



REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS

for the year ended 31 December 2022

Salient features

- Revenue* R6.2 billion (2021: R5.1 billion)
- Operating profit* R509.6 million (2021: R712.0 million)
- Profit for the year R324.5 million (2021: R920.9 million)
- Earnings per share 76.6 cents (2021: 292.3 cents)
- Headline earnings per share 69.0 cents (2021: 298.9 cents)
- Total assets increased 11% to R11.7 billion (2021: R10.5 billion)
- Dividend of 33 cents per share declared (2021: 30 cents per share)

* Includes continuing and discontinued operations.

Commentary

The Group reported a profit for the year under review of R324.5 million (2021: R920.9 million).

The decrease in the Group's reported profit for the year from R920.9 million to R324.5 million is mainly due to:

- a decrease of R185.5 million in operating profits;
- a decrease in fair value gains of R239.6 million;
- an increase of R87.3 million in finance costs; and
- the prior year recognition of profit from discontinued operation of R157.7 million.

Underlying investments



Brimstone portfolio

Subsidiaries

Sea Harvest (53.4%)¹

Brimstone held 159.6 million (2021: 159.5 million) shares in Sea Harvest with a market value of R1.9 billion at 31 December 2022 (2021: R2.2 billion). Sea Harvest's share price closed at R12.00 per share, down from R13.80 per share at 31 December 2021.

Sea Harvest experienced a challenging year to 31 December 2022. Despite 10% volume losses from the Fishing Rights Allocation Process (FRAP) and a reduction in the total allowable catch, revenue was up in all segments with firm demand in all markets and strong pricing in all channels. This firm demand was, however, offset by unprecedented cost inflation with cost of sales increasing 42% (driven by a 93% increase in the cost of fuel), supply chain disruptions (including load shedding) and significant increases in local and international freight rates, whilst fixed costs were impacted by R36 million in once-off acquisition-related costs. Sea Harvest revenue for the year increased 27% to R5.88 billion (2021: R4.62 billion) with earnings before interest and tax of R500 million (2021: R670 million) and headline earnings per share of 105 cents (2021: 157 cents).

Sea Harvest completed the acquisition of MG Kailis on 23 May 2022, with this transformative transaction representing a significant step in the execution of the group's investment strategy of acquisitive growth in the international seafood space that focuses on businesses of scale in high-value seafood species. MG Kailis complements and diversifies the group's existing business operations in Australia from a wild-caught fishing, trading, engineering and sales perspective.

Obsidian Health (Obsidian) (70%)¹

Obsidian is a leading supplier of innovative healthcare solutions to both the private and public healthcare sectors within Sub-Saharan Africa. Obsidian contributed R5.2 million (2021: R20.7 million) to Group profit during the year under review.

Elective surgery caseloads have increased since the total removal of Covid-19 restrictions, while sales in Covid-19 antigen rapid tests and related personal protective equipment dropped off rapidly. Global supply challenges had a negative impact on inventory availability with intermittent stock outs on several of Obsidian's key products resulting in loss of market share hampering efforts to return its elective surgery product portfolio back to pre-Covid sales levels. It is pleasing to note that inventory supply has stabilised recently. Large supplier increases driven by global inflation, the depreciation of the Rand and increased inbound shipping costs resulted in margin compression.

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

Associates and joint ventures

Oceana (25.1%)¹

Brimstone held 32.7 million (2021: 32.6 million) shares in Oceana with a market value of R2.1 billion at year end (R1.8 billion at 31 December 2021). Oceana's share price closed at R63.29 per share, up from R55.54 per share at 31 December 2021. Brimstone recognised R195.4 million as its share of profits of the associate (2021: R193.3 million) based on Oceana's reported earnings for the year to 30 September 2022. Brimstone received cash dividends of R194.1 million (2021: R35.9 million) from Oceana during the year under review, which included the delayed final dividend of R80.9 million in respect of Oceana's 2021 financial year.

Aon Re Africa (18%)

Aon Re Africa is a leading reinsurance broker licensed and operating in South Africa and the rest of Africa. Brimstone recorded R13.9 million (2021: R12.0 million) in equity accounted earnings and received dividends of R12.7 million (2021: R8.0 million) from Aon Re Africa during the year under review².

South African Enterprise Development (SAED) (25%)

SAED is an investment vehicle providing equity growth capital to high potential small and medium sized enterprises. Its interests include stakes in High Duty Castings (Pty) Ltd (45%), Tombake Holdings (Pty) Ltd (32.6%), Decision Inc. (Pty) Ltd (48.4%), ASG Holdings (Pty) Ltd (33.5%), Specialised Food Investment Holdings (Pty) Ltd (46.4%) and Seapro SA (Pty) Ltd (22.5%). SAED contributed R1.9 million in equity accounted earnings (2021: R1.1 million) to Brimstone during the year under review. Brimstone accrued a dividend of R1.6 million (2021: R1.5 million) from SAED during the year under review.

Vuna Fishing Company (Vuna) (49.8%)

Vuna is a fully integrated fishing business based in Mossel Bay, fishing for Cape hake, sole, horse mackerel and sardines and the processing and packing thereof in order to provide value-added chilled and frozen food products to foodservice customers throughout South Africa and abroad. Vuna contributed R3.2 million in equity accounted earnings (2021: R2.0 million) for the year under review. Brimstone accrued R1.0 million (2021: R1.0 million) in dividends during the year under review.

Milpark Education (Milpark) (12.8%)

Milpark is a leading provider of higher education and training qualifications. Milpark contributed R14.6 million in equity accounted earnings (2021: R8.3 million) during the year under review. Brimstone received a dividend of R15.1 million (2021: R17.1 million) from Milpark during the year under review². Brimstone invested a further R20.4 million in Milpark to early-settle Milpark's acquisition of the business of CA Connect during the year under review.

Investments

Equites (1.8%)

Equites' share price closed at R16.84 per share down from R22.99 per share at 31 December 2021. The investment was revalued downwards by R85.8 million to R235.1 million (2021: R320.9 million) at year end. Brimstone received a dividend of R23.2 million (2021: R22.2 million) from Equites during the year under review.

FPG Property Fund (10.2%)

FPG Property Fund is a Cape-based black-owned and managed unlisted property fund specialising in the retail convenience market. It owns 26 convenience shopping centres in South Africa with an expanding footprint in the United Kingdom. The property portfolio is independently valued in excess of R7.5 billion on a gross basis (refer note 7). Brimstone participated in a rights issue and invested a further R27.0 million in the fund. The investment was revalued upwards by R55.7 million to R312.3 million (2021: R229.6 million) at year end. Brimstone received a dividend of R3.3 million (2021: R2.6 million) from the fund during the year under review.

MTN Zakhele Futhi (1.5%)

MTN Zakhele Futhi's share price closed at R19.40 per share, down from R31.00 per share at 31 December 2021. The investment was revalued downwards by R21.1 million to R35.3 million (2021: R56.4 million) at year end. The MTN Zakhele Futhi scheme matures on 25 November 2024.

Phuthuma Nathi (2.8%)

Phuthuma Nathi's share price closed at R133.11 per share down from R134.95 per share at 31 December 2021. The investment was revalued downwards by R3.5 million to R252.3 million (2021: R255.8 million) at year end. Brimstone received a dividend of R42.1 million (2021: R42.1 million) from Phuthuma Nathi during the year under review.

STADIO (5.1%)

STADIO Holdings is a listed holding company investing in private higher (tertiary) education through multiple prestigious institutions which collectively offer over 90 accredited programmes, from Higher Certificates to Doctorates. STADIO enrolls over 38 000 students via contact, distance and hybrid learning. STADIO's share price closed at R4.91 per share, up from R3.75 per share at 31 December 2021. The investment was revalued upwards by R50.5 million to R213.9 million (2021: R163.4 million) at year end. Brimstone received a maiden dividend of R2.0 million from STADIO during the year under review.

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

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

Intrinsic net asset value (INAV)

INAV at 31 December 2022 calculated on a line-by-line basis, totalled R3.29 billion, or R13.25 per share (31 December 2021: R3.26 billion or R13.14 per share), representing a marginal increase of 1% from 2021 (an increase of 0.8% on a per share basis). As at 31 December 2022, Brimstone Ordinary shares were trading at a discount of 60.3% to INAV (31 December 2021: 52.1%) and "N" Ordinary shares traded at a discount of 57.5% to INAV (31 December 2021: 50.6%). The analysis of INAV is available on the Company's website at www.brimstone.co.za.

The INAV information presented in this report has been prepared on a basis consistent with that used in the Integrated Report for the year ended 31 December 2021.

Declaration of cash dividend

Brimstone's board has declared a final gross dividend of 33 cents per share for the year ended 31 December 2022 (2021: 30 cents) payable on Monday, 24 April 2023. The final dividend has been declared out of income reserves. In compliance with the requirements of Strate, the Company has determined the following salient dates for the payment of the final dividend:

Dividend declaration date	Tuesday, 7 March 2023
Last day to trade cum dividend	Tuesday, 18 April 2023
Shares commence trading ex dividend	Wednesday, 19 April 2023
Record date	Friday, 21 April 2023
Payment date	Monday, 24 April 2023

Shares may not be rematerialised or dematerialised from Wednesday, 19 April 2023 to Friday, 21 April 2023, both days inclusive.

The final dividend is subject to a local Dividends Tax at 20%. The final net local dividend amount is 26.4 cents per share for shareholders liable to pay Dividends Tax and 33 cents per share for shareholders exempt from paying Dividends Tax. The number of Brimstone Ordinary and "N" Ordinary shares eligible for the final dividend at the date of this declaration is 39 874 146 and 224 975 962 respectively and the Company's tax reference number is 9397002719.

Prospects

We are confident that the Group's bona fide empowerment credentials will continue to benefit its investee companies.

Despite the challenging macroeconomic and political environment in South Africa and the expected increased incidence of load shedding Brimstone's investments have over the years, in the main, produced resilient results in these conditions. The Group will continue to maintain its positive long-term view on its investments and pursue value accretive opportunities.

F Robertson
EXECUTIVE CHAIRMAN

MA Brey
CHIEF EXECUTIVE OFFICER

7 March 2023

Directorate and administration

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

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

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

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

COMPANY SECRETARY: T Moodley

WEBSITE: www.brimstone.co.za

E-MAIL: info@brimstone.co.za

Independent auditor's review report on condensed consolidated financial statements

To the Shareholders of Brimstone Investment Corporation Limited

We have reviewed the condensed consolidated financial statements of Brimstone Investment Corporation Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 31 December 2022 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Brimstone Investment Corporation Limited for the year ended 31 December 2022 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.

DIRECTOR - PIERRE GUSTAV DU PLESSIS

REGISTERED AUDITOR

3rd Floor, Waterway House
3 Dock Road, V&A Waterfront
Cape Town

7 March 2023

Condensed consolidated statement of profit or loss

for the year ended 31 December 2022

R'000	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2022	AUDITED YEAR ENDED 31 DECEMBER 2021
Continuing operations			
Revenue	3	6 212 852	5 054 726
Sales and fee income		6 137 165	4 979 804
Dividends received		75 687	74 922
Net operating expenses ¹		(5 703 287)	(4 359 635)
Operating profit		509 565	695 091
Fair value gains		34 324	273 916
Other investment losses		(38 253)	(57 591)
Share of profits of associates and joint ventures		228 351	256 840
Profit before net finance costs		733 987	1 168 256
Interest income		18 737	19 797
Finance costs	4	(306 295)	(218 959)
Profit before taxation		446 429	969 094
Taxation		(121 920)	(205 941)
Profit for the year from continuing operations		324 509	763 153
Profit for the year from discontinued operation	12	—	157 708
Profit for the year		324 509	920 861
Profit attributable to:			
Equity holders of the parent		189 934	731 903
Non-controlling interests		134 575	188 958
		324 509	920 861
Earnings per share (cents)			
From continuing and discontinued operations			
Basic		76.6	292.3
Diluted		75.7	291.7
From continuing operations			
Basic		76.6	229.3
Diluted		75.7	228.8

¹ Included in net operating expenses is net foreign exchange gains of R167.8 million (2021: R150.5 million).

Condensed consolidated statement of comprehensive income

for the year ended 31 December 2022

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2022	AUDITED YEAR ENDED 31 DECEMBER 2021
Profit for the year	324 509	920 861
Other comprehensive income/(loss), net of tax	303 835	(157 704)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
(Loss)/profit arising during the year	(43 603)	59 886
Recycled to operating expenses	131	(31 047)
Cost of hedging reserve		
Profit/(loss) arising during the year	26 573	(34 660)
Recycled to operating expenses	(492)	20 540
Foreign currency translation		
Profit arising during the year	15 192	18 947
Share of other comprehensive income/(loss) of associates		
Current year movement	303 053	(188 588)
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	965	3 639
Measurement of defined benefit plans	2 129	324
Share of other comprehensive loss of associates	(113)	(720)
Total comprehensive income for the year	628 344	763 157
Total comprehensive income attributable to:		
Equity holders of the parent	494 719	558 321
Non-controlling interests	133 625	204 836
	628 344	763 157

Condensed consolidated statement of financial position

for the year ended 31 December 2022

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2022	AUDITED YEAR ENDED 31 DECEMBER 2021
Assets		
Non-current assets	9 099 511	7 696 471
Property, plant, equipment and vehicles	2 408 651	2 253 348
Investment property	3 700	3 700
Right-of-use assets	204 928	132 511
Biological assets	87 287	68 299
Goodwill	1 018 878	865 192
Intangible assets	1 426 207	776 628
Investments in associate companies and joint ventures	2 661 300	2 332 148
Investments	1 113 957	1 083 868
Loans and receivables	14 624	11 306
Loans to supplier partners	92 670	94 384
Deferred taxation	35 584	41 153
Other financial assets	31 725	33 934
Current assets	2 557 261	2 801 793
Inventories	1 077 515	979 870
Biological assets	77 909	82 123
Trade and other receivables	952 604	797 630
Loans and receivables	8 836	7 870
Other financial assets	48 928	58 866
Taxation	16 336	12 503
Cash and cash equivalents	375 133	862 931
Total assets	11 656 772	10 498 264

Condensed consolidated statement of financial position (continued)

for the year ended 31 December 2022

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2022	AUDITED YEAR ENDED 31 DECEMBER 2021
Equity and liabilities		
Capital and reserves	4 803 207	4 390 516
Share capital	39	39
Capital reserves	572 786	256 511
Revaluation reserves	19 989	19 271
Cash flow hedging reserve	47 457	70 323
Cost of hedging reserve	(30 731)	(45 182)
Foreign currency translation reserve	41 417	32 211
Changes in ownership	508 419	540 679
Retained earnings	2 164 128	2 050 592
Attributable to equity holders of the parent	3 323 504	2 924 444
Non-controlling interests	1 479 703	1 466 072
Non-current liabilities	5 367 695	4 780 354
Long-term interest bearing borrowings	4 217 686	3 945 233
Employee related liabilities	22 170	20 927
Lease liabilities	210 964	141 662
Contingent consideration	—	9 773
Deferred grant income	34 342	32 148
Other financial liabilities	7 257	—
Deferred taxation	875 276	630 611
Current liabilities	1 485 870	1 327 394
Short-term interest bearing borrowings	372 660	113 205
Short-term provisions	10 704	4 170
Bank overdrafts	24 715	53 028
Trade payables	620 068	594 302
Other payables	318 375	275 590
Contingent consideration	—	120 671
Deferred grant income	2 776	3 546
Lease liabilities	31 051	24 645
Share-based payment liability	—	35 746
Other financial liabilities	105 009	102 334
Taxation	512	157
Total equity and liabilities	11 656 772	10 498 264
NAV per share (cents)	1 340	1 180
Shares in issue at end of year (000's)	248 091	247 770

Condensed consolidated statement of changes in equity

for the year ended 31 December 2022

R'000	SHARE CAPITAL	CAPITAL RESERVES	REVALUATION RESERVES	CASH FLOW HEDGING RESERVE	COST OF HEDGING RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	CHANGES IN OWNERSHIP	RETAINED EARNINGS	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Balance 1 January 2021 – audited	39	552 624	17 207	53 932	(37 172)	21 436	564 557	1 318 689	2 491 312	1 266 089	3 757 401
Attributable profit for the year	—	—	—	—	—	—	—	731 903	731 903	188 958	920 861
Other comprehensive (loss)/income	—	(194 860)	2 073	16 435	(8 020)	10 790	—	—	(173 582)	15 878	(157 704)
Total comprehensive (loss)/income	—	(194 860)	2 073	16 435	(8 020)	10 790	—	731 903	558 321	204 836	763 157
Recognition of share-based payments	—	26 044	—	—	—	—	—	—	26 044	9 655	35 699
Arising on acquisition of subsidiary	—	—	—	—	—	—	—	—	—	51 198	51 198
Dividend paid	—	—	—	—	—	—	—	—	—	(72 784)	(72 784)
Transfer to share-based payment liability subsequent to modification	—	(3 425)	—	—	—	—	—	—	(3 425)	—	(3 425)
Share of other net asset changes of associate ¹	—	(89 007)	—	—	—	—	—	—	(89 007)	—	(89 007)
Net shares repurchased by subsidiaries	—	29	(9)	(44)	10	(15)	(23 878)	—	(23 907)	7 078	(16 829)
Shares repurchased	—	(34 894)	—	—	—	—	—	—	(34 894)	—	(34 894)
Balance 31 December 2021 – audited	39	256 511	19 271	70 323	(45 182)	32 211	540 679	2 050 592	2 924 444	1 466 072	4 390 516
Balance 1 January 2022 – audited	39	256 511	19 271	70 323	(45 182)	32 211	540 679	2 050 592	2 924 444	1 466 072	4 390 516
Attributable profit for the year	—	—	—	—	—	—	—	189 934	189 934	134 575	324 509
Other comprehensive income/(loss)	—	304 214	557	(23 419)	14 787	8 646	—	—	304 785	(950)	303 835
Total comprehensive income/(loss)	—	304 214	557	(23 419)	14 787	8 646	—	189 934	494 719	133 625	628 344
Recognition of share-based payments	—	38 873	—	—	—	—	—	—	38 873	2 904	41 777
Dividend paid	—	—	—	—	—	—	—	(76 398)	(76 398)	(100 588)	(176 986)
Share of other net asset changes of associate	—	4 094	—	—	—	—	—	—	4 094	—	4 094
Shares issued by subsidiaries	—	—	—	—	—	—	—	—	—	9 976	9 976
Shares repurchased by subsidiaries	—	(25 670)	161	553	(336)	560	(32 260)	—	(56 992)	(32 286)	(89 278)
Shares repurchased	—	(5 236)	—	—	—	—	—	—	(5 236)	—	(5 236)
Balance 31 December 2022 – reviewed	39	572 786	19 989	47 457	(30 731)	41 417	508 419	2 164 128	3 323 504	1 479 703	4 803 207

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

Condensed consolidated statement of cash flows

for the year ended 31 December 2022

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2022	AUDITED YEAR ENDED 31 DECEMBER 2021
Operating activities		
Profit for the year – continuing operations	324 509	763 153
Profit for the year – discontinued operation	–	157 708
Total profit for the year including discontinued operation	324 509	920 861
Adjustments for non-cash and other items	328 788	(38 204)
Operating cash flows before movements in working capital	653 297	882 657
Decrease/(increase) in inventories	49 377	(125 805)
(Increase)/decrease in trade and other receivables	(107 542)	37 262
(Decrease)/increase in trade and other payables	(14 242)	48 357
Net decrease in insurance assets	–	27 341
Net decrease in insurance liabilities	–	(89 622)
Cash generated from operations	580 890	780 190
Interest received	19 209	18 032
Proceeds from receipt of a government grant	6 813	3 049
Dividends received from associates and joint ventures	224 848	63 456
Dividends received from other equity investments	75 687	74 922
Income taxes paid	(63 307)	(144 817)
Finance costs paid	(329 426)	(122 304)
Net cash generated by operating activities	514 714	672 528
Investing activities		
Loans and receivables repaid	6 747	6 230
Proceeds on disposal of investments	–	906 969
Proceeds on disposal of property, plant, equipment and vehicles	9 074	2 605
Insurance proceeds	25 099	46 450
Acquisition of property, plant, equipment and vehicles	(266 030)	(269 837)
Acquisition of biological assets	(71 250)	(68 703)
Acquisition of subsidiaries	(769 614)	(65 116)
Acquisition of intangible assets	(2 861)	(2 045)
Acquisition of investments and investments in associates	(52 362)	(31 745)
Disposal of subsidiary	–	(5 672)
Supplier partner loans repaid	2 789	1 559
Net cash (used in)/generated by investing activities	(1 118 408)	520 695
Financing activities		
Dividends paid by Company and subsidiaries	(176 986)	(72 784)
Repayment of borrowings and lease liabilities	(1 101 452)	(1 187 355)
Loans raised	1 613 384	586 160
Shares repurchased	(5 236)	(34 894)
Shares repurchased by subsidiaries	(88 686)	(36 221) ¹
Shares issued by subsidiaries	9 976	19 505 ¹
Repayment of other financial liabilities	(2 076)	(53 564)
Further investment in subsidiary	(592)	(111)
Settlement of contingent consideration ²	(110 000)	–
(Decrease)/increase in bank overdrafts	(28 313)	20 286
Net cash generated by/(used in) financing activities	110 019	(758 978)
Net (decrease)/increase in cash and cash equivalents	(493 675)	434 245
Cash and cash equivalents at beginning of year	862 931	427 894
Foreign exchange differences	5 877	792
Cash and cash equivalents at end of year	375 133	862 931
Bank balances and cash	375 133	862 931

¹ These amounts were previously presented on a net basis, however, in order to achieve comparability with the current year, the prior year amounts were re-presented on a gross basis.

² Given the probability of payment at initial recognition was virtually certain and the significant period between initial recognition and settlement of 3.5 years, the deferred nature of this payment is, in substance, a financing arrangement.

Headline earnings per share

for the year ended 31 December 2022

	REVIEWED YEAR ENDED 31 DECEMBER 2022	AUDITED YEAR ENDED 31 DECEMBER 2021
Headline earnings per share (cents)		
From continuing and discontinued operations		
Basic	69.0	298.9
Diluted	68.2	298.3
From continuing operations		
Basic	69.0	236.0
Diluted	68.2	235.4
Headline earnings calculation (R'000)		
From continuing and discontinued operations		
Profit attributable to equity holders of the parent	189 934	731 903
Impairment of property, plant and equipment and vehicles	—	3 578
Reversal of impairment of property, plant equipment and vehicles	(3 489)	—
Impairment of investment	5 000	—
Insurance proceeds	(14 513)	(26 285)
Loss on deemed disposal of associate ¹	—	40 640
Profit on disposal of property, plant, equipment and vehicles	(4 713)	(553)
Gains on bargain purchases	—	(899)
Adjustments relating to results of associates	(6 113)	(8 283)
Total tax effects of adjustments	4 820	8 359
Headline earnings from continuing and discontinued operations	170 926	748 460
From continuing operations		
Profit attributable to equity holders of the parent	189 934	574 195
Impairment of property, plant and equipment and vehicles	—	3 578
Reversal of impairment of property, plant equipment and vehicles	(3 489)	—
Impairment of investment	5 000	—
Insurance proceeds	(14 513)	(26 285)
Loss on deemed disposal of associate ¹	—	40 640
Profit on disposal of property, plant, equipment and vehicles	(4 713)	(553)
Gains on bargain purchases	—	(899)
Adjustments relating to results of associates	(6 113)	(8 283)
Total tax effects of adjustments	4 820	8 359
Headline earnings from continuing operations	170 926	590 752
Weighted average number of shares on which basic earnings and basic headline earnings per share is based (000's)	247 898	250 366
Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based (000's)	250 770	250 938

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

Further information

1. Basis of preparation

The condensed consolidated financial statements for the year ended 31 December 2022 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. These condensed consolidated financial statements for the year ended 31 December 2022 have been reviewed by Ernst & Young Inc., who expressed an unmodified review conclusion.

The condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated annual financial statements as at 31 December 2022, once issued.

The directors take full responsibility for the preparation of this report. The condensed consolidated annual financial statements were prepared under the supervision of the Financial Director, Geoffrey George Fortuin CA(SA).

2. Accounting policies

The accounting policies and methods of computation applied in the preparation of these condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the financial statements for the year ended 31 December 2021.

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2022	AUDITED YEAR ENDED 31 DECEMBER 2021
3. Revenue		
The Group's revenue comprises the following:		
Revenue from industrial and other operations		
Revenue from sale of goods recognised at a point in time		
Food products ¹	5 875 295	4 615 463
Clothing products	24 554	49 500
Healthcare products	235 293	309 308
Other	2 023	5 533
Total revenue recognised at a point in time	6 137 165	4 979 804
Dividends received	75 687	74 922
Total revenue	6 212 852	5 054 726
4. Finance costs		
Interest on borrowings	123 711	68 387
Preference dividends	160 513	129 350
Interest expense on lease liabilities	15 381	16 315
Other	6 690	4 907
Total finance costs	306 295	218 959
5. Capital commitments		
Commitments for the acquisition of property, plant, equipment and vehicles:		
Contracted for	6 326	21 189
Authorised by directors but not contracted for	119 938	197 914
Total capital commitments	126 264	219 103

¹ For the disaggregation of revenue, refer to the condensed consolidated financial statements of Sea Harvest Group Limited for the year ended 31 December 2022.

Further information (continued)

6. Segmental information

Information reported to the Group's operating decision makers for the purpose of resource allocation and assessment of segment performance is specifically focused on the individual entity in which Brimstone has invested. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Brimstone, who makes strategic decisions. The Group's reportable segments under IFRS 8 *Operating Segments*, are food and investments. Investments include subsidiaries House of Monatic (Pty) Ltd and Firefly Investments 306 (Pty) Ltd (Obsidian Health), as well as, investments at fair value through other comprehensive income ("FVTOCI") and investments at fair value through profit or loss ("FVTPL").

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2022	AUDITED YEAR ENDED 31 DECEMBER 2021
Revenue	6 212 852	5 054 726
Food	5 880 295	4 623 463
Investments	332 557	431 263
Operating profit	509 565	695 091
Food	513 483	711 533
Investments	(3 918)	(16 442)
A reconciliation of operating profit from segments to profit after taxation is provided below:		
Operating profit	509 565	695 091
Fair value gains	34 324	273 916
Other investment losses	(38 253)	(57 591)
Share of profits of associates and joint ventures	228 351	256 840
Interest income	18 737	19 797
Finance costs	(306 295)	(218 959)
Taxation	(121 920)	(205 941)
Profit after taxation	324 509	763 153
Segment assets and liabilities		
Segment assets		
Food	7 630 709	6 829 430
Investments	4 026 063	3 668 834
Total segment assets	11 656 772	10 498 264
Segment liabilities		
Food	4 402 800	3 670 639
Investments	2 450 765	2 437 109
Total segment liabilities	6 853 565	6 107 748

Further information (continued)

7. Fair value measurements

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

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

R'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2022 – reviewed				
Financial assets at FVTPL				
Derivative financial assets	—	80 653 ¹	—	80 653
Listed shares	736 552	—	—	736 552
Unlisted shares	—	—	346 185 ²	346 185
Non-financial assets at fair value				
Biological assets	—	—	165 196 ³	165 196
Financial assets at FVTOCI				
Unlisted shares	—	—	31 220 ⁴	31 220
Total	736 552	80 653	542 601	1 359 806
Financial liabilities at FVTPL				
Derivative financial liabilities	—	12 332 ¹	—	12 332
Financial liability with contingent settlement provisions	—	—	99 934 ⁶	99 934
Total	—	12 332	99 934	112 266
31 December 2021 – audited				
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

Further information (continued)

7. Fair value measurements (continued)

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels 1, 2 and 3 in the current or prior 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 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 2022 earnings and 2023 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.

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 independently valued using the capitalisation of net income method or open market values for existing use, on a three-year rolling basis, i.e. a third of the portfolio is independently valued annually. Therefore, application of Brimstone's percentage interest to the net asset value of the entity is the best indication of fair value of the investment. If the net assets of the underlying entity had been 10% higher/lower, profit for the year would increase/decrease by R24.5 million (2021: R20.0 million).

³ Biological assets are measured at fair value less costs to sell. Biological assets include abalone and oysters 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 gain of R4.3 million (2021: R5.6 million) was recognised in profit or loss relating to the valuation of biological assets. A change in unobservable inputs would not result in a significant change in the fair value.

⁴ 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 result in 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 2022, there was a decrease of R130.4 million (2021: R10.6 million increase) as a result of the R110.0 million settlement of the Viking Fishing earn-out and a fair value gain of R20.4 million relating to the BM Foods contingent consideration. The fair value gain arose due to the 2021 and 2022 earn-out targets not being achieved.

⁶ The fair value of the financial liability with contingent settlement provisions is measured as the undiscounted amount that the Group could be required to repay immediately, and is represented by the net liabilities of Lion of Africa Insurance Company Limited at the date of disposal of the discontinued operation. There has been no significant change in the fair value of the financial liability at 31 December 2022. Refer to note 12 for further information.

Further information (continued)

8. Share capital (number)

	REVIEWED YEAR ENDED 31 DECEMBER 2022	AUDITED YEAR ENDED 31 DECEMBER 2021
In issue (number)		
Ordinary shares	39 874 146	39 874 146
Held as treasury shares	(3 127 570)	(3 012 528)
	36 746 576	36 861 618
"N" Ordinary shares	224 975 962	224 975 962
Held as treasury shares	(13 631 238)	(14 067 213)
	211 344 724	210 908 749
Total net of treasury shares	248 091 300	247 770 367
Closing share price (cents)		
Ordinary shares	526	630
"N" Ordinary shares	563	649

During the year, Brimstone, through its treasury share vehicle, bought back 115 042 Ordinary shares and 636 832 "N" Ordinary shares for a total cash consideration of R0.7 million (average price of R6.39 per share) and R4.5 million (average price of R7.07 per share), respectively. These shares are now classified as treasury shares.

9. Material related party transactions

In terms of a supply agreement between joint venture group, Vuna Fishing Company Proprietary Limited ("Vuna") and SeaVuna Fishing Company Proprietary Limited ("SeaVuna"), and Sea Harvest Group Limited's subsidiary, Sea Harvest Corporation Proprietary Limited ("Sea Harvest Corporation"), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation. Purchases from SeaVuna during the year amounted to R283.9 million compared to R240.2 million for the year ended 31 December 2021. Sales to and other recoveries from SeaVuna during the year amounted to R55.9 million compared to R26.7 million for the year ended 31 December 2021.

Loans owing by Vuna and SeaVuna amounted to R68.4 million at 31 December 2022 compared to R76.6 million at 31 December 2021.

Further information (continued)

10. Business combinations

10.1 MG Kailis

With effect from 23 May 2022, subsidiary, Sea Harvest Group Limited (“Sea Harvest”), through its wholly-owned foreign subsidiaries, Sea Harvest Proprietary Limited and Sea Harvest Marine Proprietary Limited acquired selected net assets of the Western Australia based fishing and related businesses of MG Kailis and its subsidiaries (“MG Kailis”).

MG Kailis is a vertically integrated prawn and fish trawling, seafood, trading and engineering business of scale with over 50 years’ experience in the seafood industry in Australia which complements and diversifies Sea Harvest’s existing business operations in Australia from a fishing, trading, engineering, and sales perspective.

The acquisition is a significant step in the execution of Sea Harvest’s investment strategy of acquisitive growth in the international seafood space focusing on businesses of scale in high-value seafood species. The acquisition assets include vessels, licences, and fishing rights for prawns in the Exmouth region and trawled fish in the Pilbara region in Western Australia, providing the group with further security of supply and diversification of product

The initial accounting for the acquisition of MG Kailis has been provisionally determined at the reporting date, pending the finalisation of the measurement period adjustments. The measurement period adjustments to date relate to the finalisation of the intangible asset valuation as well as working capital adjustments, these adjustments also impacted the total consideration.

R'000	PROVISIONAL FAIR VALUES AS PREVIOUSLY REPORTED	MEASUREMENT PERIOD ADJUSTMENTS	UPDATED PROVISIONAL FAIR VALUES AT REPORTING DATE
Assets acquired and liabilities assumed			
Property, plant, equipment and vehicles	117 174	—	117 174
Right-of-use assets	7 162	—	7 162
Intangible assets	534 770	102 401	637 171
Inventories	75 624	—	75 624
Trade and other receivables	55 744	(688)	55 056
Deferred tax	(160 431)	(26 095)	(186 526)
Lease liabilities	(7 532)	—	(7 532)
Trade and other payables	(75 385)	(1 946)	(77 331)
Total identifiable assets and liabilities	547 126	73 672	620 798
Total consideration transferred			
Cash	761 305	8 309	769 614
Deferred payment	3 917	(3 917)	—
	765 222	4 392	769 614
Net cash flow on acquisition of subsidiary			
Consideration paid in cash	761 305	8 309	769 614
	761 305	8 309	769 614
Goodwill			
Consideration	765 222	4392	769 614
Less: Fair value of identifiable assets acquired and liabilities assumed	(547 126)	(73 672)	(620 798)
	218 096	(69 280)	148 816

Property, plant, equipment and vehicles with a fair value of R117.2 million includes fishing vessels with a carrying amount of R102.5 million which approximates its fair value at acquisition date. The valuations for fishing vessels were performed by an independent valuer.

The intangible assets identified were fishing licences. The fair value was determined by an independent industry expert valuer with reference to the best estimate of a market participant’s ability to generate economic benefits by using the asset in its highest and best use.

The fair value of trade and other receivables of R55.1 million includes trade receivables with a fair value of R47.3 million, which approximates the gross contractual amount.

Goodwill is attributable to the benefit of revenue growth, expected synergies and diversification into high value species.

Further information (continued)

10. Business combinations (continued)

10.2 Impact of the acquisition on the results of the Group

AMOUNTS INCLUDED IN THE GROUP'S RESULTS RELATING TO MG KAILIS SINCE THE DATE OF ACQUISITION:	R'000
Revenue	339 896
Profit for the year	50 620
RESULTS OF THE GROUP IF MG KAILIS HAD BEEN CONSOLIDATED FROM 1 JANUARY 2022:	
Revenue	6 345 135
Profit for the year	324 057

The directors consider these amounts to represent an approximate measure of the performance of the combined Group and to provide a reference point for comparison in future years.

Acquisition-related costs

Acquisition costs of R34.2 million for the period were recognised in profit or loss within other investment losses.

11. COVID-19 pandemic and going concern

The Group has assessed the impact of the COVID-19 pandemic on the condensed consolidated financial statements and considered the potential impairment indicators for its various subsidiaries, associates and joint ventures, as well as the assumptions used in testing goodwill for impairment. As at the date of approving these condensed consolidated financial statements, management has assessed that there is no material impact on the condensed consolidated financial statements for the year ended 31 December 2022 that has not been recognised.

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

12. Discontinued operation (relating to the 2021 financial year only)

12.1 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.

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

12.2 Financial performance and cash flow information

R'000	AUDITED YEAR ENDED 31 DECEMBER 2021
Sales and fee income	13
Operating expenses	16 847
Profit before taxation	16 860
Gain on sale of subsidiary after taxation	140 848
Profit from discontinued operation	157 708
Net cash utilised in operating activities	(8 976)
Net decrease in cash utilised by the subsidiary	(8 976)

Further information (continued)

12. Discontinued operation (relating to the 2021 financial year only) (continued)

12.3 Details of the sale of the subsidiary

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 2021 financial year.

In terms of the sale agreement, the run-off business was ring-fenced from the other business carried on by the acquirer of the ordinary shares. The acquirer continues 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 thirdparty cell captive arrangement where Brimstone subscribed 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 included 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 7). 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 31 December 2021, were no significant developments in the abovementioned litigation and therefore the fair value was still deemed to be R99.9 million. Consequently, no gain or loss was presented in the statement of profit or loss.

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

R'000	31 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