contingent consideration arrangement requires the Group to pay the former owners of Viking Fishing for achieving certain earn-out targets for the 2018 and 2019 financial years, up to a maximum undiscounted amount of R110 million. The fair value of the contingent consideration arrangement was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate equal to the prime lending rate and the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date.

[2] The contingent consideration requires the Group to pay the former owners of BM Foods Group for achieving earn-out targets for the 12-month period ending 28 February 2022 and the 31 December 2022 financial year, up to a maximum undiscounted amount of R20 million. The fair value of the contingent consideration was estimated by calculating the present value of future expected cash flows. The estimates are based on a discount rate determined using the entity's specific risk and the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date.

The balance relating to Viking Fishing was paid on 1 January 2022. A portion of the amount owing to BM Foods Group was paid on 1 April 2022, and the balance is payable on 1 March 2023. The contingent consideration is regarded as a Level 3 financial instrument for fair value purposes.

R'000	2021	2020
39. Other financial liabilities		
Fishing licence liability[3]	**–**	24 662
Forward exchange contracts	**–**	227
Financial liability with contingent settlement provisions*	**99 934**	—
Other derivatives[3]	**2 400**	25 416
	102 334	50 305
Non-current	**–**	901
Current	**102 334**	49 404
	102 334	50 305
Carrying value 1 January	**50 305**	58 813
Cash flows	**(53 564)**	(22 752)
Foreign exchange adjustments	**(323)**	5 663
Other changes[3]	**105 916**	8 581
Balance as at 31 December 2021	**102 334**	50 305

[3] includes financial liability with contingent settlement provisions.

* Represents liability recognised at date of sale of subsidiary and equals the net liabilities of Lion disposed of (refer to note 26.3).

NOTES (CONTINUED)

for the year ended 31 December 2021

40. Lease liabilities

Accounting policy

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

R'000	2021	2020
Carrying value 1 January	**188 467**	174 942
New leases acquired	**7 781**	14 712
Acquired through business combinations	**3 279**	16 126
Terminated leases	**(7 531)**	(1 648)
Interest charged	**16 315**	15 942
Interest paid	**(14 774)**	(12 903)
Capital repaid	**(27 295)**	(19 787)
Effect of foreign currency exchange differences	**65**	1 083
Carrying value	**166 307**	188 467
Less: transfer to short-term lease liability	**(24 645)**	(17 588)
Carrying value at 31 December	**141 662**	170 879
Maturity analysis		
Year 1	**38 989**	38 003
Year 2	**35 897**	34 106
Year 3	**32 663**	35 655
Year 4	**29 644**	33 028
Year 5	**17 554**	30 239
Onwards	**85 254**	110 939
Total	**240 001**	281 970
Less: unearned interest	**(73 694)**	(93 503)
	166 307	188 467

41. Deferred taxation

Accounting policy

Recognition and measurement

Deferred tax is provided using the liability method, providing for temporary differences arising between the tax base and the accounting carrying amount of amounts reflected in the consolidated financial statements. Deferred tax is, however, not provided for temporary differences that arise from the initial recognition of an asset or liability where that transaction affects neither accounting profit nor tax profit (tax loss). The only exception to this being when that asset or liability arises in terms of a business combination. Deferred tax is determined at tax rates that are enacted or substantively enacted at year-end and are expected to apply when the temporary difference reverses.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are only offset to the extent that the balances are recoverable from the same tax authority and there is a legal right to offset them at settlement of those balances.

R'000	2021	2020
Deferred taxation asset	**(41 153)**	(5 196)
Deferred taxation liability	**630 611**	620 068
Net deferred taxation liability	**589 458**	614 872
The major components of the deferred tax balance are as follows:		
Difference between tax wear and tear allowances and depreciation charges on assets	**493 570**	432 601
Excess of tax allowances over amortisation of intangible assets	**222 192**	181 931
Difference between doubtful debt allowance and amount allowable for tax purposes	**(598)**	(510)
Fishing licence liability	**–**	(8 159)
Inventory	**(12 253)**	(9 497)
Derivative instruments	**6 490**	77 308
Arising from cash flow hedges and cost of hedging (taken directly to equity)	**13 071**	7 337
Prepayments	**1 400**	1 476
Government grants	**(1 806)**	(1 948)
Leases	**185**	(27)
Investments at FVTPL	**23 174**	107 892
Investments at FVTOCI	**4 987**	3 903
Provisions and accruals	**(36 483)**	(34 527)
Estimated tax losses	**(128 056)**	(154 233)
Biological assets	**6 354**	7 751
Other	**(2 769)**	3 574
	589 458	614 872
Reconciliation of net deferred tax liability		
Opening balance	**614 872**	600 790
Recognised in profit or loss	**(70 694)**	27 980
Recognised in other comprehensive income	**7 186**	(23 159)
Recognition on acquisition of subsidiary	**35 734**	(2 600)
Effect of foreign currency exchange differences	**2 726**	11 861
Other	**(366)**	–
Net deferred tax liability at 31 December	**589 458**	614 872

NOTES (CONTINUED)

for the year ended 31 December 2021

42. Bank overdrafts

The Company has an overdraft facility amounting to R60 million (2020: R60 million). The facility bears interest at the bank's prime lending rate. The overdraft facility is unsecured.

43. Notes to the cash flow statement

R'000	2021	2020
43.1 Adjustments for non-cash and other items		
Share of profits of associates and joint ventures	**(256 840)**	(153 198)
Interest income and dividends received	**(94 719)**	(138 989)
Government grant income	**(2 235)**	(4 007)
Fair value (gains)/losses	**(273 916)**	174 690
Loss on remeasurement of previously held interest in associate	**—**	391
Impairment of property, plant, equipment and vehicles	**6 225**	45 895
Amortisation of intangible asset	**11 297**	9 515
Gains on bargain purchase	**(1 578)**	(5 200)
Loss on deemed disposal of associate	**40 640**	—
Unrealised foreign exchange (gains)/losses	**(10 892)**	11 920
Finance costs	**218 959**	400 725
Taxation – continuing operations	**205 941**	152 914
Taxation – discontinued operation	**(140 848)**	—
Depreciation of property, plant, equipment and vehicles	**249 051**	229 279
Share-based payment expense	**36 510**	17 820
(Decrease)/increase in provisions and other payables	**(766)**	15 280
Biological assets mortalities	**19 470**	11 627
Actuarial loss on post-retirement medical aid obligation	**323**	619
Other movement in non-cash items	**(1 149)**	(4 986)
Insurance proceeds	**(46 450)**	(25 747)
Loss on disposal of property, plant, equipment and vehicles	**2 773**	8 225
	(38 204)	746 773
43.2 Income taxes		
Income tax		
Prepaid at the beginning of the year	**(4 997)**	(7 957)
Acquisitions through business combinations	**1 313**	2 266
	(3 684)	(5 691)
Provided during year	**136 155**	123 968
Prepaid at the end of the year	**12 346**	4 997
Income tax paid	**144 817**	123 274
Total taxes paid	**144 817**	123 274
43.3 Finance costs		
Finance costs recognised in profit or loss	**218 959**	400 725
Interest capitalised to the loan	**(96 655)**	(96 367)
Finance costs paid	**122 304**	304 358

R'000	BORROWINGS AND OVERDRAFTS	LEASE LIABILITIES	TOTAL
43.4 Changes in liabilities arising from financing activities			
Balance as at 1 January 2020	5 412 260	174 942	5 587 202
Cash flows	(1 073 936)	(19 786)	(1 093 722)
New leases	–	14 712	14 712
Acquisitions through business combinations	–	16 126	16 126
Foreign exchange adjustments	36 331	1 083	37 414
Other changes[1]	83 087	1 390	84 477
Balance as at 31 December 2020	**4 457 742**	**188 467**	**4 646 209**
Cash flows	**(553 614)**	**(27 295)**	**(580 909)**
New leases	**–**	**7 781**	**7 781**
Acquisitions through business combinations	**103 755**	**3 279**	**107 034**
Foreign exchange adjustments	**8 443**	**65**	**8 508**
Other changes[1]	**95 140**	**(5 990)**	**89 150**
Balance as at 31 December 2021	**4 111 466**	**166 307**	**4 277 773**

1 Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

44. 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, which makes strategic decisions. In previous years, the Group disclosed clothing as a reportable segment, however, as this segment is being run down 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	2021	RESTATED* 2020
Segment revenues and results		
Segment revenue		
Food	**4 623 463**	4 383 339
Investments	**431 263**	342 468
Total revenue	**5 054 726**	4 725 807
Segment profit from operations		
Food	**711 533**	643 625
Investments	**(16 442)**	(34 193)
Total profit from operations	**695 091**	609 432
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)
Profit after taxation	**763 153**	13 992

* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 26).

NOTES (CONTINUED)

for the year ended 31 December 2021

44. Segmental information (continued)

R'000	2021	RESTATED* 2020
Segment assets and liabilities		
Segment assets		
Food	**6 829 430**	5 703 878
Insurance	**–**	179 798
Investments	**3 668 834**	4 459 900
Total segment assets	**10 498 264**	10 343 576
Segment liabilities		
Food	**3 670 639**	2 999 673
Insurance	**–**	324 591
Investments	**2 437 109**	3 261 911
Total segment liabilities	**6 107 748**	6 586 175
Other segmental information		
Depreciation and amortisation		
Food	**246 033**	219 293
Investments	**14 315**	16 152
Total segmental depreciation and amortisation	**260 348**	235 445
Additions to non-current assets		
Food	**291 654**	339 822
Investments	**48 931**	66 907
Total segment additions to non-current assets	**340 585**	406 729

The Group operates in two principal geographical areas – Republic of South Africa and Australia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	REVENUE	
	2021	RESTATED* 2020
South Africa	**4 501 004**	4 183 330
Australia	**553 722**	542 477
	5 054 726	4 725 807

	NON-CURRENT ASSETS	
	2021	2020
South Africa	**6 776 314**	5 429 072
Australia	**920 157**	896 678
	7 696 471	6 325 750

* The restatement is due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 26).

45. Contingent liabilities

The Group does not have any contingent liabilities at the end of the reporting period.

46. Capital commitments

R'000	2021	2020
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
Total commitments	**219 103**	218 531

The commitments will be funded from internal cash resources.

47. Share-based payments

Accounting policy

The Group has equity-settled compensation plans and a reclassified cash-settled compensation plan.

Equity-settled schemes

Equity-settled share-based payments to certain employees are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Monte Carlo method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Reclassification from equity-settled to cash-settled

Upon the reclassification or modification of an equity-settled share scheme to cash-settled, the Group measures the liability initially using the reclassification date fair value of the equity award based on the elapsed portion of the vesting period. This amount is recognised as a liability with the corresponding entry in equity. Subsequent to the modification of the share scheme, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted in profit or loss and the remaining fair value at modification date is transferred to the share-based payment liability as the services are rendered.

The fair value of the share-based payment liability is remeasured at each reporting date and at the date of settlement, with changes in fair value recognised in profit or loss.

The Group recognised total expenses of R26.1 million (2020: R32.6 million).

NOTES (CONTINUED)

for the year ended 31 December 2021

47. Share-based payments (continued)

Forfeitable share plan

The Company adopted a forfeitable share plan which was approved by shareholders on 18 December 2014. In terms of the forfeitable share plan, executive directors, top and senior managers will be awarded performance shares in the Company. The performance shares are linked to a requirement of continued employment over the prescribed period, the Company's performance and strategic, individual performance conditions which have to be met.

NUMBER OF FORFEITABLE SHARES	2021	2020
"N" Ordinary shares		
Outstanding at beginning of year	**4 377 029**	3 528 532
Awarded during year	**2 085 520**	1 974 550
Forfeited	**(269 864)**	(1 126 053)
Vested during the year	**(732 767)**	–
Outstanding at end of year	**5 459 918**	4 377 029

GRANT DATE	NUMBER OF SHARES	GRANT DATE FAIR VALUE R'000	EXPECTED LIFE (YEARS)	REMAINING LIFE (YEARS)
4 March 2019	1 399 848	9 645	3	0.2
24 February 2020	1 974 550	10 514	3	1.2
25 February 2021	2 085 520	10 024	3	2.2
	5 459 918			

Sea Harvest Group Limited – Share-based payment plans

The group has two controlled trusts which have been established as vehicles through which certain executives, senior management and employees have made an investment in or acquired an economic exposure to an investment in shares in the company and a forfeitable share plan which was adopted to attract, retain, incentivise and reward the right calibre of employees.

R'000	2021	2020
Equity-settled compensation plans		
The Sea Harvest Management Investment Trust No. 2	**(42 441)**	(42 441)
Sea Harvest Employee Share Trust	**(28 851)**	(25 749)
Sea Harvest Australia	**(3 186)**	(3 186)
Forfeitable share plan	**24 139**	38 028
Share-based payment reserve	**(50 339)**	(33 348)
Cash-settled compensation plans		
Sea Harvest Employee Share Trust	**35 746**	31 510
Share-based payment liabilities	**35 746**	31 510

The Sea Harvest Management Investment Trust No. 2

The Sea Harvest Management Investment Trust No 2 was established as an investment vehicle for senior executives of Sea Harvest Corporation Proprietary Limited to acquire an investment in the Company. All shares vested in 2020.

Sea Harvest Employee Share Trust

The Sea Harvest Employee Share Trust, was established as an investment vehicle for employees of Sea Harvest Corporation Proprietary Limited to acquire an economic exposure to an investment in shares in the company. Before the modification in 2017, the options were due to fully vest in 2022 and expire eight years after grant date. In 2017, the scheme was modified and 50% of the options vested. The remaining 50% of the options will vest in 2022. As a result of the settlement of a significant portion of the scheme in cash, it was considered to be a cash-settled scheme with the fair value of the liability measured at each reporting date.

Forfeitable Share Plan

Sea Harvest Group Limited has a forfeitable share plan to attract, retain, incentivise and reward the right calibre of employees. Shares that have not been exercised in accordance with the rules of the plan are forfeited upon termination of employment, other than on death, retrenchment or retirement. The fair value of the equity-settled shares plan is estimated at the award date using the Monte Carlo model, taking into account the terms and conditions upon which the options were granted.

The following awards are issued:

1. **Performance shares**

   Annual awards of performance shares to key executives and strategic management, as a percentage of guaranteed pay and the vesting of which will be subject to:

   i) the employment condition of three years post award date; and

   ii) sufficiently stretching performance conditions measured over a three year period which include a combination of total shareholder return in relation to a comparator group, headline earnings per share, return on capital employed and transformation.

2. **Bonus shares**

   Annual awards of bonus shares to key executives and strategic management in the form of a matched short-term incentive, the vesting of which will be subject to an employment condition of three years from award date.

3. **Retention shares**

   Once-off awards of retention shares upon listing in order to retain key executives and selected members of strategic management instrumental in delivering the Sea Harvest group's business strategy.

   The shares will vest in equal annual tranches over either five years (CEO and Key Executives) or three years (other) from award date. Ad hoc awards of retention shares to key employees to address retention risks or sign-on requirements and the vesting of which will be subject to varying employment conditions.

NOTES (CONTINUED)

for the year ended 31 December 2021

48. Employee related liabilities and retirement benefits

48.1 Post-retirement medical assistance

The Company sponsors a portion of medical aid subscriptions for all qualifying employees. The defined benefit plans are administered by a separate fund that is legally separated from the entity. The board of the Medical Assistance Fund is required by law and by its Articles of Association to act in the interest of the fund and of all relevant stakeholders. The Group operates a post-employment medical benefit scheme that covers certain of its retirees. This benefit is no longer offered by the Group to current employees or new employee. The liabilities are valued annually using the Projected Unit Credit Method and have been funded by contributions to an independent administered insurance plan. The latest full actuarial valuation was performed at 31 December 2021.

R'000	2021	2020
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at beginning of year	**22 167**	22 395
Current service cost*	**198**	157
Interest cost*	**2 344**	2 138
Actuarial gain arising in the current year*	**(324)**	(619)
Benefits paid	**(1 968)**	(1 904)
Current portion transferred to trade and other payables	**(1 830)**	—
Defined benefit obligation at year end	**20 587**	22 167
The expected contribution to the plan for the next annual reporting period is R1.9 million (2020: R1.8 million).		
The principal assumptions of the actuarial valuation are:		
Discount rate (%)	**11**	11
Health care cost inflation (%)	**7.70 – 8.20**	7.10 – 7.60
Retirement age	**63 or 65**	63 or 65
The Group has performed a sensitivity analysis relating to its exposure to a change in the actuarial assumptions used in the valuation. This sensitivity analysis demonstrates the increase/(decrease) in the defined benefit obligation which could result from a change in these risks.		
The net unexpected actuarial gain of R0.3 million (2020: R0.6 million) arose as a result of a combination of the following factors:		
Change in real discount rate	**(1 039)**	1 865
Higher than expected healthcare cost inflation including changes in members' benefit options	**(46)**	257
Change in subsidy valued	**(308)**	—
Unexpected changes in membership	**1717**	(1 503)
	324	619
Discount rate		
+1%	**(1 750)**	(1 668)
-1%	**2 040**	1 936
Healthcare cost inflation		
+5% for 5 years	**3 471**	3 435
+10% for 5 years	**7 397**	7366
Retirement age		
One year younger	**30**	60
One year older	**1**	(100)

* Recognised in other comprehensive income

	2021	2020
48.2 Leave pay accrual		
Balance at the beginning of the year	**45 829**	38 090
Acquisition of a subsidiary	**4 025**	—
Arising during the year	**28 533**	20 234
Utilised during the year	**(22 223)**	(13 347)
Effect of foreign currency exchange differences	**270**	852
Balance at the end of the year	**56 434**	45 829
Current portion of leave pay accrual	**(56 094)**	(45 439)
Non-current portion of leave pay accrual	**340**	390

48.3 Retirement benefit information

Brimstone's Provident Fund is administered by the Old Mutual SuperFund Provident Fund. Contributions payable to the fund and charged to profit or loss amounted during the year to R1.91 million (2020: R1.99 million).

Wholly-owned subsidiary, House of Monatic (Pty) Ltd, is a member of the Clothing Industry National Bargaining Council and as such, it is compulsory for all qualifying employees to be members of the Clothing Industry Bargaining Council Provident Fund. Employees of House of Monatic (Pty) Ltd who do not qualify for membership of the Provident Fund are members of the House of Monatic Pension Fund. The fund is administered by Old Mutual Superfund. The contributions payable to the funds by the employer in terms of the rules of the funds are charged to profit or loss and during the year amounted to R1.51 million (2020: R2.59 million).

Employees of Obsidian Health (Pty) Ltd, a partially-owned subsidiary, are members of the Obsidian Health Pension Fund, a defined contribution plan governed by the Pension Fund Act, 1956. Retirement benefits are determined with reference to both company and the employee contributions to the fund. The cost charged to profit or loss represents contributions payable to the scheme by the company at rates specified in the rules of the scheme. Contributions amounted to R3.08 million (2020: R3.71 million).

All permanent staff of Brimstone Investment Corporation Limited and its subsidiaries were members of a retirement fund.

Sea Harvest Group Limited

Defined contribution funds

The group provides for retirement benefit plans for all qualifying employees through independent funds. These funds (listed below) are governed by the Pension Funds Act of 1956 of the Republic of South Africa, except for the Australian Fund.

	2021	2020
The number of employees that belong to each fund are:		
Sea Harvest Old Mutual Superfund Provident Fund	**—**	1 564
Sea Harvest Old Mutual Superfund Management Provident Fund	**—**	20
Sea Harvest Old Mutual Superfund Pension Fund	**—**	114
Sanlam Umbrella Management Provident Fund	**780**	—
Sanlam Umbrella Provident Fund	**1 633**	645
Sanlam Umbrella Pension Fund	**267**	162
NMG Umbrella Pension Fund	**285**	259
Australian BT Super Fund	**425**	409
BM Foods Group Old Mutual Superfund Provident Fund	**410**	—
PGEASA National Provident Fund	**77**	—

The only obligation of the group with respect to the retirement benefit plans' funds is to make the specified contributions each month.

The total expense recognised in profit or loss of R46.6 million (2020: R43.7 million) represents contributions payable to these funds by Sea Harvest at rates specified in the rules of the funds.

NOTES (CONTINUED)

for the year ended 31 December 2021

49. Financial instruments

49.1 Capital risk management

The Group manages its capital to ensure that entities within the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 36 and 42, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves as disclosed in notes 29 to 34 and retained earnings.

The Group's Board reviews the capital structure on a regular basis and in particular when an acquisition of an investment is planned. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from the previous year.

R'000	2021	2020
49.2 Categories of financial instruments		
Financial assets		
Classified as at FVTPL	**1 053 879**	1 322 128
Classified as at FVTOCI	**29 989**	25 265
Derivative financial assets carried at fair value	**92 800**	403 923
Amortised cost (including cash and cash equivalents)	**1 766 093**	1 346 397
Trade receivables	**615 552**	667 757
Loans and receivables	**19 176**	17 529
Loans to supplier partners	**94 384**	85 484
Cash and cash equivalents	**862 931**	427 894
Loans to associate companies and joint ventures	**144 061**	147 733
Financial liabilities		
Contingent consideration at FVTPL	**130 444**	99 974
Derivative financial liabilities carried at fair value	**2 400**	25 643
Financial liability with contingent settlement provisions	**99 934**	—
Amortised cost	**4 981 358**	5 284 719
Fishing licence liability	**—**	24 662
Long and short-term borrowings	**4 058 438**	4 425 000
Bank overdrafts	**53 028**	32 742
Trade payables	**594 302**	585 902

49.3 Financial risk management objectives

A committee consisting of executives of the holding company and of the Group's subsidiaries monitors and manages the Group's financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The recommendations of this committee are presented to the Audit and Risk Committee and, if necessary, the board of directors for approval. The Group does not enter into or trade in financial instruments, including derivative instruments, for speculative purposes.

49.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign exchange (see 49.5 below), interest rates (see 49.6 below) and equity price risk (see 49.10 below). There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

49.5 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies which give rise to exchange rate fluctuations. The carrying amount of the Group's uncovered foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

R'000	2021	2020
Assets		
USD-denominated	**13 166**	6 210
GBP-denominated	**2 762**	1 617
EURO-denominated	**157 290**	197 985
AUD-denominated	**15 754**	10 903
Liabilities		
USD-denominated	**505**	207
GBP-denominated	**1 400**	1 541
EURO-denominated	**500**	4 326

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Rand against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A negative number indicates a decrease in profit where the Rand strengthens by 10% against the relevant currency. For a 10% weakening in the Rand against the relevant currency, there would be an equal and opposite effect on the loss.

	2021	2020
USD	**(1 266)**	(1 566)
GBP	**(136)**	75
EURO	**(15 679)**	(37 759)
AUD	**(1 575)**	(1 982)

All profits or losses are attributable to the exposure on outstanding receivables and payables at year end in the Group.

Hedge accounting

Cash flow hedges

Due to the volatility in foreign currency rates and commodity prices, the Group enters into derivatives such as options, swaps and forward exchange contracts for the purpose of minimising the Group's exposure to fluctuations in cash flows over the hedging period that results from the volatility. The Group applies IFRS 9 for hedge accounting.

The derivatives are designated as effective cash flow hedging instruments at year end. The effective portion of changes in the fair value of the derivatives is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve. The hedges relate to highly probable forecast transactions, and critical terms of both the hedged items and the hedging instruments are the same. The Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to the movements in the underlying exchange rates.

The main sources of ineffectiveness in these hedge relationships are the effect of counterparty and the Group's own credit risk on the fair value of the forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in the foreign exchange rates. No other sources of ineffectiveness emerged from these relationships.

NOTES (CONTINUED)

for the year ended 31 December 2021

49. Financial instruments (continued)

49.5 Foreign currency risk management (continued)

Forward exchange contracts

The Group enters into forward exchange contracts to buy and sell specified amounts of various foreign currencies in the future at a predetermined exchange rate. The contracts are entered into to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched by anticipated future cash flows in foreign currencies, primarily from sales. It is the Group's policy to enter into forward exchange contracts for all net foreign currency trade or capital items. Where a relatively short settlement period is involved and risk is minimal, no forward exchange contract is entered into. There were open forward exchange contracts to the value of R1.9 billion (2020: R1.7 billion) at year end.

The following tables detail the amounts that the Group is contracted to sell under forward exchange contracts in respect of future receivables:

	R'000	EXCHANGE RATE	CONTRACTUAL EXPIRY DATES
2021			
USD	**2 952**	**16.01**	**1 January 2022**
EURO	**1 630 699**	**19.17**	**11 January 2022 – 29 December 2023**
AUD	**256 024**	**12.09**	**11 January 2022 – 29 December 2023**
2020			
USD	23 977	15.02	29 December 2020 – 30 April 2021
EURO	1 469 479	18.70	28 February 2020 – 28 February 2022
AUD	178 576	11.34	2 March 2020 – 28 February 2022

The following table details the amounts that the Group is contracted to buy under forward exchange contracts in respect of future payables:

	R'000	EXCHANGE RATE	CONTRACTUAL EXPIRY DATES
2021			
USD	**5 983**	**16.03**	**7 January 2022 – 4 March 2022**
USD	**16 588**	**15.69**	**25 January 2022 – 29 April 2022**
EURO	**2 811**	**18.26**	**3 January 2022 – 18 February 2022**
EURO	**2 371**	**21.69**	**5 January 2022 – 4 February 2022**
EURO	**6 974**	**17.95**	**31 January 2022 – 29 April 2022**
DKK	**619**	**2.46**	**23 February 2022**
2020			
USD	4 894	14.78	21 December 2020 – 25 January 2021
GBP	1 854	14.69	22 December 2020 – 16 February 2021
EURO	482	18.41	16 November 2020 – 17 February 2021
EURO	2 081	18.43	29 October 2020 – 15 March 2021

Hedge accounting applied in respect of foreign currency and price risk cash flow hedges

R'000	2021	2020
Carrying value of foreign currency forward exchange contracts	**58 748**	27 107

The foreign exchange currency contracts have been acquired to hedge the underlying currency risk arising from firm commitments received from customers for the purchase of goods, as well as forecast sales.

The majority of cash flows are expected to occur and affect profit or loss within the next 12 months.

49.6 Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The Group's exposure to interest rate risk on financial liabilities are detailed in the liquidity risk management section.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance date was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit (2020: loss) for the year would decrease/increase by R12.2 million (2020: increase/decrease by R11.1 million) in the Group as a result of their exposure to interest rates on their variable rate borrowings.

49.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial assets which potentially subject the Group to concentrations of credit risk consist of cash and receivables. The maximum exposure to credit risk, excluding the value of any collateral or other security at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group's cash is placed with recognised financial institutions. Trade receivables comprise a large, widely spread customer base, avoiding an excessive concentration of risk with a small number of customers. The Company, prior to advancing funds to subsidiaries, associates, joint ventures and investments, reviews through its Investment Committee the entity's ability to repay the funds.

R'000	2021	2020
Unutilised banking facilities		
Total banking and loan facilities	**5 070 227**	5 689 279
Facilities utilised	**(4 111 466)**	(4 457 742)
Unutilised banking facilities	**958 761**	1 231 537
Unrestricted cash and cash equivalents	**862 931**	427 894
Unutilised banking facilities and cash and cash equivalents	**1 821 692**	1 659 431

Certain of the borrowing facilities may only be utilised subject to share cover ratios and the consent of the bankers.

NOTES (CONTINUED)

for the year ended 31 December 2021

49. Financial instruments (continued)

49.8 Liquidity risk management

Liquidity and interest rate risk tables

The following tables detail the Group's remaining contractual maturity for non-derivative financial liabilities and assets. The liability tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the liabilities can be repaid and includes both interest and principal cash flows. The asset tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets and in the case when contractual maturities cannot be determined, using management best view of the period when the amounts will be recovered.

The Group's exposure to liquidity and interest rate risk and the effective rates of interest at reporting date are as follows:

2021	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	LESS THAN 1 YEAR R'000	1 – 5 YEARS R'000	OVER 5 YEARS R'000	TOTAL R'000
Assets					
Investments at FVTPL and at FVTOCI	**Interest free**	**—**	**—**	**1 083 868**	**1 083 868**
Participating preference shares held in investment in associate	**3.6**	**—**	**—**	**48 177**	**48 177**
Loans to associate companies and joint ventures	**Interest free**	**—**	**—**	**46 654**	**46 654**
Loans to associate companies	**prime plus 2%**	**3 402**	**49 237**	**—**	**52 639**
Loans to associate companies	**Jibar plus 2,65%**	**—**	**13 765**	**—**	**13 765**
Loans and receivables	**18**	**1 514**	**1 235**	**—**	**2 749**
Loans and receivables	**Interest free**	**57 774**	**2 751**	**—**	**60 525**
Trade receivables	**Interest free**	**615 552**	**—**	**—**	**615 552**
Loans to supplier partners	**Jibar plus 2,65%**	**13 708**	**75 792**	**12 040**	**101 540**
Loans to supplier partners	**Interest free**	**—**	**—**	**19 418**	**19 418**
Other financial assets	**Interest free**	**58 866**	**—**	**33 934**	**92 800**
Cash and cash equivalents	**Bank deposit rates**	**862 931**	**—**	**—**	**862 931**
		1 613 747	**142 780**	**1 244 091**	**3 000 618**
Liabilities					
Term loan borrowings – variable rates	**5.65**	**234 961**	**3 693 528**	**477 009**	**4 405 498**
Corporate receivables finance loan – variable rates		**33 256**	**23 982**	**—**	**57 238**
Instalment sale agreement borrowings – fixed rate	**11.00**	**5 863**	**10 385**	**—**	**16 248**
Trade payables	**Interest free**	**594 302**	**—**	**—**	**594 302**
Other financial liabilities	**2.35**	**46 326**	**22 388**		**68 714**
Bank overdrafts	**Bank overdraft rate**	**53 028**	**—**	**—**	**53 028**
		967 736	**3 750 283**	**477 009**	**5 195 028**

2020	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	LESS THAN 1 YEAR R'000	1 – 5 YEARS R'000	OVER 5 YEARS R'000	TOTAL R'000
Assets					
Investments at FVTPL and at FVTOCI	Interest free	555 035	—	792 358	1 347 393
Participating preference shares held in investment in associate	3.6	—	—	46 681	46 681
Loans to associate companies and joint ventures	Interest free	—	—	44 097	44 097
Loans to associate companies	Prime plus 2	5 624	16 336	45 379	67 339
Loans to associate companies	Jibar plus 2.65	—	—	13 431	13 431
Loans and receivables	18	8 793	3 106	—	11 899
Loans and receivables	Interest free	—	—	13 057	13 057
Trade receivables	Interest free	667 757	—	—	667 757
Loans to supplier partners	Jibar plus 2.65	5 036	66 719	23 701	95 456
Other financial assets	Interest free	346 499	27 334	30 090	403 923
Insurance assets	Interest free	70 153	—	—	70 153
Cash and cash equivalents	Bank deposit rates	427 894	—	—	427 894
		2 086 791	113 495	1 008 794	3 209 080
Liabilities					
Long-term interest bearing borrowings	5.79	—	3 408 833	454 560	3 863 393
Short-term interest bearing borrowings	5.79	165 362	—	—	165 362
Instalment sale agreement borrowings – fixed rate	4.87	5 914	3 993	—	9 907
Funded equity option (Zero Cost Collar) – fixed rate	8.1	906 975	—	—	906 975
Trade payables	Interest free	585 902	—	—	585 902
Other financial liabilities	2.35	46 326	22 388		68 714
Insurance liabilities	Interest free	226 213	—	—	226 213
Bank overdrafts	Prime	32 742	—	—	32 742
		1 969 434	3 435 214	454 560	5 859 208

49.9 Interest rate management

The factors which would be considered in the decision on fixed versus floating interest rates in respect of the Group's borrowings are:

- the perceived stage in the interest rate cycle
- the nature and characteristics of the borrowings concerned
- the nature of the assets financed by the borrowings in question

Interest rate swap contracts are entered into should conditions be such that it would be advantageous to switch from a fixed to a variable rate or vice versa. Such contracts would not be entered into for speculative reasons.

NOTES (CONTINUED)

for the year ended 31 December 2021

49. Financial instruments (continued)

49.10 Equity price risk

The portfolio of listed equities and equities held through the subsidiaries which are carried in the statement of financial position at fair value, has exposure to significant equity price risk, being the potential loss in market value resulting from an adverse change in prices. The Group's holdings are diversified across more than one company. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Group's investment strategy is to maximise investment returns without incurring undue market risk.

At 31 December, the exposure to equity price risk resulted from the financial assets listed below:

R'000	2021	2020
Investments		
Directly held equities	**796 448**	1 125 118

Equity price risk sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price movements from listed and unlisted equities.

If equities had been 1% higher/lower, profit for the year (2020: loss) would increase/decrease by R6.2 million (2020: decrease/increase by R8.7 million) in the Group.

49.11 Fair value of financial instruments

The estimated net fair values at 31 December 2021 have been determined using available market information and appropriate valuation methodologies and are not necessarily indicative of the amounts that the Group could realise in the ordinary course of business. The fair values of financial instruments in both the Group and the Company approximate the amounts reported in the statements of financial position.

The following methods and assumptions were used by the Company in establishing fair values:

Investments

These investments are valued each 6 months on the basis considered most appropriate to the investment concerned.

Cash and cash equivalents

The carrying amounts reported in the statements of financial position approximate fair values.

Trade receivables

The carrying value of trade receivables reported in the statements of financial position approximate fair values.

Other receivables

The carrying amounts reported in the statements of financial position approximate fair values.

Long-term interest bearing borrowings

The carrying amounts reported in the statements of financial position approximate fair values.

Short-term interest bearing borrowings

The carrying amounts reported in the statements of financial position approximate fair values.

Trade and other payables

The carrying amounts reported in the statements of financial position approximate fair values.

49.12 Fair value measurements recognised in the statement of financial position

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 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 on a recurring basis (but fair value disclosures are required) recognised in the consolidated financial statements approximate their fair values.

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

The table provided analysis 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).

NOTES (CONTINUED)

for the year ended 31 December 2021

49. Financial instruments (continued)

49.12 Fair value measurements recognised in the statement of financial position

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

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, non-financial liabilities 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 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.

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 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).

3 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.

4 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.

5 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.

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 at the date of disposal. Refer to note 26 for further information.

Reconciliation of level 3 fair value measurements

R'000	ASSETS	LIABILITIES	TOTAL
2021			
Opening balance	**382 684**	**(99 974)**	**282 710**
Total unrealised gains or losses recognised in profit or loss	**59 503**	**(10 628)**	**48 875**
(Disposals)/acquisitions	**(4 345)**	**(119 776)**	**(124 121)**
Closing balance	**437 842**	**(230 378)**	**207 464**
2020			
Opening balance	357 377	(90 862)	266 515
Total unrealised gains or losses recognised in profit or loss	6 823	(9 112)	(2 289)
Acquisitions/(disposals)	18 484	–	18 484
Closing balance	382 684	(99 974)	282 710

R'000	2021	2020

50. Related party transactions and directors' interests

Compensation of key management personnel

The remuneration of executive directors and other key members of management during the year was as follows:

	2021	2020
Short-term benefits	**32 903**	32 526
Post-employment benefits	**1 660**	1 749
Share-based payments	**9 449**	8 855
	44 012	43 130

F Robertson, an executive director of the Company, is a beneficiary of a trust which is the ultimate controlling shareholder of an insurance broker that provides services to the Company and certain of its subsidiaries. The services are performed on a strictly market related arms' length basis and total fees paid for the services during the year amounted to R391 408 (2020: R334 702).

Brimsure (Pty) Ltd holds a 30% stake in Aon Re Africa (Pty) Ltd, is jointly controlled by Brimstone (60%) and Commlife Holdings (Pty) Ltd (40%), a company controlled by a trust of which F Robertson is a beneficiary.

In terms of a supply agreement between joint venture group, Vuna and Sea Vuna 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.

The Company earned dividends of R63.5 million (2020: R146.0 million) and interest of R0.4 million (2020: R0.2 million) from its associates and joint ventures.

The balances owing by associate companies and joint ventures are disclosed in Appendix 2.

The balances with associate companies and joint ventures will be settled by the transfer of funds.

Related party transactions reported by subsidiaries of the Company

R'000	2021	2020
Sea Harvest Group Limited		
■ Sales to Oceana Group Limited	2 343	1 279
Obsidian Health (Pty) Ltd		
■ Sales to Oceana Group Limited	2 626	446
House of Monatic (Pty) Ltd		
■ Sales to Oceana Group Limited	–	529

Related party transactions are concluded on an arm's length basis.

51. Group borrowing powers

	2021	2020
In terms of the memorandum of incorporation of the Company, borrowings of the Company and its subsidiaries are unlimited, subject to authorisation by the board of directors of the holding company.	**63 456**	3 742

NOTES (CONTINUED)

for the year ended 31 December 2021

52. Events 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.

53. COVID-19 pandemic and going concern

The Group has assessed the impact of the COVID-19 pandemic on the 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 consolidated financial statements, management has assessed that there is no material impact on the 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, and major associate, Oceana, 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 consolidated financial statements.

54. 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
Statement of financial position			
Short-term provisions	47 300	–	(47 300)
Other payables	216 413	263 713	47 300
Net impact			–

SUPPLEMENTARY REPORTS ON INVESTMENTS

as at 31 December 2021

Appendix 1
Principal subsidiaries

The Group's principal subsidiaries at 31 December 2021 are set out below. Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held either directly by the Group, or indirectly by the Group through its subsidiaries, and the proportion of ownership interests held equals the voting rights held by the Group. All subsidiaries are incorporated in the Republic of South Africa which is also their principal place of business.

NAME OF ENTITY	SHARE CAPITAL		EFFECTIVE PERCENTAGE HOLDING[1]		PRINCIPAL ACTIVITY OF SUBSIDIARY
	2021 R	2020 R	2021 %	2020 %	
Held directly by Brimstone					
Firefly Investments 306 (Pty) Ltd	**11 600 000**	5 000 000	**70**	80	Investment holding
Brimco (Pty) Ltd	**1**	1	**100**	100	Investment holding
House of Monatic (Pty) Ltd	**30 572 408**	30 572 408	**100**	100	Retailer of clothing
Septen Investments (Pty) Ltd	**1**	1	**100**	100	Holds treasury shares
Brimsure (Pty) Ltd	**100**	100	**60**	60	Investment holding
Newshelf 1063 (RF) (Pty) Ltd	**167 163 234**	167 163 234	**100**	100	Investment holding
Newshelf 1331 (RF) (Pty) Ltd	**1**	1	**100**	100	Investment holding
Newshelf 1404 (Pty) Ltd	**1**	1	**100**	100	Investment holding
Oceana SPV (Pty) Ltd	**100**	100	**100**	100	Investment holding
Lion of Africa Insurance Company Limited[2]	**n/a**	95 000 001	**n/a**	100	In run-off
Held indirectly by Brimstone through its subsidiaries					
Obsidian Health (Pty) Ltd	**10**	10	**70**	80	Distributor of healthcare products
Newshelf 1064 (Pty) Ltd	**809 238 564**	17 000	**100**	100	Investment holding
Newshelf 1062 (Pty) Ltd	**1**	1	**100**	100	Investment holding
Newshelf 1168 (Pty) Ltd	**1**	1	**100**	100	Property owning
Newshelf 1169 (Pty) Ltd	**1**	1	**100**	100	Investment holding
Newshelf 1269 (RF) (Pty) Ltd	**1**	1	**100**	100	Investment holding
Newshelf 1409 (Pty) Ltd	**1**	1	**51**	51	Investment holding
Newshelf 1411 (Pty) Ltd	**1 656 483 997**	1 656 483 997	**100**	100	Investment holding
Newshelf 1416 (Pty) Ltd	**1**	1	**100**	100	Investment holding
Vuna Fishing Group (Pty) Ltd	**1 000**	1 000	**92.5**	92.5	Investment holding
Sea Harvest Group Ltd	**1 772 816 896**	1 809 037 706	**53.4**	54.2	Investment holding

1 Treasury shares have been included in the calculation of the percentage interest held.
2 Disposed of during 2021. Refer to note 26 for further details.

A complete register of subsidiaries is available for inspection at the registered office of the Company.

SUPPLEMENTARY REPORTS ON INVESTMENTS (CONTINUED)

as at 31 December 2021

Appendix 2

Investments in associate and joint venture companies

UNLISTED	REPORTING DATE	EFFECTIVE PERCENTAGE HOLDING[1]		SHARES AT COST/ VALUATION		SHARE OF RETAINED INCOME/ (ACCUMULATED LOSSES) SINCE ACQUISITION		SHARE OF OTHER COMPREHENSIVE INCOME		SHARE OF DISTRIBUTIONS SINCE ACQUISITION		INDEBTEDNESS	
		2021 %	2020 %	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
South African Enterprise Development (Pty) Ltd (Entrepreneurial investments)	31 Mar.	**25.00**	25.00	**–**	–	**(409)**	51	**–**	–	**–**	–	**60 231**	58 735
Hot Platinum (Pty) Ltd (Manufacturer of machinery for jewellery industry)	28 Feb.	**20.66**	20.66	**288**	288	**(288)**	(288)	**–**	–	**–**	–	**–**	–
Aon Re Africa (Pty) Ltd (Insurance industry)	31 Dec.	**18.00**	18.00	**13 359**	13 359	**20 674**	16 660	**9 461**	10 181	**–**	–	**–**	–
Oceana Group Limited (Food industry)	30 Sep.	**25.01**	25.01	**1 455 969**	1 482 431	**628 571**	444 662	**147 136**	341 751	**(147 952)**	(58 945)		
Vuna Fishing Company (Pty) Ltd (Fishing and fish processing)	31 Dec.	**49.80**	49.80	**36 432**	36 432	**(9 269)**	(10 224)	**–**	–	**(23 322)**	(23 322)	**76 649**	84 375
Friedshelf 1534 (Pty) Ltd[2]	31 Dec.	**72.40**	72.40	**–**	466 000	**–**	(466 000)	**–**	–	**–**	–	**–**	–
Newshelf 1404 (Pty) Ltd (Holds investment in Milpark Investment SPV (Pty) Ltd	31 Dec.	**14.50**	12.80	**118 715**	88 596	**(62 793)**	(54 062)	**–**	–	**–**	–	**623**	623
Specialized Aquatic Feeds (Pty) Ltd (Producer of aquatic feed)	31 Dec.	**30.00**	30.00	**669**	669	**847**	1 325					**4 000**	4 000
Alliance Foods (Pty) Ltd (Supplier of ingredients to food service industry)	31 Dec.	**25.00**	n/a	**–**	n/a	**–**	n/a	**–**	n/a	**–**	n/a	**2 557**	n/a
Total Group				**1 625 432**	2 087 775	**577 333**	(67 876)	**156 597**	351 932	**(171 274)**	(82 267)	**144 060**	147 733

Valuations are carried out every six months using bases considered appropriate to the underlying investment.
At 31 December 2021, the fair value of the investment in Oceana Group Limited was R1.8 billion (2020: R2.1 billion).
32.5 million shares held in Newshelf 1064 (Pty) Ltd and Oceana SPV (Pty) Ltd have been pledged as stated in note 36.

All amounts owing by associates and joint ventures have no fixed terms of repayment and are interest free, except for the following:

	INTEREST RATE	2021	2020
South African Enterprise Development (Pty) Ltd	3.60%	**48 177**	46 681
Vuna Fishing Company (Pty) Ltd	JIBAR + 2.65%	**10 686**	9 311
Vuna Fishing Company (Pty) Ltd	Prime + 2%	**38 542**	47 645

The Group has not recorded any impairment in respect of amounts owed by the associate and joint venture (2020: Rnil). An assessment is undertaken at each reporting date by examining the financial position of the entity. In addition, the budgets of these entities for the forthcoming year are reviewed as part of this assessment.

1 Treasury shares have been included in the calculation of the percentage interest held
2 The underlying investment was liquidated during 2021.

Appendix 3

Investments

	NUMBER OF SHARES 2021	NUMBER OF SHARES 2020	VALUATION OF SHARES 2021 R'000	VALUATION OF SHARES 2020 R'000
Investments at FVTOCI				
Unlisted				
Desert Diamond Fishing (Pty) Ltd	**12**	12	**29 500**	25 265
MVB Atlantic Enterprises Fishing (Pty) Ltd	**1 000**	n/a	**489**	n/a
Valuations are carried out every six months using bases considered appropriate to the underlying investment.				
Investments at FVTPL				
Listed				
Life Healthcare Group Holdings Limited	**–**	32 998 530	**–**	555 035
Equites Property Fund (Pty) Ltd	**13 958 621**	13 958 621	**320 909**	242 461
Stadio Holdings (Pty) Ltd	**43 565 057**	43 565 057	**163 369**	84 952
Phuthuma Nathi Investments (RF) Limited	**1 895 425**	1 895 425	**255 788**	225 082
MTN Zakhele Futhi (RF) Ltd	**1 818 795**	1 818 795	**56 383**	17 588
Unlisted				
Welkom Yizani Investments (Pty) Ltd	**–**	430	**–**	5
African Legend Investment (Pty) Ltd	**3 075 844**	3 075 844	**26 124**	14 401
FPG Property Fund (Pty) Ltd	**11 111 222**	11 111 222	**229 681**	182 604
Decision Inc Co-Investment Partnership*	**n/a**	n/a	**1 625**	n/a
Total investments			**1 083 868**	1 347 393

A register of investments is available for inspection at the registered office of the Company.

* Brimstone has a 25% interest in the partnership.

DIRECTORS' INTERESTS IN SHARES

Appendix 4

	DIRECT		INDIRECT			
DIRECTORS	BENEFICIAL	NON-BENEFICIAL	BENEFICIAL	NON-BENEFICIAL	TOTAL	PLEDGED
As at 31 December 2021						
Ordinary shares						
MA Brey	**1 351 184**	**—**	**4 847 350**	**104 184**	**6 302 718**	**2 855 757**
F Robertson	**520 300**	**—**	**6 017 303**	**—**	**6 537 603**	**5 860 322**
MI Khan	**17 473**	**—**	**—**	**10 089**	**27 562**	**—**
T Moodley	**22 799**	**—**	**—**	**17 095**	**39 894**	**—**
N Khan	**133 279**	**—**	**235 812**	**—**	**369 091**	**—**
LA Parker	**—**	**—**	**1 001 056**	**—**	**1 001 056**	**270 000**
	2 045 035	**—**	**12 101 521**	**131 368**	**14 277 924**	**8 986 079**
"N" Ordinary shares						
MA Brey	**654 994**	**—**	**18 675 302**	**199 589**	**19 529 885**	**15 222 007**
F Robertson	**222 996**	**—**	**17 529 283**	**—**	**17 752 279**	**17 192 380**
MI Khan	**120 965**	**—**	**—**	**980**	**121 945**	**—**
GG Fortuin	**483**	**—**	**—**	**—**	**483**	**—**
T Moodley	**629 833**	**—**	**—**	**123 072**	**752 905**	**—**
N Khan	**146 084**	**—**	**1 152 887**	**—**	**1 298 971**	**—**
LA Parker	**—**	**—**	**2 233 797**	**—**	**2 233 797**	**2 209 972**
	1 775 355	**—**	**39 591 269**	**323 641**	**41 690 265**	**34 624 359**
As at 31 December 2020						
Ordinary shares						
MA Brey	1 351 184	—	4 847 350	104 184	6 302 718	2 855 757
F Robertson	520 300	—	6 017 303	—	6 537 603	5 860 322
MI Khan	10 000	—	—	10 089	20 089	—
T Moodley	22 799	—	—	17 095	39 894	—
M Hewu	107 134	—	—	—	107 134	—
N Khan	133 279	—	235 812	—	369 091	—
LA Parker	—	—	655 730	—	655 730	270 000
	2 144 696	—	11 756 195	131 368	14 032 259	8 986 079
"N" Ordinary shares						
MA Brey	654 994	—	18 597 559	199 589	19 452 142	15 222 007
F Robertson	222 996	—	17 524 338	—	17 747 334	17 192 380
MI Khan	80 213	—	—	980	81 193	—
GG Fortuin	483	—	—	—	483	—
T Moodley	610 943	—	—	123 072	734 015	—
M Hewu	243 495	—	—	—	243 495	—
N Khan	146 084	—	1 152 887	—	1 298 971	—
LA Parker	—	—	2 615 278	—	2 615 278	2 209 972
	1 959 208	—	39 890 062	323 641	42 172 911	34 624 359

There have been no changes between the end of the financial year and the date of approval of the consolidated annual financial statements.

SHAREHOLDING INFORMATION

as at 31 December 2021

Shareholder spread

	NO. OF SHAREHOLDERS IN S.A.		NO. OF SHAREHOLDERS OTHER THAN S.A.		TOTAL SHAREHOLDERS	
	NO.	%	NO.	%	NO.	%
Ordinary shares						
Public	1 620	99.57	14	100	1 634	99.57
Directors	6	0.37	–	–	6	0.37
Other	1	0.06	–	–	1	0.06
Total	1 627	100	14	100	1 641	100
"N" Ordinary shares						
Public	2 954	99.70	25	100	2 979	99.70
Directors	7	0.23	–	–	7	0.23
Other	2	0.07	–	–	2	0.07
Total	2 963	100	25	100	2 988	100

Share trading statistics

	ORDINARY SHARES	"N" ORDINARY SHARES
Market price per share (cents)		
High	791	749
Low	549	545
Year-end	630	649
Volume of shares traded (number)	1 633 983	39 754 997
Volume of shares traded as a % of issued shares	4.10%	17.67%
Value of shares traded	R10 074 271	R246 639 923
Number of transactions	360	2 483

SHAREHOLDING INFORMATION (CONTINUED)

as at 31 December 2021

Combined ordinary and "N" Ordinary shareholdings

	ORDINARY	"N" ORDINARY	TOTAL	% OF ISSUED SHARE CAPITAL
Major shareholders				
MA Brey (direct and indirect, beneficial and non-beneficial)	6 302 718	19 529 885	25 832 603	9.8
F Robertson (direct and indirect, beneficial and non-beneficial)	6 537 603	17 752 279	24 289 882	9.2
Brostone Securities (Pty) Ltd	2 855 757	15 222 007	18 077 764	6.8
Jasmynweg Beleggings 3 (RF)	2 855 757	15 222 007	18 077 764	6.8
Septen Investments (Pty) Ltd (treasury shares)	3 012 528	8 607 695	11 620 223	4.4
SBSA ITF PSG Flexible Fund	—	11 055 783	11 055 783	4.2
FRB ITF NINETY ONE Value Fund	—	8 104 985	8 104 985	3.1
FRB ITF 36ONE SNN QI Hedge Fund	—	7 916 655	7 916 655	3.0
SBSA ITF PSG Balanced Fund	—	7 329 813	7 329 813	2.8
FRB ITF Prime Worldwide Equity Fund	—	6 923 970	6 923 970	2.6
Citiclient Nominees No 8 NY GW	—	6 000 000	6 000 000	2.3
Max Brozin Investment Corporation	2 912 712	2 756 134	5 668 846	2.1
	24 477 075	126 421 213	150 898 288	57.0

Public vs Non-public shareholding

	NUMBER OF SHARES	% OF ISSUED SHARE CAPITAL
Ordinary Shares		
Public shareholders	22 583 694	56.6
Non-public shareholders		
Directors and associates	14 277 924	35.8
Treasury shares		
Septen Investments (Pty) Ltd	3 012 528	7.6
Total	39 874 146	100
"N" Ordinary Shares		
Public shareholders	168 593 981	74.9
Non-public shareholders		
Directors and associates	41 690 265	18.5
Treasury shares		
Septen Investments (Pty) Ltd	8 607 695	3.8
Brimstone Investment Corporation Limited (FSP shares)	6 084 021	2.7
Total	224 975 962	100

Number of shareholders

	NUMBER OF SHAREHOLDERS	% OF TOTAL SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES ISSUED
Ordinary shares				
Size of Holding				
1 – 5 000	1 175	71.6	841 562	2.1
5 001 – 10 000	223	13.6	1 365 209	3.4
10 001 – 100 000	199	12.1	5 260 468	13.2
100 001 – 1 000 000	36	2.2	9 156 860	23.0
over 1 000 000	8	0.5	23 250 047	58.3
	1 641	100	39 874 146	100
Major shareholders				
Friedshelf 1800 (Pty) Ltd	1	0.06	5 513 603	13.8
Septen Investments (Pty) Ltd	1	0.06	3 012 528	7.6
Max Brozin Investment Corporation	1	0.06	2 912 712	7.3
Breyfin 2 (RF) (Pty) Ltd	1	0.06	2 855 757	7.2
Brostone Securities (Pty) Ltd	1	0.06	2 855 757	7.2
Jasmynweg Beleggings 3 (RF)	1	0.06	2 855 757	7.2
Breyfin (Pty) Ltd	1	0.06	1 892 749	4.7
	7	0.43	21 898 863	54.9
Analysis of shareholders				
Assurance Companies	2	0.12	70 323	0.18
Close Corporations	13	0.79	143 830	0.36
Collective Investment Schemes	8	0.49	790 257	1.98
Control Accounts	3	0.18	51	0.00
Custodians	1	0.06	4 800	0.01
Foundations & Charitable Funds	14	0.85	293 112	0.74
Hedge Funds	1	0.06	23 733	0.06
Insurance Companies	1	0.06	47 346	0.12
Investment Partnerships	12	0.73	185 159	0.46
Managed Funds	3	0.18	50 126	0.13
Private Companies	52	3.17	25 930 374	65.03
Public Companies	1	0.06	461 048	1.16
Retail Shareholders	1 453	88.54	8 440 618	21.17
Retirement Benefit Funds	6	0.37	84 904	0.21
Share Schemes	1	0.06	30 684	0.08
Stockbrokers & Nominees	6	0.37	219 338	0.55
Trusts	63	3.84	2 747 381	6.89
Scrip lending	1	0.06	351 062	0.88
	1 641	100	39 874 146	100

SHAREHOLDING INFORMATION (CONTINUED)

as at 31 December 2021

	NUMBER OF SHAREHOLDERS	% OF TOTAL SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES ISSUED
"N" Ordinary shares				
Size of Holding				
1 – 5 000	2 343	78.4	2 060 538	0.9
5 001 – 10 000	209	7.0	1 467 509	0.7
10 001 – 100 000	302	10.1	10 322 745	4.6
100 001 – 1 000 000	94	3.1	27 452 361	12.2
over 1 000 000	40	1.3	183 672 809	81.6
	2 988	100	224 975 962	100
Major shareholders				
Friedshelf 1800 (Pty) Ltd	1	0.03	16 819 611	7.48
Breyfin 2 (RF) (Pty) Ltd	1	0.03	15 222 007	6.77
Brostone Securities (Pty) Ltd	1	0.03	15 222 007	6.77
Jasmynweg Beleggings 3 (RF)	1	0.03	15 222 007	6.77
SBSA ITF PSG Flexible Fund	1	0.03	11 055 783	4.91
Septen Investments (Pty) Ltd	1	0.03	8 607 695	3.83
FRB ITF NINETY ONE Value Fund	1	0.03	8 104 985	3.60
FRB ITF 36ONE SNN QI Hedge Fund	1	0.03	7 916 655	3.52
SBSA ITF PSG Balanced Fund	1	0.03	7 329 813	3.26
FRB ITF Prime Worldwide Equity Fund	1	0.03	6 923 970	3.08
Brimstone Investment Corporation Limited (FSP shares)	1	0.03	6 084 021	2.70
	11	0.37	118 508 554	52.68
Analysis of shareholders				
Assurance Companies	2	0.07	179 700	0.08
Close Corporations	36	1.20	432 067	0.19
Collective Investment Schemes	27	0.90	49 886 927	22.17
Control Accounts	3	0.10	118	0.00
Custodians	6	0.20	3 734 729	1.66
Foundations & Charitable Funds	73	2.44	4 865 264	2.16
Hedge Funds	9	0.30	14 179 694	6.30
Insurance Companies	1	0.03	3 314	0.00
Investment Partnerships	19	0.64	402 100	0.18
Managed Funds	3	0.10	127 722	0.06
Private Companies	83	2.78	99 358 938	44.16
Public Companies	2	0.07	39 347	0.02
Retail Shareholders	2 560	85.68	21 598 046	9.60
Retirement Benefit Funds	17	0.57	7 412 972	3.30
Scrip Lending	3	0.10	505 807	0.22
Share Schemes	4	0.13	1 205 041	0.54
Soverign Funds	2	0.07	8 644 063	3.84
Stockbrokers & Nominees	15	0.50	1 394 933	0.62
Treasury	1	0.03	6 084 021	2.70
Trusts	121	4.05	4 921 158	2.19
Unclaimed Scrip	1	0.03	1	0.00
	2 988	100	224 975 962	100

CORPORATE INFORMATION

Company registration number
1995/010442/06

JSE share codes and ISIN numbers
Share code: BRT ISIN number: ZAE000015277
Share code: BRN ISIN number: ZAE000015285

Registered office and business address
1st Floor, Slade House
Boundary Terraces
1 Mariendahl Lane
Newlands 7700

Postal Address
PO Box 44580
Claremont 7735

Telephone number
021 683 1444

Email
info@brimstone.co.za

Website
www.brimstone.co.za

Company secretary
Tiloshani Moodley

Attorneys
Cliffe Dekker Hofmeyr Inc.
DLA Piper South Africa (Pty) Ltd

Auditors
Ernst & Young Inc.

Bankers
Nedbank Ltd

Sponsor
Nedbank CIB

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg 2196
Private Bag X9000
Saxonwold 2132
Tel: 011 370 5000

BRIMSTONE
INVESTMENT CORPORATION LIMITED

Boundary Terraces, 1 Mariendahl Lane, Newlands 7700, South Africa
PO Box 44580, Claremont 7735, South Africa

www.brimstone.co.za