

Brimstone Investment Corporation Limited

(Incorporated in the Republic of South Africa)

Registration number 1995/010442/06

ISIN Number: ZAE000015277 Share Code: BRT

ISIN Number: ZAE000015285 Share Code: BRN

("Brimstone" or the "Company")

Disposal of a portion of Brimstone's investment in Phuthuma Nathi

1. Introduction

Brimstone shareholders are advised that Newshelf 1063 (RF) Proprietary Limited, a wholly-owned subsidiary of Brimstone (the "**Seller**"), has entered into a sale agreement (the "**Agreement**") dated 29 December 2023 ("**Signature Date**") with Zazi PN SPV Proprietary Limited ("**Zazi**" or the "**Purchaser**") to dispose of 1 000 000 ordinary shares ("**PN Shares**") ("**Sale Shares**") in Phuthuma Nathi Investments (RF) Limited ("**Phuthuma Nathi**") for a cash consideration of R100 million (the "**Consideration**") (the "**Disposal**").

Brimstone currently holds 1 895 425 PN Shares, representing a c. 2.8% shareholding in Phuthuma Nathi. Following the Disposal, Brimstone will retain 895 425 PN Shares in its investment portfolio, representing a c. 1.3% shareholding in Phuthuma Nathi.

2. Description of Phuthuma Nathi

Phuthuma Nathi was created in 2006 to offer black South Africans the opportunity to own an indirect stake in Multichoice SA Holdings Proprietary Limited ("**Multichoice South Africa**"), a leading video entertainment company. Phuthuma Nathi currently has a 25% shareholding in Multichoice South Africa.

3. Rationale and application of proceeds

The board of directors of the Company (the "**Board**") has undertaken a strategic review of its investment portfolio having regard to its long-term strategy. The Board has identified assets that it believes can be disposed of at acceptable valuations without jeopardising this strategy. The proceeds from the Disposal will be applied to meet Brimstone's funding obligations in the near to medium term.

4. Terms and conditions of the Disposal

4.1 Purchaser

The beneficial owner of the Purchaser is Zazi Capital Proprietary Limited and its investors, namely Temo Capital Proprietary Limited and Razven Solutions Proprietary Limited. The Purchaser is not a 'related party' of Brimstone in terms of the JSE Limited ("**JSE**") Listings Requirements.

4.2 The Disposal

The Seller has agreed to sell, and the Purchaser has agreed to purchase the Sale Shares, by way of an off-market block trade. The block trade will take place on the Equity Express Securities Exchange Proprietary Limited ("**EESE**") platform. The Sale Shares are anticipated to transfer to the Purchaser with effect from 31 January 2024, subject to completion of the conditions precedent set out in paragraph 5 below.

4.3 Consideration

The Consideration of R100 per Sale Share, amounting to R100 million will be paid by the Purchaser to Brimstone on the 5th business day after the date on which the last of the conditions precedent set out in paragraph 5 below is fulfilled or waived (the “**Closing Date**”), which is anticipated to be on or about 7 February 2024.

In addition, Brimstone will be liable for part of the Securities Transfer Tax and the EESE transaction costs, together with VAT thereon, payable in respect of the transfer of the Sale Shares to the Purchaser. These costs are not expected to be material.

5. Conditions precedent

The Disposal is subject to the fulfilment of the following conditions precedent by no later than 17:00 on the 25th business day after the Signature Date:

- 5.1 the Purchaser providing written evidence to Brimstone that it has registered on the EESE platform and is authorised to trade on the EESE platform;
- 5.2 the Purchaser having concluded legally binding agreements with a financial institution, in terms of which such funder will provide the Purchaser with funding equal to 50% of the Consideration, and, and such agreements having become unconditional in accordance with their terms, save for any conditions which requires that the Disposal must have become unconditional;
- 5.3 Brimstone having received the consent of its funders to the Disposal;
- 5.4 the Purchaser and Brimstone having obtained all such approvals, authorisations or consents that may be required to be obtained from EESE and/or Phuthuma Nathi (in terms of its constitutional documents or otherwise) for the implementation of the Disposal; and
- 5.5 no material adverse change having occurred in relation to MultiChoice Group Limited.

6. Representations and warranties

The Agreement contains representations and warranties by the parties in favour of one another which are standard for transactions of this nature.

7. Financial information

- 7.1 The value of the net assets and the profits attributable to the net assets that are subject to the Disposal are R132.0 million and R0.7 million respectively (“**Financial Information**”).
- 7.2 The Financial Information has been extracted from Brimstone’s interim results for the six months ended 30 June 2023, which were prepared in terms of International Financial Reporting Standards. The Financial Information is the responsibility of the directors of Brimstone and has not been reviewed or reported on by the Company’s auditors.

8. Categorisation

The Disposal is classified as a Category 2 transaction in terms of the JSE Listings Requirements and is accordingly not subject to shareholder approval.

Cape Town
2 January 2024

Corporate Adviser and Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Legal adviser

Cliffe Dekker Hofmeyr