

Profitability. Empowerment. Positive Social Impact.

REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Highlights

- Profit for the year up 30% to R421.9 million (2022: R324.5 million)
- Share of profits of associates and joint ventures up 88% to R428.3 million (2022: R228.4 million)
- Earnings per share up 54% to 117.9 cents (2022: 76.6 cents)
- Headline earnings per share up 4% to 71.6 cents (2022: 69.0 cents)
- Dividend declared of 40 cents (2022: 33 cents) per share
- Repurchase of 4.1 million Ordinary and "N" Ordinary shares for R21.6 million
- Subsequent to year end, repurchase of 1.5 million "N" Ordinary shares for R7.2 million
- Reduced debt by R307.5 million, subsequent to year end

Commentary

The year under review was characterised by high inflation, a weaker Rand and high interest rates. Continued load shedding and pressure in the domestic transport network, in particular the ports, have weighed heavily on the economy. The high unemployment rate continued to impact consumer spending in an environment where the consumer was already under pressure.

Operating conditions remained challenging and we expect that the current headwinds of slow economic growth, high inflation and Rand weakness will persist over the medium term.

Despite the operating environment, the Group reported a profit for the year under review of R421.9 million (2022: R324.5 million), mainly due to a strong performance by major associate, Oceana Group Limited, which contributed R366.4 million, an increase of R171 million compared to the prior year.

Subsequent to year end, the Group implemented its debt reduction strategy, by disposing or partially disposing of certain investments. Net proceeds of R307.5 million, was utilised to pay-down debt. This process is ongoing and is aimed at significantly reducing Brimstone's gearing.

Enhancing shareholder returns remains a focus for the Board and management, hence the Group repurchased 4.1 million Ordinary and "N" Ordinary shares for R21.6 million during the year. In addition, a further 1.5 million "N" Ordinary shares were repurchased for R7.2 million, subsequent to year end.

Underlying investments



Brimstone portfolio

Food

Sea Harvest (53.4%)¹

Brimstone held 159.6 million shares in Sea Harvest with a fair value of R1.5 billion at year end (31 December 2022: R1.9 billion).

Sea Harvest's share price closed at R9.45 per share, down from R12.00 per share at 31 December 2022.

Sea Harvest delivered earnings before interest and tax of R577 million, up by 15% (2022: R500 million) and headline earnings per share of 100 cents, down by 5% (2022: 105 cents).

The group's performance benefitted from strong demand across all markets and channels and improved pricing, while the group's hard currency exposure allowed it to benefit from the weaker Rand. The result was, however, constrained by lower volumes as a result of difficult fishing conditions, above inflation cost increases, load shedding, and significantly lower global prawn prices. The primary driver of lower earnings was the 71% increase in finance costs.

Oceana (25.1%)¹

Brimstone held 32.7 million shares in Oceana with a market value of R2.3 billion at year end (31 December 2022: R2.1 billion). Oceana's share price closed at R70.67 per share, up from R63.29 per share at 31 December 2022. Brimstone recognised R366.4 million³ (2022: R195.4 million) as its share of profits of the associate based on Oceana's reported profit for the year to 30 September 2023.

Brimstone received cash dividends of R142.4 million (2022: R194.1 million) from Oceana during the year under review. The prior year dividend included an amount of R80.9 million which was the delayed final dividend received in respect of Oceana's 2021 financial year.

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. It processes and packages its catch, providing value-added chilled and frozen food products to foodservice customers throughout South Africa and abroad. Vuna contributed R1 million (2022: R3.2 million) in equity accounted earnings during the year under review.

Financial services and property

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 R22.5 million (2022: R13.9 million) in equity accounted earnings and received dividends of R15.4 million (2022: R12.7 million) from Aon Re Africa during the year under review.²

Equites (1.8%)

Equites' share price closed at R13.95 per share, down from R16.84 per share at 31 December 2022. The investment was revalued downwards by R40.3 million to R194.7 million at year end. Brimstone received a dividend of R21.4 million (2022: R23.2 million) from Equites during the year under review.

Subsequent to year end, Brimstone disposed of 8 836 487 of its 13 958 621 shares in Equites for a total cash consideration of R123.9 million, on the open market.

FPG Property Fund (10.1%)

FPG Property Fund is a Cape-based black-owned and managed unlisted property fund specialising in the retail convenience market. It owns 34 convenience shopping centres in South Africa with an expanding footprint in the United Kingdom. The property portfolio is independently valued in excess of R8 billion on a gross basis (refer note 6).

The investment was revalued upwards by R50.3 million to R362.6 million at year end. Brimstone received a dividend of R4.3 million (2022: R3.3 million) from FPG during the year under review.

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

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

³ Includes R103.6 million representing Brimstone's share of the profit realised by Oceana on disposal of Commercial Cold Storage.

Brimstone portfolio (continued)

Restricted BEE

Milpark Education (Milpark) (12.8%)

Milpark contributed R24.9 million (2022: R14.6 million) in equity accounted earnings during the year under review. Brimstone received a dividend of R13.8 million (2022: R15.1 million) from Milpark during the year under review.² The carrying value of Milpark at year end was R87.5 million (2022: R76.5 million).

Subsequent to year end, Brimstone received R117.5 million on the disposal of Milpark.

MTN Zakhele Futhi (1.5%)

MTN Zakhele Futhi's share price closed at R17.17 per share, down from R19.40 per share at 31 December 2022. The investment was revalued downwards by R4.1 million to R31.2 million at year end. The MTN Zakhele Futhi scheme matures on 25 November 2024.

Phuthuma Nathi (2.8%)

Phuthuma Nathi's share price closed at R93.00 per share, down from R133.11 per share at 31 December 2022. The investment was revalued downwards by R76 million to R176.3 million at year end. Brimstone received a dividend of R38.6 million (2022: R42.1 million) from Phuthuma Nathi during the year under review.

Subsequent to year end, Brimstone disposed of 1 000 000 of its 1 895 425 Phuthuma Nathi shares, for a total cash consideration of R100 million.

STADIO (5.1%)

STADIO Holdings is a listed group servicing the needs of the higher education market in South Africa through its investment in three prestigious tertiary institutions, which collectively offer over 90 accredited programmes, from Higher Certificates to Doctorates. STADIO enrolls over 46 000 students via contact and distance learning.

STADIO's share price closed at R5.22 per share, up from R4.91 per share at 31 December 2022. The investment was revalued upwards by R13.5 million to R227.4 million at year end. Brimstone received a dividend of R3.9 million (2022: R2 million) from STADIO during the year under review.

Brimstone is subject to a lock-in in respect of this investment which expires as follows:

- 78% on 4 December 2024; and
- 22% on 22 March 2025.

Healthcare

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 R3.7 million (2022: R5.2 million) to Group profit during the year under review.

Obsidian managed to grow revenue by regaining market share which was lost during the COVID-19 period due to stock outs, benefiting from increased caseloads as hospitals returned to normal operations post COVID-19, and achieving additional sales to existing customers through organic growth of existing agency product portfolios. Profitability was however impacted due to a decline in margins driven by large global manufacturer price increases combined with the depreciation of the Rand and increased freight costs.

Other

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 Proprietary Limited (45%), Tombake Holdings Proprietary Limited (32.6%), Decision Inc. Proprietary Limited (48.4%), ASG Holdings Proprietary Limited (33.5%), Specialised Food Investment Holdings Proprietary Limited (46.4%), and Seapro SA Proprietary Limited (22.5%). SAED contributed R8.7 million (2022: R1.9 million) in equity accounted earnings to Brimstone during the year under review. Brimstone accrued a dividend of R1.6 million (2022: R1.6 million) from SAED during the year under review.

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

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

Intrinsic net asset value (INAV)

INAV at 31 December 2023 calculated on a line-by-line basis, totalled R2.98 billion, or R12.13 per share (31 December 2022: R3.29 billion or R13.25 per share), representing a decrease of 9.4% from 2022 (a decrease of 8.4% on a per share basis). As at 31 December 2023, Brimstone Ordinary shares were trading at a discount of 57.9% to INAV (31 December 2022: 60.3%) and “N” Ordinary shares traded at a discount of 60.0% to INAV (31 December 2022: 57.5%). 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 2022.

Declaration of cash dividend

Brimstone’s board has declared a final gross dividend of 40 cents per share for the year ended 31 December 2023 (2022: 33 cents) payable on Monday, 15 April 2024. The final dividend has been declared out of income reserves. In compliance with the requirements of Strate, the Company has determined the following salient dates for the payment of the final dividend:

Dividend declaration date	Wednesday, 6 March 2024
Last day to trade cum dividend	Tuesday, 9 April 2024
Shares commence trading ex dividend	Wednesday, 10 April 2024
Record date	Friday, 12 April 2024
Payment date	Monday, 15 April 2024

Shares may not be rematerialised or dematerialised from Wednesday, 10 April 2024 to Friday, 12 April 2024, both days inclusive.

The final dividend is subject to a local Dividends Tax at 20%. The final net local dividend amount is 32 cents per share for shareholders liable to pay Dividends Tax and 40 cents per share for shareholders exempt from paying Dividends Tax. The number of Brimstone Ordinary and “N” Ordinary shares eligible for the final dividend at the date of this declaration is 39 874 146 and 224 975 962 respectively and the Company’s tax reference number is 9397002719.

F Robertson
EXECUTIVE CHAIRMAN

MA Brey
CHIEF EXECUTIVE OFFICER

6 March 2024

Directorate and administration

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

TRANSFER SECRETARIES: Computershare Investor Services Proprietary Limited, 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 Director)*, MI Khan (Chief Operating Officer)*, T Moodley*, PL Campher (Lead Independent), M Hewu, N Khan, M Ndlovu, LA Parker, FD Roman, L Wort *Executive

COMPANY SECRETARY: T Moodley

WEBSITE: www.brimstone.co.za

E-MAIL: info@brimstone.co.za

Independent auditor's review report on condensed consolidated financial statements

To the Shareholders of Brimstone Investment Corporation Limited

We have reviewed the condensed consolidated financial statements of Brimstone Investment Corporation Limited, contained on pages 6 to 18 of the accompanying reviewed condensed consolidated financial results, which comprise the condensed consolidated statement of financial position as at 31 December 2023 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Brimstone Investment Corporation Limited for the year ended 31 December 2023 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.

DIRECTOR – PIERRE GUSTAV DU PLESSIS

Chartered Accountant (S.A)

Registered Auditor

6 March 2024

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

Condensed consolidated statement of profit or loss

for the year ended 31 December 2023

R'000	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2023	AUDITED YEAR ENDED 31 DECEMBER 2022
Revenue	3	6 528 963	6 212 852
Sales and fee income		6 460 762	6 137 165
Dividends received		68 201	75 687
Net operating expenses ¹		(6 073 867)	(5 703 287)
Operating profit		455 096	509 565
Fair value (losses)/gains		(37 220)	34 324
Other investment gains/(losses) ²		95 522	(38 253)
Share of profits of associates and joint ventures		428 331	228 351
Profit before net finance costs		941 729	733 987
Interest income		29 866	18 737
Finance costs	4	(471 843)	(306 295)
Profit before taxation		499 752	446 429
Taxation		(77 878)	(121 920)
Profit for the year		421 874	324 509
Profit attributable to:			
Equity holders of the parent		291 267	189 934
Non-controlling interests		130 607	134 575
		421 874	324 509
Earnings per share (cents)			
Basic		117.9	76.6
Diluted		116.6	75.7

¹ Included in net operating expenses is net foreign exchange gains of R1.2 million (2022: R167.8 million), and insurance income of R65 million (2022: R25 million).

² The current year includes R93.3 million relating to a gain on purchased loans. Refer to note 9.2.

Condensed consolidated statement of comprehensive income

for the year ended 31 December 2023

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2023	AUDITED YEAR ENDED 31 DECEMBER 2022
Profit for the year	421 874	324 509
Other comprehensive (loss)/income, net of tax	91 258	303 835
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
Loss arising during the year	(62 974)	(43 603)
Recycled to operating expenses	716	131
Cost of hedging reserve		
(Loss)/profit arising during the year	(6 301)	26 573
Recycled to operating expenses	4 682	(492)
Foreign currency translation		
Profit arising during the year	85 677	15 192
Share of other comprehensive income of associates		
Current year movement	69 351	303 053
Items that will not be reclassified subsequently to profit or loss		
Movement in investment at fair value through other comprehensive income	(2 242)	965
Measurement of defined benefit plans	1 513	2 129
Share of other comprehensive income/(loss) of associates	836	(113)
Total comprehensive income for the year	513 132	628 344
Total comprehensive income attributable to:		
Equity holders of the parent	372 948	494 719
Non-controlling interests	140 184	133 625
	513 132	628 344

Condensed consolidated statement of financial position

as at 31 December 2023

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2023	RESTATE ¹ AUDITED YEAR ENDED 31 DECEMBER 2022
Assets		
Non-current assets	9 368 582	9 098 327
Property, plant, equipment and vehicles	2 450 740	2 408 651
Investment properties	79 432	3 700
Right-of-use assets	209 658	204 928
Biological assets	71 410	87 287
Goodwill	1 036 759	1 017 694
Intangible assets	1 484 135	1 426 207
Investments in associate companies and joint ventures	2 927 839	2 661 300
Investments	883 421	1 113 957
Loans and receivables	21 052	14 624
Loans to supplier partners	103 590	92 670
Deferred taxation	64 521	35 584
Other financial assets	36 025	31 725
Current assets	2 623 348	2 557 261
Inventories	1 089 380	1 077 515
Biological assets	118 266	77 909
Trade and other receivables	985 097	952 604
Loans and receivables	2 385	8 836
Other financial assets	55	48 928
Taxation	6 336	16 336
Cash and cash equivalents	421 829	375 133
Non-current assets held for sale²	263 774	—
TOTAL ASSETS	12 255 704	11 655 588

¹ The restatement relates to the finalisation of the MG Kailis business combination. Refer to note 9.3.

² Refer to note 9.4.

Condensed consolidated statement of financial position (continued)

as at 31 December 2023

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2023	RESTATED ¹ AUDITED YEAR ENDED 31 DECEMBER 2022
Equity and liabilities		
Capital and reserves	5 104 476	4 803 207
Share capital	39	39
Capital reserves	627 487	572 786
Revaluation reserves	18 734	19 989
Cash flow hedging reserve	11 125	47 457
Cost of hedging reserve	(31 777)	(30 731)
Foreign currency translation reserve	91 205	41 417
Changes in ownership	489 918	508 419
Retained earnings	2 370 897	2 164 128
Attributable to equity holders of the parent	3 577 628	3 323 504
Non-controlling interests	1 526 848	1 479 703
Non-current liabilities	5 642 336	5 367 695
Long-term interest bearing borrowings	4 436 309	4 217 686
Employee related liabilities	29 791	22 170
Lease liabilities	216 647	210 964
Deferred grant income	30 990	34 342
Other financial liabilities	3 252	7 257
Deferred taxation	925 347	875 276
Current liabilities	1 508 892	1 484 686
Short-term interest bearing borrowings	395 473	372 660
Short-term provisions	4 704	10 704
Bank overdrafts	56 116	24 715
Trade payables	598 869	618 884
Other payables	245 175	318 375
Deferred grant income	4 367	2 776
Lease liabilities	34 101	31 051
Other financial liabilities	166 975	105 009
Taxation	3 112	512
Total equity and liabilities	12 255 704	11 655 588
NAV per share (cents)	1 457	1 340
Shares in issue at end of year (000's)	245 512	248 091

¹ The restatement relates to the finalisation of the MG Kailis business combination. Refer to note 9.3.

Condensed consolidated statement of changes in equity

for the year ended 31 December 2023

	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 2022 – audited	39	256 511	19 271	70 323	(45 182)	32 211	540 679	2 050 592	2 924 444	1 466 072	4 390 516
Attributable profit for the year	–	–	–	–	–	–	–	189 934	189 934	134 575	324 509
Other comprehensive income/(loss)	–	304 214	557	(23 419)	14 787	8 646	–	–	304 785	(950)	303 835
Total comprehensive income/(loss)	–	304 214	557	(23 419)	14 787	8 646	–	189 934	494 719	133 625	628 344
Recognition of share-based payments	–	38 873	–	–	–	–	–	–	38 873	2 904	41 777
Dividend paid	–	–	–	–	–	–	–	(76 398)	(76 398)	(100 588)	(176 986)
Share of other net asset changes of associate	–	4 094	–	–	–	–	–	–	4 094	–	4 094
Shares issued by subsidiaries	–	–	–	–	–	–	–	–	–	9 976	9 976
Shares repurchased by subsidiaries	–	(25 670)	161	553	(336)	560	(32 260)	–	(56 992)	(32 286)	(89 278)
Shares repurchased	–	(5 236)	–	–	–	–	–	–	(5 236)	–	(5 236)
Balance 31 December 2022 – audited	39	572 786	19 989	47 457	(30 731)	41 417	508 419	2 164 128	3 323 504	1 479 703	4 803 207
Balance 1 January 2023 – audited	39	572 786	19 989	47 457	(30 731)	41 417	508 419	2 164 128	3 323 504	1 479 703	4 803 207
Attributable profit for the year	–	–	–	–	–	–	–	291 267	291 267	130 607	421 874
Other comprehensive (loss)/income	–	70 729	(1 299)	(36 352)	(937)	49 540	–	–	81 681	9 577	91 258
Total comprehensive (loss)/income	–	70 729	(1 299)	(36 352)	(937)	49 540	–	291 267	372 948	140 184	513 132
Recognition of share-based payments	–	38 671	–	–	–	–	–	–	38 671	6 574	45 245
Further investment in subsidiary ¹	–	–	–	–	–	–	(21 328)	–	(21 328)	9 882	(11 446)
Arising on disposal of subsidiaries ²	–	–	–	–	–	–	–	–	–	(26 722)	(26 722)
Dividend paid	–	–	–	–	–	–	–	(84 498)	(84 498)	(63 314)	(147 812)
Share of other net asset changes of associate	–	(15 153)	–	–	–	–	–	–	(15 153)	–	(15 153)
Shares repurchased by subsidiaries	–	(17 935)	44	20	(109)	248	2 827	–	(14 905)	(19 459)	(34 364)
Shares repurchased	–	(21 611)	–	–	–	–	–	–	(21 611)	–	(21 611)
Balance 31 December 2023 – reviewed	39	627 487	18 734	11 125	(31 777)	91 205	489 918	2 370 897	3 577 628	1 526 848	5 104 476

¹ Arising on acquisition of non-controlling interests in Viking Aquaculture Proprietary Limited (“Viking Aquaculture”). Refer note 9.2.

² Refer note 9.1.

Condensed consolidated statement of cash flows

for the year ended 31 December 2023

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2023	RESTATE ¹ AUDITED YEAR ENDED 31 DECEMBER 2022
Operating activities		
Profit for the year	421 874	324 509
Adjustments for non-cash and other items	322 724	328 788
Operating cash flows before movements in working capital	744 598	653 297
(Increase)/decrease in inventories	(8 762)	49 377
Increase in trade and other receivables	(77 689)	(107 542)
Decrease in trade and other payables	(25 979)	(15 426)
Cash generated from operations	632 168	579 706
Interest received	33 896	19 209
Proceeds from receipt of a government grant	2 353	6 813
Dividends received from associates and joint ventures	174 208	224 848
Dividends received from other equity investments	68 201	75 687
Income taxes paid	(37 674)	(63 307)
Finance costs paid	(411 545)	(329 426)
Net cash generated by operating activities	461 607	513 530
Investing activities		
Loans and receivables repaid	—	6 747
Loans and receivables advanced	(3 330)	—
Proceeds on disposal of property, plant, equipment and vehicles	64 184	9 074
Insurance proceeds	9 410	25 099
Acquisition of property, plant, equipment and vehicles	(466 654)	(266 030)
Acquisition of biological assets	(76 872)	(71 250)
Acquisition of subsidiaries	—	(768 430)
Acquisition of intangible assets	(286)	(2 861)
Acquisition of investments and investments in associates	—	(52 362)
Disposal of subsidiary	6 158	—
Supplier partner loans repaid	3 330	2 789
Supplier partner loans advanced	(250)	—
Net cash used in investing activities	(464 310)	(1 117 224)
Financing activities		
Dividends paid by Company and subsidiaries	(147 812)	(176 986)
Repayment of borrowings and lease liabilities	(175 379)	(1 101 452)
Loans raised	392 966	1 613 384
Shares repurchased	(21 611)	(5 236)
Shares repurchased by subsidiaries	(34 364)	(88 686)
Shares issued by subsidiaries	—	9 976
Repayment of other financial liabilities	—	(2 076)
Further investment in subsidiary	—	(592)
Settlement of contingent consideration	—	(110 000)
Increase/(decrease) in bank overdrafts	31 401	(28 313)
Net cash generated by financing activities	45 201	110 019
Net increase/(decrease) in cash and cash equivalents	42 498	(493 675)
Cash and cash equivalents at beginning of year	375 133	862 931
Foreign exchange differences	4 198	5 877
Cash and cash equivalents at end of year	421 829	375 133
Bank balances and cash	421 829	375 133

¹ The restatement relates to the finalisation of the MG Kailis business combination. Refer to note 9.3.

Headline earnings per share

for the year ended 31 December 2023

	REVIEWED YEAR ENDED 31 DECEMBER 2023	AUDITED YEAR ENDED 31 DECEMBER 2022
Headline earnings per share (cents)		
Basic	71.6	69.0
Diluted	70.8	68.2
Headline earnings calculation (R'000)		
Profit attributable to equity holders of the parent	291 267	189 934
Impairment/(reversal) of impairment of property, plant equipment and vehicles	26	(3 489)
Impairment of investment	—	5 000
Insurance proceeds	(5 396)	(14 513)
Profit on disposal of property, plant, equipment and vehicles	(970)	(4 713)
Loss on disposal of subsidiary	293	—
Adjustments relating to results of associates	(109 906)	(6 113)
Total tax effects of adjustments	1 664	4 820
Headline earnings	176 978	170 926
Weighted average number of shares on which basic earnings and basic headline earnings per share is based (000's)	247 071	247 898
Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based (000's)	249 831	250 770

Further information

1. Basis of preparation

The condensed consolidated financial statements for the year ended 31 December 2023 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements and the requirements of the Companies Act of South Africa, applicable to financial statements. The Listings Requirements require condensed financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, and contain the information required by IAS 34 *Interim Financial Reporting*, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The condensed consolidated 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 for the year ended 31 December 2023, once issued.

The condensed consolidated financial statements have been reviewed by Ernst & Young Inc., who expressed an unmodified review conclusion thereon. The directors take full responsibility for the preparation of this report.

The condensed consolidated financial statements were prepared under the supervision of the Financial Director, Geoffrey George Fortuin CA(SA).

2. Accounting policies

The accounting policies and methods of computation applied in the preparation of these condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the financial statements for the year ended 31 December 2022.

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2023	AUDITED YEAR ENDED 31 DECEMBER 2022
3. Revenue		
The Group's revenue comprises the following:		
Revenue from industrial and other operations		
Revenue from sale of goods recognised at a point in time		
Food products ¹	6 204 776	5 875 295
Clothing products	213	24 554
Healthcare products	253 053	235 293
Other	2 720	2 023
Total revenue recognised at a point in time	6 460 762	6 137 165
Dividends received	68 201	75 687
Total revenue	6 528 963	6 212 852
¹ For the disaggregation of revenue, refer to the condensed consolidated financial statements of Sea Harvest Group Limited ("Sea Harvest") for the year ended 31 December 2023.		
4. Finance costs		
Interest on borrowings	222 448	123 711
Preference dividends	224 064	160 513
Interest expense on lease liabilities	19 899	15 381
Other	5 432	6 690
Total finance costs	471 843	306 295

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. The Group's reportable segments under IFRS 8 *Operating Segments*, are food and investments. Investments include subsidiaries House of Monatic Proprietary Limited and Firefly Investments 306 Proprietary Limited (Obsidian Health), as well as, investments at fair value through other comprehensive income ("FVTOCI") and investments at fair value through profit or loss ("FVTPL").

R'000	REVIEWED YEAR ENDED 31 DECEMBER 2023	AUDITED YEAR ENDED 31 DECEMBER 2022
Segment revenue	6 528 963	6 212 852
Food	6 204 776	5 880 295
Investments	324 187	332 557
Segment operating profit/(loss)	455 096	509 565
Food	459 600	513 483
Investments	(4 504)	(3 918)
A reconciliation of operating profit from segments to profit for the year is provided below:		
Operating profit	455 096	509 565
Fair value gains	(37 220)	34 324
Other investment gains/(losses)	95 522	(38 253)
Share of profits of associates and joint ventures	428 331	228 351
Interest income	29 866	18 737
Finance costs	(471 843)	(306 295)
Taxation	(77 878)	(121 920)
Profit for the year	421 874	324 509
	RESTATED¹ REVIEWED YEAR ENDED 31 DECEMBER 2023	RESTATED¹ AUDITED YEAR ENDED 31 DECEMBER 2022
Segment assets and liabilities		
Segment assets		
Food	8 017 556	7 629 525
Investments	4 238 148	4 026 063
Total segment assets	12 255 704	11 655 588
Segment liabilities		
Food	4 647 749	4 401 616
Investments	2 503 479	2 450 765
Total segment liabilities	7 151 228	6 852 381

¹ The restatement relates to the finalisation of the MG Kailis business combination. Refer to note 9.3.

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.

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

R'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
31 December 2023 – reviewed				
Financial assets at FVTPL				
Derivative financial assets	—	36 080 ¹	—	36 080
Listed shares	629 636	—	—	629 636
Unlisted shares	—	—	401 700 ²	401 700
Non-financial assets at fair value				
Biological assets	—	—	189 676 ³	189 676
Investment properties	—	—	79 432 ⁴	79 432
Financial assets at FVTOCI				
Unlisted shares	—	—	28 360 ⁵	28 360
Total	629 636	36 080	699 168	1 364 884
Financial liabilities at FVTPL				
Derivative financial liabilities	—	70 293 ¹	—	70 293
Financial liability with contingent settlement provisions	—	—	99 934 ⁶	99 934
Total	—	70 293	99 934	170 227
31 December 2022 – audited				
Financial assets at FVTPL				
Derivative financial assets	—	80 563 ¹	—	80 653
Listed shares	736 552	—	—	736 552
Unlisted shares	—	—	346 185 ²	346 185
Non-financial assets at fair value				
Biological assets	—	—	165 196 ³	165 196
Financial assets at FVTOCI				
Unlisted shares	—	—	31 220 ⁵	31 220
Total	736 552	80 653	542 601	1 359 806
Financial liabilities at FVTPL				
Derivative financial liabilities	—	12 332 ¹	—	12 332
Financial liability with contingent settlement provisions	—	—	99 934 ⁶	99 934
Total	—	12 332	99 934	112 266

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

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

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

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

Further information (continued)

6. Fair value measurements (continued)

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 calculated using an average of actual 2022 and 2023 earnings and 2024 projected earnings multiplied by a price earnings multiple, ii) yield curve, and iii) volatility. A change in unobservable inputs would not have a material change in the fair value.
 - Financial assets and liabilities relate to hedging contracts entered into by the Group for the purpose of minimising the Group’s exposure to foreign currency and fuel price volatility. The valuation is performed by an independent valuer, taking into account forward exchange contracts spot and forward rates, current fuel prices, and discount factors.
 - The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- ² Value is based on the effective interest held in the net assets of the underlying entity. In assessing the net assets of the underlying entity, substantially all of the assets are carried at fair value and all of the liabilities are carried at amortised cost. The assets are valued using the capitalisation of net income method or open market values for existing use, on a three-year rolling basis, i.e. a third of the portfolio is independently valued annually. Therefore, application of Brimstone’s percentage interest to the net asset value of the entity is the best indication of fair value of the investment. If the net assets of the underlying entity had been 10% higher/lower, profit for the year would increase/decrease by R28.4 million (2022: R24.5 million).
- ³ Biological assets are measured at fair value less costs to sell. Biological assets relate to abalone 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 R14.6 million (2022: R4.3 million) was recognised in profit or loss relating to the valuation of biological assets. A change in unobservable inputs would not result in a significant change in the fair value.
- ⁴ Subsequent to the sale of a 5% interest in subsidiary BM Foods Manufacturers Proprietary Limited (“BMFM”) and the consequential loss of control, commercial and industrial properties occupied by BMFM are no longer owner occupied and are held as investment properties which resulted in an increase in investment properties of R75.7 million. Refer to note 9.1. The fair value has been determined by an independent valuator, using the income capitalisation approach.
- ⁵ Asset valuation method performed by an independent valuer and represents unlisted shares in a vessel-owning company. The underlying vessel is valued based on the age and condition of the vessel and current market value derived by sales comparison of these or similar types of vessels adjusted for differences in age, condition, degree of upgrade already carried out on the vessel, and size. A change in unobservable inputs would not result in a significant change in the fair value.
- ⁶ The fair value of the financial liability with contingent settlement provisions is measured as the undiscounted amount that the Group could be required to repay immediately, and is represented by the net liabilities of Lion of Africa Insurance Company Limited at the date of disposal of the discontinued operation, which was 30 December 2021. There has been no significant change in the fair value of the financial liability at 31 December 2023.

7. Share capital (number)

	REVIEWED YEAR ENDED 31 DECEMBER 2023	AUDITED YEAR ENDED 31 DECEMBER 2022
In issue (number)		
Ordinary shares	39 874 146	39 874 146
Held as treasury shares	(3 256 948)	(3 127 570)
	36 617 198	36 746 576
“N” Ordinary shares	224 975 962	224 975 962
Held as treasury shares	(16 080 679)	(13 631 238)
	208 895 283	211 344 724
Total net of treasury shares	245 512 481	248 091 300
Closing share price (cents)		
Ordinary shares	511	526
“N” Ordinary shares	485	563

During the year, Brimstone, through its treasury share vehicle, bought back 129 378 Ordinary shares and 3 965 804 “N” Ordinary shares for a total cash consideration of R0.8 million (average price of R6.01 per share) and R20.8 million (average price of R5.25 per share), respectively. These shares are now classified as treasury shares.

Further information (continued)

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's subsidiary, Sea Harvest Corporation Proprietary Limited ("Sea Harvest Corporation"), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation. Purchases from SeaVuna during the year amounted to R295.1 million compared to R283.9 million for the year ended 31 December 2022. Sales to SeaVuna during the year amounted to R14.8 million compared to R29.6 million for the year ended December 2022.

Loans owing by Vuna and SeaVuna amounted to R66.8 million at 31 December 2023 compared to R68.4 million at 31 December 2022.

9. Other transactions

9.1 Disposal of subsidiaries

With effect from 1 July 2023, Sea Harvest, through its wholly-owned subsidiary, Cape Harvest Food Group Proprietary Limited ("CHFG"), disposed of 5% of its equity interest in BMFM for R3 million to the BM Foods executive committee and staff trust. The transaction resulted in the group losing control of BMFM. BMFM is an equity accounted associate from 1 July 2023.

With effect from 1 September 2023, Viking Aquaculture sold all the shares in its oyster business, including West Coast Oyster Growers Proprietary Limited, West Coast Aquaculture Proprietary Limited and Luderitz Mariculture Proprietary Limited to Redburg Investments Proprietary Limited (non-controlling shareholder at Viking Aquaculture) ("Redburg") for R15.5 million, which was settled by Redburg in lieu of a portion of its loan claim against Viking Aquaculture.

R'000	BMFM	VIKING AQUACULTURE	TOTAL
Assets and liabilities disposed of			
Property, plant, equipment and vehicles	41 960	8 429	50 389
Biological assets	—	6 303	6 303
Intangible assets	25 609	—	25 609
Investment in associate	3 000	—	3 000
Right-of-use assets	365	4 080	4 445
Inventory	68 950	178	69 128
Trade and other receivables	50 231	1 950	52 181
Cash at bank balances	—	530	530
Borrowings	(29 726)	—	(29 726)
Lease liability	(435)	(6 733)	(7 168)
Trade and other payables	(71 378)	(2 520)	(73 898)
Taxation	(2 165)	—	(2 165)
Bank overdraft	(6 688)	—	(6 688)
Total assets and liabilities disposed of	79 723	12 217	91 940
Total consideration received			
Decrease in loan account	—	15 509	15 509
Trade and other receivables	2 989	—	2 989
	2 989	15 509	18 498
Net cash flow on disposal of subsidiary			
Consideration received in cash	—	—	—
Overdraft/(cash) balance disposed of	6 688	(530)	6 158
	6 688	(530)	6 158
(Loss)/profit on disposal of subsidiary			
Consideration	2 989	15 509	18 498
Assets and liabilities disposed of	(79 723)	(12 217)	(91 940)
Increase in related party loan (previously intra-group)	17 977	—	17 977
Non-controlling interests disposed of	29 546	(2 824)	26 722
Investment in associate recognised at fair value	28 165	—	28 165
	(1 046)	468	(578)

Further information (continued)

9. Other transactions (continued)

9.2 Acquisition of a further 28% equity interest in Viking Aquaculture

On 8 March 2023, Sea Harvest, through its wholly-owned subsidiary, Sea Harvest Aquaculture Proprietary Limited, which owned 54% of the shares in Viking Aquaculture, entered into an agreement to acquire a further 28% of the shares in and loan claims with a face value of R303 million against Viking Aquaculture for a purchase consideration of R210 million from non-controlling shareholders. The acquisition of the loan claims resulted in a gain of R93.3 million (“gain on purchased loans”) during the year.

The further acquisition fits within Sea Harvest’s investment criteria and increases the group’s ownership in Viking Aquaculture from 54% to 82%, allowing Sea Harvest to integrate Viking Aquaculture, extract operational synergies; and align operating structure, growth strategies and funding requirements with that of Sea Harvest.

The purchase consideration related to the 28% of the shares of R28 was settled in cash on the effective date of 15 March 2023. The purchase consideration of R210 million related to the loan claims will be settled in five equal instalments of R42 million, together with interest calculated at a rate equal to prime less 2% per annum, commencing on 1 January 2024 and ending on 1 January 2028.

A further 5% shareholding was also acquired from non-controlling shareholders in May 2023, increasing the group’s shareholding in Viking Aquaculture to 87%.

9.3 Finalisation of the MG Kailis business combination

The initial accounting for the acquisition of MG Kailis was finalised at 30 June 2023. The final measurement period adjustment not already reported on at 31 December 2022 related to a decrease in the consideration paid of R1.2 million which impacted the goodwill and trade and other payables line items in the 2022 Condensed Consolidated Statement of Financial Position and the acquisition of subsidiaries line item in the 2022 Condensed Consolidated Statement of Cash Flows. Prior year amounts have been restated where applicable.

9.4 Non-current assets held for sale

The Group’s investment in associate Milpark Investment SPV Proprietary Limited (“Milpark SPV”) and the investment in Phuthuma Nathi Investments (RF) Proprietary Limited (“Phuthuma Nathi”) shares have been classified as non-current assets held for sale at the reporting date, as the sale of both investments met the IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* criteria of held for sale. Subsequent to year end, the Group received R117.5 million on the disposal of Newshelf 1404 Proprietary Limited, which held the investment in Milpark SPV. In February 2024, the Group disposed of 1 000 000 of the 1 895 425 shares held in Phuthuma Nathi, for a total cash consideration of R100 million.

10. Events occurring after the reporting period

Sale of investments

In addition to the sale of the Group’s investment in Milpark SPV and Phuthuma Nathi referred to above, during February 2024, the Group disposed of a major portion of its investment in Equites Property Fund Limited (“Equites”), whereby 8 836 487 of its 13 958 621 shares held in Equites were disposed of for a total cash consideration of R123.9 million, on the open market.

SENS announcements

On 22 January 2024, Brimstone announced the proposed acquisition by subsidiary, Sea Harvest, of certain subsidiaries of Terrasan Group Limited for an initial purchase consideration of R964.8 million, which includes the issue of 60 000 000 Sea Harvest shares. Therefore, should the transaction be completed¹, Brimstone’s ownership interest in Sea Harvest will dilute to below 50% at the time that Sea Harvest issues the shares, and Brimstone will therefore cease to have control of Sea Harvest in terms of IFRS 10 *Consolidated Financial Statements*. Consequently, Brimstone will be required to deconsolidate Sea Harvest and due to exercising significant influence over Sea Harvest, apply the equity method of accounting to its ownership interest.

On 26 February 2024, Brimstone announced that its shareholders voted in favour of the proposed transaction at a general meeting of shareholders.

¹ The transaction is subject to conditions normal for a transaction of this nature.

11. Going concern

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