



BRIMSTONE
INVESTMENT CORPORATION LIMITED

Profitability. Empowerment. Positive Social Impact.

ISIN Number: ZAE000015277 | Share Code: BRT
ISIN Number: ZAE000015285 | Share Code: BRN
Company Registration Number: 1995/010442/06
(Incorporated in the Republic of South Africa)
("Brimstone" or "the Company" or "the Group")

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

SALIENT FEATURES

- Revenue* R2.86 billion (2021: R2.30 billion)
- Operating profit* R279.3 million (2021: R290.3 million)
- Profit for the period R118.1 million (2021: R339.6 million)
- Earnings per share 10.3 cents (2021: 97.9 cents)
- Headline earnings per share 10.1 cents (2021: 100.8 cents)
- Total assets in excess of R11 billion

* Includes continuing and discontinued operations.

COMMENTARY

The first six months of the 2022 financial year has been very challenging for the Group's operating subsidiaries. Strong revenue growth compared to the prior period was unfortunately offset by a significant increase in input costs (comprising of fuel costs and raw materials). Consequently, operating profit from continuing and discontinued operations, decreased marginally by 4% to R279.3 million. The decrease in the Group's reported profit for the period from R339.6 million to R118.1 million is thus mainly due to:

- a decrease of R167.9 million in fair value gains on listed investments in particular; and
- a decrease of R47.6 million in the share of profits of associates and joint ventures.

UNDERLYING INVESTMENTS



BRIMSTONE PORTFOLIO

SUBSIDIARIES

Sea Harvest (53.4%)¹

Brimstone held 159.5 million shares in Sea Harvest with a fair value of R1.9 billion at period end (31 December 2021: R2.2 billion). Sea Harvest's share price closed at R12.19 per share, down from R13.80 per share at 31 December 2021.

Sea Harvest had a challenging six months driven by quota losses from the Fishing Rights Allocation Process, significant input cost pressure, particularly fuel, and supply chain disruptions. Despite the headwinds, the group delivered a 29% increase in revenue to R2.7 billion (2021: R2.1 billion) benefiting from revenue growth across all segments, supplemented by the Mooivallei, BM Foods and MG Kailis acquisitions. The group reported earnings before interest and tax of R286.9 million (2021: R318.3 million), and headline earnings per share of 65 cents (2021: 72 cents).

The group 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 R7.1 million (2021: R12.5 million) to Group profit during the period under review.

The easing of COVID-19 restrictions as well as the decrease in the number of COVID-19 infections has resulted in an increase in elective surgeries and a decrease in the sale of rapid antigen test kits. Although elective surgery caseloads have increased, the contribution to revenue underperformed to budget and pre-COVID-19 sales levels given the negative impact on inventory availability due to global supply challenges. The average rand dollar exchange rate increased over the reporting period which, along with large price increases from overseas manufacturers and freight forwarding costs, negatively impacted profitability.

ASSOCIATES AND JOINT VENTURES

Oceana (25.04%)¹

Brimstone held 32.7 million shares in Oceana with a market value of R1.5 billion at period end (31 December 2021: R1.8 billion). Oceana's share price closed at R44.50 per share, down from R55.54 per share at 31 December 2021. Brimstone recognised R38.4 million as its share of profits of the associate (2021: R81.0 million) based on Oceana's reported earnings for the six months to 31 March 2022. Brimstone received cash dividends of R98.9 million (2021: R35.9 million) from Oceana during the period under review.

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 R21.2 million (2021: R17.1 million) in equity accounted earnings and received dividends of R12.7 million (2021: R8.1 million) from Aon Re Africa during the period under review.²

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 (35.3%), Specialised Food Investment Holdings (Pty) Ltd (46.4%), and Seapro SA (Pty) Ltd (22.5%). SAED contributed R0.8 million in equity accounted earnings (2021: R0.7 million) to Brimstone during the period under review. Brimstone accrued a dividend of R0.8 million (2021: R0.7 million) from SAED during the period under review.

Vuna Fishing Company (Vuna) (49.8%)

Vuna is a fully integrated fishing business based in Mossel Bay, fishing for Cape hake, sole, monkfish and kingklip 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 R3.9 million in equity accounted losses (2021: R2.9 million profits) during the period under review.

Milpark Education (Milpark) (12.8%)

Milpark is a leading provider of higher education and training qualifications. Milpark contributed R5.5 million in equity accounted earnings (2021: R7.5 million) during the period under review. Brimstone received a dividend of R15.1 million (2021: R17.1 million) from Milpark during the period under review.² Brimstone invested a further R20.4 million in Milpark which was the final part of the CA Connect early settlement agreement.

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

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

INVESTMENTS

Equites (1.8%)

Equites' share price closed at R17.67 per share down from R22.99 per share at 31 December 2021. The investment was revalued downwards by R74.3 million to R246.6 million at period end. Brimstone received a dividend of R11.8 million (2021: R11.2 million) from Equites during the period under review.

FPG Property Fund (9.9%)

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 valued in excess of R7.0 billion on a gross basis. The investment was revalued upwards by R26.6 million to R256.3 million at period end.

MTN Zakhele Futhi (1.5%)

MTN Zakhele Futhi's share price closed at R23.50 per share, down from R31.00 per share at 31 December 2021. The investment was revalued downwards by R13.6 million to R42.7 million at period end.

Phuthuma Nathi (2.8%)

Phuthuma Nathi's share price closed at R150.50 per share up from R134.95 per share at 31 December 2021. The investment was revalued upwards by R29.5 million to R285.3 million at period end. Brimstone expects to receive a dividend of R42.1 million in September 2022.

STADIO (5.1%)

STADIO 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 R3.64 per share, down from R3.75 per share at 31 December 2021. The investment was revalued downwards by R4.8 million to R158.6 million at period end.

INTRINSIC NET ASSET VALUE (INAV)

INAV at 30 June 2022 calculated on a line-by-line basis, totalled R2.66 billion, or R10.71 per share (31 December 2021: R3.26 billion or R13.14 per share), representing a decrease of 18.4% from 2021 (a decrease of 18.5% on a per share basis). As at 30 June 2022, Brimstone Ordinary shares were trading at a discount of 34.3% to INAV (31 December 2021: 52.1%) and "N" Ordinary shares traded at a discount of 44.0% 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.

DIVIDEND

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

F ROBERTSON
EXECUTIVE CHAIRMAN

MA BREY
CHIEF EXECUTIVE OFFICER

30 August 2022

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2022

R'000	NOTES	UNAUDITED SIX MONTHS ENDED 30 JUNE 2022	RESTATED* UNAUDITED SIX MONTHS ENDED 30 JUNE 2021	AUDITED YEAR ENDED 31 DECEMBER 2021
Continuing operations				
Revenue		2 857 910	2 303 305	5 054 726
Sales and fee income	3	2 844 052	2 292 060	4 979 804
Dividends received		13 858	11 245	74 922
Operating expenses		(2 578 561)	(2 003 631)	(4 359 635)
Operating profit		279 349	299 674	695 091
Fair value (losses)/gains		(18 956)	148 973	273 916
Other investment losses		(18 290)	(18 741)	(57 591)
Share of profits of associates and joint ventures		60 842	108 468	256 840
Profit before net finance costs		302 945	538 374	1 168 256
Interest income		8 910	11 076	19 797
Finance costs	4	(131 575)	(110 072)	(218 959)
Profit before taxation		180 280	439 378	969 094
Taxation		(62 154)	(90 586)	(205 941)
Profit for the period from continuing operations		118 126	348 792	763 153
(Loss)/profit for the period from discontinued operation	10	—	(9 226)	157 708
Profit for the period		118 126	339 566	920 861
Profit attributable to:				
Equity holders of the parent		25 466	247 758	731 903
Non-controlling interests		92 660	91 808	188 958
		118 126	339 566	920 861
Earnings per share (cents)				
From continuing and discontinued operations				
Basic		10.3	97.9	292.3
Diluted		10.2	96.5	291.7
From continuing operations				
Basic		10.3	101.6	229.3
Diluted		10.2	100.1	228.8

* Comparatives have been restated due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 10).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2022

R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2022	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021	AUDITED YEAR ENDED 31 DECEMBER 2021
Profit for the period	118 126	339 566	920 861
Other comprehensive income/(loss), net of tax	26 877	(123 574)	(157 704)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
Profit arising during the period	22 706	143 715	59 886
Recycled to operating expenses	12 188	(22 735)	(31 047)
Cost of hedging reserve			
Profit/(loss) arising during the period	39 307	(39 213)	(34 660)
Recycled to operating expenses	(4 863)	7 727	20 540
Foreign currency translation			
(Loss)/profit arising during the period	(20 467)	(35 342)	18 947
Share of other comprehensive loss of associates			
Current period movement	(22 922)	(173 354)	(188 588)
Recycled to other investment losses	—	(4 847)	(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
Share of other comprehensive income/(loss) of associates	928	475	(720)
Total comprehensive income for the period	145 003	215 992	763 157
Total comprehensive income attributable to:			
Equity holders of the parent	30 947	100 725	558 321
Non-controlling interests	114 056	115 268	204 836
	145 003	215 992	763 157

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

R'000	UNAUDITED 30 JUNE 2022	UNAUDITED 30 JUNE 2021	AUDITED 31 DECEMBER 2021
Assets			
Non-current assets	8 552 685	7 255 106	7 696 471
Property, plant, equipment and vehicles*	2 366 035	2 093 596	2 253 348
Investment property	3 700	—	3 700
Right-of-use assets	181 186	145 533	132 511
Biological assets	83 264	67 623	68 299
Goodwill*	1 080 648	857 230	865 192
Intangibles*	1 291 819	709 831	776 628
Investments in associate companies and joint ventures	2 271 763	2 233 013	2 332 148
Investments	1 047 239	938 448	1 083 868
Loans and receivables	15 471	10 689	11 306
Loans to supplier partners	94 384	96 181	94 384
Deferred taxation	53 099	57 860	41 153
Other financial assets	64 077	45 102	33 934
Current assets	2 665 681	2 285 438	2 801 793
Inventories*	1 094 747	840 873	979 870
Biological assets	72 966	98 024	82 123
Trade and other receivables*	968 762	874 279	797 630
Loans and receivables	8 280	43 447	7 870
Insurance assets	—	52 587	—
Other financial assets	117 986	151 803	58 866
Taxation	11 027	3 776	12 503
Cash and cash equivalents	391 913	220 649	862 931
Total assets	11 218 366	9 540 544	10 498 264

* Movement includes amounts arising from the MG Kailis acquisition (refer to note 9).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 30 June 2022

R'000	UNAUDITED 30 JUNE 2022	UNAUDITED 30 JUNE 2021	AUDITED 31 DECEMBER 2021
Equity and liabilities			
Capital and reserves	4 356 096	3 776 789	4 390 516
Share capital	39	39	39
Capital reserves	245 672	269 005	256 511
Revaluation reserves	19 275	17 199	19 271
Cash flow hedging reserve	90 230	122 838	70 323
Cost of hedging reserve	(25 567)	(55 085)	(45 182)
Foreign currency translation reserve	20 557	1 281	32 211
Changes in ownership	519 384	543 325	540 679
Retained earnings	1 999 660	1 566 447	2 050 592
Attributable to equity holders of the parent	2 869 250	2 465 049	2 924 444
Non-controlling interests	1 486 846	1 311 740	1 466 072
Non-current liabilities	5 590 064	4 337 358	4 780 354
Long-term borrowings*	4 522 895	3 532 745	3 945 233
Employee related liabilities	23 372	22 694	20 927
Lease liabilities	187 018	159 599	141 662
Contingent consideration	—	—	9 773
Deferred grant income	30 270	32 042	32 148
Other financial liabilities	—	901	—
Deferred taxation**	826 509	589 377	630 611
Current liabilities	1 272 206	1 426 397	1 327 394
Short-term borrowings	121 654	43 339	113 205
Short-term provisions***	1 338	1 027	4 170
Bank overdrafts	76 823	9 315	53 028
Trade payables	620 365	565 881	594 302
Other payables***	298 135	276 233	275 590
Contingent consideration	10 294	104 987	120 671
Deferred grant income	2 631	3 962	3 546
Lease liabilities	29 377	18 887	24 645
Insurance liabilities	—	206 699	—
Share-based payment liability	—	33 159	35 746
Other financial liabilities	99 934	22 145	102 334
Taxation	11 655	140 763	157
Total equity and liabilities	11 218 366	9 540 544	10 498 264
NAV per share (cents)	1 157	995	1 180
Shares in issue at end of period (000's)	248 091	247 789	247 770

* Net borrowings increased by R0.6 billion, which mainly relates to debt raised to fund the MG Kailis acquisition.

** Movement includes amounts arising from the MG Kailis acquisition (refer to note 9).

*** Short-term employee related liabilities, which were previously presented under short-term provisions have been re-presented under other payables (refer to note 12).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 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 six months ended 30 June 2021	—	—	—	—	—	—	—	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	—	(89 007)	—	—	—	—	—	—	(89 007)	—	(89 007)
Net shares issued 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 six months ended 30 June 2022	—	—	—	—	—	—	—	25 466	25 466	92 660	118 126
Other comprehensive (loss)/income	—	(22 365)	—	19 886	19 615	(11 655)	—	—	5 481	21 396	26 877
Total comprehensive (loss)/income	—	(22 365)	—	19 886	19 615	(11 655)	—	25 466	30 947	114 056	145 003
Recognition of share-based payments	—	15 512	—	—	—	—	—	—	15 512	5 548	21 060
Arising on acquisition of subsidiary	—	—	—	—	—	—	—	—	—	—	—
Dividend paid	—	—	—	—	—	—	—	(76 398)	(76 398)	(92 116)	(168 514)
Transfer to share-based payment liability subsequent to modification	—	(3 282)	—	—	—	—	—	—	(3 282)	—	(3 282)
Share of other net asset changes of associate	—	4 539	—	—	—	—	—	—	4 539	—	4 539
Net shares issued by subsidiaries	—	(7)	4	21	—	1	(21 295)	—	(21 276)	(6 714)	(27 990)
Shares repurchased	—	(5 236)	—	—	—	—	—	—	(5 236)	—	(5 236)
Balance 30 June 2022 - unaudited	39	245 672	19 275	90 230	(25 567)	20 557	519 384	1 999 660	2 869 250	1 486 846	4 356 096

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the six months ended 30 June 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 six months ended 30 June 2021	—	—	—	—	—	—	—	247 758	247 758	91 808	339 566
Other comprehensive (loss)/income	—	(177 916)	—	68 937	(17 914)	(20 141)	—	—	(147 034)	23 460	(123 574)
Total comprehensive (loss)/income	—	(177 916)	—	68 937	(17 914)	(20 141)	—	247 758	100 724	115 268	215 992
Recognition of share-based payments	—	11 944	—	—	—	—	—	—	11 944	3 039	14 983
Dividend paid	—	—	—	—	—	—	—	—	—	(72 784)	(72 784)
Transfer to share-based payment liability subsequent to modification	—	(2 999)	—	—	—	—	—	—	(2 999)	—	(2 999)
Share of other net asset changes of associate	—	(79 899)	—	—	—	—	—	—	(79 899)	—	(79 899)
Net shares issued by subsidiaries	—	24	(8)	(31)	1	(14)	(21 232)	—	(21 260)	128	(21 132)
Shares repurchased	—	(34 773)	—	—	—	—	—	—	(34 773)	—	(34 773)
Balance 30 June 2021 - unaudited	39	269 005	17 199	122 838	(55 085)	1 281	543 325	1 566 447	2 465 049	1 311 740	3 776 789

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2022

R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2022	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021	AUDITED YEAR ENDED 31 DECEMBER 2021
Operating activities			
Profit for the period – continuing operations	118 126	348 792	763 153
(Loss)/profit for the period – discontinued operation	—	(9 226)	157 708
Total profit for the period including discontinued operation	118 126	339 566	920 861
Adjustments for non-cash and other items	228 062	55 704	(38 204)
Operating cash flows before movements in working capital	346 188	395 270	882 657
Increase in inventories	(12 078)	(100 570)	(125 805)
(Increase)/decrease in trade and other receivables	(120 229)	(85 267)	37 262
(Decrease)/increase in trade and other payables	(28 502)	(8 345)	48 357
Net decrease in insurance assets	—	17 567	27 341
Net decrease in insurance liabilities	—	(19 514)	(89 622)
Cash generated from operations	185 379	199 141	780 190
Interest received	8 910	9 431	18 032
Proceeds from receipt of a government grant	—	3 051	3 049
Dividends received from associates and joint ventures	127 407	62 695	63 456
Dividends received from other equity investments	13 858	11 245	74 922
Income taxes paid	(43 908)	(60 540)	(144 817)
Finance costs paid	(168 834)	(43 043)	(122 304)
Net cash generated by operating activities	122 812	181 980	672 528
Investing activities			
Loans and receivables advanced	(2 025)	(1 007)	—
Loans and receivables repaid	—	599	6 230
Proceeds on disposal of investments	—	906 969	906 969
Proceeds on disposal of property, plant, equipment and vehicles	11 486	3 889	2 605
Insurance proceeds	5 876	16 891	46 450
Acquisition of property, plant, equipment and vehicles	(122 555)	(158 022)	(269 837)
Acquisition of biological assets	(30 088)	(34 341)	(68 703)
Acquisition of subsidiaries	(761 305)	—	(65 116)
Acquisition of intangible assets	(2 754)	(1 953)	(2 045)
Disposal of subsidiary	—	—	(5 672)
Supplier partner loans repaid	—	500	1 559
Acquisition of investments and investments in associates	(21 610)	(31 745)	(31 745)
Net cash (used in)/generated by investing activities	(922 975)	701 780	520 695
Financing activities			
Dividends paid by Company and subsidiaries	(168 514)	(72 784)	(72 784)
Repayment of borrowings and lease liabilities	(728 856)	(1 061 323)	(1 187 355)
Loans raised	1 345 224	148 533	586 160
Shares repurchased	(5 236)	(34 773)	(34 894)
Repurchase of shares by subsidiaries	(27 990)	(21 133)	(16 716)
Repayment of other financial liabilities	(3 122)	(26 237)	(53 564)
Further investment in subsidiary	—	—	(111)
Settlement of contingent consideration	(110 000)	—	—
Increase/(decrease) in bank overdrafts	23 795	(23 427)	20 286
Net cash generated by/(used in) financing activities	325 301	(1 091 144)	(758 978)
Net (decrease)/increase in cash and cash equivalents	(474 862)	(207 384)	434 245
Cash and cash equivalents at beginning of year	862 931	427 894	427 894
Foreign exchange differences	3 844	139	792
Cash and cash equivalents at end of year	391 913	220 649	862 931
Bank balances and cash	391 913	220 649	862 931

HEADLINE EARNINGS PER SHARE

for the six months ended 30 June 2022

	UNAUDITED SIX MONTHS ENDED 30 JUNE 2022	RESTATED* UNAUDITED SIX MONTHS ENDED 30 JUNE 2021	AUDITED YEAR ENDED 31 DECEMBER 2021
Headline earnings per share (cents)			
From continuing and discontinued operations			
Basic	10.1	100.8	298.9
Diluted	10.0	99.4	298.3
From continuing operations			
Basic	10.1	104.5	236.0
Diluted	10.0	103.0	235.4
Headline earnings calculation (R'000)			
From continuing and discontinued operations			
Profit attributable to equity holders of the parent	25 466	247 758	731 903
Impairment of property, plant and equipment and vehicles	—	—	3 578
Impairment of investment	5 000	—	—
Insurance proceeds	(3 115)	(9 625)	(26 285)
Loss on deemed disposal of associate ¹	—	22 688	40 640
Profit on disposal of property, plant, equipment and vehicles	(5 425)	(3 191)	(553)
Gains on bargain purchase	—	—	(899)
Adjustments relating to results of associates	2 054	(9 562)	(8 283)
Total tax effects of adjustments	1 123	7 048	8 359
Headline earnings from continuing and discontinued operations	25 103	255 116	748 460
From continuing operations			
Profit attributable to equity holders of the parent	25 466	256 984	574 195
Impairment of property, plant and equipment and vehicles	—	—	3 578
Impairment of investment	5 000	—	—
Insurance proceeds	(3 115)	(9 625)	(26 285)
Loss on deemed disposal of associate ¹	—	22 688	40 640
Profit on disposal of property, plant, equipment and vehicles	(5 425)	(3 191)	(553)
Gains on bargain purchase	—	—	(899)
Adjustments relating to results of associates	2 054	(9 562)	(8 283)
Total tax effects of adjustments	1 123	7 048	8 359
Headline earnings from continuing operations	25 103	264 342	590 752
Weighted average number of shares on which basic earnings and basic headline earnings per share is based (000's)	247 701	253 014	250 366
Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based (000's)	249 965	256 708	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.

* Comparatives have been restated due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 10).

FURTHER INFORMATION

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with and containing the information required by IAS 34 *Interim Financial Reporting* as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and Companies Act of South Africa.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements as at 31 December 2021.

The information has not been audited or reviewed by the Group's auditors Ernst & Young Inc. The directors take full responsibility for the preparation of this report. The condensed consolidated interim 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 interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the financial statements for the year ended 31 December 2021.

R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2022	RESTATED* UNAUDITED SIX MONTHS ENDED 30 JUNE 2021	AUDITED YEAR ENDED 31 DECEMBER 2021
3. Revenue			
The Group's revenue comprises the following:			
Revenue from industrial and other operations			
Sale of goods recognised at a point in time			
Food products	2 705 863	2 103 926	4 615 463
Clothing products	17 096	26 266	49 500
Healthcare products	119 268	160 709	309 308
Other	1 825	1 159	5 533
Total revenue from industrial and other operations	2 844 052	2 292 060	4 979 804
Dividends received	13 858	11 245	74 922
Total revenue	2 857 910	2 303 305	5 054 726
4. Finance costs			
Interest on borrowings	51 342	34 396	68 387
Preference dividends	71 241	63 502	129 350
Interest expense on lease liabilities	7 171	8 214	16 315
Other	1 821	3 960	4 907
Total finance costs	131 575	110 072	218 959

* Comparatives have been restated due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 10).

FURTHER INFORMATION (CONTINUED)

5. 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. 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 included in 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	UNAUDITED SIX MONTHS ENDED 30 JUNE 2022	RESTATED* UNAUDITED SIX MONTHS ENDED 30 JUNE 2021	AUDITED YEAR ENDED 31 DECEMBER 2021
Segment revenues and results			
Segment revenue			
Food	2 705 863	2 103 926	4 623 463
Investments	152 047	199 379	431 263
Total revenue	2 857 910	2 303 305	5 054 726
Segment profit/(loss) from operations			
Food	290 579	319 481	711 533
Investments	(11 230)	(19 807)	(16 442)
Total profit from operations	279 349	299 674	695 091
Fair value (losses)/gains	(18 956)	148 973	273 916
Other investment losses	(18 290)	(18 741)	(57 591)
Share of profits of associates and joint ventures	60 842	108 468	256 840
Interest income	8 910	11 076	19 797
Finance costs	(131 575)	(110 072)	(218 959)
Taxation	(62 154)	(90 586)	(205 941)
Profit after taxation	118 126	348 792	763 153
Segment assets and liabilities			
Segment assets			
Food	7 667 309	5 938 038	6 829 430
Insurance	—	105 770	—
Investments	3 551 057	3 496 736	3 668 834
Total segment assets	11 218 366	9 540 544	10 498 264
Segment liabilities			
Food	4 477 720	3 060 141	3 670 639
Insurance	—	279 788	—
Investments	2 384 550	2 423 826	2 437 109
Total segment liabilities	6 862 270	5 763 755	6 107 748

* Comparatives have been restated due to the disposal of subsidiary, Lion of Africa Insurance Company Limited, being classified as a discontinued operation (refer to note 10).

FURTHER INFORMATION (CONTINUED)

6. 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 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 financial reporting year. The following table gives information about how the fair values of these financial assets, non-financial liabilities 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 interim financial statements approximate their fair values.

R'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
30 June 2022 – unaudited				
Financial assets at FVTPL				
Derivative financial assets	—	182 063 ¹	—	182 063
Listed shares	733 229	—	—	733 229
Unlisted shares	—	—	284 021 ²	284 021
Non-financial assets at fair value				
Biological assets	—	—	156 230 ³	156 230
Financial assets at FVTOCI				
Unlisted shares	—	—	25 265 ⁴	25 265
Total	733 229	182 063	465 516	1 380 808
Financial liabilities at FVTPL				
Contingent consideration	—	—	10 294 ⁵	10 294
Financial liability with contingent settlement provisions	—	—	99 934 ⁶	99 934
Total	—	—	110 228	110 228
30 June 2021 – unaudited				
Financial assets at FVTPL				
Derivative financial assets	—	196 905 ¹	—	196 905
Listed shares	695 496	—	—	695 496
Unlisted shares	—	—	217 687 ²	217 687
Non-financial assets at fair value				
Biological assets	—	—	165 647 ³	165 647
Financial assets at FVTOCI				
Unlisted shares	—	—	25 265 ⁴	25 265
Total	695 496	196 905	408 599	1 301 000
Financial liabilities at FVTPL				
Contingent consideration	—	—	104 987 ⁵	104 987
Derivative financial liabilities	—	23 046 ¹	—	23 046
Total	—	23 046	104 987	128 033

FURTHER INFORMATION (CONTINUED)

6. Fair value measurements (continued)

R'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
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

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

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

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

There are no changes to unobservable inputs that might result in a significantly higher or lower fair value measurement within level 2 and level 3 financial assets and liabilities.

Notes

¹ The following methods and inputs are used in valuing level 2 financial assets and liabilities:

- The fair value of the financial asset representing the call option to acquire shares in Vuna Fishing Company Proprietary Limited (“Vuna”) was independently determined by an expert using the Black-Scholes option pricing model. The inputs applied in the option pricing model were i) the value of Vuna 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 valuator, taking into account forward exchange contracts spot and forward rates, current fuel prices, and discount factors.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

² Value is based on the effective interest held in the net assets of the underlying entity. In assessing the net assets of the underlying entity, substantially all of the assets are carried at fair value and all of the liabilities are carried at amortised cost. The assets are valued using the capitalisation of net income method or open market values for existing use. Therefore, application of Brimstone’s percentage interest to the net asset value of the entity is the best indication of fair value of the investment. If the net assets of the underlying entity had been 10% higher/lower, profit for the period would increase/decrease by R22.3 million (2021: R17.1 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 gain of R0.2 million (2021: R2.1 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.

FURTHER INFORMATION (CONTINUED)

6. Fair value measurements (continued)

Notes (continued)

- 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 30 June 2022, there was a decrease of R120 million (2021: R5.1 million decrease) in the contingent consideration liability as a result of the R110 million settlement of the Viking Fishing earn-out and the recognition of a fair value gain of R10 million relating to the BM Foods contingent consideration as a result of the 2021 year earn-out 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 at the date of disposal of the discontinued operation. Refer to note 10 for further information.

7. Share capital (number)

	UNAUDITED 30 JUNE 2022	UNAUDITED 30 JUNE 2021	AUDITED 31 DECEMBER 2021
In issue (number)			
Ordinary shares	39 874 146	39 874 146	39 874 146
Held as treasury shares	(3 127 570)	(3 011 028)	(3 012 528)
	36 746 576	36 863 118	36 861 618
"N" Ordinary shares			
Held as treasury shares	224 975 962	224 975 962	224 975 962
	(13 631 238)	(14 050 423)	(14 067 213)
	211 344 724	210 925 539	210 908 749
Total net of treasury shares	248 091 300	247 788 657	247 770 367
Closing share price (cents)			
Ordinary shares	704	674	630
"N" Ordinary shares	600	590	649

During the period, 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.

8. Material related party transactions

In terms of a supply agreement between joint venture group, Vuna and SeaVuna Fishing Company Proprietary Limited ("SeaVuna"), and Sea Harvest Group Limited's 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 period amounted to R134.3 million compared to R137.2 million for the period ended 30 June 2021 and R240.2 million for the year ended 31 December 2021. Sales to SeaVuna during the period amounted to R20.5 million compared to R14.0 million for the period ended 30 June 2021 and R21.5 million for the year ended 31 December 2021.

FURTHER INFORMATION (CONTINUED)

9. Business combinations

9.1 MG Kailis

With effect from 23 May 2022, Sea Harvest, 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.

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 Sea Harvest group'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, licenses, and fishing rights for prawns in the Exmouth region and trawled fish in the Pilbara region in Western Australia, providing Sea Harvest with further security of supply and diversification of product.

The initial accounting for the acquisition of MG Kailis has not been finalised at reporting date of 30 June 2022, as the effective date of acquisition was 23 May 2022 and is subject to potential changes in working capital and the value of intangible assets.

The provisional purchase price allocation is as follows:

R'000	PROVISIONAL FAIR VALUE AT ACQUISITION DATE
Assets acquired and liabilities assumed	
Property, plant, equipment and vehicles	117 174
Right-of-use assets	7 162
Intangible assets	534 770
Inventory	75 624
Trade and other receivables	55 744
Deferred tax liabilities	(160 431)
Lease liabilities	(7 532)
Trade and other payables	(75 385)
Total identifiable assets and liabilities	547 126
Total consideration transferred	
Cash	761 305
Deferred payment	3 917
	765 222
Net cash flow on acquisition of subsidiary	
Consideration paid in cash	761 305
	761 305
Goodwill	
Consideration	765 222
Less: Fair value of identifiable assets acquired and liabilities assumed	(547 126)
	218 096

FURTHER INFORMATION (CONTINUED)

9. Business combinations (continued)

9.1 MG Kailis (continued)

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 licenses. 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 is R55.7 million and 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.

9.2 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	43 078
Profit for the period	5 400
RESULTS OF THE GROUP IF MG KAILIS HAD BEEN CONSOLIDATED FROM 1 JANUARY 2022:	R'000
Revenue	2 979 587
Profit for the period	117 674

The directors consider these amounts to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Acquisition related costs

Acquisition costs of R12.8 million were recognised in profit or loss within other investment losses.

FURTHER INFORMATION (CONTINUED)

10. Discontinued operation

10.1 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.

10.2 Financial performance and cash flow information

R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2021	AUDITED YEAR ENDED 31 DECEMBER 2021
Sales and fee income	(4 521)	13
Operating expenses	(4 825)	16 847
(Loss)/profit before net finance costs	(9 346)	16 860
Interest income	120	–
(Loss)/profit before taxation	(9 226)	16 860
Gain on sale of subsidiary after taxation	–	140 848
(Loss)/profit from discontinued operation	(9 226)	157 708
Net cash generated by/(used in) in operating activities	4 361	(8 976)
Net increase/(decrease) in cash generated/(used) by the subsidiary	4 361	(8 976)

10.3 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 income tax	1
Income tax ²	140 847
Gain on sale after income tax	140 848

Notes

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 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 it satisfy the deemed separate entity condition in paragraph B77 of IFRS 10 *Consolidated Financial Statements* and thus may not be consolidated.

FURTHER INFORMATION (CONTINUED)

10. Discontinued operation (continued)

10.3 Details of the sale of the subsidiary (continued)

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 6). 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 period end, there have been no significant developments in the abovementioned litigation and therefore the fair value is still deemed to be R99.9 million.

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

11. Events occurring after the reporting period

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

12. Re-presentation of short-term employee related liabilities

Short-term employee related liabilities, which were previously presented under "Short-term provisions", have been classified under "Other payables". The amounts at 30 June 2021 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	30 JUNE 2021 PREVIOUS PRESENTATION	30 JUNE 2021 REVISED PRESENTATION	NET IMPACT
Statement of financial position			
Short-term provisions	53 352	1 027	(52 325)
Other payables	223 908	276 233	52 325
Net impact			—