



**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 2021

### HIGHLIGHTS

-  Group profit before tax up 540% to R430.2 million
-  Earnings per share up 232% to 97.9 cents
-  Headline earnings per share up 230% to 100.8 cents
-  Finance costs down by R151.9 million (58%)
-  More than R900 million from disposal of the remaining Life Healthcare shares used to fully settle zero cost collar funding
-  Repurchase of 5.7 million "N" ordinary shares for R34.8 million
-  Improved debt and liquidity ratios

### COMMENTARY

The Group reported a profit before tax for the period under review of R430.2 million compared to a loss before tax of R97.8 million in the comparative period. The current period profit is mainly due to strong performances by certain of the Group's subsidiaries, the upward revaluation of investments held at fair value through profit or loss, an increase of R75.1 million in share of profits of associates and joint ventures and a significant reduction of R151.9 million in finance costs compared to the comparative period.

All Brimstone's operating subsidiaries and its major associate, Oceana Group Limited, were classified as essential service providers and continued to operate through all COVID-19 lockdowns. This had a positive effect on the Group's results. In addition, Brimstone's de-gearing strategy which was implemented during the level 5 lockdown last year, has resulted in the repayment of debt of nearly R2 billion since its implementation and significant savings in finance costs.

Intrinsic net asset value increased marginally to R3.31 billion from R3.28 billion at 31 December 2020.

### UNDERLYING INVESTMENTS



## **BRIMSTONE PORTFOLIO**

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### **SUBSIDIARIES**

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#### **Sea Harvest (54.2%)<sup>1</sup>**

Brimstone held 159.5 million shares in Sea Harvest with a fair value of R2.2 billion at 30 June 2021 (R2.3 billion at 31 December 2020). Sea Harvest's share price closed at R13.65 per share, down from R14.26 per share at 31 December 2020.

Continuing the sound performance of 2020 and despite the ongoing volatility caused by COVID-19, Sea Harvest proved its resilient and defensive nature in delivering headline earnings for the period ended 30 June 2021 of R202.2 million (2020: R170.0 million), 19% ahead of 2020, while earnings per share increased by 27% to 77.7 cents (2020: 61.0 cents).

Revenue for the period increased by 5% to R2.1 billion (2020: R2.0 billion), benefitting from good performances from the South African Fishing segment, the Cape Harvest Foods segment (which includes Ladismith Cheese) and the Australian operations. The Aquaculture segment, while showing an improving revenue trend, continues to be severely impacted by the effects of COVID-19.

Despite the 5% reduction in the Total Allowable Catch in 2021, a stronger Rand, additional COVID-19 related costs and a R36.6 million (2020: R38.7 million) operating loss in the Aquaculture segment, the group, benefiting from its sound hedging strategy, delivered operating profit before fair value losses and share of losses of associate, of R323.4 million (2020: R257.0 million) for the period, 26% higher than the prior period, with the operating profit margin expanding to 15% (2020: 13%).

#### **Obsidian Health (Obsidian) (80%)**

Obsidian is a leading supplier of innovative healthcare solutions to both the private and public healthcare sectors within Sub-Saharan Africa. Obsidian contributed R12.5 million (2020: R2.5 million) to Group profit during the period under review. The strong performance of the last quarter in 2020 continued over the first six months of 2021. Although elective surgery caseloads have improved over the course of 2021, they were still negatively impacted by the varying degrees of COVID-19 lockdown regulations and restrictions within hospital theatres. The result being that Obsidian's product portfolios relating to elective surgeries underperformed compared to budget and pre-COVID-19 sales levels.

The Point of Care business unit however continued to outperform targets and produce strong growth driven by rapid Antigen COVID-19 testing and HIV screening testing, supported by sales of PPE through the Hospital business unit. The stabilisation of the Rand also assisted with relieving margin pressure, which resulted in increased profitability during the period under review.

#### **Lion of Africa Insurance Company (Lion of Africa) (100%)**

Lion of Africa is currently in the third year of run-off. The number of outstanding claims has decreased from in excess of 6 600 to under 300 since the run-off commenced. The company reported a loss of R9.4 million (2020: profit of R82.8 million), during the period under review. The profit in the prior year arose due to claim recoveries and release of reserves. During the first half of 2021, Lion received funds from reinsurers for the recovery of claims and used the funds to significantly reduce payables. The run-off is expected to continue into the 2022 year.

#### **House of Monatic (Monatic) (100%)**

Monatic disposed of its manufacturing assets and transferred related factory staff to a subsidiary of TFG Limited on 1 April 2021. Monatic is also in the process of running-down its retail operation and closing retail stores as leases expire. This process is progressing well and the company reported a loss of R18.6 million (2020: R29.3 million) for the period under review.

## ASSOCIATES AND JOINT VENTURES

### **Oceana (25.01%)<sup>1</sup>**

Brimstone held 32.6 million shares in Oceana with a market value of R2.1 billion at period end (R2.1 billion at 31 December 2020). Oceana's share price closed at R65.46 per share, up from R64.25 per share at 31 December 2020. Brimstone recognised R81.0 million as its share of profits of the associate (2020: R63.5 million) based on Oceana's reported earnings for the six months to 31 March 2021. Brimstone accrued dividends of R35.9 million (2020: Rnil) from Oceana during the period under review.

### **Aon Re Africa (18%)<sup>2</sup>**

Aon Re Africa is a leading reinsurance broker licensed and operating in South Africa and the rest of Africa. Brimstone recorded R17.1 million (2020: R13.0 million) in equity accounted earnings and received dividends of R8.1 million (2020: R4.1 million) from Aon Re Africa during the period under review.

### **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%) and Specialised Food Investment Holdings (Pty) Ltd (46.4%). SAED contributed R0.7 million in equity accounted earnings (2020: R17.8 million losses) to Brimstone during the period under review. Brimstone accrued a dividend of R0.7 million (2020: Rnil) 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. Despite the ongoing impact of the pandemic on the local and global foodservice market and on the operations of the company, Vuna managed to post a positive result for the period. Vuna contributed R2.9 million in equity accounted earnings (2020: R0.6 million losses) for the period under review. Brimstone accrued for R1.0 million (2020: Rnil) in dividends during the period under review.

### **Milpark Education (Milpark) (14.5%)<sup>2</sup>**

Milpark is a leading provider of higher education and training qualifications. Milpark contributed R7.5 million in equity accounted earnings (2020: R25.6 million losses) during the period under review. Brimstone received a dividend of R17.1 million (2020: Rnil) from Milpark during the period under review. Brimstone invested a further R30.1 million in Milpark to early-settle the acquisition of the business of CA Connect during the period under review. CA Connect has performed exceptionally in terms of student numbers and profitability.

## INVESTMENTS

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### **Equites (2.1%)**

Equites' share price closed at R18.88 per share up from R17.37 per share at 31 December 2020. The investment was revalued upwards by R21.1 million to R263.5 million at period end. Brimstone received a dividend of R11.2 million (2020: R26.9 million) from Equites during the period under review.

### **FPG Property Fund (9.9%)**

FPG Property Fund owns, manages, develops and acquires investment properties with long-term growth potential. The Fund's portfolio has a gross value of R5.7 billion of which 81% comprises convenience retail and neighbourhood shopping centres located in major urban areas in South Africa and the United Kingdom. The investment was revalued upwards by R19.1 million to R201.7 million at period end.

### **MTN Zakhele Futhi (1.5%)**

MTN Zakhele Futhi's share price closed at R15.50 per share, up from R9.67 per share at 31 December 2020. The investment was revalued upwards by R10.6 million to R28.2 million at period end.

### **Phuthuma Nathi (2.8%)**

Phuthuma Nathi's share price closed at R142.00 per share up from R118.75 per share at 31 December 2020. The investment was revalued upwards by R44.1 million to R269.2 million at period end. Brimstone expects to receive a dividend of R42.1 million in September 2021.

<sup>1</sup> Treasury shares have been included in the calculation of the percentage interest held.

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

## **INVESTMENTS (CONTINUED)**

### **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 35 000 students via contact, distance and hybrid learning. STADIO's share price closed at R3.09 per share, up from R1.95 per share at 31 December 2020. The investment was revalued upwards by R49.7 million to R134.6 million at period end.

## **INTRINSIC NET ASSET VALUE (INAV)**

INAV at 30 June 2021 calculated on a line-by-line basis, totalled R3.31 billion, or R13.36 per share (31 December 2020: R3.28 billion or R12.99 per share), representing an increase of 0.8% from 2020 (an increase of 2.9% on a per share basis). As at 30 June 2021, Brimstone Ordinary shares were trading at a discount of 49.6% to INAV (31 December 2020: 55.3%) and "N" ordinary shares traded at a discount of 55.9% to INAV (31 December 2020: 50.0%). The analysis of INAV is available on the Company's website at [www.brimstone.co.za](http://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 2020. Where the presentation of investments changed compared to 31 December 2020, these changes have been identified and the INAV information at 31 December 2020 has been re-presented to achieve comparability.

## **DIVIDEND**

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

## **PROSPECTS**

It is pleasing that the Group's de-gearing strategy embarked upon during the prior year has had a positive impact on its reported results. With the full settlement of the zero cost collar funding during the period, the savings in finance costs are expected to continue during the second half of the financial year. In addition, the cost-cutting and containment measures implemented early in 2021 are also expected to have a positive effect.

Despite the third wave of the coronavirus proving to be more deadly than previous waves, Brimstone's major investments have produced resilient results and are expected to continue to do so, while keeping employees safe. We are confident that the current vaccination programme, which is open to all adults, will boost our defence against the pandemic, minimise fatalities and bring us closer to a post-pandemic era. We are proud that our subsidiary Sea Harvest and associate Oceana have both played a critical role in establishing vaccination sites in the communities in which they operate.

The fishing rights allocation process (FRAP 2021) re-commenced in October 2020 and is expected to be concluded by 31 December 2021.

The Group will continue to maintain its positive long-term view on its investments and pursue value accreting opportunities.

**F Robertson**

*Executive Chairman*

**MA Brey**

*Chief Executive Officer*

31 August 2021

## **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, LA Parker, FD Roman \*Executive

**Company Secretary:** T Moodley

**Website:** [www.brimstone.co.za](http://www.brimstone.co.za)

**E-mail:** [info@brimstone.co.za](mailto:info@brimstone.co.za)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2021

R'000	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited Year ended 31 December 2020
<b>Revenue</b>	<b>2 298 784</b>	2 116 473	4 714 720
Sales and fee income	<b>2 287 539</b>	2 089 618	4 604 076
Dividends received	<b>11 245</b>	26 855	110 644
Operating expenses	<b>(2 008 456)</b>	(1 811 971)	(4 164 696)
<b>Operating profit</b>	<b>290 328</b>	304 502	550 024
Fair value gains/(losses)	<b>148 973</b>	(189 998)	(175 081)
Other investment (losses)/gains	<b>(18 741)</b>	7 030	(46 681)
Share of profits of associates and joint ventures	<b>108 468</b>	33 354	153 198
<b>Profit before net finance costs</b>	<b>529 028</b>	154 888	481 460
Interest income	<b>11 196</b>	9 265	28 345
Finance costs	<b>(110 072)</b>	(261 960)	(400 725)
<b>Profit/(loss) before taxation</b>	<b>430 152</b>	(97 807)	109 080
Taxation	<b>(90 586)</b>	(31 784)	(152 914)
<b>Profit/(loss) for the period</b>	<b>339 566</b>	(129 591)	(43 834)
Profit/(loss) attributable to:			
Equity holders of the parent	<b>247 758</b>	(188 140)	(184 540)
Non-controlling interests	<b>91 808</b>	58 549	140 706
	<b>339 566</b>	(129 591)	(43 834)
<b>Earnings/(loss) per share (cents)</b>			
Basic	<b>97.9</b>	(74.4)	(73.0)
Diluted	<b>96.5</b>	(74.4)	(73.0)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2021

R'000	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited Year ended 31 December 2020
<b>Profit/(loss) for the period</b>	<b>339 566</b>	(129 591)	(43 834)
<b>Other comprehensive (loss)/income, net of tax</b>	<b>(123 574)</b>	124 156	152 290
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedges			
Profit/(loss) arising during the period	<b>143 715</b>	(215 256)	(109 566)
Recycled to operating expenses	<b>(22 735)</b>	40 000	56 584
Cost of hedging reserve			
(Loss)/profit arising during the period	<b>(39 213)</b>	(30 246)	19 400
Recycled to operating expenses	<b>7 727</b>	—	(25 385)
Foreign currency translation			
(Loss)/profit arising during the period	<b>(35 342)</b>	106 814	69 131
Share of other comprehensive (loss)/income of associates			
(Loss)/profit arising during the period	<b>(173 354)</b>	222 844	140 127
Recycled to other investment (losses)/gains	<b>(4 847)</b>	—	—
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Measurement of defined benefit plans	—	—	619
Share of other comprehensive income of associates	<b>475</b>	—	1 380
<b>Total comprehensive income/(loss) for the period</b>	<b>215 992</b>	(5 435)	108 456
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent	<b>100 724</b>	(18 633)	(35 115)
Non-controlling interests	<b>115 268</b>	13 198	143 571
	<b>215 992</b>	(5 435)	108 456

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

R'000	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited Year ended 31 December 2020
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>7 255 106</b>	7 389 331	7 255 371
Property, plant, equipment and vehicles	<b>2 093 596</b>	2 097 079	2 057 951
Right-of-use assets	<b>145 533</b>	157 031	157 888
Biological assets	<b>67 623</b>	81 313	67 321
Goodwill	<b>857 230</b>	868 200	862 492
Intangible assets	<b>709 831</b>	747 948	742 800
Investments in associate companies and joint ventures	<b>2 233 013</b>	2 534 754	2 437 298
Investments	<b>938 448</b>	759 018	792 358
Loans and receivables	<b>10 689</b>	16 783	16 493
Loans to supplier partners	<b>96 181</b>	80 550	85 484
Deferred taxation	<b>57 860</b>	21 584	5 196
Other financial assets	<b>45 102</b>	25 071	30 090
<b>Current assets</b>	<b>2 285 438</b>	3 483 025	3 088 205
Inventories	<b>840 873</b>	780 868	731 757
Biological assets	<b>98 024</b>	82 130	93 087
Investments	<b>—</b>	835 028	555 035
Trade and other receivables	<b>874 279</b>	971 703	825 562
Short-term loan receivable	<b>43 447</b>	—	1 036
Insurance assets	<b>52 587</b>	90 627	70 153
Other financial assets	<b>151 803</b>	509 370	373 833
Taxation	<b>3 776</b>	12 786	9 848
Cash and cash equivalents	<b>220 649</b>	200 513	427 894
<b>TOTAL ASSETS</b>	<b>9 540 544</b>	10 872 356	10 343 576

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 30 June 2021

R'000	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited Year ended 31 December 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>3 776 789</b>	3 631 250	3 757 401
Share capital	39	39	39
Capital reserves	269 005	621 045	552 624
Revaluation reserves	17 199	17 204	17 207
Cash flow hedging reserve	122 838	(14 717)	53 932
Cost of hedging reserve	(55 085)	(50 134)	(37 172)
Foreign currency translation reserve	1 281	42 914	21 436
Changes in ownership	543 325	564 859	564 557
Retained earnings	1 566 447	1 315 089	1 318 689
Attributable to equity holders of the parent	2 465 049	2 496 299	2 491 312
Non-controlling interests	1 311 740	1 134 951	1 266 089
<b>Non-current liabilities</b>	<b>4 337 358</b>	4 517 512	4 385 267
Long-term borrowings	3 532 745	3 573 473	3 408 564
Long-term provisions	22 694	22 697	22 557
Lease liabilities	159 599	171 782	170 879
Contingent consideration	—	95 418	99 974
Deferred grant income	32 042	31 596	30 814
Other financial liabilities	901	66 525	901
Share-based payment liability	—	29 065	31 510
Deferred taxation	589 377	526 956	620 068
<b>Current liabilities</b>	<b>1 426 397</b>	2 723 594	2 200 908
Short-term borrowings	43 339	1 449 231	1 016 436
Short-term provisions	53 352	26 325	47 300
Bank overdrafts	9 315	68 032	32 742
Trade payables	565 881	512 522	585 902
Other payables	223 908	186 694	216 413
Contingent consideration	104 987	—	—
Deferred grant income	3 962	3 169	4 059
Lease liabilities	18 887	14 804	17 588
Insurance liabilities	206 699	238 706	226 213
Share-based payment liability	33 159	—	—
Other financial liabilities	22 145	210 890	49 404
Taxation	140 763	13 221	4 851
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9 540 544</b>	10 872 356	10 343 576
NAV per share (cents)	995	987	985
Shares in issue at end of period (000's)	247 789	252 803	252 803



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021

	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
<b>Balance at 1 January 2020 – audited</b>	39	389 774	17 293	82 531	(33 242)	(18 141)	574 755	1 503 229	2 516 238	1 160 450	3 676 688
Attributable (loss)/profit for the year ended 31 December 2020	–	–	–	–	–	–	–	(184 540)	(184 540)	140 706	(43 834)
Other comprehensive income/(loss)	–	142 167	–	(27 920)	(4 226)	39 404	–	–	149 425	2 865	152 290
Total comprehensive income/(loss)	–	142 167	–	(27 920)	(4 226)	39 404	–	(184 540)	(35 115)	143 571	108 456
Transfer to share-based payment liability subsequent to modification	–	(2 921)	–	–	–	–	–	–	(2 921)	–	(2 921)
Recognition of share-based payments	–	32 649	–	–	–	–	–	–	32 649	8 824	41 473
Acquired through business combination	–	–	–	–	–	–	–	–	–	15 324	15 324
Dividend paid	–	–	–	–	–	–	–	–	–	(74 554)	(74 554)
Shares issued by subsidiaries	–	(9 782)	(86)	(679)	296	173	(10 198)	–	(20 276)	13 229	(7 047)
Shares repurchased	–	737	–	–	–	–	–	–	737	(755)	(18)
<b>Balance at 31 December 2020 – audited</b>	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
<b>Balance 1 January 2021 – audited</b>	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)
Shares issued by subsidiaries	–	24	(8)	(31)	1	(14)	(21 232)	–	(21 260)	128	(21 132)
Shares repurchased	–	(34 773)	–	–	–	–	–	–	(34 773)	–	(34 773)
<b>Balance at 30 June 2021 – unaudited</b>	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 CHANGES IN EQUITY (CONTINUED)

for the six months ended 30 June 2021

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
<b>Balance 1 January 2020 – audited</b>	39	389 774	17 293	82 531	(33 242)	(18 141)	574 755	1 503 229	2 516 238	1 160 450	3 676 688
Attributable (loss)/profit for the six months ended 30 June 2020	–	–	–	–	–	–	–	(188 140)	(188 140)	58 549	(129 591)
Other comprehensive income/(loss)	–	222 388	–	(96 583)	(17 191)	60 893	–	–	169 507	(45 351)	124 156
Total comprehensive income/(loss)	–	222 388	–	(96 583)	(17 191)	60 893	–	(188 140)	(18 633)	13 198	(5 435)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	15 897	15 897
Recognition of share-based payments	–	13 797	–	–	–	–	–	–	13 797	3 917	17 714
Dividend paid	–	–	–	–	–	–	–	–	–	(67 380)	(67 380)
Transfer to share-based payment liability subsequent to modification	–	(1 431)	–	–	–	–	–	–	(1 431)	–	(1 431)
Shares issued by subsidiaries	–	(3 483)	(89)	(665)	299	162	(9 896)	–	(13 672)	8 869	(4 803)
<b>Balance at 30 June 2020 – unaudited</b>	39	621 045	17 204	(14 717)	(50 134)	42 914	564 859	1 315 089	2 496 299	1 134 951	3 631 250

## **CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

for the six months ended 30 June 2021

R'000	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited Year ended 31 December 2020
<b>Operating activities</b>			
Profit/(loss) for the period	339 566	(129 591)	(43 834)
Adjustments for non-cash items	55 704	502 254	746 773
Operating cash flows before movements in working capital	395 270	372 663	702 939
(Increase)/decrease in inventories	(100 570)	(46 525)	30 989
(Increase)/decrease in trade and other receivables	(85 267)	(25 412)	114 867
(Decrease)/increase in trade and other payables	(8 345)	25 757	135 887
Net decrease in insurance assets	17 567	114 912	135 385
Net decrease in insurance liabilities	(19 514)	(203 867)	(216 360)
Cash generated from operations	199 141	237 528	903 707
Interest received	9 431	7 029	22 780
Proceeds from receipt of a government grant	3 051	1 088	3 328
Dividends received from associates and joint ventures	62 695	–	145 960
Dividends received from other equity investments	11 245	26 855	110 644
Income taxes paid	(60 540)	(53 904)	(123 274)
Finance costs	(43 043)	(96 021)	(304 358)
Net cash generated from operating activities	181 980	122 575	758 787
<b>Investing activities</b>			
Loans and receivables advanced	(1 007)	(52 878)	(54 028)
Loans and receivables repaid	599	3 000	3 000
Proceeds on disposal of investments	906 969	575 489	1 016 845
Proceeds on disposal of property, plant, equipment and vehicles	3 889	836	7 636
Insurance proceeds	16 891	–	25 747
Acquisition of property, plant, equipment and vehicles	(158 022)	(173 940)	(314 719)
Acquisition of biological assets	(34 341)	(33 700)	(65 605)
Acquisition of subsidiary	–	(22 514)	(22 514)
Acquisition of intangible assets	(1 953)	(1 787)	(35 293)
Loans made to supplier partners	500	150	(7 295)
Acquisition of investments and investments in associates	(31 745)	(7 059)	(17 286)
Net cash generated from investing activities	701 780	287 597	536 488
<b>Financing activities</b>			
Dividends paid by Company and subsidiaries	(72 784)	(67 380)	(74 554)
Repayments of borrowings	(1 061 323)	(879 542)	(1 653 464)
Loans raised	148 533	426 322	592 207
Shares/units repurchased	(34 773)	–	737
(Repurchase)/issue of shares by subsidiaries	(21 133)	(500)	3 543
Repayments of other financial liabilities	(26 237)	(11 145)	(22 752)
Further investment in subsidiary	–	(343)	(380)
(Decrease)/increase in bank overdrafts	(23 427)	2 826	(32 465)
Net cash used in financing activities	(1 091 144)	(529 762)	(1 187 128)
Net (decrease)/increase in cash and cash equivalents	(207 384)	(119 590)	108 147
Cash and cash equivalents at beginning of period	427 894	319 172	319 172
Foreign exchange differences	139	931	575
Cash and cash equivalents at end of period	220 649	200 513	427 894

## HEADLINE EARNINGS/(LOSS) PER SHARE

for the six months ended 30 June 2021

	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited Year ended 31 December 2020
<b>Headline earnings/(loss) per share (cents)</b>			
Basic	100.8	(77.3)	(61.5)
Diluted	99.4	(77.3)	(61.5)
<b>Headline earnings/(loss) calculation (R'000)</b>			
Profit/(loss) attributable to equity holders of the parent	247 758	(188 140)	(184 540)
Impairment of property, plant, equipment and vehicles	—	—	45 896
Insurance proceeds	(9 625)	—	(14 682)
Loss on deemed disposal of associate	22 688	—	—
Fair value adjustment of previously held interest in associate	—	—	391
(Profit)/loss on disposal of property, plant, equipment and vehicles	(3 191)	743	5 169
Gain on bargain purchase	—	(7 686)	(5 200)
Adjustments relating to results of associates	(9 562)	(244)	(10 094)
Total tax effects of adjustments	7 048	(149)	7 515
<b>Headline earnings/(loss)</b>	<b>255 116</b>	<b>(195 476)</b>	<b>(155 545)</b>
Weighted average number of shares on which basic earnings/(loss) and basic headline earnings/(loss) per share is based (000's)	253 014	252 803	252 803
Weighted average number of shares on which diluted earnings/(loss) and diluted headline earnings/(loss) per share is based (000's)	256 708	252 803	252 803

## **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 financial information was prepared under the supervision of the Group Financial Director, Geoffrey George Fortuin CA(SA).

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 2020.

The information has not been audited or reviewed by the Group's auditors, Ernst & Young Inc.

### **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 Group's consolidated annual financial statements for the year ended 31 December 2020.

R'000s	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited year ended 31 December 2020
<b>3. Revenue</b>			
The Group's revenue comprises the following:			
<b>Revenue from industrial and other operations</b>			
Sale of goods recognised at a point in time			
Food products	2 103 926	1 999 648	4 375 339
Clothing products	26 266	28 332	58 613
Healthcare products	160 709	60 308	179 030
Other	1 159	1 051	2 181
<b>Total revenue from industrial and other operations</b>	<b>2 292 060</b>	<b>2 089 339</b>	<b>4 615 163</b>
<b>Revenue from insurance operations</b>			
Insurance operations	(4 521)	279	(11 087)
<b>Total sales and fee income</b>	<b>2 287 539</b>	<b>2 089 618</b>	<b>4 604 076</b>
<b>Dividends received</b>	<b>11 245</b>	<b>26 855</b>	<b>110 644</b>
<b>Total revenue</b>	<b>2 298 784</b>	<b>2 116 473</b>	<b>4 714 720</b>
<b>4. Finance costs</b>			
Interest on borrowings	34 396	173 898	240 769
Preference dividends	63 502	76 101	139 614
Interest expense on lease liabilities	8 214	8 507	15 942
Other	3 960	3 454	4 400
<b>Total finance costs</b>	<b>110 072</b>	<b>261 960</b>	<b>400 725</b>

## **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 Group's reportable segments under IFRS 8 *Operating Segments*, are therefore food, insurance, clothing and investments. Investments include investments in associates, joint ventures, investments at fair value through other comprehensive income and investments at fair value through profit or loss.

R'000	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited year ended 31 December 2020
<b>Segment revenues and results</b>			
<b>Segment revenue</b>			
Food	2 103 926	1 999 648	4 383 339
Insurance	(4 521)	279	(11 087)
Clothing	26 266	28 332	58 613
Investments	173 113	88 214	283 855
<b>Total revenue</b>	<b>2 298 784</b>	2 116 473	4 714 720
<b>Segment profit/(loss) from operations</b>			
Food	319 481	257 647	643 625
Insurance	(9 346)	81 626	(59 407)
Clothing	(17 806)	(29 278)	(75 317)
Investments	(2 001)	(5 493)	41 123
<b>Total profit from operations</b>	<b>290 328</b>	304 502	550 024
Fair value gains/(losses)	148 973	(189 998)	(175 081)
Other investment (losses)/gains	(18 741)	7 030	(46 681)
Share of profits of associates and joint ventures	108 468	33 354	153 198
Interest income	11 196	9 265	28 345
Finance costs	(110 072)	(261 960)	(400 725)
Taxation	(90 586)	(31 784)	(152 914)
<b>Profit/(loss) for the period</b>	<b>339 566</b>	(129 591)	(43 834)
<b>Segment assets and liabilities</b>			
<b>Segment assets</b>			
Food	5 938 038	5 670 697	5 703 878
Insurance	105 770	292 740	179 798
Clothing	62 559	136 126	71 225
Investments	3 434 177	4 772 793	4 388 675
<b>Total segment assets</b>	<b>9 540 544</b>	10 872 356	10 343 576
<b>Segment liabilities</b>			
Food	3 060 141	3 257 373	2 999 673
Insurance	279 788	316 909	324 591
Clothing	17 380	83 066	39 356
Investments	2 406 446	3 583 758	3 222 555
<b>Total segment liabilities</b>	<b>5 763 755</b>	7 241 106	6 586 175

Segment assets and liabilities decreased since year end, mainly due to Brimstone's disposal of the remaining 33.0 million Life Healthcare shares for a total cash consideration of R907.0 million which was used to fully settle the related zero cost collar debt.

## **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, non-financial assets and financial liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial assets, non-financial assets and financial liabilities are measured at fair value at each reporting date. The following table gives information about how the fair values of these financial assets, non-financial 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

<b>30 June 2021 – unaudited</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at FVTPL*</b>				
Derivative financial assets	—	196 905 <sup>1</sup>	—	196 905
Listed shares	695 496	—	—	695 496
Unlisted shares	—	—	217 687 <sup>2</sup>	217 687
<b>Non-financial assets at fair value</b>				
Biological assets	—	—	165 647 <sup>3</sup>	165 647
<b>Financial assets at FVTOCI**</b>				
Unlisted shares	—	—	25 265 <sup>4</sup>	25 265
<b>Total</b>	<b>695 496</b>	<b>196 905</b>	<b>408 599</b>	<b>1 301 000</b>
<b>Financial liabilities at FVTPL*</b>				
Contingent consideration	—	—	104 987 <sup>5</sup>	104 987
Derivative financial liabilities	—	23 046 <sup>1</sup>	—	23 046
<b>Total</b>	<b>—</b>	<b>23 046</b>	<b>104 987</b>	<b>128 033</b>

R'000

<b>30 June 2020 – unaudited</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at FVTPL*</b>				
Derivative financial assets	—	534 441 <sup>1</sup>	—	534 441
Listed shares	1 367 018	—	—	1 367 018
Unlisted shares	—	—	201 764 <sup>2</sup>	201 764
<b>Non-financial assets at fair value</b>				
Biological assets	—	—	163 443 <sup>3</sup>	163 443
<b>Financial assets at FVTOCI**</b>				
Unlisted shares	—	—	25 265 <sup>4</sup>	25 265
<b>Total</b>	<b>1 367 018</b>	<b>534 441</b>	<b>390 472</b>	<b>2 291 931</b>
<b>Financial liabilities at FVTPL*</b>				
Contingent consideration	—	—	95 418 <sup>5</sup>	95 418
Derivative financial liabilities	—	277 415 <sup>1</sup>	—	277 415
<b>Total</b>	<b>—</b>	<b>277 415</b>	<b>95 418</b>	<b>372 833</b>

## **FURTHER INFORMATION (CONTINUED)**

### **6. Fair value measurements (continued)**

R'000

<b>31 December 2020 – audited</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at FVTPL*</b>				
Derivative financial assets	–	403 923 <sup>1</sup>	–	403 923
Listed shares	1 125 118	–	–	1 125 118
Unlisted shares	–	–	197 011 <sup>2</sup>	197 011
<b>Non-financial assets at fair value</b>				
Biological assets	–	–	160 408 <sup>3</sup>	160 408
<b>Financial assets at FVTOCI**</b>				
Unlisted shares	–	–	25 265 <sup>4</sup>	25 265
<b>Total</b>	1 125 118	403 923	382 684	1 911 725
<b>Financial liabilities at FVTPL*</b>				
Contingent consideration	–	–	99 974 <sup>5</sup>	99 974
Derivative financial liabilities	–	50 305 <sup>1</sup>	–	50 305
<b>Total</b>	–	50 305	99 974	150 279

\* FVTPL = Fair value through profit or loss

\*\* FVTOCI = Fair value through other comprehensive income

The above tables provide 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 since year end.

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:
  - Options are independently valued using the Monte Carlo method, taking into account the number of option shares, the spot price per share, the risk free rate, dividend yield, volatility and outstanding debt of the relevant share.
  - The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
  - The fair value of forward exchange contracts is determined using forward exchange spot and forward rates at the reporting date.
  - The fair value of the zero cost collar is calculated by an independent valuer using the Monte Carlo method, taking into account the spot price per share, the risk free rates, dividend and volatility.
2. Value is based on the effective interest held in the net assets of the underlying entity. In assessing the net assets of the underlying entity, substantially all of the assets are carried at fair value and all of the liabilities are carried at amortised cost. 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.



## **FURTHER INFORMATION (CONTINUED)**

### **6. Fair value measurements (continued)**

#### **Notes (continued)**

3. Biological assets are measured at fair value less costs to sell. The fair value of fish, mussels, oysters, and abalone, are determined based on the market price of biological assets of a similar age, breed and genetic merit.
4. Value determined by an independent valuer:
  - Financial assets represented by unlisted shares in a vessel owning company are valued based on the cash flows related to the vessel.
5. The fair value of the contingent consideration arrangement is estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate equal to the prime lending rate and the assumption that the earn-out targets will be met based on the best available forecast information.

### **7. Share capital (number)**

	<b>Unaudited six months ended 30 June 2021</b>	<b>Unaudited six months ended 30 June 2020</b>	<b>Audited year ended 31 December 2020</b>
In issue (number)			
Ordinary shares	<b>39 874 146</b>	39 874 146	39 874 146
Held as treasury shares	<b>(3 011 028)</b>	(3 011 028)	(3 011 028)
	<b>36 863 118</b>	36 863 118	36 863 118
“N” ordinary shares	<b>224 975 962</b>	228 639 962	224 975 962
Held as treasury shares	<b>(14 050 423)</b>	(12 699 600)	(9 035 600)
	<b>210 925 539</b>	215 940 362	215 940 362
Total net of treasury shares	<b>247 788 657</b>	252 803 480	252 803 480
Weighted average number of shares on which earnings/(loss) and headline earnings/(loss) per share is based:	<b>253 014 279</b>	252 803 480	252 803 480
Weighted average number of shares on which diluted earnings/(loss) and diluted headline earnings/(loss) per share is based:	<b>256 615 033</b>	252 803 480	252 803 480
Closing share price (cents)			
Ordinary shares	<b>674</b>	500	581
“N” ordinary shares	<b>590</b>	550	650

On 25 June 2021, Brimstone, through its treasury share vehicle, bought back 5 747 590 “N” ordinary shares for a total cash consideration of R34.8 million (R6.05 per share). These shares are now classified as treasury shares.

**8. Material related party transactions**

In terms of a supply agreement between joint venture group, Vuna Fishing Company (Pty) Ltd (“Vuna”) and SeaVuna Fishing Company (Pty) Ltd (“SeaVuna”), and Sea Harvest Group Limited’s subsidiary, Sea Harvest Corporation (Pty) Ltd (“Sea Harvest Corporation”), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation. Purchases from SeaVuna during the period amounted to R137.2 million compared to R122.3 million for the period ended 30 June 2020 and R221.4 million for the year ended 31 December 2020. Sales to SeaVuna during the period amounted to R14.0 million compared to R23.2 million for the period ended 30 June 2020 and R33.4 million for the year ended 31 December 2020.

**9. Events occurring after the reporting period**

The civil unrest, which occurred in July 2021 in KwaZulu-Natal and Gauteng, had minimal impact on the Group’s operating subsidiaries.

There are no other 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.