



2020 STAYING THE COURSE FROM SEA TO SHORE

REVIEWED PRELIMINARY
CONDENSED CONSOLIDATED
FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2020





CORPORATE INFORMATION

Sea Harvest Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 2008/001066/06

JSE share code: SHG

ISIN: ZAE000240198

"Sea Harvest" or "the Company" or "the Group"

Registered address: The Boulevard Office Park
1st Floor, Block C
Searle Street
Woodstock
Cape Town
7925
South Africa

Directors: F Robertson* (Chairperson)
BM Rapiya**
WA Hanekom***
MI Khan*
T Moodley*
KA Lagler***
CK Zama***
F Ratheb (Chief Executive Officer)
M Brey (Chief Financial Officer)

**Non-executive Director*

*** Lead Independent Non-executive Director*

**** Independent Non-executive Director*

Company Secretary: N Seshoka

Transfer Secretary: Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Sponsor: The Standard Bank of South Africa Limited

Auditors: Deloitte & Touche



KEY PERFORMANCE INDICATORS	CHANGE	YEAR ENDED 31 DECEMBER 2020	YEAR ENDED 31 DECEMBER 2019
Revenue (R'000)	▲ 10%	4 375 339	3 966 452
International revenue mix (%)		46	44
Gross profit (R'000)	▲ 17%	1 480 761	1 270 815
Gross profit margin (%)		34	32
Operating profit (R'000)	▲ 5%	629 260	599 580
Operating profit margin (%)		14	15
Profit for the year (R'000)	▲ 1%	397 848	395 513
Headline earnings (R'000)	▲ 3%	420 909	410 417
Weighted average number of shares ('000)		279 177	276 366
Basic headline earnings per share (HEPS) (cents)	▲ 2%	150.8	148.5
Ordinary dividend per share (cents)		45	45
Special dividend per share (cents)		–	5
Net asset value per share (cents)	▲ 12%	986.5	881.9
ZAR: Euro average exchange rate ¹	▲ 17%	18.81	16.09
ZAR: AUD average exchange rate ¹	▲ 15%	11.54	10.04
Closing share price (cents)		1 426	1 455

¹ Average spot exchange rate at which sales were recorded.

HIGHLIGHTS FOR THE YEAR

- Proving its resilient and defensive nature, Sea Harvest delivered a solid set of results during one of the worst pandemics of our time, reporting operating profit of R629 million for the year ended 31 December 2020, 5% ahead of 2019, and HEPS of 150.8 cents per share, 2% ahead of 2019
- As an "essential service" provider, the Group continued to operate through COVID-19 and the various levels of lockdown, albeit at lower levels
- Market disruption, with foodservice/HORECA (hotels, restaurants and catering) markets under pressure globally
- Diverted significantly more volume to retail markets where demand increased
- Experienced supply-side interruptions (positive cases, port logistics etc.), affecting throughputs and productivity
- Spent R39 million on direct COVID-19-related costs in South Africa to ensure the safety of employees and the sustainability of the business
- Prioritised working capital management and critically reviewed capital expenditure
- Benefited from the weaker rand, lower fuel prices and lower interest rates
- Difficult trading conditions in the Aquaculture business due to COVID-19
- Retained Level 1 B-BBEE contributor status
- The fishing rights allocation process (FRAP 2021) has kicked off and is expected to be completed by 31 December 2021
- Sea Harvest Fish Fingers was voted the South African Product of the Year 2020* in the Quick Meals category
- Successfully renewed the South African hake and Australian Shark Bay prawn fisheries MSC certification for a further five years to 2026 – the gold standard in sustainability
- 2020 winner of the Fledgling/Alt-X category in the Chartered Governance Institute of Southern Africa/ Johannesburg Stock Exchange (JSE) Integrated Reporting Awards

*As awarded by Answered Insight



TRADING AND FINANCIAL PERFORMANCE

During one of the worst pandemics facing the world in recent times, resulting in significant disruptions to markets and supply chains, the Sea Harvest Group proved its resilient and defensive nature in delivering **headline earnings** for the year ended 31 December 2020 of R421 million (2019: R410 million), 3% ahead of 2019, whilst **earnings per share** increased 3% to 154.3 cents per share (2019: 149.3 cents per share).

Group revenue for the year increased 10% to R4.38 billion (2019: R3.97 billion), benefiting from good performances from the South African Fishing segment, the Cape Harvest Foods segment (which includes Ladismith Cheese) and the Australian operations, offset by continued challenges in the Aquaculture segment which was severely impacted by the effects of COVID-19.

While local and international retail markets have benefited as a result of an increase in in-home consumption, local and international foodservice markets have seen a slowdown as a result of various lockdown levels being implemented worldwide. This, together with supply chain disruptions, has resulted in a softening of operating margins.

Revenue for the year from the South African Fishing segment increased 12% to R2.76 billion (2019: R2.47 billion), while the Cape Harvest Foods segment delivered revenue of R1.02 billion (2019: R990 million), which is 3% higher than 2019. Sea Harvest Australia delivered a 24% increase in revenue to R543 million for the year (2019: R438 million), while revenue in the Aquaculture segment decreased 23% to R53 million (2019: R69 million). The significant decrease in the Aquaculture segment is a direct result of the inability to access markets in the Far East due to lockdowns in the region and the curtailment of air freight from South Africa.

With **cost of sales** increasing 7% on the back of good cost containment and lower fuel prices, and despite absorbing R24 million in COVID-19-related costs, **gross profit** for the year increased 17% to R1.48 billion (2019: R1.27 billion), with the gross profit margin expanding to 34% (2019: 32%).

Other operating losses of R8 million (2019: other operating gain of R74 million) includes R28 million (2019: Nil) of insurance proceeds, largely relating to vessel breakdowns, offset by foreign exchange hedge losses of R68 million (2019: R45 million hedge gains) for the year, mainly due to the Group's export and fuel hedges being out of the money.

Selling and distribution expenses, marketing expenses and other operating expenses increased 13% to R843 million (2019: R745 million), and, as a percentage of revenue, increased to 19.3% (2019: 18.8%), as a result of inflation, a greater retail mix, COVID-19 related costs and supply chain disruptions.

Fair value losses of R4.6 million (2019: fair value gains of R34 million) includes a R2.6 million gain (2019: R6 million gain) on biological assets in the Aquaculture segment. The 2019 fair value gains of R34 million includes the once-off R39 million gain relating to the non-achievement of the Viking Aquaculture earn-out.

In order to ensure that the Group provided a safe working environment at its sea-based and land-based operations, the Group incurred COVID-19 related costs of R39 million in the provision of personal protective equipment, transport, care kits, food parcels, screening and testing, allowing operations to continue to operate safely.

Despite supply chain disruptions, including lower throughput and lower levels of productivity, higher selling and distribution costs, a shift in market mix, COVID-19 costs and a R73 million operating loss in the Aquaculture segment, the Group delivered **operating profit before fair-value gains and associate income** of R629 million (2019: R600 million) for the year, 5% higher than the prior year, with the operating profit margin diluting to 14% (2019: 15%).

Net finance costs which includes investment income and interest expense decreased to R72 million (2019: R101 million) as a result of lower interest rates and the settling of debt during the period.

Profit after tax attributable to shareholders of Sea Harvest for the year increased 4% to R431 million (2019: R412 million), while **headline earnings** increased 3% to R421 million (2019: R410 million). **Basic headline earnings per share (HEPS)** increased 2% to 150.8 cents per share (2019: 148.5 cents per share).

SEGMENTAL REVIEW

		REVENUE		OPERATING PROFIT			OPERATING PROFIT MARGIN	
		2020 R'M	2019 R'M		2020 R'M	2019 R'M	2020	2019
South African Fishing	12%	2 758	2 470	8%	570	527	21%	21%
Sea Harvest Aquaculture	(23%)	53	69	(143%)	(73)	(30)	n/a	n/a
Cape Harvest Food Group	3%	1 021	990	(2%)	94	96	9%	10%
Sea Harvest Australia	24%	543	438	443%	38	7	7%	2%
Group	10%	4 375	3 967	5%	629	600	14%	15%

South African Fishing: The South African Fishing operation delivered a solid set of results despite the challenges on both the market and the supply chain sides of the business. Revenue for the year ended 31 December 2020 increased 12% to R2.76 billion (2019: R2.47 billion), benefiting from a weaker exchange rate and increased in-home consumption in both local and international retail markets. These were offset by a lower-value product mix and a slowdown in both local and international foodservice markets as a result of various lockdown levels being implemented across the globe, compounded by populations not yet fully comfortable with dining out.

With stringent cost containment and a lower fuel price during the year, gross profit increased 22% to R1.16 billion (2019: R953 million), with the gross profit margin expanding to 42% (2019: 39%). After absorbing R61 million of hedge losses (2019: R45 million hedging gains) and R35 million of COVID-19-related expenses, operating profit for the South African Fishing segment increased 8% to R570 million (2019: R527 million), with the operating profit margin maintained at 21%.

On the back of firm retail markets, export revenue has increased 15%, while the combined export mix has improved to 54% (2019: 53%) of total revenue, with Europe remaining Sea Harvest's largest export market. The export business benefited from a weaker exchange rate over the year.

Locally, revenue through the retail channel increased 36%, benefiting from increased in-home consumption, with the retail channel mix increasing to 13% (2019: 10%). Affected by the lockdowns, revenue in the local foodservice decreased by 2%, whilst the wholesale market proved resilient, increasing revenue by 25%. The combined local foodservice and wholesale channel mix reduced to 33% (2019: 37%).

Through excellent co-operation between the Department of Environment, Forestry and Fisheries (DEFF) and the University of Cape Town, and as a result of excellent resource management by government, the South African hake deep-sea industry successfully renewed its MSC certification for a further five years until February 2026, retaining its gold standard in sustainability.

Pleasingly, the relaunched Sea Harvest Fish Fingers was voted the South African Product of the Year 2020* in the Quick Meals category.

Aquaculture: The Aquaculture segment has been a major casualty of COVID-19 as a direct result of the inability to access markets in the Far East due to various levels of lockdown in the region, the curtailment of air freight from South Africa and the marked slowdown in local and export foodservice markets. Likewise, the oyster and mussel operations, which supply almost exclusively into foodservice, have been severely affected by COVID-19. The depreciation in the rand was insufficient to counter the significant decrease in average selling prices during the period.

On the back of the lockdowns and significantly lower average selling prices, revenue for the year decreased 23% to R53 million (2019: R69 million). This resulted in an operating loss of R73 million (2019: R30 million operating loss) after accounting for R2.6 million (2019: R6 million) of fair value gains on the revaluation of biological assets, R9 million of hedge losses, and R2 million of COVID-19-related expenses.

As a result of lower levels of sales and good growth on the farms, the biological asset value across the Aquaculture segment has increased 15% to R160 million (2019: R139 million).

Cape Harvest Foods: The Cape Harvest Foods segment, which incorporates Ladismith Cheese as well as Sea Harvest's factory shops, fared well during the year, benefiting from increased in-home consumption offset by a slowdown in the foodservice markets. Revenue for the segment increased 3% to R1.021 billion (2019: R990 million), with operating profit decreasing 2% to R94 million (2019: R96 million) after accounting for R2 million of COVID-19-related expenses. With retail markets benefiting from increased in-home consumption and the opening of three additional factory shops, the retail channel mix increased to 72% (2019: 66%) of segment revenue.

*As awarded by Answered Insight



COMMENTARY CONTINUED

Australian operations: Revenue for the year increased 24% to R543 million (2019: R438 million), benefiting from a 6% increase in prawn catch volumes as well as significant growth in the trading division on the back of higher sales of South African hake. The Group also benefited from a 15% depreciation in the rand to the Australian dollar. As a result of the higher proportion of traded products in the basket for the year, the gross profit margin has diluted from 24% to 22%.

The business delivered R7 million of overhead savings for the year as a result of the minority buyout and subsequent delisting from the ASX in 2019. With good revenue growth and tight cost control, the segment delivered operating profit of R38 million (2019: R7 million).

CASH FLOW AND FINANCIAL POSITION

The Group generated cash from operations of R1.02 billion (2019: R768 million) during the year, including releasing R71 million (2019: investment of R71 million) in working capital. After settling net interest of R76 million (2019: R105 million) and taxes of R112 million (2019: R120 million), the Group generated cash of R836 million (2019: R560 million) from operating activities during the year.

The Group utilised R429 million (2019: R861 million, including the R558 million acquisition of Ladismith Cheese on 1 January 2019) in investing activities during the year, including:

- R286 million (2019: R264 million) invested in additions to property, plant and equipment, including R213 million (2019: R174 million) on maintenance capital expenditure and R73 million (2019: R91 million) on expansion capital expenditure;
- the acquisition of an additional six Western Australia Spanish mackerel licences in Australia; and
- R66 million (2019: R69 million) in the growth of biological assets.

The Group utilised R367 million (2019: R252 million) of cash in financing activities after paying a dividend of R147 million (2019: R117 million) and repaying a net R205 million (2019: R214 million) of borrowings during the year.

The Group opened the year with cash of R229 million (2019: R782 million) on hand, generated R41 million of cash during the year, and ended the year with R270 million (2019: R229 million) of cash on hand.

With total borrowings of R1.427 billion (2019: R1.554 billion), the Group's net debt¹ position at 31 December 2020 was R1.156 billion (2019: R1.325 billion), a decrease of R169 million.

¹Net debt is a non-IFRS measure calculated by subtracting cash on hand from total borrowings.

COVID-19

Stringent measures, aligned to new regulations, were introduced to safeguard the health and wellbeing of the Group's employees, preserve jobs and hence livelihoods, ensuring food security through the continuity of operations, and ensuring the Group's ability to continue meeting stakeholders' expectations in terms of product demand.

The sustained pro-active approach towards COVID-19, established through a COVID-19 Executive Task Team and led by the Group Executive, has resulted in the safety and wellbeing of employees and the impact of the pandemic on the Group being contained wherever possible.

The Group's four-pronged COVID-19 response strategy included:

- **Communication:** Regular communications and feedback with key stakeholders through multiple communication platforms, as well as regular contact with COVID-19-positive employees, close contacts and persons in isolation in order to assist with their needs and ensure their wellbeing.
- **Prevention:** These measures included health screening, testing, hygiene procedures, physical distancing, limited access points and Personal Protective Equipment (PPE), private transport, and work from home.
 - The Group undertook a comprehensive testing regime when employees returned after the Christmas break, administering in excess of 2 000 COVID-19 tests from 28 December 2020 to 6 January 2021, and thereby protected operations.
 - The testing regime is now a standard operating procedure before staff board vessels, a significant measure to protect operations.
- **Disruption:**
 - In order to mitigate the disruption to production and operations, the Group segregated production facilities into smaller units.
 - From a demand side mitigation perspective, the Group looked to prioritise markets and channels that were open, and to balance supply with demand.
 - From a supply chain disruptions perspective, the Group ensured that supply chains (including access to ports) remained open so that the Group could continue to ship and export.
- **Lockdown:**
 - Regular contact with COVID-19-positive employees, as well as close contacts and persons in isolation in order to assist with their needs and wellbeing. This included assisting staff who were ill with the delivery of hygiene and food parcels, as well as completion of TERS/illness benefit applications.

- Conserving cash: Suspending all non-critical capital expenditure and an increased focus on working capital.

During 2020, the COVID-19 virus hit the South African operations hard during the months of May, June and July, with August seeing the region through the first wave. The outbreak of the virus resulted in significant disruption, increased absenteeism and lower throughput as employees and populations generally struggled to come to grips with, and adjust to living with the virus. Operations were fairly stable throughout the Group for the period September to November, with the second wave hitting the group in December 2020.

By 31 December 2020, the Group had experienced 282 positive cases and, regrettably, to date, six employees passed on after contracting the virus:

1. **Nico Bacon** – Viking Fishing Division – Founder
2. **Marius Van Heerden** – Sea Harvest Fishing – Foodservice National Sales Manager
3. **Cheslyn Davidson** – Sea Harvest Fishing – Factory Mechanic on the M.F.V Harvest Atlantic Peace
4. **Mawethu Gwadiso** – Viking Aquaculture – Platform Team Leader
5. **Jonathan Pape** – Viking Fishing Division – Vehicle Maintenance Supervisor
6. **Robin Watson** – Viking Fishing Division – 1st Mate on the M.F.V Laverne

We extend our deepest sympathies to the families of all those who have been severely affected.

The challenge is to maintain health and safety protocols in order to minimise the impact of a third wave of the virus.

The Group is working with government in order to accredit its sites as vaccination sites and has committed to vaccinating all 4 200 employees in the Group.

DRIVING TRANSFORMATION

Sea Harvest Group is proud to have retained a Level 1 B-BBEE contributor status.

Driving transformation within Sea Harvest, and the fishing industry more broadly, is central to Sea Harvest's existence and strategy. Accordingly, the Group invests significant resources in skills development, employment equity, supplier and enterprise development initiatives, as well as projects focused on job creation, the youth, and rural development.

Sea Harvest is a co-founding member of the South African Fisheries Development Fund, a joint initiative with Brimstone. The fund was established to empower small-scale businesses in the fishing and allied sectors.

During the year, Sea Harvest spent R463 million procuring goods and services from 642 small and medium enterprises and R38 million on various skills development initiatives.

The Sea Harvest Foundation spent in excess of R5 million on community-based projects. In addition to the provisions of bursaries, healthcare initiatives, early childhood development, donations and supporting youth sports development, the Group distributed more than 10 000 food parcels throughout the Western Cape, Southern Cape and Eastern Cape in order to support the vulnerable during COVID-19.

OUTLOOK

The FRAP 2020/21 guidelines have been gazetted, with the timelines indicating that the FRAP process would culminate in December 2021. As a Level 1 B-BBEE contributor with over 80% black ownership, the Group is well placed to renew its quota allocation for the next 15 years, and management have dedicated significant resources to ensure the future sustainability of the business.

While markets are generally more settled since the first outbreaks in December 2019, and living with COVID-19 becomes the norm, it is difficult to estimate the impact of the pandemic on the supply chain and the markets. The situation is fluid as various markets re-establish different lockdowns on the back of second or third COVID-19 outbreaks, or indeed, lift lockdowns on the back of recoveries. The efficacy of vaccines and the impact on markets, particularly foodservice markets, could take a while to filter through. Retail markets are expected to continue to be firm, whilst the ramp-up of foodservice markets is expected to occur over an extended period.

The Group will continue to focus on its COVID-19 protocols to ensure the safety and wellbeing of its employees – this includes securing the ability to vaccinate all staff on site, continue to match supply with demand and conserve cash through the critical review of capital expenditure, and continue with its focus on sound working capital management.

Any forward-looking statement included in this Outlook section has not been reviewed or reported on by the auditors.



NOTICE OF APPRECIATION

We wish to thank our employees for their loyalty, dedication, care and professionalism in contributing to the success of the Group in this most trying of times.

The Group would like to thank the Department of Environment, Forestry and Fisheries (DEFF) for the efficient manner it continues to handle the COVID-19 pandemic, enabling continuity of operations, hence saving jobs, livelihoods and providing food security to the nation.

On behalf of the Board

FJ Robertson

Chairperson

Cape Town

1 March 2021

F Ratheb

Chief Executive Officer

CASH DIVIDEND DECLARATION

Notice is hereby given of dividend number 4. A gross and final ordinary cash dividend amounting to 45 cents per share in respect of the year ended 31 December 2020 was recommended on Monday, 1 March 2020, out of current earnings. Where applicable, the deduction of dividends withholding taxation at a rate of 20% will result in a net ordinary dividend amounting to 36 cents per share.

The number of ordinary shares in issue at the date of this declaration is 294 293 814.

The Company's taxation reference number is 9223/794/16/6.

Relevant dates in respect of the ordinary dividend are as follows:

Last day to trade <i>cum</i> dividend	Tuesday, 6 April 2021
Commence trading <i>ex</i> dividend	Wednesday, 7 April 2021
Record date	Friday, 9 April 2021
Dividend payable	Monday, 12 April 2021

Share certificates may not be rematerialised between Wednesday, 7 April 2021 and Friday, 9 April 2021, both dates inclusive.

By order of the Board

N Seshoka

Company Secretary

1 March 2021





INDEPENDENT REVIEWER'S REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF SEA HARVEST GROUP LIMITED

We have reviewed the condensed consolidated financial statements of Sea Harvest Group Limited, contained in the accompanying preliminary report, which comprise the condensed consolidated statement of financial position as at 31 December 2020 and the condensed consolidated statements of profit or loss, other 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 preliminary reports, 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.

The Listings Requirements require condensed consolidated financial statements contained in a preliminary report to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

INDEPENDENT REVIEWER'S RESPONSIBILITY

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with 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 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 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 Sea Harvest Group Limited for the year ended 31 December 2020 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

Deloitte & Touche

Registered Auditor

Per: Michael van Wyk

Partner

1 March 2021

Unit 11, Ground Floor, 97 Dorp Street, Stellenbosch, 7600



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2020

	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
Revenue	3	4 375 339	3 966 452
Cost of sales		(2 894 578)	(2 695 637)
Gross profit		1 480 761	1 270 815
Other operating (loss)/income		(8 041)	73 544
Selling and distribution expenses		(207 895)	(158 484)
Marketing expenses		(14 476)	(13 214)
Other operating expenses		(621 089)	(573 081)
Operating profit before fair value gains and associate income		629 260	599 580
Share of profit/(loss) in associate		790	(112)
Gain on bargain purchase		–	891
Fair value (losses)/gains		(4 608)	34 339
Operating profit before net finance costs and taxation		625 442	634 698
Investment income		28 994	21 413
Interest expense		(101 079)	(121 919)
Profit before taxation		553 357	534 192
Taxation		(155 509)	(138 679)
Profit after taxation		397 848	395 513
<i>Profit after taxation attributable to:</i>			
Shareholders of Sea Harvest Group Limited		430 751	412 478
Non-controlling interests		(32 903)	(16 965)
		397 848	395 513
Earnings per share (cents)			
- Basic		154.3	149.3
- Diluted		148.8	143.3

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020



	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
Profit after taxation	397 848	395 513
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Movement on cash flow hedging reserve	(109 566)	137 641
Cost of hedging reserve	19 400	(59 199)
Reserves recycled to other operating income	31 199	19 608
Exchange differences on foreign operations	69 126	(14 045)
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
Net measurement gain on defined benefit plan	619	3 645
Other comprehensive income, net of tax	10 778	87 650
Total comprehensive income for the year	408 626	483 163
<i>Total comprehensive income attributable to:</i>		
Shareholders of Sea Harvest Group Limited	444 035	498 319
Non-controlling interests	(35 409)	(15 156)
	408 626	483 163



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2020

	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
ASSETS			
Property, plant, equipment and vehicles ¹		1 993 274	1 881 734
Right-of-use assets		131 904	136 695
Biological assets	7	67 321	61 448
Intangible assets ²		733 174	639 795
Goodwill		862 492	849 615
Investment in associate		5 994	5 204
Investment at fair value through other comprehensive income		25 264	25 264
Financial assets	6	25 138	23 218
Loans to related parties	9	129 444	81 799
Loans to supplier partners		85 484	78 464
Long-term loan receivable		3 836	3 606
Deferred tax assets		489	611
Non-current assets		4 063 814	3 787 453
Inventories		631 023	582 162
Biological assets		93 087	77 891
Trade and other receivables		694 747	696 020
Short-term loan receivable		1 036	1 609
Financial assets ³	6	27 334	124 947
Tax assets		7 729	8 289
Cash and bank balances		275 245	237 882
Current assets		1 730 201	1 728 800
Total assets		5 794 015	5 516 253

¹ Movement in property, plant, equipment and vehicles during the period includes capital expenditure on vessels of R152 million.

² Movement in intangible assets relates to the additional Spanish mackerel licenses acquired in Australia during the period and the effects of the foreign currency translation on foreign operations of R70 million.

³ Financial assets decreased as a result of a significant portion of the Group's export hedges maturing in 2020.

	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
EQUITY AND LIABILITIES			
Stated capital		1 809 038	1 810 506
Other reserves		(3 143)	(36 953)
Retained earnings		948 311	663 721
Attributable to shareholders of Sea Harvest Group Limited		2 754 206	2 437 274
Non-controlling interests		40 138	76 500
Capital and reserves		2 794 344	2 513 774
Long-term borrowings		1 308 982	1 268 291
Employee-related liabilities		22 557	22 510
Share-based payment liability		31 510	27 509
Deferred grant income		30 814	32 236
Contingent consideration	8	99 974	90 862
Financial liabilities	6	–	20 522
Lease liabilities		144 261	146 230
Deferred taxation		508 807	478 545
Non-current liabilities		2 146 905	2 086 705
Short-term borrowings		117 758	285 685
Trade and other payables		648 340	546 052
Lease liabilities		15 706	13 670
Share-based payment liability		–	15 909
Deferred grant income		4 059	3 317
Financial liabilities	6	24 889	21 248
Short-term provisions		36 432	21 088
Taxation		778	216
Bank overdrafts		4 804	8 589
Current liabilities		852 766	915 774
Total equity and liabilities		5 794 015	5 516 253



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
Balance at the beginning of the year	2 513 774	2 069 327
Attributable to:		
Shareholders of Sea Harvest Group Limited	2 437 274	1 814 665
Non-controlling interests	76 500	254 662
IFRS 16 adjustment	–	(11 997)
Attributable to:		
Shareholders of Sea Harvest Group Limited	–	(10 417)
Non-controlling interests	–	(1 580)
Adjusted balance at the beginning of the year	2 513 774	2 057 330
Attributable to:		
Shareholders of Sea Harvest Group Limited	2 437 274	1 804 248
Non-controlling interests	76 500	253 082
Total comprehensive income for the year attributable to shareholders of Sea Harvest Group Limited	444 035	498 319
Profit after taxation	430 751	412 478
Movements in other items of comprehensive income, net of tax	13 284	85 841
Movements attributable to shareholders of Sea Harvest Group Limited		
Shares issued	–	300 000
Shares repurchased	(1 468)	(28 255)
Dividends paid	(146 161)	(116 251)
Share-based payments	20 526	(17 810)
Further acquisition of investment in subsidiary	–	(2 978)
Movement attributable to non-controlling interests	(36 362)	(176 581)
Balance at the end of the year	2 794 344	2 513 774

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020



	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
Operating activities		
Profit after taxation	397 848	395 513
Adjustments for non-cash and other items	551 468	443 706
Operating cash flows before changes in working capital	949 316	839 219
Increase in inventories	(41 104)	(6 544)
Decrease/(increase) in trade and other receivables	15 010	(112 049)
Increase in trade and other payables	97 132	47 555
Net change in working capital	71 038	(71 038)
Cash generated from operations	1 020 354	768 181
Investment income received	21 163	14 617
Proceeds from government grant	3 328	17 181
Income taxes paid	(111 737)	(119 509)
Interest paid	(96 645)	(120 055)
Net cash generated from operating activities	836 463	560 415
Investing activities		
Acquisition of investment in subsidiary	–	(558 139)
Proceeds on disposal of property, plant, equipment and vehicles	7 574	22 098
Acquisition of property, plant, equipment and vehicles	(286 313)	(264 629)
Acquisition of intangible assets	(32 210)	(30)
Additions to biological assets	(65 605)	(69 007)
Loans advanced to supplier partners	(8 425)	–
Proceeds on loans advanced to supplier partners	1 130	–
Loans advanced to related parties	(56 270)	–
Proceeds on loans advanced to related parties	10 891	–
Cash movement in other long-term and short-term loans	343	8 299
Net cash utilised in investing activities	(428 885)	(861 408)
Financing activities		
Shares issued	–	300 000
Shares repurchased	(15 322)	(50 962)
Proceeds from borrowings	588 026	347 497
Repayment of borrowings and lease liabilities	(769 836)	(540 294)
Repayment of financial liabilities	(22 752)	(21 401)
Loans advanced to supplier partners	–	(6 032)
Proceeds on loans advanced to supplier partners	–	5 686
Dividends paid	(147 115)	(117 154)
Further investment in subsidiary	–	(168 890)
Net cash utilised in financing activities	(366 999)	(251 550)
Net increase/(decrease) in cash and cash equivalents	40 579	(552 543)
Cash and cash equivalents at the beginning of the year	229 293	781 679
Effects of exchange rates on the balance of cash held in foreign operation	569	157
Cash and cash equivalents at the end of the year	270 441	229 293



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the year ended 31 December 2020 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

These condensed consolidated financial statements for the year ended 31 December 2020 have been reviewed by Deloitte & Touche, who expressed an unmodified review conclusion.

The directors take full responsibility for the preparation of this report. The condensed consolidated annual financial statements were prepared under the supervision of the Chief Financial Officer, M Brey CA(SA).

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed consolidated financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the financial statements for the year ended 31 December 2019.

3. REVENUE

Group revenue for the year can be analysed as follows:

	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
Revenue recognised at a point in time	4 360 967	3 938 116
Revenue recognised over time	14 372	28 336
	4 375 339	3 966 452
Revenue comprises of:		
Wild-caught fish ¹	2 848 476	2 510 694
Shellfish ²	308 089	267 297
Vegetables and meals	93 852	94 499
Traded	188 774	190 171
Dairy	936 148	903 791
	4 375 339	3 966 452
Revenue is further split by geographic location as follows:		
South Africa	2 348 134	2 209 799
Australia	543 009	447 178
Europe	1 299 838	1 113 675
Other markets	184 358	195 800
	4 375 339	3 966 452

Revenue from wild-caught fish is disclosed in the South African Fishing, Australian and Cape Harvest Foods segments. Shellfish revenue is disclosed in the South African Fishing, Australian and Aquaculture segments. Vegetables and meals is disclosed in the Cape Harvest Foods and Australian segments, with dairy revenue disclosed in the Cape Harvest Foods segment. Traded revenue is disclosed in the South African Fishing and Cape Harvest Foods segments.

¹ Cape hake, horse mackerel, Spanish mackerel and related bycatch.

² Prawns, scallops, crabs and abalone.

	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
4. HEADLINE EARNINGS PER SHARE		
4.1 DETERMINATION OF HEADLINE EARNINGS		
Profit for the year attributable to shareholders of Sea Harvest Group Limited	430 751	412 478
Loss/(profit) on disposal of property, plant, equipment and vehicles	7 574	(4 675)
Insurance proceeds	(25 747)	–
Gain on bargain purchase	–	(891)
Total tax effects of adjustments	8 331	3 505
Headline earnings for the year	420 909	410 417
4.2 CALCULATION OF WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		
Weighted average number of shares on which earnings and headline earnings per share are based	279 177 043	276 365 749
Weighted average number of shares on which diluted earnings and diluted headline earnings per share are based	289 498 880	287 774 594
Reconciliation of weighted average number of shares between basic and diluted earnings per share and headline earnings and diluted headline earnings per share:		
Basic	279 177 043	276 365 749
Dilutive instruments	10 321 837	11 408 845
Diluted	289 498 880	287 774 594
Headline earnings per share (cents)		
– Basic	150.8	148.5
– Diluted	145.4	142.6



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 December 2020

5. SEGMENTAL RESULTS

The Groups' reportable segments under IFRS 8: Operating Segments, are the South African Fishing, Australian operation, Aquaculture and Cape Harvest Foods segments.

	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
Segment revenue		
South African Fishing ¹	2 758 205	2 470 044
Australia operations	542 477	437 752
Aquaculture ²	53 334	68 920
Cape Harvest Foods	1 021 323	989 736
Total revenue	4 375 339	3 966 452
Segment profit/(loss) from operations		
South African Fishing	570 176	526 589
Australia operations	37 525	6 652
Aquaculture	(72 511)	(29 818)
Cape Harvest Foods	94 070	96 157
Operating profit before associate and joint venture income	629 260	599 580
Fair value (losses)/gains	(4 608)	34 339
Gain on bargain purchase	–	891
Share of profit/(loss) in associate	790	(112)
Operating profit before net finance costs and taxation	625 442	634 698
Investment income	28 994	21 413
Interest expense	(101 079)	(121 919)
Profit before taxation	553 357	534 192
Total assets		
South African Fishing	3 048 569	3 093 199
Australia operations	1 084 782	886 253
Aquaculture	708 189	696 867
Cape Harvest Foods	952 475	839 934
	5 794 015	5 516 253
Total liabilities		
South African Fishing	1 878 634	1 961 289
Australia operations	398 741	389 157
Aquaculture	455 666	450 260
Cape Harvest Foods	266 630	201 773
	2 999 671	3 002 479

¹ Revenue excludes inter-segmental revenue of R218.4 million (2019: R176 million), which is eliminated on consolidation.

² Revenue excludes inter-segmental revenue of R2.5 million (2019: R8 million), which is eliminated on consolidation.

	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
6. OTHER FINANCIAL ASSETS AND LIABILITIES		
Financial derivative assets	52 472	148 165
Non-current portion of financial assets ¹	25 138	23 218
Current portion of financial assets ²	27 334	124 947
Other financial asset		
Investment at fair value through other comprehensive income ³	25 264	25 264
Financial derivative liabilities	227	160
Current portion of financial liabilities ²	227	160
Other financial liability		
Fishing licence liability ⁴	24 662	41 610
Non-current portion of financial liability	–	20 522
Current portion of financial liability	24 662	21 088

¹ CALL OPTION DERIVATIVE

Included in non-current financial assets is a call option to acquire 100% of the shareholding in Vuna Fishing Company Proprietary Limited from Vuna Fishing Group Proprietary Limited. The fair value was independently determined by an expert using the Black-Scholes option pricing model. The call option financial asset has been classified as a non-current asset at 31 December 2020 due to the expected exercising date thereof exceeding 12 months from the reporting date. The call option disclosed in financial assets is regarded as a level 3 financial instrument for fair value measurement purposes. 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).

The movement in the call option derivative is as follows:

Opening balance	23 218	25 912
Fair value movement	1 920	(2 694)
Closing balance	25 138	23 218



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 December 2020

6. OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. The sensitivity analysis demonstrates the increase/(decrease) on the asset held at fair value through profit or loss which could result from a change in these assumptions.

	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
Vuna Fishing Company valuation		
+ 5%	2 212	2 063
- 5%	(2 161)	(2 029)
Yield curve 5.277% (2019: 7.325%)		
+ 5%	1 782	1 351
- 5%	(1 786)	(1 240)
Volatility 37.163% (2019: 27.363%)		
+ 1%	839	1 227
- 1%	(817)	(1 249)

As Vuna Fishing Company Proprietary Limited is unlisted, the volatility was determined using the quadratic mean volatility of peer group companies.

2 FINANCIAL DERIVATIVE ASSETS AND LIABILITIES

Financial assets and liabilities arise from hedging contracts entered into by the Group for the purpose of minimising the Group's exposure to foreign currency volatility. Hedging contracts are regarded as level 2 financial instruments for fair value measurement purposes. Level 2 fair value measurements are those derived from inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

3 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group holds 10% of the ordinary share capital of Desert Diamond Fishing Proprietary Limited, a company involved in the fishing and fishing processing industries.

The Group reassesses the valuation of the fair value through other comprehensive income investment annually, by using an asset valuation method performed by an independent valuator.

The investment is regarded as a level 3 financial instrument. 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).

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. The sensitivity analysis demonstrates the increase/(decrease) on the investment which could result from a change in this assumption.

Desert Diamond vessel valuation		
+ 5%	1 263	1 263
- 5%	(1 263)	(1 263)

4 FISHING LICENCE LIABILITY

The fishing licence liabilities relate to the Shark Bay Prawn Managed Fishery Voluntary Fisheries Adjustment Scheme (VFAS). The VFAS operates from 12 November 2010 until 1 July 2021. Sea Harvest Australia owns ten fishing licences in the Shark Bay region. The liabilities shown represent present values, discounted at the 5-year Australian Corporate Bond rate. Fishing licence liabilities are carried at amortised cost.

7. BIOLOGICAL ASSETS

The Group owns biological assets in the form of abalone, mussels, oysters and fish. Biological assets are measured at the best estimate of fair value, less anticipated marketing and other related selling costs.

RECONCILIATION OF BIOLOGICAL ASSETS

	ABALONE	MUSSELS AND OYSTERS	FISH IN WATER	TOTAL
Balance as at 1 January 2020	107 758	24 181	7 400	139 339
Increase due to additions and cost capitalised	47 069	12 190	6 346	65 605
Decrease due to harvest and mortalities	(28 451)	(8 456)	(10 214)	(47 121)
Fair value adjustment	(3 100)	2 020	3 665	2 585
Balance as at 31 December 2020	123 276	29 935	7 197	160 408
Transferred to current	73 035	16 099	3 953	93 087
Total non-current	50 241	13 836	3 244	67 321

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in exchange rates used in the valuation of abalone. The sensitivity analysis demonstrates the increase/(decrease) on the biological assets, which could result from a change in this assumption.

	EXCHANGE RATE	FAIR VALUE ADJUSTMENT R'000
2020		
- 10% (weakening of the rand against the USD)	\$1/R16.12	5 645
+ 10% (strengthening of the rand against the USD)	\$1/R13.19	(11 845)
2019		
- 10% (weakening of the rand against the USD)	\$1/R15.43	11 193
+ 10% (strengthening of the rand against the USD)	\$1/R12.62	(3 409)

8. CONTINGENT CONSIDERATION

The contingent consideration relates to the acquisition of Viking Fishing and Viking Aquaculture in the 2018 financial year, and was estimated by an independent valuer based on Viking Fishing and Viking Aquaculture achieving the earn-out targets for the 2018 and 2019 financial years, discounted at the prime lending rate. It is regarded as a level 3 financial instrument for fair value measurement purposes. 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).

The movement in the contingent consideration is as follows:

	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
Opening balance	90 862	121 910
Fair value movement	9 112	(31 048)
Closing balance	99 974	90 862



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 December 2020

	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
9. RELATED PARTY TRANSACTIONS		
This disclosure relates to material related party balances and transactions.		
9.1 RELATED PARTY LOANS		
Loans to related parties – non-current		
Vuna Fishing Company Proprietary Limited (joint venture of Brimstone Investment Corporation Limited)	27 420	27 420
Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited)	45 068	45 068
SeaVuna Fishing Company Proprietary Limited ¹	56 956	9 311
Total	129 444	81 799
Loans to related parties – non-current (investment in associate)		
Specialised Aquatic Feeds Proprietary Limited (associate of Viking Aquaculture Proprietary Limited)	4 000	4 000
Total	4 000	4 000
9.2 RELATED PARTY TRANSACTIONS		
Sales to related parties		
SeaVuna Fishing Company Proprietary Limited ¹	33 408	43 933
Recoveries and other income from related parties		
SeaVuna Fishing Company Proprietary Limited ¹	14 999	17 878
Purchases from related parties		
SeaVuna Fishing Company Proprietary Limited ¹	221 374	214 182

¹ SeaVuna Fishing Company Proprietary Limited is a wholly-owned subsidiary of Vuna Fishing Company Proprietary Limited, which is a joint venture of Brimstone Investment Corporation Limited.

In terms of the supply agreement with Vuna Fishing Company Proprietary Limited (Vuna) and SeaVuna Fishing Company Proprietary Limited (SeaVuna), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation Proprietary Limited.

10. STATED CAPITAL (NUMBER)

	REVIEWED YEAR ENDED 31 DECEMBER 2020	AUDITED YEAR ENDED 31 DECEMBER 2019
In issue (number)		
Ordinary shares	294 293 814	294 293 814
Held as treasury shares	(14 600 889)	(17 069 159)
	279 692 925	277 224 655

10. STATED CAPITAL (NUMBER) (continued)

The movement in the number of shares during the year was as follows:

	TOTAL SHARES IN ISSUE	LESS TREASURY SHARES	TOTAL NET SHARES IN ISSUE
Opening balance	294 293 814	17 069 159	277 224 655
Shares issued	–	–	–
Shares repurchased	–	75 735	(75 735)
Shares vested	–	(2 544 005)	2 544 005
Closing balance	294 293 814	14 600 889	279 692 925

11. CONTINGENT LIABILITIES AND COMMITMENTS

The Group has no significant contingent liabilities at the end of the year (2019: nil).

	REVIEWED YEAR ENDED 31 DECEMBER 2020 R'000	AUDITED YEAR ENDED 31 DECEMBER 2019 R'000
Capital commitments		
Budgeted capital expenditure is as follows:		
– contracted	32 023	13 580
– not contracted	205 812	275 035

12. COVID-19 PANDEMIC ASSESSMENT AND GOING CONCERN

- The Group is fully committed to the preventative measures implemented by various governments since early 2020 to contain the spread of COVID-19 in the countries in which it operates, with the Group's primary priority being to ensure the health and safety of employees, preserve jobs and hence livelihoods, to ensure food security through the continuity of operations and to ensure the Group's ability to continue meeting stakeholders' expectations in terms of product demand.
- As an essential food manufacturer, the Group was exempt from lockdown and allowed to continue to operate. The Group benefited from increased demand for retail products as consumers stocked up for lockdown; however, this was offset by a slowdown in the Group's foodservice markets. The Aquaculture operation, with its main market being China, has however experienced a significant decline in abalone sales revenue. As a result of lower-than-expected financial performance of the aquaculture segment, management performed an assessment of goodwill impairment as at 31 December 2020. The recoverable amount of this cash-generating unit, determined based on a value-in-use calculation, resulted in a surplus over its carrying value. A sensitivity analysis was performed on the recoverable amount, and management believes that a reasonably possible change in the assumptions would not result in an impairment of the carrying amount of goodwill.
- The calculation uses cash flow projections based on financial budgets approved by the Board, covering a five-year period. The key estimates used in the value-in-use calculation included a pre-tax discount rate of 15.03% (2019: 15.60%), terminal growth rate of 3.2% (2019: 2%) and a five-year average revenue growth of 16% (2019: 38%). As a result of the pandemic, significant judgment was required in estimating future saleable quantities of abalone.

GOING CONCERN

- Management has assessed the going concern assumption, taking into account the impact of COVID-19 which took into account cash flow analysis, operational analysis and available funding facilities. The cash flow analysis considered all factors impacting the ability of the Group to generate or preserve cash. Such factors included limitations of COVID-19 on production, and the resulting sales, fixed costs and capital expenditure plans that would require funding, as well as available facilities. The result of these analyses was that the Group will have sufficient cash resources to sustain operations. An analysis of the potential impact of COVID-19 on funding covenants was also considered and management is of the view that funding covenants will not be breached. No funding covenants were breached in the 2020 financial year. Therefore the directors have no reason to believe that the Group will not be a going concern in the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

13. EVENTS SUBSEQUENT TO THE REPORTING DATE

The Board of Directors recommended a gross and final cash dividend on 1 March 2021, amounting to 45 cents per share (2019: 50 cents, comprising an ordinary dividend of 45 cents and a special dividend of 5 cents per share) in respect of the year ended 31 December 2020.

Other than the items outlined above, there has not arisen in the interval between the reporting date and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to substantially affect the operations of the Group, the results of its operations or the state of affairs of the Group.



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