ACTIVE SHAREHOLDER

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Brimstone Investment Corporation Ltd

https://www.brimstone.co.za/investor-relations/results-reports/

Proxies voted	No of shares
SBG: Ditikeni Trust	81 120

Annual General Meeting

27 May 2025

Financial Year End: 31 December 2024

Background

Brimstone is a black controlled and managed investment holding company based in South Africa. The Group's reportable segments are Food and Investments. Corporate social investment (CSI) is integral to its mission, focusing on areas like education, training, development, arts, and charitable support.

Operational outcomes

During FY 2024, Obsidian Health, an operating subsidiary, reported 29% revenue growth and 63% growth in earnings before interest, tax, depreciation and amortisation, contributing R13.8 million to Group profit (up from R3.7 million in 2023). Vuna Fishing Company contributed R2.9 million in equity accounted earnings (up from R1 million in 2023).

Impact of Negative Events

Negative features during the year included systemic supply chain disruptions, Rand volatility, high global inflation that led to increased input costs, and elevated finance costs resulting from inadequate interest rate cuts. Geopolitical events also contributed to the challenging operating conditions. The acquisition activity by Sea Harvest resulted in Brimstone's shareholding decreasing to 44.5%, leading to the loss of control and the deconsolidation of Sea Harvest from 14 May 2024. This caused total assets to decrease significantly from R12.3 billion to R5.2 billion. A net loss on deemed disposal of R562.1 million was recognized due to this deconsolidation. Increased volatility in the equity market led to downward revaluations of listed investments (MTN Zakhele Futhi, Phuthuma Nathi), but the impact on profit or loss was insignificant due to their reduced portfolio percentage (2% of INAV).

Financial performance

Headline Earnings per Share (HEPS) increased by 51% from 71.6 cents in 2023 to 108.0 cents in 2024. Revenue decreased significantly from R6.5 billion in 2023 to R2.2 billion in 2024, primarily due to the deconsolidation of Sea Harvest. Operating profit decreased from R455 million in 2023 to R63 million in 2024 for the same reason. Net Asset Value (NAV) per share decreased from R14.57 in 2023 to R13.41 in 2024. Intrinsic Net Asset Value (INAV) per share decreased by 10.0% from R12.13 in 2023 to R11.10 in 2024. A dividend of 40 cents per share was declared, unchanged from the previous year, marking the 21st consecutive year of dividend declaration. Debt was reduced by R516.8 million during the year, progressing towards a target of at least R600 million reduction by the end of 2025. Executive management took salary cuts ranging from 20% to 40% as part of a cost-cutting exercise. 4.5 million shares were repurchased for R21.7 million during the year, with a further 861,325 shares repurchased for R4.3 million post year-end.

Future prospects

The company expects slow economic growth, high inflation, and Rand volatility to continue posing challenges in the medium term. Interest rates are expected to decrease slowly in 2025. Brimstone will continue its debt reduction strategy, aiming for at least a R600 million total reduction by the end of 2025. The full impact of executive salary cuts is expected to be more visible in the ensuing year. Enhancing shareholder returns remains a focus. Brimstone aims to adjust remuneration to the 50th percentile of the market from the current 37.5 percentile. The board is satisfied that there is sufficient funding and cash available for at least twelve months from the reporting date.

Proxy Recommendations

	Resolution	Rationale	Vote	AGM Result
	Brimstone's annual financial statements, incorporating the directors' report, auditor's report and report of the Audit and Risk Committee for the financial year ended 31 December 2024 will be presented to shareholders as required in terms of the Act.	The auditors have expressed the opinion that the AFSs fairly present the results and financial position of the company. We have no issues with the AFSs. Active considers it best practice to allow shareholders the opportunity to adopt the AFSs. However, it is not a requirement to do so, and few companies do this. Brimstone does not. We urge the Board to provide such an opportunity.		
	To present the report of the Social and Ethics Committee.	The Social and Ethics Committee Report for FY 2024 is incorporated within the Integrated Report 2024. The Committee's mandate explicitly includes monitoring the environment, health, and public safety, including the impact of the Group's activities. However, the environment is only considered in risk and investment decisions. The report describes the framework for considering environmental matters. but lacks concrete performance data or examples beyond the general scope of the Committee's duties and the mention of climate change impact on investees. These issues are all of the utmost importance, and we earnestly request that shareholders be allowed to vote on them.		
Ordinary Resolutions				
1.	Re-election of directors			
1.1	T Moodley	As an Executive Director, T Moodley is involved in the day-to-day management of the company. The King IV tenure limitations are not applicable.	FOR	FOR: 99.95%
1.2	M Ndlovu	M Ndlovu's tenure of 5 years is well below the thresholds in King IV or related tenure guidelines.	FOR	FOR: 99.95%
1.3	F Robertson	F Robertson is an Executive Director and tenure is not limited.	FOR	FOR: 99.95%
1.4	LAD Wort	LAD Wort serves as the Lead Independent Director, a role King IV recommends when the Chairman is not independent. His tenure of 3 years is significantly below the King IV benchmark of nine years.	FOR	FOR: 99.95%
2.	Appointment of members of the Audit and Risk Committee			
2.1	N Khan	N Khan: BSc(QS), MAQS, AAARB with 29 years' experience. Audit and Risk Committee Chairman since 1999. Suitably skilled and experienced.	FOR	FOR: 93.31%
2.2	PL Campher	PL Campher: BEcon with 40 years' experience. Audit and Risk Committee member since 2006. Suitably skilled and experienced.	FOR	FOR: 93.03%
2.3	M Ndlovu (subject to his re-election as a director)	M Ndlovu: BCom, MPhil, CFA with 23 years' experience. Audit and Risk Committee member since 2021. Suitably skilled and experienced.	FOR	FOR: 99.95%
2.4	LA Parker	LA Parker: 47 years' experience. Audit and Risk Committee member since 1999. Suitably skilled and experienced.	FOR	FOR: 93.03%
2.5	FD Roman	BA, Dip with 29 years' experience. Audit and Risk Committee member since 2009. Suitably skilled and experienced.	FOR	FOR: 93.03%
2.6	LAD Wort (subject to his re-election as a director)	LAD Wort: BA, MPA with 19 years' experience. Audit and Risk Committee member since 2021. Suitably skilled and experienced.	FOR	FOR: 99.95%

	Resolution	Rationale	Vote	AGM Result
3.	Appointment of members of the Social and Ethics Committee			
3.1	MJT Hewu	Qualifications (BCom Hons, BPhil, Master Dev Studies) and extensive public sector leadership experience support his role as SEC Chairman.	FOR	FOR: 99.66%
3.2	MA Brey	As CEO, brings significant financial, operational, and company leadership experience to the committee.	FOR	FOR: 99.95%
3.3	PL Campher	Extensive experience (47 years) and independent status, including prior Audit & Risk role, enhance committee balance.	FOR	FOR: 99.66%
3.4	N Khan	Strong qualifications (BSc QS, MAQS, AAARB) and extensive committee experience, including Audit & Risk chair, are valuable.	FOR	FOR: 99.66%
3.5	F Robertson (subject to his re-election as a director)	As Executive Chairman, brings substantial long-term company leadership and experience to the committee.	FOR	FOR: 99.95%
3.6	LAD Wort (subject to his re-election as a director)	Independent Non-Executive Director with relevant qualifications (BA, MPA) and experience, contributing independent judgment.	FOR	FOR: 99.95%
4.	Re-appointment of auditors	Ernst & Young Inc. (EY) are nominated for re-appointment as auditors. The Audit and Risk Committee oversees their work, is satisfied with their independence, and manages partner rotation requirements.	FOR	FOR: 99.17%
5.	To place the unissued shares under the directors' control	This is opposed by Active Shareholder because it does not specify the number of shares (as a limited subset of the total authorised), the share price, or the specific reasons/circumstances for issuance, making the authority vague and general. While it meets the expiry requirement, it falls short on the other specified conditions.	AGAINST	FOR: 88.54%
6.	Approval to issue shares for cash	In terms of Active Shareholder's specific policy, the proposal to issue shares for cash based on the directors' discretion, without a detailed reason stated in the resolution or supporting text referenced, is opposed as it does not meet our requirement for a detailed reason, which we deem important due to the dilutive effect.	AGAINST	FOR: 91.98%
7.	Specific authority to directors to offer different dividend alternatives	This proposal grants directors standing authority for capitalisation shares and cash/share dividend alternatives.	FOR	FOR: 99.67%
Non-binding resolutions				
1.	Remuneration policy	**Executive Fixed Pay:** Determined by benchmarking to market data, aiming for the 50th percentile of the applicable market. **Executive Variable Pay (STI):** Requires achievement of individual performance criteria and predetermined financial targets (including INAV, cash at centre, deal creation, and KPIs). Maximum STI is 60%-95% of annual CTC. **Executive Variable Pay (LTI):** Awards are made under the Forfeitable Share Plan (FSP) for executives and senior managers, vesting subject to the same performance conditions as STI, continued employment, and the Minimum Shareholding Requirement policy. **Executive Ratio of Fixed to Variable Pay:** The pay mix has a high weighting on variable pay. **Non-Executive Director Fees:** Receive fixed fees for Board meetings and per-meeting fees for sub-committees. Fees are benchmarked to peers, aiming for parity over time, and approved by special resolution by shareholders within two years. They do not receive benefits or variable incentives. **Other Staff Remuneration:** Pay is benchmarked to market levels. Job gradings were adjusted to the 37.5 percentile	FOR	FOR: 98.57%

	Resolution	Rationale	Vote	AGM Result
		with an aspiration to reach the 50th percentile. All employees are eligible for STI, and senior managers for LTI, based on performance criteria and financial targets. This policy conforms to Brimstone's expressed value system and reflects modest remuneration.		
2.	Implementation report	**Executive Directors' Remuneration:** **Total Single Figure Remuneration** • MA Brey: R10,262,000 • F Robertson: R10,606,000 • GG Fortuin: R6,780,000 • MI Khan: R7,110,000 • T Moodley: R3,584,000 This total figure for each director comprises their Basic Salary, Fees Paid by Subsidiaries, Other Benefits, Short-Term Incentive (STI), and Long-Term Incentive (LTI) Award Value for the reporting period **Non-Executive Directors' Remuneration:** Non-Executive Directors receive fixed fees for attending Board and Committee meetings. **Pay Gap:** The integrated report and notice of AGM do not contain specific quantitative data on the internal pay ratio between the CEO's pay and the average or median employee pay. **Pay Differential:** The reports do not include any quantitative data or analysis regarding pay differentials between women and men or by race. The report does mention that all employees are eligible for STI and senior managers for LTI, suggesting a broader application of incentive schemes beyond just executive directors. We support the proposal.	FOR	FOR: 98.57%
Special resolutions				
1.	Non-executive directors' fees	Proposed fees for 2025 include: **ANNUAL FEE** • Chairman: • Lead independent director: R501 592 • Member: R275 494 **PER MEETING** **Audit and Risk Committee** • Chairman: R72 539 • Member: R38 337 **Investment Committee** • Chairman: R57 611 • Member: R33 973 **Remuneration and Nominations Committee** • Chairman: R57 611 • Member: R33 973 **Social and Ethics Committee** • Chairman: R57 611 • Member: R33 97 The report notes that Non-Executive Directors do not receive any benefits or participate in variable incentive schemes. Active Shareholder considers these fees to be equitable based on a projection assuming the same number of meetings as in 2024.	FOR	FOR: 99.95%
2.	General authority to repurchase Ordinary and "N" Ordinary shares	While Brimstone's proposed general share buyback authority is a common practice permitted and regulated by South African law and the JSE, it runs contrary to the	FOR	FOR: 99.67%

	Resolution	Rationale	Vote	AGM Result
		specific policy preference of Active Shareholder, which favours general offers to all shareholders over market repurchases conducted under a general authority. We do however, note that repurchases have been used to return capital to shareholders and therefore cautiously support it.		
3.	General authority for financial assistance in terms of Section 44 of the Act	This is a common request by listed companies and adheres to the legal requirements of the Companies Act and aligns with the general support framework from ISS. The proposal explicitly includes the legal requirements that the Board must be satisfied with the solvency and liquidity test and that the terms are fair and reasonable. We therefore support the proposal.	FOR	FOR: 92.29%
4.	General authority for financial assistance in terms of Section 45 of the Act	We support the resolution based on similar reasoning to that for Special Resolution 3.	FOR	FOR: 92.01%
5.	Authority to issue shares to persons falling within the ambit of Section 41(1) of the Act for the purpose of distribution reinvestment alternatives	Brimstone considers dividends an important part of its value proposition to its shareholders. Implementing a DRIP would provide shareholders with a choice regarding the form of this distribution. We therefore support the proposal	FOR	FOR: 99.17%
6.	Specific Repurchase of “N” Ordinary shares	Following the vesting of the Forfeitable Shares which normally results in the sale of such Forfeitable Shares on the open market by Participant/s, the Company would prefer to have at its disposal an alternative mechanism to facilitate the annual sale of the vested Forfeitable Shares by Participant/s and Brimstone is of the view that this could be achieved by the Company, through a wholly owned subsidiary, repurchasing such vested Forfeitable Shares from the Participant/s. The shares repurchased from the Participant/s would be held as treasury shares and would subsequently be issued by the FSP for the settlement of new awards made by the FSP. Active Shareholder is satisfied by this motivation.	FOR	FOR: 99.94%

Sources:

- Active Shareholder Policy-Guidelines-2021.pdf
- Active.Policy Guidelines 2022.pdf
- Brimstone integrated-report-2024.pdf
- Brimstone notice-of-agm-2024.pdf
- directors-remuneration-trends-report-2024.pdf
- https://www.marketscreener.com/insider
- ISS South-Africa-Voting-Guidelines.pdf
- JSE Climate Disclosure Guidance_June 2022.pdf
- JSE Sustainability Disclosure Guidance June 2022.pdf
- King-IV-Report.pdf
- PWC directors-remuneration-trends-report-2024.pdf
- SA Companies Act 71 of 2008 as amended.pdf

AGM OUTCOME

The above results are based on 3 987 414 600 ordinary votes (representing 39 874 146 Ordinary Shares in issue) and 224 975 962 “N” ordinary votes (representing 224 975 962 “N” Ordinary Shares in issue) at the date of the AGM. Brimstone Ordinary Shares carry 100 votes per Ordinary Share and “N” ordinary shares carry 1 vote per “N” Ordinary Share.

All resolutions were passed by the requisite majority of Brimstone shareholders present in person or represented by proxy at the AGM.