

2023



**BUOYED
BY WHAT WE DO BEST.**

**ANCHORED
BY OUR PURPOSE
AND VALUES.**



**AUDITED ANNUAL
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2023



AUDITED ANNUAL FINANCIAL STATEMENTS

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APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Sea Harvest Group Limited (the Group or the Company or Sea Harvest) are responsible for the preparation, integrity and objectivity of the consolidated and separate¹ annual financial statements.

To fulfil this responsibility, the Group and Company maintain controls to provide reasonable assurance that assets are safeguarded and that records accurately reflect the transactions of the Group and Company.

The Group and Company annual financial statements are prepared in terms of International Financial Reporting Standards (IFRS) and have been reported on by our auditors

in conformity with International Standards of Auditing and the Companies Act, No 71 of 2008 as amended (Companies Act). The Group and Company annual financial statements for the year ended 31 December 2023, which appear on **pages 8 to 108**, were approved by the Board of Directors on 28 March 2024 and signed on its behalf by:

Frederick Robertson
Non-executive Chairperson

Felix Ratheb
Chief Executive Officer

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The Group and Company annual financial statements of Sea Harvest Group Limited for the year ended 31 December 2023 were prepared under the supervision of the Chief Financial Officer, M Brey CA(SA).

DECLARATION BY GROUP CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

for the year ended 31 December 2023

The Group CEO and the CFO hereby confirm that:

- the consolidated and separate annual financial statements, set out on **pages 8 to 108**, fairly present in all material respects the financial position, financial performance and cash flows of Sea Harvest Group Limited in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Sea Harvest Group Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal controls, and remediated the deficiencies; and
- we are not aware of any fraud involving directors.

Felix Ratheb
Chief Executive Officer (CEO)

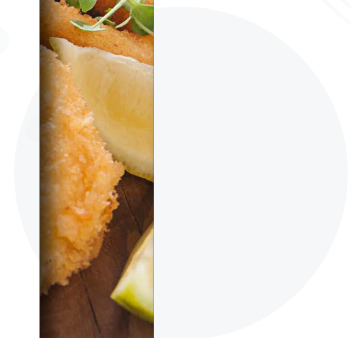
Muhammad Brey
Chief Financial Officer (CFO)

REPORT OF THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that the Company has lodged with the Commissioner all such returns and notices as are required by the Companies Act, and that all such returns and notices are true, correct and up to date.

S Gouden
Company Secretary

¹ Separate and Company are used interchangeably.



OUR REPORTS

OUR REPORTS

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Sea Harvest Group Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Sea Harvest Group Limited and its subsidiaries (the group) and company set out on pages 18 to 101, which comprise of the consolidated and separate statements of Financial position as at 31 December 2023, and the consolidated and separate Statement of Comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

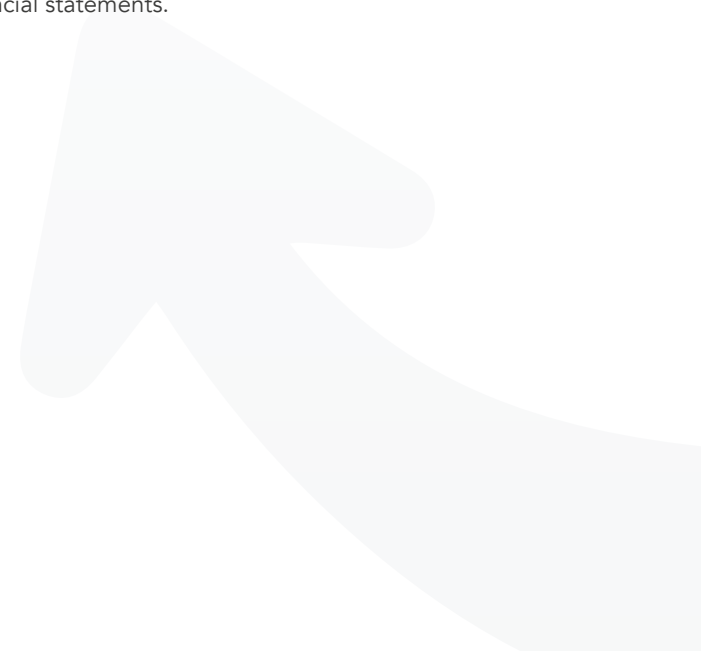
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matters apply only to the audit of the consolidated financial statements.



KEY AUDIT MATTER

Impairment assessment of Sea Harvest Australia goodwill and fishing licences with indefinite useful lives

The Group, through its wholly-owned subsidiary in Australia, Sea Harvest Proprietary Limited, has indefinite useful life intangible assets relating to fishing licences and resultant goodwill from the acquisition, within the Fishing cash generating unit.

The Group in accordance with IAS 36: Impairment of Assets (IAS 36) is required on an annual basis to assess the recoverable amount of the goodwill and the recoverable amount of the indefinite useful life intangibles assets.

In response to the above management has prepared a carrying value impairment assessment which applies significant judgement and estimation in determining the recoverable amounts regarding future performance of the cash-generating unit by applying value in use discounted cash flow computations.

The value in use of the cash generating unit which includes the indefinite useful life fishing licences and resultant goodwill which arose upon the acquisition required significant auditor attention and is considered a key audit matter due to the following factors:

- Actual results were behind the budget for the 2023 financial year
- Increase in market interest rate
- Reduction in catch rates
- Oversupply in certain regions impacting global prawn prices

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

For the Fishing cash generating unit, we have performed the following audit procedures:

- Evaluated management's assessment of determination of cash generating unit.
- Examined management's impairment models to assess whether the value in use model was prepared in accordance with the requirements of IAS 36.
- Evaluated key assumptions included in the value in use model with reference to the 2023 financial year budget and actual results.
- Involved EY Valuation specialists to assess key macro-economic, catch rate and pricing assumptions used in the value in use model.
- Assessed the carrying value of the Fishing cash generating unit, in particular the completeness of assets, including intangibles being allocated to the cash generating unit.
- Performed sensitivity analyses to ascertain the extent to which changes in key assumptions could lead to alternative conclusions specifically in relation to the terminal catch input for the Fishing cash generating unit.
- We evaluated the completeness and accuracy of disclosure relating to the impairment assessments of goodwill and intangible assets with indefinite useful lives to assess compliance with the requirements of IAS 36.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the shareholders of Sea Harvest Group Limited

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the 108 page document titled "Sea Harvest Group Limited Audited Annual Financial Statements for the year ended 31 December 2023", which includes the Report of the Directors, the Audit and Risk Committee Report and the Report of the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Sea Harvest Group Limited for three years.

Ernst & Young Inc.

Ernst & Young Inc.
Director Pierre Gustav Du Plessis
Chartered Accountant (SA)
Registered Auditor
28 March 2024

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

REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report which forms part of the annual financial statements of Sea Harvest Group Limited and its subsidiaries (the Group) for the year ended 31 December 2023.

NATURE OF BUSINESS AND OPERATIONS

Sea Harvest is a leading black-controlled and internationally recognised, vertically integrated fishing and branded fast-moving consumer goods (FMCG) business established in 1964. The Group's principal activities are divided into the following operations:

- South African Fishing is involved in deep-sea trawling, the processing of its catch into a range of value-added frozen and chilled seafood, and the marketing of its produce nationally and internationally. Its range of products includes hake, Horse Mackerel, prawn, anchovy and pilchard.
- Sea Harvest Australia is a vertically integrated fishing business which catches, processes and packs king and tiger prawns, scallops, crabs, Spanish Mackerel, and other wild-caught fish species for the Australian domestic and international markets and operates a nationwide retail and foodservice sales and distribution business.
- The ownership of 87% of the shares of Viking Aquaculture Proprietary Limited (Viking Aquaculture) delivers diversification into high-value abalone aquaculture.
- Cape Harvest Foods, which includes Ladismith Cheese Company Proprietary Limited (Ladismith), a value-added dairy operation and a 46% investment in associate BM Foods Manufacturers Proprietary Limited (BMFM), a manufacturer and distributor of a range of chilled and frozen food products.

COMPANIES ACT

The Board confirms that the Group has complied with the provisions of the Companies Act, specifically relating to its incorporation and has operated in conformity with its Memorandum of Incorporation (MOI) during the year under review.

FINANCIAL RESULTS AND GENERAL REVIEW

The results for the year under review are reflected in the attached financial statements.

The profit attributable to ordinary shareholders for the year is R282.1 million (2022: R310.6 million).

SHARE CAPITAL

The following share movements occurred during the year under review:

	TOTAL SHARES IN ISSUE	LESS TREASURY SHARES	TOTAL NET SHARES IN ISSUE
Opening balance	298 866 214	22 530 877	276 335 337
Shares repurchased	–	3 428 084	(3 428 084)
Shares vested	–	(2 465 718)	2 465 718
Closing balance	298 866 214	23 493 243	275 372 971

Details of the authorised and issued share capital of the Company are set out in [note 21](#).

SPECIAL RESOLUTIONS

During the 2023 financial year, the shareholders of the Company passed the following special resolutions:

- The approval of the general authority to repurchase the Company's shares, the effect of which was to authorise the Company and/or its subsidiaries to repurchase its own securities.
- The approval of the non-executive directors' remuneration, the effect of which was to approve the annual remuneration of non-executive directors for the period from 1 July 2023 to 30 June 2024.
- The approval to provide financial assistance to related or interrelated companies, the effect of which was to authorise the Company to provide direct and indirect financial assistance to related or interrelated companies in terms of section 45 of the Companies Act.

- The approval to provide financial assistance for the acquisition of shares, the effect of which was to authorise the Company to provide such direct and indirect financial assistance in terms of section 44 of the Companies Act.
- The specific authority to repurchase vested shares resulting from the Group's forfeitable share plan.
- The amendment of the MOI of the Company, the effect of which was to increase the age of retirement for directors from 70 years to 75 years in the MOI.

Changes to the Board

There were no changes to the Board during the 2023 year.

Directors

The names of the directors in office at the date of this report are set out on [page 108](#) along with the name and business and registered address of the Company.

Directors' interest in shares

The aggregate direct and indirect beneficial interest of the directors in the issued share capital of the Company at 31 December 2023 was as follows:

	NUMBER OF SHARES			PERCENTAGE OF ISSUED ORDINARY SHARE CAPITAL %
	DIRECT BENEFICIAL	INDIRECT BENEFICIAL	TOTAL	
2023				
M Brey	2 015 786	–	2 015 786	0.67
WA Hanekom	–	945 219	945 219	0.32
MI Khan	8 000	–	8 000	0.00
T Moodley	–	8 000	8 000	0.00
BM Rapiya	40 000	–	40 000	0.01
F Ratheb	3 081 044	–	3 081 044	1.03
F Robertson	5 600	239 318	244 918	0.08
Total	5 150 430	1 192 537	6 342 967	2.12
2022				
M Brey	1 998 283	–	1 998 283	0.67
WA Hanekom	–	780 010	780 010	0.26
MI Khan	8 000	–	8 000	0.00
T Moodley	–	8 000	8 000	0.00
BM Rapiya	40 000	–	40 000	0.01
F Ratheb	3 030 213	–	3 030 213	1.02
F Robertson	5 600	236 818	242 418	0.08
Total	5 082 096	1 024 828	6 106 924	2.04

No shares held by directors are pledged as security for loans.

The following shares have been issued to directors in terms of the forfeitable share plan since 31 December 2023 and the date of approval of the financial statements:

M Brey 437 148
F Ratheb 906 741

Details of directors' individual interests in shares held in terms of the forfeitable share plan are set out in [note 37](#).

REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS CONTINUED

Subsidiaries

Details of the Company's interest in and share of the aggregate profits and losses of its subsidiaries are given in separate schedules on [pages 106 and 107](#).

With effect from 1 July 2023, Cape Harvest Food Group Proprietary Limited (CHFG), which owned 51% of BMFM, disposed of 5% of its equity interest in BMFM to the BM Foods executive committee and staff trust in order to drive succession and retention at BMFM. The transaction resulted in the Group deconsolidating BMFM, with BMFM accounted for as an equity-accounted associate from 1 July 2023.

Following a strategic review of the Aquaculture portfolio, the oyster business was disposed of effective 1 September 2023.

Further details are disclosed in [note 31](#).

Property, plant, equipment and vehicles

Capital expenditure during the year amounted to R463.0 million (2022: R259.1 million). Further details are disclosed in [note 7](#). During the year there was no major change in the nature of the assets or in the policy relating to their use.

Directors' responsibility for annual financial statements

The directors are responsible for the preparation and fair presentation of the Group and separate annual financial statements of Sea Harvest Group Limited, comprising the statements of financial position as at 31 December 2023, and the statements of comprehensive income, statements of changes in equity and cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS, the requirements of the Companies Act and the JSE Limited (JSE) Listings Requirements.

Internal control

The directors are responsible for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and effective systems of risk management as well as the preparation of the supplementary schedules included in these annual financial statements.

Going concern

Management assessed going concern, taking into account current economic conditions, available information about future risks and uncertainties (including load shedding), cash flow analyses, operational analyses, and available funding facilities across the Group.

The result of these analyses was that the Group will have sufficient cash resources to sustain operations. No material funding covenants were breached during the year ended 31 December 2023. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future and, accordingly, the consolidated annual financial statements have been prepared on a going concern basis.

Further details are disclosed in [note 29](#).

Litigation

There is no material litigation outstanding for the Company or its subsidiaries.

Events subsequent to the reporting date

The Board of Directors recommended a gross and final cash dividend on 6 March 2024 amounting to 40 cents per share (2022: 38 cents per share), in respect of the year ended 31 December 2023.

Shareholders are referred to the SENS announcement released on 22 January 2024 wherein the Group announced that it had, through its wholly-owned subsidiaries Sea Harvest Pelagic Proprietary Limited and Sea Harvest Aquaculture Proprietary Limited, entered into agreements with Terrasan Group Limited (Terrasan) to acquire the following entities:

- 100% of Terrasan's subsidiaries engaged in the catching, processing and sale of pelagic fish (Saldanha); and
- 63.07% of Terrasan's subsidiaries engaged in the farming, processing and sale of abalone (Aquinion).

Further details are disclosed in [note 32](#).

AUDIT AND RISK COMMITTEE

AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 December 2023

The Audit and Risk Committee (the Committee) is governed by formal terms of reference which have been reviewed and approved by the Board. The functions of the Committee are consistent with:

- the Companies Act;
- the King IV Report on Corporate Governance™ (King IV™) for South Africa; and
- the JSE Listings Requirements.

ROLES AND RESPONSIBILITIES

The terms of reference include the Committee's statutory duties as described in the Companies Act, King IV™, the JSE Listings Requirements and the additional responsibilities assigned to it by the Board. In addition to its statutory duties prescribed in the Companies Act, the Committee is required to provide independent oversight of the system of internal control and risk management, and the effectiveness of the internal financial controls, to assist the Board in monitoring the integrity of the Group's interim and annual financial statements and other performance-related external reports. The Committee further oversees the effectiveness and independence of the Group's external and internal assurance providers and services that contribute to the integrity of the Group's financial and integrated reporting.

COMPOSITION AND MEETINGS OF THE COMMITTEE

The members of the Committee remained unchanged for the 2023 financial year. The members of the Committee, as indicated below, are knowledgeable about the affairs of the Group and have extensive expertise in finance, accounting, commerce, industry, legal and risk management practices. The members of the Committee are appointed annually at the annual general meeting. The composition of the Committee for the 2023 financial year and attendance at meetings were as follows:

INDEPENDENT NON-EXECUTIVE DIRECTORS

<div style="display: flex; align-items: center;">3/3</div> <p>Kari Lagler CA(SA)</p>	<div style="display: flex; align-items: center;">3/3</div> <p>CK Zama CA(SA)</p>	<div style="display: flex; align-items: center;">3/3</div> <p>WA Hanekom CA(SA)</p>	<div style="display: flex; align-items: center;">2/3</div> <p>BM Rapiya BA Economics</p>
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Chairperson: ● Meetings attended: X/Y

The Group Chairperson, CEO, CFO, Mr MI Khan (Non-executive Director), Ms T Moodley (Non-executive Director), the Brimstone Investment Corporation Limited (Brimstone) Financial Director, senior executives, internal auditors and external auditors attend the meetings of the Committee by invitation.

The agenda of the meetings are derived from the adopted work plan of the Committee, which is based on the formal terms of reference, ensuring that the Committee discharges its responsibilities in a structured manner.

The external and internal auditors attend Committee meetings and have unrestricted access to the Committee and its chairperson and have the opportunity to address the Committee and its chairperson without management being present to ensure open discussion.



AUDIT AND RISK COMMITTEE

AUDIT AND RISK COMMITTEE REPORT CONTINUED

for the year ended 31 December 2023

KEY FUNCTIONS OF THE COMMITTEE

The Committee performed the following duties during the year ended 31 December 2023:

- reviewed the interim and annual financial statements of Sea Harvest Group Limited and recommended them to the Board for approval;
- reviewed the solvency and liquidity, working capital, and going concern position;
- reviewed and recommended the annual dividend proposal to the Board for approval;
- considered the independence and effectiveness of the external auditors and received and considered the external auditors reports;
- considered and nominated for approval at the annual general meeting the external auditors and the designated auditor for the financial year under review;
- determined the fees paid to the external auditors and their terms of engagement;
- reviewed the expertise and experience of the Group's CFO and finance function;
- satisfied itself with the adequacy of the Group's internal controls, including internal controls over financial reporting;
- reviewed work plans, discussions and reports of the respective subsidiary companies' Finance and Risk Committees;
- reviewed the strategic risk register and mitigation plans put in place by management;
- reviewed impairment assessment calculations and considerations;
- reviewed the fraud and defalcation reports;
- reviewed insurance renewal terms;
- conducted a self-assessment evaluation in accordance with the terms of reference;
- reviewed the Insider Trading Policy, Non-Audit Services Policy, Fraud Prevention Policy inclusive of the Whistle-blowing Policy, and the Group's manual as required by the Promotion of Access to Information Act, No 2 of 2000;
- determined the nature and extent of non-audit services and the pre-approval of such services as the Committee deemed appropriate in accordance with the approved Non-Audit Services Policy;
- reviewed and approved the internal audit terms of reference and annual internal audit plan;
- considered the outcome of the external evaluation of the internal audit function's compliance with Standards for the Professional Practice of Internal Audit;
- considered the effectiveness and independence of the head of internal audit and the internal audit function and received and considered the internal auditor's reports;
- received and considered the JSE Proactive Monitoring Reports and satisfied itself with the responses provided to the Committee by management;
- confirmed that there were no concerns or complaints raised in relation to financial reporting matters and internal controls;
- provided oversight over Information Technology (IT) governance and IT risk management;
- assessed the Group's application of the King IV™ principles as set out in the King IV™ Application Register and Report on Corporate Governance;
- received reports detailing the tax status of each company within the Group and compliance with tax laws and regulations;
- reviewed the Group's framework for determining materiality applied to ensure that significant areas of risk, complexity and judgement are included in the evaluation of internal financial reporting controls; and
- considered the Group structure and the nature and size of the components forming part thereof to ensure that management has established appropriate procedures to ensure that all relevant components have submitted audited or reviewed financial reporting packages, prepared in accordance with IFRS, which have been included in the consolidated financial statements of Sea Harvest, as required by paragraph 3.84(g) (ii) of the JSE Listings Requirements.

FINANCE FUNCTION

The preparation of financial reports, including the annual financial statements, were completed under the supervision of Mr M Brey CA(SA), the Group's CFO. As required by paragraph 3.84(g) of the JSE Listings requirements, as well as the recommended practices of the King IV™ Code, the Committee reviewed and satisfied itself that the expertise and experience of Mr Brey is appropriate to meet his responsibilities in that position. The Committee further reviewed and was satisfied that the expertise and resources within the finance function were appropriate.

SUBSIDIARY FINANCE AND RISK COMMITTEE MEETINGS

For each material subsidiary, a subsidiary Finance and Risk Committee is in place and meets three times a year; coinciding with the meetings of this Committee. The South African subsidiary Finance and Risk Committees meetings are chaired by the Group CFO, while Sea Harvest Australia has its own independent, non-executive chairperson. Group Audit and Risk Committee members as well as the external auditors, internal auditors, and representation from Group Finance, Compliance and Information Technology are invited to attend each subsidiary Finance and Risk Committee meeting.

As is relevant, the functions of these subsidiary Finance and Risk Committees are mirrored to that of the Group Audit and Risk Committee and, as such, allows for the necessary oversight and governance to be exercised through these committees, including risk management, internal audit, compliance, financial reporting governance, and information technology management.

RISK MANAGEMENT AND COMBINED ASSURANCE

The Committee continues to exercise oversight of strategic risks which could materially impact the ability of the Group to deliver its objectives and the related mitigation plans and considers these appropriate through the adopted combined assurance approach. Assurance is obtained from several assurance providers in a co-ordinated manner to avoid duplication of effort.

For the 2023 financial year, the Committee considered the risk assessments and mitigation plans presented by management and evaluated and approved the plans of the internal audit function, the external auditors, and the outcomes of the audit work performed. The Committee is satisfied that the combined assurance approach is appropriate and provides sufficient assurance over the Group's risk universe.

IT GOVERNANCE

The Committee has oversight responsibility for IT governance and IT risk management, which is rigorously managed by management through the established IT Steering Committee.

IT governance and IT risk management are managed through various charters, plans, policies, procedures and practices. The Committee reviewed management's continued work in relation to, especially, the effectiveness of the technology and information environment, disaster recovery, and outsourced service providers.

The Committee is satisfied that the report of the IT Steering Committee adequately addresses IT governance and risk management requirements, including the appropriateness of IT strategy and policy, systems and network architecture, applications, disaster recovery, and security management.

EXTERNAL AUDITORS

The Committee has satisfied itself, through the evaluation of submissions made, that the external auditors of the Group and its subsidiaries are independent as defined by the Companies Act and therefore are able to express an independent opinion on the Group's annual financial statements. The Committee, in consultation with management, has agreed to the audit fee for the 2023 financial year and has evaluated the extent of non-audit work in accordance with the established policy in this regard. The policy of non-audit services establishes that non-audit work performed by the external auditor beyond an agreed rand quantum is approved by the Committee chairperson and tabled at Committee meetings at set intervals. The fees paid to the external auditors for non-audit services in 2023 related to taxation work, transfer pricing assistance, agreed upon procedures in respect of royalty certificates issued to the Marine Stewardship Council.

At each meeting of the Committee, the external auditor is provided the opportunity to engage with the Committee without management's presence.

Mr P du Plessis was the designated audit partner for the year ended 31 December 2023. Mr P du Plessis has confirmed to the Committee that Ernst & Young have complied with the independence requirements in terms of the Independent Regulatory Board for Auditors and the South African Institute of Chartered Accountants standards.

AUDIT AND RISK COMMITTEE

AUDIT AND RISK COMMITTEE REPORT CONTINUED

for the year ended 31 December 2023

Key audit matter relating to the 2023 audit

The report of the independent auditors for the year ended 31 December 2023 contained the following key audit matter:

- Impairment assessment of Sea Harvest Australia's goodwill and fishing licences with indefinite useful life.

The Committee addressed the key audit matter as follows:

- The Committee considered the level of impairment testing performed by management and agreed with the conclusions reached by both management and the external auditor that no impairment is required.

INTERNAL AUDITORS

The Group's in-house internal audit function operates in accordance with the terms of reference that the Committee reviewed and approved during the reporting period. The Committee has considered the independence and effectiveness of the in-house internal audit function and considered these appropriate.

An external quality assurance review of the internal audit function's compliance with the International Standards for the Professional Practice of Internal Auditing and the Institute of Internal Auditors Code of Ethics was completed during the reporting period.

The Committee regularly evaluated the progress made in relation to the internal audit coverage plan for 2023 and is satisfied that significant matters reported to it and management by the internal audit function are appropriately remediated.

The head of internal audit has the opportunity to meet with the Committee at each meeting without management being present. On a regular basis, the chairperson of the Committee also meets with the head of internal audit and provides feedback to the Committee as appropriate. The Committee is satisfied, through the declarations made by the internal auditors, that the assurances provided to the Committee are aligned with the Code of Ethics of the Institute of Internal Auditors.

ACCOUNTING PRACTICES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Group has designed internal financial controls and systems to provide reasonable assurances as to the integrity and reliability of the interim and annual financial information as well as to safeguard and maintain the assets of the Group.

The Committee has reviewed the written assessment performed by internal audit on the design, implementation and effectiveness of the Group's internal financial controls. Based on the results of this review, information provided by management, and in conjunction with the independent assurance providers, the Committee believes the internal financial controls are suitable and effective and provide a sound basis for the preparation of reliable financial information.

ANNUAL FINANCIAL STATEMENTS

The Committee reviewed the annual financial statements for the year ended 31 December 2023 and is satisfied that it complies with IFRS. Accordingly, the Committee recommended the annual financial statements to the Board for approval, which the Board subsequently approved.

GOING CONCERN, SOLVENCY AND LIQUIDITY

The Committee reviewed the going concern status of the Group which took into account cash flow analysis, operational analysis, and available funding facilities. The cash flow analysis considered material factors impacting the ability of the Group to generate or preserve cash. The Committee recommended to the Board that the going concern basis of accounting is considered appropriate, and that the Group is considered solvent and liquid to be able to distribute its proposed dividend to shareholders.

JSE REPORTING REQUIREMENTS

The Committee evaluated the submissions made to it by the Company Secretary and management and is satisfied that the Group has met the JSE Listings Requirements and the requirements of the King IV™ Codes. The King IV™ Application Register can be found on the Group's website: www.seaharvestgroup.co.za

JSE proactive monitoring report

The Committee has received and considered the findings in the JSE's reports for compliance with IFRS:

- Report on proactive monitoring of financial statements in 2023 (issued 3 November 2023)
- Specific sections from the Proactive Monitoring Limited Scope Thematic review: Cash flow information and disclosures of liquidity and going concern (issued 6 October 2022):
 - Section 7.4: Cash and cash equivalents
 - Section 7.8: Changes in liabilities arising from financing activities
 - Section 8: Liquidity risk
- Specific sections from the Combined Findings of the JSE proactive monitoring of financial statements report (issued 27 October 2023):
 - General (due care) (page 7)

The Committee has ensured that, where applicable, the contents of these reports have been appropriately actioned in the preparation of the consolidated and separate annual financial statements for the year ended 31 December 2023.

JSE reporting requirements 3.84(k)

The Committee considered the approach adopted by management to ensure that the CEO and CFO responsibility statement sign-off on the annual financial statements and internal financial reporting controls in terms of the JSE Listings Requirement 3.84(k) is appropriately supported.

The Committee, in satisfying itself in this regard, has evaluated:

- the consistency of the processes adopted in respect of risk assessment and scoping, including the determination of materiality applied to ensure that significant areas of risk, complexity and judgement are included for the evaluation of internal financial reporting controls; and
- at each reporting period, the assessment of controls following a combined assurance approach, including management declarations and internal audit findings, following their assessment of the operating effectiveness of internal financial reporting controls.

The Committee is satisfied that this aforementioned process was applied to all material subsidiaries.

The Committee will continue to monitor progress in the implementation of amended and supplementary controls over financial reporting and formal remediation plans developed to address control deficiencies identified in operating effectiveness and design.

The Committee discussed and documented the basis for its conclusion, which includes discussions with internal audit, external audit and management.

The Committee believes that the Group's internal financial reporting controls can be relied upon as a reasonable basis for the preparation of the annual financial statements.

CONCLUSION

I wish to extend my thanks to my fellow Committee members for the work undertaken during this reporting period. On behalf of the Committee, I wish also to thank the invitee non-executive and executive directors, management and assurance providers for their contributions to the Committee this year.

KARI ANN LAGLER

CA(SA)

28 March 2024

K.A. Lagler
Independent
Non-executive Director





OUR CONSOLIDATED STATEMENTS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	NOTES	2023 R'000	2022 R'000
Revenue	1	6 204 776	5 875 295
Cost of sales		(4 694 367)	(4 537 353)
Gross profit		1 510 409	1 337 942
Other operating income		132 757	251 647
Selling and distribution expenses		(276 467)	(289 933)
Marketing expenses		(20 303)	(22 244)
Other operating expenses ¹		(883 979)	(805 669)
Operating profit	2	462 417	471 743
Share of profit/(loss) of associate		4 845	(1 110)
Fair value gains		16 910	29 456
Gain on purchased loans	31.2	93 310	–
Loss on disposal of subsidiaries	31.1	(578)	–
Profit before net finance costs and taxation		576 904	500 089
Investment income	3	23 298	19 669
Finance costs	4	(245 903)	(143 761)
Profit before taxation		354 299	375 997
Taxation	5	(84 940)	(81 932)
Profit after taxation		269 359	294 065
Profit after taxation attributable to:			
Shareholders of Sea Harvest Group Limited		282 139	310 610
Non-controlling interests		(12 780)	(16 545)
		269 359	294 065
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:		21 800	(2 199)
Movement in cash flow hedging reserve		(88 338)	(59 860)
Movement in cost of hedging reserve		(8 631)	37 910
Reserves recycled to other operating income		7 394	(494)
Exchange rate differences on foreign operations		85 677	15 192
Deferred taxation effect		25 698	5 053
Items that may not be reclassified subsequently to profit or loss:		(729)	3 094
Movement in investment at fair value through other comprehensive income		(2 859)	1 230
Net measurement gain on defined benefit plan		2 073	2 916
Deferred taxation effect		57	(1 052)
Other comprehensive income, net of tax		21 071	895
Total comprehensive income for the year		290 430	294 960
Total comprehensive income for the year attributable to:			
Shareholders of Sea Harvest Group Limited		302 546	313 992
Non-controlling interests		(12 116)	(19 032)
		290 430	294 960
Earnings per share (cents)			
– Basic	6	102	111
– Diluted	6	100	109

¹ Included in other operating expenses is the movement in expected credit loss of R15.2 million (2022: R1.8 million).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	NOTES	2023 R'000	RESTATED ¹ 2022 R'000
ASSETS			
Property, plant, equipment and vehicles	7	2 447 353	2 341 225
Right-of-use assets	8	196 098	194 149
Biological assets	9	71 410	87 287
Investment properties	10	79 432	3 700
Intangible assets	11	1 480 314	1 421 503
Goodwill	12	1 036 759	1 017 694
Investments in associates	14	37 417	6 907
Investment at fair value through other comprehensive income	15	28 360	31 220
Other financial assets	25	33 174	29 616
Loans to related parties	36	131 086	113 478
Loans to supplier partners	16.1	103 590	92 670
Loans receivable	16.2	9 961	7 240
Deferred tax assets	17	5 007	5 239
Non-current assets		5 659 961	5 351 928
Inventories	18	1 034 520	1 013 197
Trade and other receivables	19	929 056	895 451
Biological assets	9	118 266	77 909
Other financial assets	25	34	41 532
Tax assets		2 107	14 930
Cash and bank balances	20	280 601	243 270
Current assets		2 364 584	2 286 289
Total assets		8 024 545	7 638 217
EQUITY AND LIABILITIES			
Stated capital	21	1 689 419	1 705 898
Other reserves	21	66 296	51 615
Retained earnings		1 598 636	1 427 529
Equity attributable to the shareholders of Sea Harvest Group Limited		3 354 351	3 185 042
Non-controlling interests		23 061	52 016
Equity		3 377 412	3 237 058
Long-term borrowings	22	2 277 006	2 144 828
Employee-related liabilities	23	29 791	22 170
Deferred grant income	24	30 990	34 342
Lease liabilities	26	201 926	200 681
Other financial liabilities	25	-	7 256
Deferred tax liabilities	17	853 988	826 151
Non-current liabilities		3 393 701	3 235 428
Short-term borrowings	22	321 786	242 266
Trade and other payables	27	768 031	857 186
Deferred grant income	24	4 292	2 776
Other financial liabilities	25	67 041	5 075
Lease liabilities	26	30 005	27 496
Provision	28	2 838	5 740
Taxation		3 366	512
Bank overdrafts	20	56 073	24 680
Current liabilities		1 253 432	1 165 731
Total equity and liabilities		8 024 545	7 638 217

¹ The restatement relates to the finalisation of the MG Kailis business combination. Refer to **note 31.3**. Goodwill and trade and other payables decreased by R1.2 million.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT

	STATED CAPITAL R'000	SHARE-BASED PAYMENTS RESERVE R'000	INVESTMENT REVALUATION RESERVE R'000	CASH FLOW HEDGING RESERVE R'000
Balance as at 1 January 2022	1 769 070	(50 339)	20 948	104 108
Profit after taxation for the year	-	-	-	-
Dividends declared and paid	-	-	-	-
Other comprehensive income for the year	-	-	965	(40 985)
Recognition of share-based payments	-	32 020	-	-
Shares vested in terms of forfeitable share plan	25 516	(25 516)	-	-
Shares repurchased	(88 688)	-	-	-
Acquisition of non-controlling interests	-	-	-	-
Balance as at 31 December 2022	1 705 898	(43 835)	21 913	63 123
Profit after taxation for the year	-	-	-	-
Dividends declared and paid	-	-	-	-
Other comprehensive income for the year	-	-	(2 242)	(62 921)
Recognition of share-based payments	-	33 487	-	-
Shares vested in terms of forfeitable share plan	17 885	(17 885)	-	-
Shares repurchased	(34 364)	-	-	-
Sale of subsidiaries	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-
Balance as at 31 December 2023	1 689 419	(28 233)	19 671	202

ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT							
COST OF HEDGING RESERVE R'000	FOREIGN CURRENCY TRANSLATION RESERVE R'000	ACTUARIAL GAINS/LOSSES RESERVE R'000	CHANGE IN OWNERSHIP R'000	RETAINED EARNINGS R'000	TOTAL R'000	NON-CONTROLLING INTERESTS R'000	TOTAL EQUITY R'000
(79 303)	56 537	8 362	(3 454)	1 286 289	3 112 218	56 506	3 168 724
-	-	-	-	310 610	310 610	(16 545)	294 065
-	-	-	-	(169 370)	(169 370)	(588)	(169 958)
26 081	15 192	2 129	-	-	3 382	(2 487)	895
-	-	-	-	-	32 020	-	32 020
-	-	-	-	-	-	-	-
-	-	-	-	-	(88 688)	-	(88 688)
-	-	-	(15 130)	-	(15 130)	15 130	-
(53 222)	71 729	10 491	(18 584)	1 427 529	3 185 042	52 016	3 237 058
-	-	-	-	282 139	282 139	(12 780)	269 359
-	-	-	-	(111 032)	(111 032)	-	(111 032)
(1 620)	85 677	1 513	-	-	20 407	664	21 071
-	-	-	-	-	33 487	-	33 487
-	-	-	-	-	-	-	-
-	-	-	-	-	(34 364)	-	(34 364)
-	-	-	-	-	-	(26 722)	(26 722)
-	-	-	(21 328)	-	(21 328)	9 883	(11 445)
(54 842)	157 406	12 004	(39 912)	1 598 636	3 354 351	23 061	3 377 412

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	NOTES	2023 R'000	RESTATED ¹ 2022 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows before changes in working capital	A	861 034	725 451
Working capital changes	B	(178 805)	(67 693)
Cash generated from operations		682 229	657 758
Interest received		15 678	11 437
Interest paid		(215 348)	(142 564)
Dividends received		–	5 000
Proceeds from government grants		2 353	6 813
Income tax paid	C	(34 728)	(58 601)
Net cash generated from operating activities		450 184	479 843
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries		–	(768 430)
Disposal of subsidiaries, net bank overdraft disposed	31	6 158	–
Acquisition of property, plant, equipment and vehicles		(462 986)	(259 054)
Proceeds from the disposal of property, plant, equipment and vehicles		2 191	4 074
Insurance proceeds		9 410	25 099
Acquisition of intangible assets		(257)	(2 754)
Additions to biological assets		(76 874)	(71 250)
Loans advanced to related parties		(1 723)	–
Proceeds on loans advanced to supplier partners		3 330	2 789
Loans advanced to supplier partners		(250)	–
Cash movement in other long-term and short-term loans		(3 339)	105
Net cash utilised in investing activities		(524 340)	(1 069 421)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased		(34 364)	(88 688)
Proceeds from borrowings	D	392 966	1 409 385
Repayment of borrowings and lease liabilities	D	(171 674)	(925 367)
Dividends paid		(111 032)	(169 958)
Settlement of contingent consideration		–	(110 000)
Net cash generated from financing activities		75 896	115 372
Net increase/(decrease) in cash and cash equivalents		1 740	(474 206)
Cash and cash equivalents at the beginning of the year		218 590	686 919
Effects of exchange rate changes on the balance of cash held in foreign operation		4 198	5 877
Cash and cash equivalents at the end of the year	20	224 528	218 590

¹ The restatement relates to the finalisation of the MG Kailis business combination. Refer to [note 31.3](#). Working capital changes and acquisition of subsidiaries decreased by R1.2 million.

	2023 R'000	2022 R'000
A. CASH GENERATED BY OPERATIONS		
Profit after taxation	269 359	294 065
Adjustments for:		
Finance costs	245 903	143 761
Investment income	(23 298)	(19 669)
Taxation charge	84 940	81 932
Profit on disposal of property, plant, equipment and vehicles	(3 001)	(2 084)
Loss on disposal of property, plant, equipment and vehicles	1 114	2 581
Unrealised foreign exchange losses	6 947	3 836
Depreciation and amortisation on non-current assets	301 325	268 606
Share of (profits)/losses of associate	(4 845)	1 110
Gain on purchased loans	(93 310)	-
Loss on disposal of subsidiaries	578	-
Government grant income	(4 189)	(5 389)
Non-cash movements in relation to share-based payments	33 482	32 021
Fair value adjustment on option	(2 317)	(4 680)
Fair value adjustment on contingent consideration	-	(20 444)
Fair value adjustment on biological assets	(14 592)	(4 330)
Non-cash movement on biological assets	60 683	60 807
Movement in provisions	8 991	(55 447)
Insurance proceeds on property, plant, equipment and vehicles	(9 410)	(25 099)
Settlement of employee share trust liability	-	(39 795)
Other non-cash movements	2 674	13 669
	861 034	725 451
B. MOVEMENTS IN WORKING CAPITAL	(178 805)	(67 693)
Increase in inventories	(78 616)	(28 802)
Increase in trade and other receivables	(75 301)	(102 826)
(Decrease)/increase in trade payables	(24 888)	63 935
Cash generated from operations	682 229	657 758

CONSOLIDATED STATEMENT OF CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

for the year ended 31 December 2023

	2023 R'000	2022 R'000
C. INCOME TAX PAID		
Prepaid at 1 January	(14 418)	(10 665)
Disposal of subsidiaries	2 165	–
Other non-cash movements	(683)	399
	(12 936)	(10 266)
Income tax expense	48 923	54 449
(Amount owing)/prepaid at 31 December	(1 259)	14 418
Income tax paid	34 728	58 601

D. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	BORROWINGS R'000	LEASE LIABILITIES R'000	TOTAL R'000
Balance as at 1 January 2022	1 864 507	145 106	2 009 613
Loans raised	1 409 385	–	1 409 385
Capital repaid	(901 039)	(24 328)	(925 367)
New leases	–	95 003	95 003
Terminated leases	–	(1 114)	(1 114)
Interest charged	119 594	13 714	133 308
Interest paid	(119 747)	(12 409)	(132 156)
Acquired through business combination	–	7 532	7 532
Effect of foreign currency exchange differences	14 394	4 673	19 067
Balance as at 31 December 2022	2 387 094	228 177	2 615 271
Loans raised	392 966	–	392 966
Capital repaid	(143 173)	(28 501)	(171 674)
New leases	–	33 420	33 420
Terminated leases	–	(1 061)	(1 061)
Interest charged	215 917	18 088	234 005
Interest paid	(186 182)	(17 071)	(203 253)
Disposal of subsidiaries	(29 726)	(7 168)	(36 894)
Gain on purchased loans	(93 310)	–	(93 310)
Other non-cash movements	2 619	–	2 619
Effect of foreign currency exchange differences	52 587	6 047	58 634
Balance as at 31 December 2023	2 598 792	231 931	2 830 723

SEGMENT REPORT

SEGMENT REPORT

for the year ended 31 December 2023

BASIS OF SEGMENT PRESENTATION

The segment information has been prepared in accordance with IFRS 8: Operating Segments, which defines requirements for the disclosure of financial information of an entity's operating segments. The standard requires segmentation based on the Group's internal organisation and internal accounting presentation of revenue and operating income.

IDENTIFICATION OF REPORTABLE SEGMENTS

The Group discloses its reportable segments according to the entity's components that the chief operating decision-maker monitors regularly in making decisions about operating matters. The Group has four reportable segments being South African Fishing, Australia, Aquaculture and Cape Harvest Foods.

Segment information is prepared in conformity with the basis that is reported to the CEO, who is the chief operating decision-maker, in assessing segment performance and allocating resources to segments. These values have been reconciled to the consolidated annual financial statements. The basis reported by the Group is in accordance with the accounting policies adopted for preparing and presenting the consolidated annual financial statements.

The South African Fishing operations predominantly fish and sell Cape Hake and Horse Mackerel; the Aquaculture operation farms and sells abalone; the Australian operations predominantly fish and sell prawns, scallops, crabs and Spanish Mackerel. The Cape Harvest Foods segment produces and sells value-added dairy products and FMCG and includes the Sea Harvest factory shops.

The following tables are an analysis of the Group's revenue and results by reportable segment for the year ended 31 December 2023:

2023	SOUTH AFRICAN FISHING R'000	AUSTRALIA R'000	AQUACULTURE R'000	CAPE HARVEST FOODS R'000	TOTAL R'000
Revenue ^{1,2}	3 030 196	1 140 027	136 015	1 898 538	6 204 776
Depreciation and amortisation	(202 492)	(48 478)	(14 369)	(35 986)	(301 325)
Foreign currency and commodity price gains/(losses)	1 486	(916)	(1 646)	(370)	(1 446)
Employee-related expenses (including post-employment benefits)	(959 189)	(99 261)	(39 912)	(215 744)	(1 314 106)
Share-based payment expenses	(31 212)	-	-	(2 275)	(33 487)
Inventory adjustments	(12 226)	(1 350)	(350)	-	(13 926)
Other expenses	(1 435 830)	(975 451)	(104 050)	(1 562 738)	(4 078 069)
Operating profit	390 733	14 571	(24 312)	81 425	462 417
Share of profit of associates	-	-	285	4 560	4 845
Fair value gains	2 318	-	14 592	-	16 910
Gain on purchased loans	-	-	93 310	-	93 310
Gain/(loss) on disposal of subsidiaries	-	-	469	(1 047)	(578)
Investment income	20 300	-	171	2 827	23 298
Finance costs	(165 529)	(51 465)	(19 600)	(9 309)	(245 903)
Profit before taxation	247 822	(36 894)	64 915	78 456	354 299
Taxation	(71 776)	8 316	(13)	(21 467)	(84 940)
Profit after taxation	176 046	(28 578)	64 902	56 989	269 359
Segment assets	3 443 118	2 529 374	692 424	1 359 629	8 024 545
Segment liabilities	2 624 682	1 277 232	372 152	373 067	4 647 133
Non-current assets	2 215 712	2 077 219	551 158	815 872	5 659 961
Additions to non-current assets	342 225	65 400	26 133	82 887	516 645
The above amounts of assets and liabilities include the following:					
Investment in associates	-	-	4 338	33 079	37 417

¹ Revenue excludes the following intersegmental revenues between South African Fishing and Australia which are eliminated on consolidation: R127.9 million (2022: R183.4 million), R42.8 million (2022: R43.3 million) between South African Fishing and Cape Harvest Foods and Rnil (2022: R1.0 million) between Aquaculture and South African Fishing.

² The segment revenue and profit for the Cape Harvest Foods segment includes the results of BMFM until 1 July 2023. The segment revenue and loss for the Aquaculture segment includes the results of the Viking Aquaculture oyster business until 1 September 2023. Refer to [note 31.1](#)



SEGMENT REPORT

SEGMENT REPORT CONTINUED

for the year ended 31 December 2023

2022 RESTATED ¹	SOUTH AFRICAN FISHING R'000	AUSTRALIA R'000	AQUACULTURE R'000	CAPE HARVEST FOODS R'000	TOTAL R'000
Revenue	2 744 422	938 067	117 955	2 074 851	5 875 295
Depreciation and amortisation	(176 742)	(35 718)	(15 283)	(40 863)	(268 606)
Foreign currency and commodity price gains/(losses)	165 150	796	(501)	(51)	165 394
Employee-related expenses (including post-employment benefits)	(900 229)	(68 502)	(41 971)	(253 155)	(1 263 857)
Share-based payment expenses	(29 975)	-	-	(2 045)	(32 020)
Inventory adjustments	(5 127)	(1 784)	-	-	(6 911)
Other expenses	(1 453 433)	(789 870)	(100 362)	(1 660 798)	(3 997 552)
Operating profit¹	349 193	44 773	(40 162)	117 939	471 743
Share of losses of associate	-	-	(1 463)	353	(1 110)
Fair value gains	4 680	-	4 331	20 445	29 456
Investment income	19 113	23	278	255	19 669
Finance costs	(105 484)	(24 230)	(2 064)	(11 983)	(143 761)
Profit before taxation	267 502	20 566	(39 080)	127 009	375 997
Taxation	(54 750)	(6 837)	7 085	(27 430)	(81 932)
Profit after taxation	212 752	13 729	(31 995)	99 579	294 065
Segment assets	3 124 470	2 366 294	686 664	1 460 789	7 638 217
Segment liabilities	2 243 394	1 194 152	469 377	494 236	4 401 159
Non-current assets	2 058 729	1 916 072	578 548	798 579	5 351 928
Additions to non-current assets	216 666	89 310	23 183	45 432	374 591
The above amounts of assets and liabilities include the following:					
Investment in associates	-	-	4 053	2 854	6 907

¹ The restatement relates to the finalisation of the MG Kailis business combination. Refer to [note 31.3](#). In addition, the prior year other expenses line has been adjusted by the addition of the inventory adjustments line to allow comparability.

INFORMATION REGARDING MAJOR CUSTOMERS

No customers (2022: nil) individually contribute 10% or more of the Group's revenue arising from the South African Fishing, Australian, Aquaculture and Cape Harvest Foods segments.



OUR POLICIES
OUR POLICIES

Group accounting policies

GROUP ACCOUNTING POLICIES

GROUP ACCOUNTING POLICIES

PRESENTATION OF FINANCIAL STATEMENTS

Basis of preparation

Statement of compliance

The consolidated (or Group) and separate (or Company) financial statements have been prepared in accordance with IFRS, in compliance with the JSE Listings Requirements, the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act. The financial statements were approved for issue by the Board of Directors on 28 March 2024.

Basis of measurement and preparation

The Group and Company financial statements are prepared on the going concern and historical cost basis, except for the revaluation of certain assets and liabilities detailed in **notes 9, 10, 15 and 25**.

The principal accounting policies set out below and in the individual notes have been applied on a basis consistent with the previous year.

Functional and presentation currency

The presentation and functional currency of the Group and Company financial statements is South African rand, and all amounts are rounded to the nearest thousand, except when stated otherwise.

Disclosure of accounting policies

The Group and Company disclose only those accounting policies that relate to material transactions, other events or conditions and:

- were changed during the reporting period because the Group and Company were required to or chose to change its policy, and this change resulted in a material change to the amounts included in the financial statements;
- were chosen from one or more alternatives in an IFRS Accounting Standard;
- were developed in accordance with paragraphs 10 to 12 of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors in the absence of an IFRS Accounting Standard that specifically applies;
- relate to an area for which the Group and Company are required to make significant judgements;
- are in relation to assumptions on applying an accounting policy and disclose those judgements or assumptions; or
- apply the requirements of an IFRS Accounting Standard in a way that reflects the Group and Company's specific circumstances.

Foreign currency translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange

rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group and Company financial statements in conformity with IFRS requires management to make judgements (other than those including estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgements and estimates are described in the notes and identified under the heading "Significant judgements and estimates". The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

New standards, interpretations, and amendments effective and adopted

In the current year, the Group applied amended IFRS Accounting Standards and interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or the amounts reported in these financial statements.

Standards that are issued but not yet effective

The amendments below will not be early adopted and will be implemented on the effective date. The impact of the new standards are in the process of being determined.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments specify requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement, that a right to defer settlement must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments also require additional disclosures.

The amendments are effective for annual periods beginning on or after 1 January 2024.



OUR NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
OUR NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

1. REVENUE

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excluding value-added tax. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, which is normally on delivery. Delivery in the case of export sales is determined by reference to the sales contract and application of Incoterms. The normal credit terms are 30 to 90 days after delivery.

The Group considers whether there are other promises in the sales order that are separate performance obligations to which a portion of the transaction price needs to be allocated, such as warranties and customer loyalty points. The impact of warranties and customer loyalty points is insignificant.

Revenue recognised over time is generated from the Australian and Cape Harvest Foods segments:

- In the Australian segment, revenue from the rendering of services, such as ship repairs and maintenance, is recognised over time as the service is rendered.
- In the Cape Harvest Foods segment, revenue over time arises from the performance of services relating to co-manufacturing and packaging contracts. The amount of revenue recognised is based on the conversion cost and is recognised upon collection of the stock by the customer, which is the best estimate of the point at which the service is rendered.

The Group does not adjust consideration for the effect of financing, as the period between the transfer of goods and services and receiving payment from customers is less than one year.

	2023 R'000	2022 R'000
Group revenue for the year can be analysed as follows:		
Revenue recognised at a point in time	6 082 993	5 817 452
Revenue recognised over time	121 783	57 843
	6 204 776	5 875 295
Revenue per product mix comprises:		
Wild-caught fish ¹	3 387 715	3 022 329
Shellfish ²	559 516	595 195
Convenience foods	490 213	489 511
Traded ³	180 361	189 600
Dairy	1 586 971	1 578 660
	6 204 776	5 875 295
Revenue per channel mix comprises:⁴		
International	3 017 744	2 551 082
Retail	1 531 448	1 700 409
Foodservice	1 387 449	1 383 773
Wholesale	268 135	240 031
	6 204 776	5 875 295
Revenue is further split by geographic location as follows:⁴		
South Africa	3 187 032	3 324 213
Australia	1 107 539	869 463
Europe	1 347 646	1 222 721
Other markets	562 559	458 898
	6 204 776	5 875 295

¹ Cape Hake, Horse Mackerel, Spanish Mackerel and related by-catch

² Prawns, scallops, crabs and abalone

³ Includes sales of purchased products

⁴ The December 2022 comparative amounts for revenue per channel mix and revenue per geographic location have been changed to allow accurate comparative information. Within revenue per channel mix, prior year international revenue increased by R115 million, retail revenue decreased by R27 million, foodservice revenue increased by R298 million, and wholesale revenue decreased by R386 million. Within the split of revenue by geographic location, South African revenue decreased by R115 million with a corresponding increase in revenue from other markets.

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, Aquaculture and Cape Harvest Foods segments. Revenue from convenience foods is disclosed in the Australian and Cape Harvest Foods segments, with dairy revenue disclosed in the Cape Harvest Foods segment. Traded revenue is disclosed in the South African Fishing, Aquaculture and Cape Harvest Foods segments.

International revenue is disclosed in all segments. Retail and wholesale revenue is disclosed in the South African Fishing and Cape Harvest Foods segments, while foodservice revenue is disclosed in the South African Fishing, Aquaculture and Cape Harvest Food Group segments.

The geographic location split of revenue is based on where the customer is located. Within each segment, products are marketed nationally and internationally.

	2023 R'000	2022 R'000
2. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following:		
Income		
Foreign currency and commodity price gains	–	165 394
Government grant income	4 189	5 389
Profit on the disposal of property, plant, equipment and vehicles	3 001	2 084
Insurance proceeds	64 863	25 134
Operating expenses		
Amortisation of intangibles	8 469	9 033
Auditors remuneration		
– External statutory audit	7 826	6 784
– Other	876	865
Depreciation of property, plant, equipment and vehicles	260 769	234 113
Depreciation of right-of-use assets	32 087	25 460
Foreign currency and commodity price losses	1 446	–
Movement in expected credit losses	15 275	1 837
Inventory adjustments		
– Net decrease in the provision for obsolescence	(12 941)	(8 621)
– Write downs to net realisable value	26 867	15 532
Loss on the disposal of property, plant, equipment and vehicles	1 114	2 581
Rental expense on low-value and short-term leases		
– Land and buildings	12 353	1 138
– Property, plant, equipment and vehicles	9 671	10 217
Employee-related expenses		
Salaries, wages and other short-term benefits	1 253 912	1 216 598
Post-employment benefits	60 194	47 259
Share-based payments expense	33 487	32 020
Total employee-related expenses	1 347 593	1 295 877
3. INVESTMENT INCOME		
Interest received on bank deposits and from external parties	23 298	14 669
Dividends received from investment at fair value through other comprehensive income	–	5 000
	23 298	19 669
4. FINANCE COSTS		
Interest on borrowings and overdraft	222 448	123 601
Interest on lease liabilities	18 088	13 714
Other ¹	5 367	6 446
	245 903	143 761

¹ Other finance costs relates mainly to interest paid in relation to post-retirement medical aid.

NOTES TO THE CONSOLIDATED

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

	2023 R'000	2022 R'000
5. TAXATION		
Current tax: South Africa		
In respect of the current year	43 871	48 832
In respect of prior years	4 422	5 681
	48 293	54 513
Deferred tax: South Africa		
In respect of the current year	43 895	37 886
In respect of prior years	1 068	–
In respect of the change in tax rate	–	(17 305)
	44 963	20 581
Current tax: Australia¹		
In respect of the current year	630	(64)
	630	(64)
Deferred tax: Australia		
In respect of the current year	(11 557)	6 853
In respect of prior years	2 611	49
	(8 946)	6 902
Taxation charge	84 940	81 932
Deferred tax recognised through other comprehensive income		
Fair value remeasurement of cash flow hedges	25 697	5 053
Movement in investment at fair value through other comprehensive income	618	(265)
Net measurement gain on defined benefit plan	(560)	(787)
	25 755	4 001
Tax expense reconciliation		
Profit before tax	354 299	375 997
Income tax expense calculated at 27% (2022: 28%)	95 661	105 279
Effect of the change in tax rate	–	(20 008)
Prior year adjustment	8 101	5 730
(Over)/under provided previous year	(509)	412
Non-taxable income ²	(31 377)	(26 951)
Non-deductible expenses ³	6 198	10 846
Deferred tax asset not recognised	9 371	6 350
Capital gains tax	(165)	(343)
Tax effect of fair value adjustments	822	328
Tax effect of utilisation of prior year losses	(1 682)	–
Tax effect of share of results of associates	(77)	410
Tax effect of tax rates of subsidiary operating in other jurisdictions	(1 403)	(121)
Taxation charge	84 940	81 932

¹ The Australian tax rate is 30% (2022: 30%).

² Non-taxable income relates mainly to the gain on purchased loans, reversal of prior year provisions, and learnership incentives.

³ Non-deductible expenses relates mainly to legal, consulting and other professional fees.

6. EARNINGS PER SHARE

6.1 Calculation of weighted average number of ordinary shares (WANOS)

	NUMBER OF SHARES	
	2023	2022
WANOS used in the calculation of basic and headline earnings per share	275 923 041	279 167 094
Dilutive effect of treasury shares (forfeitable share plan)	7 020 767	7 097 328
WANOS used in the calculation of diluted earnings per share	282 943 808	286 264 422

6.2 Determination of headline earnings

	GROSS 2023 R'000	NET ¹ 2023 R'000	GROSS 2022 R'000	NET ¹ 2022 R'000
Profit attributable to shareholders of Sea Harvest Group Limited	354 299	282 139	375 997	310 610
<i>Adjusted for:</i>				
(Profit)/loss on disposal of property, plant, equipment and vehicles	(1 887)	(750)	497	314
Insurance proceeds ²	(9 410)	(6 769)	(25 134)	(17 720)
Loss on disposal of subsidiaries	578	506	-	-
Headline earnings for the year	343 580	275 126	351 360	293 204

¹ Net of tax and non-controlling interests

² Relates only to insurance proceeds received in respect of property, plant, equipment and vehicles

	2023	2022
Headline earnings per share (cents)		
- Basic	100	105
- Diluted	97	102
Basic earnings per share (cents)	102	111
Diluted basic earnings per share (cents)	100	109

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

7. PROPERTY, PLANT, EQUIPMENT AND VEHICLES

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Property, plant, equipment and vehicles is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost

Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of fishing trawler refits (major overhauls) includes expenditure on materials, direct labour, and an allocated proportion of project overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income in the period in which they are incurred.

Gains or losses on disposals of property, plant, equipment and vehicles are determined by comparing proceeds with the carrying amount and are included in operating profit in the statement of comprehensive income.

Depreciation

Property, plant, equipment and vehicles is depreciated to its estimated residual value on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Impairment

The Group reviews the carrying amount of its property, plant, equipment and vehicles annually and if events occur that call into question the carrying amount of the assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less costs to sell and value-in-use. When assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Where the carrying amount exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Depreciation and residual values

The Group depreciates its assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, operating conditions and maintenance programmes. These depreciation rates represent management's current best estimate of the useful lives of these assets.

Significant judgement is applied by management when determining the residual values for property, plant, equipment and vehicles. When determining the residual value, the following factors are taken into account:

- External residual value information (if available)
- Internal technical assessments for specialised plant and machinery

The Group has reviewed the residual values and useful lives of its assets. No material adjustments resulted from the review in the current year.

The useful lives for classes of property, plant, equipment and vehicles are as follows:

	USEFUL LIFE
Freehold buildings	5 – 50 years
Leasehold improvements	Term of lease
Fishing trawlers	5 – 45 years
Refits	2 – 2.5 years
Plant, machinery and equipment	2 – 40 years
Motor vehicles	2 – 14 years
Office equipment	2 – 26 years

	FREEHOLD LAND AND BUILDINGS R'000	LEASEHOLD LAND AND BUILDINGS R'000	FISHING TRAWLERS AND REFITS R'000	PLANT, MACHINERY AND EQUIPMENT R'000	CAPITAL WORK IN PROGRESS ¹ R'000	MOTOR VEHICLES R'000	OFFICE EQUIP- MENT R'000	TOTAL R'000
2023								
Balance as at 1 January 2023	332 466	28 477	1 079 879	802 723	14 003	32 761	50 916	2 341 225
Cost	359 928	61 953	1 542 290	1 118 511	14 003	50 895	112 478	3 260 058
Accumulated depreciation and impairment	(27 462)	(33 476)	(462 411)	(315 788)	-	(18 134)	(61 562)	(918 833)
Transfers in ¹	7 205	-	52 740	26 354	-	965	2 373	89 637
Transfers out ¹	-	-	-	-	(90 034)	-	-	(90 034)
Transfer to investment property	(75 732)	-	-	-	-	-	-	(75 732)
Additions ²	4 169	6 513	270 891	44 738	114 323	12 177	19 364	472 175
Disposal of subsidiaries	(19 317)	(1 737)	(3 400)	(20 289)	-	(3 676)	(1 970)	(50 389)
Cost	(23 166)	(1 932)	(4 283)	(37 183)	-	(4 581)	(2 339)	(73 484)
Accumulated depreciation and impairment	3 849	195	883	16 894	-	905	369	23 095
Disposals/derecognition	-	(177)	(3 212)	(1 334)	-	(1 271)	(175)	(6 169)
Cost	-	(973)	(43 546)	(4 018)	-	(3 888)	(976)	(53 401)
Accumulated depreciation and impairment	-	796	40 334	2 684	-	2 617	801	47 232
Depreciation for the year	(7 872)	(5 581)	(158 582)	(68 096)	-	(6 675)	(13 963)	(260 769)
Effect of foreign currency exchange differences	1 404	-	19 705	3 453	2 304	202	341	27 409
Balance as at 31 December 2023	242 323	27 495	1 258 021	787 549	40 596	34 483	56 886	2 447 353
Cost	274 546	65 561	1 809 954	1 149 389	40 596	60 703	133 781	3 534 530
Accumulated depreciation and impairment	(32 223)	(38 066)	(551 933)	(361 840)	-	(26 220)	(76 895)	(1 087 177)
2022								
Balance as at 1 January 2022	330 100	29 973	936 221	807 894	7 337	31 330	50 144	2 192 999
Cost	350 455	65 128	1 314 665	1 075 789	7 337	47 344	106 075	2 966 793
Accumulated depreciation and impairment	(20 355)	(35 155)	(378 444)	(267 895)	-	(16 014)	(55 931)	(773 794)
Transfers in	8 270	-	26 609	39 878	3 255	106	57	78 175
Transfers out ¹	(924)	(56)	-	(28 141)	(48 424)	-	-	(77 545)
Additions ³	3 333	4 192	146 895	37 858	50 866	8 651	16 058	267 853
Acquisitions through business combinations	171	-	102 401	13 853	250	-	499	117 174
Disposals/derecognition	(46)	(618)	(3 139)	(2 187)	(159)	(957)	(176)	(7 282)
Cost	(423)	(7 304)	(44 042)	(22 965)	(159)	(5 283)	(10 970)	(91 146)
Accumulated depreciation and impairment	377	6 686	40 903	20 778	-	4 326	10 794	83 864
Depreciation for the year	(8 369)	(5 014)	(131 734)	(66 920)	-	(6 448)	(15 628)	(234 113)
Effect of foreign currency exchange differences	(69)	-	2 626	488	878	79	(38)	3 964
Balance as at 31 December 2022	332 466	28 477	1 079 879	802 723	14 003	32 761	50 916	2 341 225
Cost	359 928	61 953	1 542 290	1 118 511	14 003	50 895	112 478	3 260 058
Accumulated depreciation and impairment	(27 462)	(33 476)	(462 411)	(315 788)	-	(18 134)	(61 562)	(918 833)

¹ Project costs are accumulated in a capital work in progress account and transferred to the relevant asset categories when the asset is complete and ready for use. The difference between transfers in and out relates to spare parts transferred to inventory.

² R9.1 million of additions for the year were non-cash and funded through instalment sale agreements.

³ R8.8 million of additions for 2022 were non-cash and set off against loans to supplier partners.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

7. PROPERTY, PLANT, EQUIPMENT AND VEHICLES CONTINUED

Government grants

A grant of R2.3 million (2022: R6.8 million) was received and used towards the purchase of property, plant, equipment and vehicles. The government grant is treated as deferred income and released to the statement of comprehensive income over the useful lives of the assets. Refer to **note 24**.

Additional information

The moveable assets of the Group, including property, plant, equipment and vehicles with a carrying amount of approximately R2.4 billion (2022: R2.2 billion), have been pledged to secure long-term borrowings of the Group. Refer to **note 22**.

The cost of fully depreciated property, plant, equipment and vehicles amounts to R138.6 million (2022: R192.5 million).

An amount of R9.4 million (2022: R25.1 million) was received as compensation from third parties for items of property, plant equipment and vehicles that were scrapped due to damage.

8. RIGHT-OF-USE ASSETS

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or a rate.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of certain properties, motor vehicles and equipment (i.e. those leases that have a lease term of 12 months or shorter from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below R100 000). Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

SIGNIFICANT JUDGEMENT IN DETERMINING THE LEASE TERM OF CONTRACTS WITH RENEWAL OPTIONS

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. Judgement is required in determining whether the Group is reasonably certain to exercise its option to extend the lease or terminate the lease at initial inception. This is based on various factors including terms for renewal in relation to market rates, whether there has been significant leasehold improvements, and the costs relating to termination.

The Group has entered into agreements to lease land and manufacturing/office buildings and retail shops, with lease terms between three and 15 years. The Group has the option, under some leases, to lease the assets for additional terms of three to 5 years. The likelihood of exercising these options is assessed on a lease-by-lease basis. The leases relating to Sea Harvest Australia with a carrying amount of approximately R62.9 million (2022: R62.8 million) have been pledged to secure long-term borrowings. Refer to [note 22](#).

	2023 R'000	2022 R'000
Balance at the beginning of the year	194 149	114 446
Cost	269 937	171 379
Accumulated depreciation and impairment losses	(75 788)	(56 933)
Additions to leases	33 420	95 003
Acquired through business combination	-	7 162
Disposal of subsidiaries	(4 445)	-
Cost	(9 513)	-
Accumulated depreciation	5 068	-
Terminated leases	(872)	(940)
Cost	(3 355)	(6 111)
Accumulated depreciation	2 483	5 171
Depreciation	(32 087)	(25 460)
Effect of foreign currency exchange differences	5 933	3 938
Balance as at the end of the year	196 098	194 149
Cost	296 005	269 937
Accumulated depreciation and impairment losses	(99 907)	(75 788)
Amounts recognised in profit and loss:		
Depreciation expense on right-of-use assets	32 087	25 460
Expenses relating to leases of low-value assets	9 671	10 217
Expenses relating to short-term leases	12 353	1 138
Gain on modification of leased asset	194	175
Interest expense on lease liabilities	18 088	13 714
Total cash flows recognised:		
Rental expenses consists of:	67 596	48 092
Operating activities		
Expenses relating to low-value and short-term leases	22 024	11 355
Interest expense on lease liabilities	17 071	12 409
Financing activities		
Capital portion of lease liabilities	28 501	24 328

At 31 December 2023, the Group is committed to R11.5 million (2022: R2.3 million) relating to short-term leases.

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

9. BIOLOGICAL ASSETS

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Biological assets include 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 US dollar and rand denominated market prices of biological assets of similar age, breed and genetic merit. Point-of-sale costs include all costs that would be incurred in order to get the biological assets to the customer. Gains or losses arising from measurement on initial recognition or from a subsequent change in fair value less estimated point-of-sale costs are included in the statement of comprehensive income in the period in which it arises.

SIGNIFICANT ESTIMATES

The fair value is determined based on US dollar and rand denominated market prices of biological assets of a similar age, breed and genetic merit. In the absence of an active market, due to early stages of biological assets' development, the capitalised costs are deemed to be the best estimate of fair value. Subsequent expenditure incurred in the development of abalone from a certain size up to the point of maturity is capitalised in the cost.

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.

9.1 Reconciliation of biological assets

	ABALONE R'000	MUSSELS AND OYSTERS R'000	FISH R'000	TOTAL R'000
2023				
Balance as at 1 January 2023	148 556	16 640	–	165 196
Increase due to additions and cost capitalised ¹	73 696	9 116	–	82 812
Decrease due to harvest and mortalities	(52 842)	(13 779)	–	(66 621)
Disposal of subsidiary	–	(6 303)	–	(6 303)
Fair value adjustment	20 266	(5 674)	–	14 592
Balance as at 31 December 2023	189 676	–	–	189 676
Transferred to current	118 266	–	–	118 266
Total non-current	71 410	–	–	71 410
2022				
Balance as at 1 January 2022	133 637	16 641	144	150 422
Increase due to additions and cost capitalised ¹	61 332	16 516	–	77 848
Decrease due to harvest and mortalities	(51 298)	(15 962)	(144)	(67 404)
Fair value adjustment	4 885	(555)	–	4 330
Balance as at 31 December 2022	148 556	16 640	–	165 196
Transferred to current	75 927	1 982	–	77 909
Total non-current	72 629	14 658	–	87 287

¹ The additions and cost capitalised to biological assets include non-cash costs of R5.9 million (2022: R6.6 million).

	ABALONE (TONNES)	OYSTERS (UNITS IN MILLIONS)	FISH (TONNES)
2023			
Quantities on hand at 31 December 2023	506	-	-
Quantities harvested during the period	233	-	-
2022			
Quantities on hand at 31 December 2022	446	4	-
Quantities harvested during the period	271	2	61

Included in inventory of finished goods is an amount of R6.3 million (2022: R9.1 million) relating to canned, frozen and dried biological assets.

The operating cycle is more than one year and therefore only abalone above and including 40g to 50g are classified as current assets.

The fair value gain on biological assets of R14.6 million (2022: R4.3 million gain) consists of R6.3 million gain (2022: R6.1 million loss) relating to physical change in size and R8.3 million gain (2022: R10.4 million gain) relating to change in market price. A change in unobservable inputs would not have a significant change in fair value.

The Group has budgeted to spend R77 million (2022: R63 million) in further development and acquisition of biological assets during the next reporting period. There are no biological assets pledged as security for debt.

9.1.1 Fair value hierarchy

The fair value measurements for biological assets have been categorised as Level 3 fair values based on the inputs to the valuation techniques used. Refer to **note 33** and the accounting policy.

9.2 Risk management strategy related to aquaculture activities

9.2.1 Exchange rate risks

The Group is subject to changes in the exchange rate as abalone sales prices are denominated in US dollar and biological assets are measured at fair value, which is also based on the US dollar market price. The Group's currency risk management is described in **note 34**.

9.2.2 Mechanical, environmental and disease risks

Reliance on property, plant, equipment and vehicles to sustain a living environment for the abalone exposes the Group to certain risks. This risk is managed by allowing for redundancy of key equipment and the use of generators and wind turbines to mitigate the shortage of electricity supply. Critical assets are monitored with sophisticated monitoring/detection systems.

Aquaculture farming is exposed to storms, red tides and water temperatures that could kill the animals and/or introduce stress-related illnesses. As far as possible, the farms have been placed within the biological parameters of the species being grown to minimise extreme temperature profiles. Each of the farms belongs to a Veterinary Health Programme to ensure good husbandry to minimise disease risk. The abalone farms have well-proven recirculation systems to prevent the abalone being exposed to red tides and other contaminants.

Strict testing and closure protocols are in place where animals cannot be removed from red tide events to prevent accidental human consumption and illness.

9.2.3 Kelp rights

The aquaculture farms rely on wild harvested kelp either from their own concessions or third parties. These concessions are regulated by the Fishing Rights Allocation Process (FRAP) and allocation is dependent on maintaining sound B-BBEE credentials.

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9. BIOLOGICAL ASSETS CONTINUED

9.3 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) in the biological assets valuation that could result from a change in this assumption.

	EXCHANGE RATE	FAIR VALUE ADJUSTMENT R'000
2023		
- 10% (weakening of the rand against the US dollar)	\$1/R20.27179	15 889
+ 10% (strengthening of the rand against the US dollar)	\$1/R16.58601	(15 889)
2022		
- 10% (weakening of the rand against the US dollar)	\$1/R18.7232	10 225
+ 10% (strengthening of the rand against the US dollar)	\$1/R15.3910	(10 225)

10. INVESTMENT PROPERTY

ACCOUNTING POLICY

Investment property, which is held to earn rentals and for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

	2023 R'000	2022 R'000
Balance at the beginning of the year	3 700	3 700
Transfer from property, plant, equipment and vehicles	75 732	-
Balance at the end of the year	79 432	3 700

Investment property consists of commercial offices at The Estuaries in Century City, Cape Town and commercial and industrial property occupied by BMFM in Montague Gardens, Cape Town. Subsequent to the sale of 5% of BMFM, and the consequential loss of control, the property occupied by BMFM is no longer owner occupied and is held as investment property. The fair value has been determined by an independent valuator, using the income capitalisation approach.

The fair value estimate for investment property is classified as a Level 3 measurement within the fair value hierarchy. There were no transfers between fair value hierarchy levels in the current period.

The following table summarises the quantitative information about the significant unobservable inputs used in the valuation:

VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUT	SENSITIVITY
Income capitalisation approach	Capitalisation rate of 9%, taking into account the rental income potential, nature of the property, and prevailing market conditions	A 10% increase in the capitalisation rate used will result in a decrease in fair value of R8.5 million, and a 10% decrease in the capitalisation rate used will result in an increase in fair value of R10.4 million

11. INTANGIBLE ASSETS

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Intangible assets acquired separately are initially measured at cost. These include fishing rights and licences, retail agency rights, trade names, brands and aquaculture-related intangibles. Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy either the separability criterion or contractual legal criterion in IFRS 3: Business Combinations. The cost of such intangible assets is their fair value at acquisition date.

Accumulated amortisation

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the assets' estimated useful lives and is recognised as expenses in the statement of comprehensive income. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment

An indefinite useful life intangible asset is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

An impairment assessment is performed on indefinite useful life intangible assets at the end of each reporting period or more frequently if there are impairment indicators.

Intangible assets with finite useful lives are reviewed at the end of each reporting period, but they are only assessed for impairment when there are impairment indicators. Impairment testing is performed by comparing the recoverable amount to the carrying amount of the intangible asset.

The recoverable amount of intangible assets is determined as the higher of value-in-use and fair value less costs to sell.

Value-in-use

Refer to the goodwill accounting policy in [note 12](#).

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11. INTANGIBLE ASSETS CONTINUED

ACCOUNTING POLICY CONTINUED

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Intangible assets as a result of contractual or legal rights

Significant judgement is applied by management when determining the classification of fishing rights and licences as finite or indefinite useful life intangible assets and in determining the amortisation period for finite useful life intangible assets.

Perpetual fishing licences

Australian fishing licences held in perpetuity by the Group are subject to compliance with regulatory and financial obligations, which are probable of being complied with, are classified as indefinite useful life intangible assets.

Long-term fishing rights

Fishing rights allocated by the South African Department of Forestry, Fisheries and the Environment for a period of time in terms of its FRAP are classified as finite useful life intangible assets.

Indefinite useful life intangible assets constitute 93% of total intangible assets (2022: 92% of total intangible assets).

Amortisation of long-term fishing rights

The Group amortises long-term fishing rights over a longer period than the original term of the right, after considering:

- whether the Group intends and is able to renew the fishing rights;
- whether there are substantial costs associated with renewal; and
- whether there will be any material modifications to the existing terms of the right.

The expectation of renewal of the long-term fishing rights is based on the Group's:

- transformation credentials;
- history of compliance with permit conditions and fishing responsibly;
- significant capital investment in order to conduct deep-sea fishing operations;
- employment and job creation;
- socio-economic impact on the communities in which it operates; and
- assessment of the impact of new entrants on the FRAP;

and therefore requires a significant degree of judgement to be applied by management.

Due to the nature of the Group's intangible assets, management does not apply residual values to them.

Amortisation useful lives

The anticipated useful lives used to amortise the Group's intangible assets for the 2023 year are as follows:

	USEFUL LIFE
Fishing licences	Indefinite
Brands	8 years – indefinite
Retail agency rights	Indefinite
Fishing rights	2 allocation cycles
Maritime, aquaculture and seaweed rights	8 – 14 years
Trade names	5 years

	INDEFINITE USEFUL LIFE INTANGIBLE ASSETS			FINITE USEFUL LIFE INTANGIBLE ASSETS				TOTAL R'000
	FISHING LICENCES R'000	BRANDS R'000	RETAIL AGENCY RIGHT R'000	FISHING RIGHTS AND LICENCES R'000	MARITIME AQUACULTURE AND SEAWEED RIGHTS R'000	TRADE NAMES R'000	BRAND R'000	
2023								
Balance at the beginning of the year	1 235 324	72 232	3 476	106 611	1 975	263	1 622	1 421 503
Cost	1 235 324	72 232	3 476	270 305	2 991	2 643	1 972	1 588 943
Accumulated amortisation and impairment	-	-	-	(163 694)	(1 016)	(2 380)	(350)	(167 440)
Additions from separate acquisitions	-	-	-	257	-	-	-	257
Disposal of subsidiaries	-	(25 609)	-	-	-	-	-	(25 609)
Amortisation for the year	-	-	-	(7 733)	(226)	(263)	(247)	(8 469)
Effect of foreign currency exchange differences	92 247	60	259	66	-	-	-	92 632
Balance at the end of the year	1 327 571	46 683	3 735	99 201	1 749	-	1 375	1 480 314
Cost	1 327 571	46 683	3 735	270 709	2 991	2 643	1 972	1 656 304
Accumulated amortisation and impairment	-	-	-	(171 508)	(1 242)	(2 643)	(597)	(175 990)
2022								
Balance at the beginning of the year	576 990	72 234	3 483	111 894	2 201	792	1 869	769 463
Cost	576 990	72 234	3 483	267 555	2 991	2 643	1 972	927 868
Accumulated amortisation and impairment	-	-	-	(155 661)	(790)	(1 851)	(103)	(158 405)
Additions from separate acquisitions	-	-	-	2 754	-	-	-	2 754
Acquisitions through business combinations	637 171	-	-	-	-	-	-	637 171
Amortisation for the year	-	-	-	(8 031)	(226)	(529)	(247)	(9 033)
Effect of foreign currency exchange differences	21 163	(2)	(7)	(6)	-	-	-	21 148
Balance at the end of the year	1 235 324	72 232	3 476	106 611	1 975	263	1 622	1 421 503
Cost	1 235 324	72 232	3 476	270 305	2 991	2 643	1 972	1 588 943
Accumulated amortisation and impairment	-	-	-	(163 694)	(1 016)	(2 380)	(350)	(167 440)

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11. INTANGIBLE ASSETS CONTINUED

Indefinite useful life intangibles

The most significant intangible assets are the fishing licences with an indefinite useful life.

The fishing licences and retail agency rights in Australia are held in perpetuity and are classified as indefinite useful life intangible assets. The licences represent 10 of 18 licences, issued by the Western Australia Department of Fisheries for the Shark Bay Prawn Managed Fishery and 20 Spanish Mackerel licences. The licences acquired in the prior year acquisition of MG Kailis included 15 Exmouth prawn licences, five Pilbara fish trawl licences, two Pilbara wet line licences, and one Western Deepwater trawl licence. There have been no breaches of financial or regulatory obligations. Fishing licences with a carrying value of R1.33 billion (2022: R1.24 billion) have been pledged to secure long-term borrowings with the Commonwealth Bank of Australia (CBA). Refer to [note 22](#).

Refer to [note 12](#) for the impairment assessment of the Australian operation.

Brands with an indefinite useful life relates to the Ladismith brand. Management has, based on an analysis of relevant factors, concluded that there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group. Factors considered include historical product sales, volumes and margins, the stability of the industry, limited risk of obsolescence, and future cash flows considering Group strategy. Refer to [note 12](#) for the impairment assessment of the Cape Harvest Foods operation.

Finite useful life intangibles

Fishing rights and licences with finite useful lives have a remaining useful life of 12.8 years (2022: 13.8).

12. GOODWILL

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Goodwill arising on the acquisition of subsidiaries or businesses is presented separately in the statement of financial position and carried at cost less accumulated impairment losses.

Cost

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest, the acquisition date fair value of any previously held equity interest over the net identifiable assets acquired, and liabilities assumed. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary or business acquired, the difference (gain on bargain purchase) is recognised in profit or loss.

The gain or loss recognised in profit or loss on the loss of control of a subsidiary is calculated after taking into account the carrying amount of any related goodwill.

Impairment

For the purposes of impairment testing, goodwill is allocated to the lowest level of cash-generating unit (CGU). Each of those CGUs represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Impairment assessments are performed annually or more frequently if there are indicators that the carrying amount might be impaired. Impairment testing is performed by comparing the value-in-use of the CGUs to the carrying amount. Impairment testing is only performed on CGUs that are considered to be significant in comparison to the total carrying amount of goodwill. In addition, the carrying values of intangible assets with an indefinite useful life have been included in the carrying amounts and fair values of the CGUs and therefore form part of the overall impairment consideration.

ACCOUNTING POLICY CONTINUED

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The value-in-use calculation used in the Australia, Aquaculture and Cape Harvest Foods CGUs requires management to estimate future cash flows, discount rates, revenue growth rates and terminal growth rates in order to calculate present value. The South African Fishing CGU recoverable amount is the fair value less cost to sell which requires earnings projections and price earnings multiple estimates.

Value-in-use

Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a period of up to five years and are extrapolated over the useful life of the asset to reflect the long-term plans of the Group using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax, based on an assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.

Management determines the expected performance of the assets based on the following:

- An assessment of existing products against past performance and market conditions
- An assessment of existing products against existing market conditions
- The pipeline of products under development, applying past experiences of launch success, existing market conditions, and new markets

The growth rate used to extrapolate cash flow projections beyond the period covered by the budgets and forecasts takes into account the long-term average rates of the industry in which the CGU operates. Estimations are based on a number of key assumptions such as volume, price and product mix, which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports on market growth. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets and forecasts. Management judgement is also applied in estimating the future cash flows of the CGUs. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

The weighted average cost of capital is derived from a pricing model based on credit risk and the cost of debt. The variables used in the model are established on the basis of management judgement and current market conditions.

Impairment losses recognised in respect of goodwill are not reversed in subsequent periods.

	2023 R'000	2022 R'000
Balance at the beginning of the year	1 017 694	865 192
Cost	1 017 694	865 192
Additional amounts recognised from business combinations that occurred during the year ¹	–	147 632
Effect of foreign currency exchange differences	19 065	4 870
Balance at the end of the year	1 036 759	1 017 694
Cost	1 036 759	1 017 694
Allocation of goodwill to CGUs for the purpose of impairment reviews and testing		
Goodwill is allocated to the consolidated entity's CGUs identified according to reportable segments.		
South African Fishing	463 325	463 325
Australia ^{1,2}	272 870	253 805
Aquaculture	69 983	69 983
Cape Harvest Foods	230 581	230 581
	1 036 759	1 017 694

¹ The prior year amount has been restated for the finalisation of the MG Kailis business combination. Refer to **note 31.3**

² In the current financial year, MG Kailis has been reorganised into the fishing and trading divisions within the Australia CGU.

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12. GOODWILL CONTINUED

South African Fishing

The recoverable amount of the CGU was determined on the basis of fair value less costs to sell. The fair value less costs to sell calculation used an average of actual 2023 earnings and 2024 projected earnings. A price earnings multiple of 9.28 (2022: 10.05) was used in the valuation, which is an average of listed companies operating in the same industry adjusted by a 15% (2022: 20%) risk factor for size, the unlisted nature of the CGU, and the completion of the FRAP. The valuation resulted in a surplus over the carrying value of the CGU, and the directors believe that a reasonably possible change in the multiple would not result in an impairment of the carrying value of goodwill.

The fair value measurements for the recoverable amount have been categorised as Level 3 fair value, based on the inputs to the valuation techniques used.

Australia (including MG Kailis)

The recoverable amount of this CGU is determined based on a value-in-use calculation that requires the use of certain assumptions. The calculation uses cash flow projections based on approved financial budgets and forecasts, covering a five-year period. The below key estimates are used in the value-in-use calculations:

	2023 %	2022 %
Pre-tax discount rate	11.88	11.49
Revenue growth per annum	3.00	3.00
Inflation ¹	3.00	3.00
Terminal growth rate	3.00	2.50

¹ In line with the inflation rate in Australia

The valuations resulted in a surplus over the carrying values of the CGU, and the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill or indefinite useful life intangible assets.

Aquaculture

The recoverable amount of this CGU is determined based on a value-in-use calculation that requires the use of certain assumptions. The calculation uses cash flow projections based on approved financial budgets and forecasts, covering a five-year period. The below key estimates are used in the value-in-use calculation:

	2023 %	2022 %
Pre-tax discount rate	16.36	15.66
Revenue growth per annum (five-year average) ¹	13.7	9.30
Inflation ²	6.00	6.00
Terminal growth	6.00	6.00

¹ The increase in the growth rate is based on forecasting larger average-sized abalone, driving an enhanced, higher margin of dried product in the sales mix.

² In line with the inflation rate in South Africa

Within the Aquaculture segment, with its main markets being in the Far East, slightly higher growth rates have been tapered by a slowing Hong Kong economy as a result of higher interest rates and the spillover from the Chinese real estate meltdown. As a result, significant judgement was required in estimating the future sale quantities of abalone.

The valuation resulted in a surplus over the carrying values of the CGU, and the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

Cape Harvest Foods

The recoverable amount of this CGU is determined based on a value-in-use calculation that requires the use of certain assumptions. The calculation uses cash flow projections based on approved financial budgets and forecasts, covering a five-year period. The below key estimates are used in the value-in-use calculation:

	2023 %	2022 %
Pre-tax discount rate	15.37	15.28
Revenue growth per annum (five-year average)	8.20	9.00
Inflation ¹	6.00	6.00
Terminal growth	6.00	6.00

¹ In line with the inflation rate in South Africa

The valuation resulted in a surplus over the carrying value of the CGU, and the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill or indefinite useful life intangible assets.

The carrying values of intangible assets with indefinite useful lives have been included in the carrying amounts and fair values of the Australian and Cape Harvest Foods CGUs.

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13. INVESTMENTS IN SUBSIDIARIES

Non-wholly-owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below.

The summarised financial information below represents amounts including goodwill and fair value adjustments recognised at acquisition and is presented before intra-group eliminations.

	VIKING AQUACULTURE PROPRIETARY LIMITED		BM FOODS GROUP PROPRIETARY LIMITED ¹	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Current assets	140 970	108 117	302	132 057
Non-current assets	403 000	435 203	112 353	96 071
Current liabilities	(34 325)	(36 211)	(4 182)	(95 144)
Non-current liabilities	(645 657)	(613 459)	(43 144)	(69 689)
Net (liabilities)/assets of the subsidiary	(136 012)	(106 350)	65 329	63 295
Attributable to owners of the Company	(124 334)	(92 953)	40 594	5 206
Attributable to non-controlling interests	(11 678)	(13 397)	24 735	58 089
Revenue	135 967	118 975	245 681	483 602
Loss for the year	(26 735)	(31 946)	(5 189)	(4 752)
Attributable to owners of the Company	(15 085)	(15 397)	(1 969)	(2 352)
Attributable to non-controlling interests	(11 650)	(16 549)	(3 220)	(2 400)
Other comprehensive income/(loss) for the year attributable to owners of the Company	4 445	(2 588)	–	–
Other comprehensive income/(loss) for the year attributable to non-controlling interests	664	(2 487)	–	–
Other comprehensive income/(loss) for the year	5 109	(5 075)	–	–
Total comprehensive loss for the year attributable to owners of the Company	(10 640)	(17 985)	(1 969)	(2 352)
Total comprehensive loss for the year attributable to non-controlling interests	(10 986)	(19 036)	(3 220)	(2 400)
Total comprehensive loss for the year	(21 626)	(37 021)	(5 189)	(4 752)
Dividends paid to non-controlling interests	–	–	–	588

¹ With effect from 1 July 2023, BM Foods Group Proprietary Limited (BMFG) disposed of 5% of its equity interest in BMFM, resulting in a loss of control. Refer to [note 31.1](#)

Refer to [pages 104 to 105](#) for details of all investments in subsidiaries.

14. INVESTMENTS IN ASSOCIATES

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Associates are entities in which the Group has an interest directly or indirectly and over which it has significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the entity. Where the Group holds at least a 20% equity interest it is presumed to have significant influence.

The Group applies the equity method of accounting, under which the investments are initially recognised at the fair value of the purchase consideration, including acquisition-related costs, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

The most recently available financial statements of the associate is used in applying the equity method. When the reporting period of the associate is different to that of the Group by not more than three months, the associate or joint venture prepares, for the use of the Group, financial statements as of the same date as the financial statements of the Group unless it is impracticable to do so.

The investments in associates relate to:

- BMFG's 46% investment in BMFM (previously a subsidiary), a manufacturer and distributor of various chilled and frozen products across South Africa. Refer to **note 31.1**;
- BMFG's 25% investment in Alliance Food Services Proprietary Limited (CPT) and 20% investment in Alliance Food Services Proprietary Limited (JHB), suppliers of quality and innovative ingredients to the food service industry across South Africa; and
- Viking Aquaculture Proprietary Limited's 30% investment in Specialised Aquatic Feeds Proprietary Limited, a company that provides feed for the biological assets within the Aquaculture industry.

No dividends were received from associates during the current financial year.

The following table illustrates the summarised financial information of the Group's investments in associates:

	BM FOODS MANUFACTURERS ¹	SPECIALISED AQUATIC FEEDS		ALLIANCE FOODS	
	2023 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Current assets	118 363	27 888	14 690	95 948	34 450
Non-current assets	74 006	15 921	18 055	5 924	6 490
Current liabilities	(88 886)	(18 915)	(8 947)	(74 498)	(28 251)
Non-current liabilities	(33 322)	(15 375)	(15 225)	(13 322)	(11 277)
Net assets of the associates	70 161	9 519	8 573	14 052	1 412
Revenue	247 107	92 776	68 844	175 558	102 524
Expenses	(243 573)	(91 475)	(75 594)	(167 269)	(100 630)
Operating profit/(loss) before tax	3 534	1 301	(6 750)	8 289	1 894
Income tax expense	(488)	(351)	1 873	(2 061)	(482)
Profit/(loss) for the year	3 046	950	(4 877)	6 228	1 412
Group's share of profit/(loss) for the year	1 402	285	(1 463)	3 158	353

¹ BMFM became an equity-accounted associate of the Group effective 1 July 2023. Refer to **note 31.1**

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14. INVESTMENTS IN ASSOCIATES CONTINUED

A reconciliation of the above summarised financial information to the carrying amount of the investments in associates recognised in the consolidated financial statements is set out below:

	BM FOODS MANUFACTURERS	SPECIALISED AQUATIC FEEDS	ALLIANCE FOODS	
	2023 R'000	2023 R'000	2022 R'000	2023 R'000
Net assets of the associates	70 161	9 519	8 573	1 412
Proportion of the Group's ownership interest in the associates	46%	30%	30%	25%
Share of associate's net assets	32 274	2 856	2 573	353
Pre-acquisition impairment reversal not recognised	–	(5 950)	(5 950)	–
Loans to associates	–	4 000	4 000	2 500
Fair value adjustment on recognition of associate	(2 708)	–	–	–
Goodwill recognised at acquisition of the associate	–	3 431	3 431	–
Carrying amount of the Group's interest in the associates	29 566	4 337	4 054	3 514

15. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

ACCOUNTING POLICY

The Group elected to irrevocably classify its unlisted equity investments under this category.

Investment at fair value through other comprehensive income financial assets are measured at fair value, and any fair value changes in the carrying amount of financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Gains or losses on these financial assets are never recycled to profit or loss.

Dividends are recognised as investment income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income.

	2023 R'000	2022 R'000
Balance at the beginning of the year	31 220	29 989
Fair value adjustment	(2 860)	1 231
	28 360	31 220

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

The asset valuation performed by an independent valuator represents the valuation of unlisted shares in a vessel-owning company. The underlying vessel is valued based on the age and condition of the vessel and current market value derived by sales comparison of these or similar types of vessels adjusted for differences in age, condition, degree of upgrade already carried out on the vessel, and size. A change in unobservable inputs would not have a significant change in the fair value.

The fair value measurement for the investment through other comprehensive income has been categorised as Level 3, based on the inputs to the valuation techniques used. Refer to [note 33](#).

	2023 R'000	2022 R'000
16. LOANS TO SUPPLIER PARTNERS AND LOANS RECEIVABLE		
16.1 Loans to supplier partners		
Balance at the beginning of the year	101 664	108 092
Advances to supplier partners ¹	6 962	2 703
Interest charged	8 470	3 986
Interest repaid	(2 129)	(1 528)
Loans repaid ²	(822)	(11 589)
Balance at the end of the year	114 145	101 664
Non-current	103 590	92 670
Current – included in trade and other receivables	10 555	8 994
	114 145	101 664
16.2 Loans receivable		
Balance at the beginning of the year	7 240	7 446
Advances during the year	4 974	3 949
Loans repaid	(1 635)	(4 055)
Current – included in trade and other receivables	(618)	(100)
Balance at the end of the year	9 961	7 240

¹ In the current year, R5.8 million of the advances to supplier partners relate to the non-cash sale of vessels to supplier partners.

² In the prior year, R8.8 million of the loans repaid relates to the non-cash acquisition of vessels from supplier partners.

The balance relates mainly to loans advanced to Nalitha Investments Proprietary Limited and South African Fishing Empowerment Corporation Proprietary Limited. These loans bear interest at the Johannesburg Interbank Average Rate (JIBAR) plus 2.65% and are repayable in equal quarterly instalments.

The remaining loans relate to various supplier partners where loans are granted for the sale of part shares in vessels. These loans are interest free and have repayment terms of between five and seven years.

The Group applies the general approach in calculating expected credit losses (ECLs) for loans and advances. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL). The Group considered the ECLs required on these loans and the impact is insignificant.

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17. DEFERRED TAXATION

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Deferred tax is provided using the liability method, providing for temporary differences arising between the tax base and the accounting carrying amount of amounts reflected in the consolidated financial statements. Deferred tax is, however, not provided for temporary differences that arise from the initial recognition of an asset or liability where that transaction affects neither accounting profit nor tax profit (tax loss). The only exception to this being when that asset or liability arises in terms of a business combination. Deferred tax is determined at tax rates that are enacted or substantively enacted at year end and are expected to apply when the temporary difference reverses.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries and associates where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are only offset to the extent that the balances are recoverable from the same tax authority and there is a legal right to offset them at settlement of those balances.

Temporary differences arising in connection with investments in associates are insignificant.

	2023 R'000	2022 R'000
Deferred tax assets	(5 007)	(5 239)
Deferred tax liabilities	853 988	826 151
Net deferred tax liability	848 981	820 912
Net deferred tax liability at the beginning of the year	820 912	605 682
Recognised in profit or loss	36 017	27 483
Recognised in other comprehensive income	(25 755)	(4 001)
Other	(724)	(1 108)
Recognition on acquisition of subsidiary	–	186 526
Derecognised on disposal of subsidiaries	(4 203)	–
Effect of foreign currency exchange differences	22 734	6 330
Net deferred tax liability at the end of the year	848 981	820 912
The major components of the deferred tax balances are as follows:		
Excess tax allowance over depreciation charges for property, plant, equipment and vehicles	524 885	547 939
Excess of tax allowances over amortisation of intangible assets	459 321	387 184
Excess tax allowance over depreciation charges for investment properties	5 763	–
Investment at fair value through other comprehensive income	4 658	5 218
Derivative financial instruments	5 410	5 051
Difference between tax and accounting treatment of:		
– Biological assets	12 742	7 600
– Inventory	(2 607)	(13 913)
– Prepayments	3 680	1 410
– Government grants	(779)	(1 241)
– Cash flow hedges and cost of hedging	(16 750)	7 879
– Leases	(19 953)	45
– Share-based payments ³	13 996	13 095
Provisions ¹	(32 758)	(27 802)
Other ³	4 714	(15 075)
Effect of tax losses ²	(113 341)	(96 478)
	848 981	820 912

¹ Provisions includes leave pay accruals.

² The tax losses relates mainly to the Australian, Aquaculture and Cape Harvest Foods operations to the extent that they are considered recoverable in the foreseeable future. The recognition of the deferred tax asset is based on the achievement of future taxable income that is highly probable based on recent forecasts and budgets.

³ The prior year amount has been adjusted to disclose share-based payments as a separate line item.

18. INVENTORIES

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

The Group recognises inventories initially at cost when it has control of the inventories, expects it to provide future economic benefits, and the cost can be measured reliably. Cost is determined on the first-in-first-out basis. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Inventories are subsequently measured at the lower of cost and net realisable value. The carrying amounts of finished goods and work in progress include raw materials, direct labour, other direct costs, and related production overheads (based on normal operating capacity), but exclude borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and applicable variable selling expenses.

A provision for obsolete inventories is established when there is evidence that no future economic benefits will be obtained for such inventories. The carrying amount of the inventories is reduced and the amount of the loss is recognised in the statement of comprehensive income within cost of sales.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Determination of net realisable value of inventories

Management is required to exercise significant judgement in the determination of net realisable value, specifically relating to the forecasting of demand.

Management is also required to exercise significant judgement in estimating the provision for obsolete inventory. Such judgement would take into account:

- Change in taste
- Change in market
- Inventory nearing expiry dates

	2023 R'000	2022 R'000
Raw materials	46 140	110 033
Work in progress	34 370	61 128
Finished goods	749 882	686 880
Consumable stores	208 574	172 543
	1 038 966	1 030 584
Obsolescence provision	(4 446)	(17 387)
Total inventories at the lower of cost and net realisable value	1 034 520	1 013 197

The cost of inventories recognised as an expense during the year was R4.7 billion (2022: R4.5 billion). This is recognised in cost of sales.

The cost of inventories recognised as an expense includes R26.9 million (2022: R15.5 million) in respect of the write down of inventory to net realisable value.

The amount of inventories carried at cost was R958.9 million (2022: R902.0 million), and inventories carried at net realisable value was R75.6 million (2022: R111.2 million).

The moveable assets of the Group, including inventory with a carrying amount of R1.0 billion (2022: R1.0 billion), have been pledged to secure the long-term borrowings of the Group. Refer to **note 22**.

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19. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Receivables (except for trade receivables that are initially measured at transaction price) are initially recognised at fair value and subsequently measured at amortised cost, less impairments, using the effective interest rate method. No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile.

Other receivables comprise mainly prepayments and value-added tax, initially recognised at fair value and subsequently at amortised cost.

The Group applies the simplified approach in calculating ECLs. Trade receivables are assessed collectively in groups that share similar credit risk characteristics within operating segments and days past due. There has been no change in the estimation techniques during the current reporting period. The Group has established a provision matrix based on its historical credit loss data, adjusted for forward-looking factors specific to the debtors and economic environment by looking at the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts and various forecast economic information relating to the debtors' core operations.

The Group considered the ECLs on receivables other than trade receivables under the general model and the impact is not considered material.

The ECL provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for losses.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group for a period of greater than 180 days past due.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is credited against other operating income in profit or loss.

	2023 R'000	2022 R'000
Trade receivables, gross	732 604	738 500
Less: allowance for impairment of receivables	(22 391)	(7 953)
Net trade receivables	710 213	730 547
Other receivables	218 843	164 904
Short-term loans to supplier partners	10 555	8 994
Prepayments	65 609	57 444
VAT receivable	96 838	70 074
Other receivables ¹	45 841	28 392
	929 056	895 451
Trade receivables and other receivables are non-interest bearing and are generally on terms of 30 to 90 days.		
As at 31 December 2023, the following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9: Financial Instruments.		
Balance at the beginning of the year	(7 953)	(6 117)
Movement through profit or loss	(15 275)	(1 837)
Amounts written off during the year	5 589	–
Increase in allowance	(20 864)	(1 837)
Disposal of subsidiaries	864	–
Effect of foreign currency exchange differences	(27)	1
Balance at the end of the year	(22 391)	(7 953)

¹ Other receivables consist of non-trade debtors, other sundry receivables and short-term loan receivables.

As at 31 December 2023, the total allowance for impairment of trade receivables comprised both portfolio allowances and specific allowances. The majority of the allowance related to a portfolio allowance, which cannot be identified with specific receivables.

	31 DECEMBER 2023			31 DECEMBER 2022		
	CARRYING VALUE R'000	IMPAIRMENT R'000	EXPECTED LOSS RATE %	CARRYING VALUE R'000	IMPAIRMENT R'000	EXPECTED LOSS RATE %
Current	638 874	-	0	652 256	-	0
30 – 60 days	41 338	(1)	0	50 952	-	0
60 – 90 days	7 935	(24)	0	22 070	(213)	1
90 – 120 days	3 300	(5)	0	2 051	(581)	28
120 – 150 days	38 287	(19 829)	52	2 954	(347)	12
150 – 180 days	-	-	0	333	(56)	17
180 – 210 days	-	-	0	285	-	0
210 – 240 days	360	(22)	6	7 217	(6 470)	90
Over 240 days	2 510	(2 510)	100	382	(286)	75
	732 604	(22 391)		738 500	(7 953)	

The granting of credit is controlled by application and credit-vetting procedures, which are reviewed and updated on an ongoing basis. Credit risk is reduced by other measures depending on the nature of the customer and market. Credit exposure relating to the South African Fishing and Australian segments is largely covered by credit guarantee insurance, which will settle a percentage of the lower of the credit limit approved or the amount outstanding at the bad debt date subject to certain criteria, including strict adherence to procedures in the event of a customer paying after payment due date.

At 31 December 2023, 76% (2022: 69%) of the Group's trade receivables are covered by the credit guarantee insurance.

The Group considers a financial asset in default when contractual payments are 60 days and more past due. However, in certain cases, the Group also considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. This definition of default is consistent with the procedures required to comply with credit guarantee insurance. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. For material debtors, this will be once liquidation proceedings are finalised.

All trade receivables are included in the forward-looking impairment calculations. The impairment provision for trade receivables past due at the end of the year is R22.4 million (2022: R7.7 million). The increase in the ECL allowance when compared to the prior year is due to a specific allowance on a debtor that is in liquidation, this has also impacted the expected loss rate percentage, especially in the 120 to 150 days category.

Refer to [note 34](#) on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables.

The moveable assets of the Group, including trade and other receivables with a carrying amount of approximately R929.1 million (2022: R895.5 million), have been pledged to secure long-term borrowings of the Group (refer to [note 22](#)).

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20. CASH AND BANK BALANCES

ACCOUNTING POLICY

Cash and cash equivalents consists of cash on hand and short-term deposits held with banks that are available for use by the Group and are initially measured at fair value. Due to their short-term nature, amortised cost approximates fair value. The bank overdrafts are repayable on demand and form an integral part of the Group's cash management practices.

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held with banks.

	2023 R'000	2022 R'000
Cash at banks and on hand	280 601	243 270
Bank overdrafts	(56 073)	(24 680)
	224 528	218 590

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The assets of the group included in cash and cash equivalents with a carrying amount of R224.5 million (2022: R218.6 million) have been pledged to secure long-term borrowings of the Group (refer to [note 22](#)).

21. SHARE CAPITAL AND RESERVES

21.1 Stated capital

Stated capital

Authorised

10 000 000 000 (2022: 10 000 000 000) ordinary shares of no par value

Issued and fully paid

298 866 214 (2022: 298 866 214) ordinary shares

Held as treasury shares

23 493 243 (2022: 22 530 877) ordinary shares

Total stated capital

21.1.1 Ordinary shares

As at 31 December, the movement in share capital is as follows:

Balance at the beginning of the year

Balance at the end of the year

NOTES	2023 R'000	2022 R'000
	-	-
21.1.1	1 939 206	1 939 206
21.1.2	(249 787)	(233 308)
	1 689 419	1 705 898
	1 939 206	1 939 206
	1 939 206	1 939 206

NUMBER OF SHARES

	2023	2022
Balance at the beginning of the year	298 866 214	298 866 214
Balance at the end of the year	298 866 214	298 866 214

	2023 R'000	2022 R'000
21.1.2 Held as treasury shares		
As at 31 December, the movement in share capital is as follows:		
Balance at the beginning of the year	(233 308)	(170 136)
Shares repurchased, net of tax ^{1,2}	(34 364)	(88 688)
Shares vested in terms of forfeitable share plan	17 885	25 516
Balance at the end of the year	(249 787)	(233 308)

	NUMBER OF SHARES	
	2023	2022
Balance at the beginning of the year	22 530 877	18 899 604
Shares repurchased ^{1,2}	3 428 084	6 385 471
Shares vested in terms of forfeitable share plan	(2 465 718)	(2 754 198)
Balance at the end of the year	23 493 243	22 530 877

¹ The average price for the shares bought back was R10.02 (2022: R13.89) per share.

² Shares were bought back by Sea Harvest Corporation Proprietary Limited, a wholly-owned subsidiary of Sea Harvest Group Limited.

	NOTES	2023 R'000	2022 R'000
21.2 Other reserves (net of income tax)			
Share-based payment reserve	A	(28 233)	(43 835)
Investment revaluation reserve	B	19 671	21 913
Cash flow hedging reserve	C	202	63 123
Cost of hedging reserve	D	(54 842)	(53 222)
Foreign currency translation reserve	E	157 406	71 729
Actuarial gains/losses reserve	F	12 004	10 491
Change in ownership	G	(39 912)	(18 584)
		66 296	51 615

- A.** The share-based payments reserve arises on the recognition of share options granted by the Group to certain employees under its employee share incentive schemes. Further information about the share-based payments is set out in [note 30](#).
- B.** The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of the "investment at fair value through other comprehensive income" financial asset that has been recognised in other comprehensive income. Refer to [note 15](#).
- C.** The cash flow hedging reserve arises from the change in fair value of forward exchange contracts (FECs) held by the Group and designated as effective cash flow hedging instruments at year end. The effective portion of changes in the fair value of FECs is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in other operating income or loss in the statement of comprehensive income.
- D.** The cost of hedging reserve is the forward elements of the FECs that arise as a result of Sea Harvest choosing to designate only the spot rate as per IFRS 9.
- E.** Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. South African rand) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.
- F.** The actuarial gains/losses reserve represents the actuarial gains/losses on the Group's defined benefit plans.
- G.** The change in ownership reserve arose on the acquisition of additional shares in a subsidiary.

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21. SHARE CAPITAL AND RESERVES CONTINUED

	2023 R'000	2022 R'000
As at 31 December, the movement in the reserves (net of income tax), is as follows:		
A. SHARE-BASED PAYMENT RESERVE		
Balance at the beginning of the year	(43 835)	(50 339)
Arising on share-based payments	33 487	32 020
Transfer from forfeitable share plan (shares vested)	(17 885)	(25 516)
Balance at the end of the year	(28 233)	(43 835)
B. INVESTMENT REVALUATION RESERVE		
Balance at the beginning of the year	21 913	20 948
Current year movement	(2 859)	1 230
Less: deferred taxation	617	(265)
Balance at the end of the year	19 671	21 913
C. CASH FLOW HEDGING RESERVE		
Balance at the beginning of the year	63 123	104 108
Net fair value loss on cash flow hedges	(88 338)	(59 860)
Transferred to other operating income ¹	982	180
Less: deferred taxation	25 099	16 208
Non-controlling interests share of cash flow hedging reserve	(664)	2 487
Balance at the end of the year	202	63 123
D. COST OF HEDGING RESERVE		
Balance at the beginning of the year	(53 222)	(79 303)
Current year movement	(8 631)	37 910
Transferred to other operating income ¹	6 412	(674)
Less: deferred taxation	599	(11 155)
Balance at the end of the year	(54 842)	(53 222)
E. FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at the beginning of the year	71 729	56 537
Net foreign currency gain on the translation of foreign operations	85 677	15 192
Balance at the end of the year	157 406	71 729
F. ACTUARIAL GAINS/LOSSES RESERVE		
Balance at the beginning of the year	10 491	8 362
Actuarial gain on post retirement medical aid obligation	2 073	2 916
Less: deferred taxation	(560)	(787)
Balance at the end of the year	12 004	10 491
G. CHANGE IN OWNERSHIP		
Balance at the beginning of the year	(18 584)	(3 454)
Arising on acquisition of additional shares in subsidiary	(21 328)	(15 130)
Balance at the end of the year	(39 912)	(18 584)

¹ For FECs designated as cash flow hedges, the gains and losses transferred from equity into profit or loss are included in foreign currency and commodity price gains and losses.

22. LONG-TERM BORROWINGS

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

Fees paid on the establishment of selected loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment against the loan for liquidity services and amortised over the period of the facility to which it relates.

The Group presents separately current and non-current borrowings in the statement of financial position. A liability is classified as current unless the Group expects, and has the discretion, to refinance or roll over the obligation for at least 12 months after the reporting period under an existing loan facility, in which case the Group classifies the obligation as non-current, even if it would otherwise be due within a shorter period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in profit or loss in the period in which they are incurred.

	2023 R'000	2022 R'000
SECURED – AT AMORTISED COST		
<i>Loans from financial institutions to Sea Harvest Corporation Proprietary Limited (SHC)</i>		
Bullet loan – Standard Bank	600 000	-
The loan was raised as part of the refinancing in the current year. The loan period is for three years (with an option to extend for an additional year for two years) and is subject to a variable interest rate of three-month JIBAR plus 1.80%. A repayment of R600 million will be made at the end of the loan term. The loan is secured by marine bonds and a general notarial bond over all of SHC's assets.		
Amortising loan – Standard Bank	600 000	-
The loan was raised as part of the refinancing in the current year. The loan period is for five years and is subject to a variable interest rate of three-month JIBAR plus 1.80%. Repayments of R60 million will be made every six months. The loan is secured by marine bonds and a general notarial bond over all of SHC's assets.		
Revolving credit facility – Standard Bank	286 000	-
The loan was raised as part of the refinancing in the current year. The loan period is for three years and is subject to a variable interest rate of three-month JIBAR plus 1.80% and is secured by marine bonds and a general notarial bond over all of SHC's assets.		
Senior debt – Standard Bank	-	561 000
No capital repayments were made in 2023 (2022: Rnil). The loan was refinanced during the year. Prior to refinancing, the loan was subject to a variable interest rate of three-month JIBAR plus 2.28% (2022: 1.98%) and was secured by marine bonds and a general notarial bond over all of SHC's assets.		
Sustainability term loan – Standard Bank	-	400 000
Drawdowns of Rnil (2022: R500 million) and capital repayments of R50 million (2022: R100 million) were made in 2023. The loan was refinanced during the year. Prior to refinancing, capital repayments of R100 million were due annually until the final repayment date of 31 December 2026. The loan was subject to a variable interest rate of three-month JIBAR plus 2.98% (2022: 1.98%) and was secured by marine bonds and a general notarial bond over all of SHC's assets.		
Revolving credit facility – Standard Bank	-	275 000
Drawdowns of R300 million (2022: R75 million) and repayments of Rnil million were made in 2023 (2022: R400 million). The loan was refinanced during the year. Prior to refinancing, the loan was repayable in full on 30 November 2024 and was subject to a variable interest rate of three-month JIBAR plus 2.98% (2022: 1.98%) and was secured by marine bonds and a general notarial bond over all of SHC's assets.		

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22. LONG-TERM BORROWINGS CONTINUED

SECURED – AT AMORTISED COST CONTINUED

Loans from financial institutions to Sea Harvest Australia (SHA)

Cash advance facility – Commonwealth Bank of Australia (CBA)

A drawdown of AUDnil (2022: AUD50 million) was made in 2023. Capital repayments will be made annually in December over 15 years commencing in 2025. The loan is subject to a variable interest rate of the Bank Bill Swap Yield (BBSY) plus 1.8% plus 0.7% available commitment fee (2022: BBSY plus 1.8% plus 0.7%) and is secured by a security interest and charge in the form of a General Security Agreement on the Personal Properties Security Register (PPSR) over all of SHA's assets.

Trade finance facility – CBA

The trade finance facility is a rolling facility, limited to working capital parameters. The loan is subject to a variable interest rate of BBSY plus 1.3% plus 0.7% available commitment fee (2022: BBSY plus 1.3% plus 0.7%) and is secured by a security interest and charge in the form of a General Security Agreement on the PPSR over all of SHA's assets.

Loans from financial institutions to BMFG

Term loan – Investec

The loan was derecognised upon losing control of BMFG on 1 July 2023. The loan bore interest at prime plus 1%, with capital repayments made monthly until maturity on 4 November 2024. The loan was secured by assets of BMFG.

Bond – Nedbank

The loan bears interest at prime minus 1%, with capital repayments made monthly until maturity in November 2027. The loan is secured by property of BMFG.

Instalment sale agreements – Standard Bank, Wesbank, Nedbank

Instalment sale contracts over the fleet and assets with terms between 48 and 60 months with variable interest rates from prime less 1.5% to prime and a fixed interest rate of 11%.

UNSECURED – AT AMORTISED COST

Loans from financial institutions to SHA

Premium funding agreement – Premium Finance Proprietary Limited

The loan relates to SHA's insurance policy, attracts interest at 1.91% (2022: 2.15%), and is repayable over 10 instalments.

Loans from non-controlling shareholders to Sea Harvest Aquaculture Proprietary Limited

Loan from Viking Fishing Group Administration Proprietary Limited

Loan from Odin Investments Proprietary Limited

Loan claims with a face value of R303 million were purchased for a consideration of R210 million. Refer to [note 31.2](#). The loans will be repaid in five annual instalments commencing on 1 January 2024 consisting of capital of R42 million plus interest calculated monthly at a rate equal to prime less 2%.

Loan from Viking Aquaculture director

The loan amount of R5 million will be settled in five annual instalments consisting of interest and capital, R1 million was repaid during the year. The loan is unsecured and bears interest at CPI.

Loans from non-controlling shareholders to Viking Aquaculture Proprietary Limited

Loan from Viking Fishing Group Administration Proprietary Limited

Loan from Odin Investments Proprietary Limited

Loan from De Beers Matlafalang Business Development Proprietary Limited

Loan from Redburg Investments Proprietary Limited (Redburg)

The loan from Redburg bears interest at prime plus 2% compounded monthly and payable monthly in arrears. R15.5 million of the loan was settled during the year as part of the disposal of the oyster business. Refer to [note 31.1](#).

Loan from non-controlling shareholders of BMFG

The loan is unsecured with no fixed capital repayment terms and bears interest at prime plus 5%.

	2023 R'000	2022 R'000
SECURED – AT AMORTISED COST CONTINUED		
<i>Loans from financial institutions to Sea Harvest Australia (SHA)</i>		
Cash advance facility – Commonwealth Bank of Australia (CBA)	622 510	579 255
A drawdown of AUDnil (2022: AUD50 million) was made in 2023. Capital repayments will be made annually in December over 15 years commencing in 2025. The loan is subject to a variable interest rate of the Bank Bill Swap Yield (BBSY) plus 1.8% plus 0.7% available commitment fee (2022: BBSY plus 1.8% plus 0.7%) and is secured by a security interest and charge in the form of a General Security Agreement on the Personal Properties Security Register (PPSR) over all of SHA's assets.		
Trade finance facility – CBA	137 498	115 851
The trade finance facility is a rolling facility, limited to working capital parameters. The loan is subject to a variable interest rate of BBSY plus 1.3% plus 0.7% available commitment fee (2022: BBSY plus 1.3% plus 0.7%) and is secured by a security interest and charge in the form of a General Security Agreement on the PPSR over all of SHA's assets.		
<i>Loans from financial institutions to BMFG</i>		
Term loan – Investec	–	30 817
The loan was derecognised upon losing control of BMFG on 1 July 2023. The loan bore interest at prime plus 1%, with capital repayments made monthly until maturity on 4 November 2024. The loan was secured by assets of BMFG.		
Bond – Nedbank	21 508	20 174
The loan bears interest at prime minus 1%, with capital repayments made monthly until maturity in November 2027. The loan is secured by property of BMFG.		
<i>Instalment sale agreements – Standard Bank, Wesbank, Nedbank</i>		
Instalment sale contracts over the fleet and assets with terms between 48 and 60 months with variable interest rates from prime less 1.5% to prime and a fixed interest rate of 11%.	34 926	25 143
UNSECURED – AT AMORTISED COST		
<i>Loans from financial institutions to SHA</i>		
Premium funding agreement – Premium Finance Proprietary Limited	11 674	13 511
The loan relates to SHA's insurance policy, attracts interest at 1.91% (2022: 2.15%), and is repayable over 10 instalments.		
<i>Loans from non-controlling shareholders to Sea Harvest Aquaculture Proprietary Limited</i>		
Loan from Viking Fishing Group Administration Proprietary Limited	193 800	–
Loan from Odin Investments Proprietary Limited	33 652	–
Loan claims with a face value of R303 million were purchased for a consideration of R210 million. Refer to note 31.2 . The loans will be repaid in five annual instalments commencing on 1 January 2024 consisting of capital of R42 million plus interest calculated monthly at a rate equal to prime less 2%.		
Loan from Viking Aquaculture director	4 106	–
The loan amount of R5 million will be settled in five annual instalments consisting of interest and capital, R1 million was repaid during the year. The loan is unsecured and bears interest at CPI.		
<i>Loans from non-controlling shareholders to Viking Aquaculture Proprietary Limited</i>		
Loan from Viking Fishing Group Administration Proprietary Limited	–	248 488
Loan from Odin Investments Proprietary Limited	–	55 009
Loan from De Beers Matlafalang Business Development Proprietary Limited	3 724	–
Loan from Redburg Investments Proprietary Limited (Redburg)	46 280	61 789
The loan from Redburg bears interest at prime plus 2% compounded monthly and payable monthly in arrears. R15.5 million of the loan was settled during the year as part of the disposal of the oyster business. Refer to note 31.1 .		
<i>Loan from non-controlling shareholders of BMFG</i>		
The loan is unsecured with no fixed capital repayment terms and bears interest at prime plus 5%.	3 114	1 057
	2 598 792	2 387 094
Current portion of long-term interest-bearing borrowings	(321 786)	(242 266)
Non-current portion of long-term interest-bearing borrowings	2 277 006	2 144 828

Covenants

The secured loans provided by the lenders are subject to covenant conditions using specific, bank-defined formulas as set out in the loan agreements and are regularly monitored by management to ensure these are complied with. In the event that an entity is at risk of breaching its covenants, negotiations are entered into with lenders to remediate.

Covenants regarding term loans and revolving credit facilities	2023		2022	
	REQUIRED COVENANTS	COMPLIANCE (YES/NO)	REQUIRED COVENANTS	COMPLIANCE (YES/NO)
Sea Harvest Corporation Proprietary Limited				
Net debt: EBITDA ratio	2.75	Yes	2.00	Yes
Interest cover ratio	3.75	Yes	3.75	Yes
Senior debt service cover ratio	N/A	N/A	1.20	Yes
Sea Harvest Australia				
Interest cover ratio more than	2.00	Yes	2.00	Yes

The Board is satisfied with the current debt levels and the Group's ability to make repayments as they fall due. The directors will continue to review the loan covenants as part of the going concern assessment.

23. EMPLOYEE-RELATED LIABILITIES

	2023 R'000	2022 R'000
Post-employment medical aid liability	18 154	18 845
Leave pay liability (non-current portion)	11 637	3 325
	29 791	22 170

Defined contribution plans

The Group provides for retirement contribution plans for all qualifying employees through independent funds. These funds are governed by the Pension Funds Act, No 24 of 1956 of the Republic of South Africa.

The only obligation of the Group with respect to the retirement contribution plans funds is to make the specified contributions each month.

The total expense recognised in profit or loss of R60.2 million (2022: R47.3 million) represents contributions payable to these funds by the Group at rates specified in the rules of the funds.

Defined benefit plans

The Group operates a post-employment medical benefit scheme that covers certain of its retirees. This benefit is no longer offered by the Group to current employees or new employees. The defined benefit plans are administered by a separate fund that is legally separated from the entity. The board of the Medical Assistance Fund is required by law and by its Articles of Association to act in the interest of the fund and of all relevant stakeholders.

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23. EMPLOYEE-RELATED LIABILITIES CONTINUED

The liabilities are valued annually using the projected unit credit method and have been funded by contributions to an independent administered insurance plan. The latest actuarial valuation was performed at 31 December 2023.

	2023 R'000	2022 R'000
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount rate	12.80%	12.50%
Healthcare cost inflation	8.20%	8.10%
Retirement age	63	63
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Current service cost	160	201
Interest costs	2 483	2 375
Actuarial gain recognised	(1 512)	(2 129)
	1 131	447

The net unexpected actuarial gain of R1.5 million (2022: R2.1 million) arose as a result of a combination of the following factors:

	2023 R'000	2022 R'000
Change in real discount rate	312	1 825
(Higher)/lower than expected healthcare cost inflation including changes in members' benefit options	(431)	917
Health bonus correction	-	182
Unexpected changes in membership	1 631	(795)
	1 512	2 129

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	20 794	22 417
Current service cost	160	201
Interest cost	2 483	2 375
Actuarial gain arising during the year	(1 512)	(2 129)
Benefits paid	(1 905)	(2 070)
Balance at the end of the year	20 020	20 794
Current portion transferred to trade and other payables	(1 866)	(1 949)
Non-current defined benefit obligation	18 154	18 845

The expected contribution to the plan for the next annual reporting period is R1.9 million (2022: R2.0 million).

Actuarial assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in the actuarial assumptions used in the valuation. This sensitivity analysis demonstrates the increase/(decrease) in the defined benefit obligation that could result from a change in these risks.

	2023 R'000	2022 R'000
Discount rate		
+ 1%	(1 408)	(1 490)
- 1%	1 620	1 719
Healthcare cost inflation		
+ 5% for five years	3 000	3 139
+ 10% for five years	6 390	6 686
Retirement age		
One year younger	59	28
One year older	(24)	(22)

	2023 R'000	2022 R'000
LEAVE PAY LIABILITIES		
Balance at the beginning of the year	72 542	56 434
Acquisition of a subsidiary	-	17 027
Disposal of subsidiaries	(89)	-
Arising during the year	37 028	46 964
Utilised during the year	(27 003)	(48 014)
Effect of foreign currency exchange differences	797	131
Balance at the end of the year	83 275	72 542
Current portion of leave pay liabilities	(71 638)	(69 217)
Non-current portion of leave pay liabilities	11 637	3 325

Refer to [note 34](#) on the liquidity risk of employee-related liabilities, which explains the Group's process for managing its liquidity risk.

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for the year ended 31 December 2023

24. DEFERRED GRANT INCOME

ACCOUNTING POLICY

Government grants are initially recognised as deferred income when there is reasonable assurance that they will be received and there is reasonable assurance that the Group will comply with the conditions attached to them.

Government grants that compensate the Group for expenses incurred are recognised as income over the period necessary to match them with the related costs for which the grants are intended to compensate. Government grants of which the primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

	2023 R'000	2022 R'000
Balance at the beginning of the year	37 118	35 694
Received in the current year	2 353	6 813
Released to the statement of comprehensive income	(4 189)	(5 389)
Balance at the end of the year	35 282	37 118
Current portion of deferred government grant	(4 292)	(2 776)
Non-current portion of deferred government grant	30 990	34 342

Government grants received in the current and prior years were for the purchase of items of property, plant, equipment and vehicles.

All conditions or contingencies attached to these grants were fulfilled and the grant is treated as deferred income and released to the statement of comprehensive income over the useful lives of the grant assets.

25. FINANCIAL ASSETS AND LIABILITIES

	2023 R'000	2022 R'000
Financial derivative assets	792	41 532
Asset held at fair value through profit or loss	32 416	29 616
	33 208	71 148
Current portion of other financial assets	(34)	(41 532)
Non-current portion of other financial assets	33 174	29 616
Financial derivative liabilities	67 041	12 331
Current portion of other financial liabilities	(67 041)	(5 075)
Non-current portion of other financial liabilities	-	7 256

Financial derivative assets and liabilities

Financial derivative assets and liabilities arise from hedging contracts entered into by the Group for the purpose of minimising the Group's exposure to foreign currency and commodity price volatility. (Refer to [note 34](#) for details on the Group's hedging process).

Asset held at fair value through profit or loss

Included in non-current financial assets is a call option, entered into on 1 January 2017, to acquire 100% of the shareholding in Vuna Fishing Company Proprietary Limited (Vuna) 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 year end due to the expected exercise date thereof exceeding 12 months from the reporting date. The call option is regarded as Level 3 financial instrument for fair value purposes.

A fair value gain for the year on the revaluation of the share option of R2.3 million (2022: R4.7 million) has been recognised in profit or loss.

The movement in the call option derivative is as follows:

	2023 R'000	2022 R'000
Opening balance	29 616	24 936
Fair value movement	2 318	4 680
Other movements	482	-
Closing balance	32 416	29 616

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 that could result from a change in these assumptions.

	2023 R'000	2022 R'000
Vuna valuation		
+ 5%	3 058	2 716
- 5%	(3 009)	(2 676)
Yield curve 7.68% (2022: 8.01%)		
+ 5%	1 124	1 298
- 5%	(1 017)	(1 221)
Volatility 37.00% (2022: 37.57%) ¹		
+ 1%	710	818
- 1%	(706)	(818)

¹ As Vuna is unlisted, the volatility was determined using the quadratic mean volatility of peer group companies.

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for the year ended 31 December 2023

	2023 R'000	2022 R'000
26. LEASE LIABILITIES		
Carrying value as at 1 January	228 177	145 106
New leases acquired	33 420	95 003
Acquired through business combinations	–	7 532
Disposal of subsidiaries	(7 168)	–
Leases terminated	(1 061)	(1 114)
Interest charged	18 088	13 714
Interest paid	(17 071)	(12 409)
Capital repaid	(28 501)	(24 328)
Effect of foreign currency exchange differences	6 047	4 673
Carrying value as at 31 December	231 931	228 177
Less: transfer to short-term lease liability	(30 005)	(27 496)
Non-current lease liability	201 926	200 681
Maturity analysis		
Year 1	44 301	42 802
Year 2	43 384	40 989
Year 3	34 443	39 174
Year 4	31 156	30 191
Year 5	50 716	27 300
Onwards	112 685	131 112
Total	316 685	311 568
Less: unincurred interest	(84 754)	(83 391)
	231 931	228 177

The Group does not face a significant liquidity risk with regard to its lease liabilities.

	2023 R'000	2022 R'000
27. TRADE AND OTHER PAYABLES		
Trade payables	561 505	576 689
Employee-related payables	43 332	42 689
VAT payable	4 625	11 507
Leave pay accrual	71 638	72 542
Other accruals ¹	46 514	81 327
Other payables ²	40 417	72 432
Total	768 031	857 186

¹ Included in other accruals are deferred licence accruals

² Included in other payables are audit fees, tenant allowance, and skimmed milk powder supply

Trade and other payables are non-interest bearing and are generally on terms of 30 to 90 days. Refer to **note 34** on the liquidity risk of trade payables, which explains the Group's process for managing its liquidity risk.

28. PROVISION

BONUS

Balance at the beginning of the year

Disposal of subsidiaries

Arising during the year

Utilised during the year

Balance at the end of the year

	2023 R'000	2022 R'000
Balance at the beginning of the year	5 740	47 513
Disposal of subsidiaries	(122)	-
Arising during the year	12 695	13 078
Utilised during the year	(15 475)	(54 851)
Balance at the end of the year	2 838	5 740

Bonus

A provision is recognised for an expected bonus payout in the first quarter. The provision is calculated by management based on earnings targets for the year and employee performance during the year.

29. GOING CONCERN

Management assessed going concern, taking into account current economic conditions, available information about future risks and uncertainties (including load shedding), cash flow analyses, operational analyses, and available funding facilities across the Group.

The South African Fishing and Australian segments' assessment included the consideration of the sustainability of fishing resources in the sectors and geographies in which the Group operates as well as the impact of climate change. The sustainability of resources and the impact of climate change features as one of the Group's top risks, and management continues to assess the potential effects on the business and value chain. The Group's diversification strategy and investment along different coastlines enable it to mitigate risk through geographic and species diversification.

The Cape Harvest Foods segment's assessment included the consideration of organic expansion projects through investment in additional capacity and the upgrade of facilities to increase performance. The Aquaculture segment's assessment included the consideration of growth rates, new product formats, new markets and customers.

The Group's forecasts and projections of its current and expected profitability and cash flows, taking account of reasonably possible changes in trading performance, capital and liquidity, show that the Group will have sufficient cash resources to sustain operations for at least 12 months from the reporting date of the consolidated financial statements.

No material covenants were breached during the year. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, and, accordingly, the consolidated financial statements have been prepared on a going concern basis.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

30. SHARE-BASED PAYMENT PLANS

ACCOUNTING POLICY

EQUITY-SETTLED SHARE-BASED BENEFITS

In terms of the Group's share plans, executive directors and senior managers are awarded forfeitable shares in the Group.

The equity-settled share-based payment reserve is measured at the fair value of share instruments granted to Group employees at grant date with a corresponding charge to profit or loss over the period during which the employee becomes unconditionally entitled to the instruments.

The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted.

	2023 R'000	2022 R'000
Equity-settled compensation plans		
The Sea Harvest Management Investment Trust No 2	(42 441)	(42 441)
Sea Harvest Employee Share Trust	(28 851)	(28 851)
Sea Harvest Australia	(3 186)	(3 186)
Forfeitable share plan	46 245	30 643
Share-based payment reserve	(28 233)	(43 835)

Costs of R33.5 million (2022: R32.0 million) relating to the forfeitable share plan are accounted for as employee expenses and are included in the calculation of distributable reserves.

The Sea Harvest Management Investment Trust No 2

The Sea Harvest Management Investment Trust No 2 was established as an investment vehicle for senior executives of Sea Harvest Corporation Proprietary Limited to acquire shares in the Company. All shares vested in 2020.

Sea Harvest Employee Share Trust

The Sea Harvest Employee Share Trust was established as an investment vehicle for employees of Sea Harvest Corporation Proprietary Limited to acquire an economic exposure to an investment in shares in the Company.

In 2017, the scheme was modified and 50% of the options were settled. The remaining 50% of the options vested in 2022.

Forfeitable share plan

Sea Harvest Group Limited has a forfeitable share plan to attract, retain, incentivise and reward the right calibre of employees.

The following awards are issued:

1. Performance shares options

Annual awards of performance shares to key executives and strategic management, as a percentage of guaranteed pay, the vesting of which will be subject to:

- (i) the employment condition of three years post-award date; and
- (ii) sufficiently stretching performance conditions measured over a three year period which include a combination of return on capital employed (ROCE), headline earnings per share (HEPS) growth, and transformation.

2. Bonus shares

Annual awards of bonus shares to key executives and strategic management in the form of a matched short-term incentive (STI), the vesting of which will be subject to the employment condition of three years from award date.

3. Retention shares

Once-off awards of retention shares in order to retain key executives and selected members of strategic management instrumental in delivering the Group's business strategy.

The shares issued vest equally in years three, four and five from award date.

	PERFORMANCE SHARES	BONUS SHARES	RETENTION SHARES	TOTAL
2023				
Number of shares outstanding at the beginning of the year	5 465 563	2 088 540	4 908 421	12 462 524
Granted during the year	3 368 550	380 087	320 641	4 069 278
Forfeited	(53 685)	(39 254)	-	(92 939)
Vested during the year ¹	(1 944 106)	(521 625)	-	(2 465 731)
Number of shares outstanding at the end of the year	6 836 322	1 907 748	5 229 062	13 973 132
2022				
Number of shares outstanding at the beginning of the year	5 307 071	1 976 033	5 170 986	12 454 090
Granted during the year	1 877 956	884 676	-	2 762 632
Vested during the year ¹	(1 719 464)	(772 169)	(262 565)	(2 754 198)
Number of shares outstanding at the end of the year	5 465 563	2 088 540	4 908 421	12 462 524

¹ The weighted average share price at the date of vesting was R10.10 (2022: R14.88) per share.

Shares that have not been exercised in accordance with the rules of the plan are forfeited upon termination of employment, other than on death, retrenchment or retirement.

The fair value of the equity-settled shares plan is estimated at the award date using the Monte Carlo model, taking into account the terms and conditions upon which the options were granted.

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30. SHARE-BASED PAYMENT PLANS CONTINUED

Forfeitable share plan continued

The key assumptions used in the measurement of the fair values at grant date of the unvested equity-settled share-based payment plans were as follows:

FORFEITABLE SHARES ISSUED 18 MARCH 2021

Fair value at grant date (R'000)	24 014
Dividend yield (%)	3.0
Expected volatility (%)	45.40
Risk-free interest rate (%)	6.10
Share price at grant date	15.01
Expected life of share offers	5 years
Model used	Monte Carlo

FORFEITABLE SHARES ISSUED 30 NOVEMBER 2021

Fair value at grant date (R'000)	58 574
Dividend yield (%)	3.5
Expected volatility (%)	35.78
Risk-free interest rate (%)	6.60
Share price at grant date	12.81
Expected life of share offers	3 – 5 years
Model used	Monte Carlo

FORFEITABLE SHARES ISSUED 23 MARCH 2022

Fair value at grant date (R'000)	58 574
Dividend yield (%)	4.2
Expected volatility (%)	45.62
Risk-free interest rate (%)	6.47
Share price at grant date	13.70
Expected life of share offers	5 years
Model used	Monte Carlo

FORFEITABLE SHARES ISSUED 13 MARCH 2023

Fair value at grant date (R'000)	25 043
Dividend yield (%)	3.8
Expected volatility (%)	48.64
Risk-free interest rate (%)	7.62
Share price at grant date	9.92
Expected life of share offers	3 – 5 years
Model used	Monte Carlo

Expected volatility was calculated using historical market information from the peer group companies, using one- to five-year historical annualised share price volatilities on a daily, weekly and monthly basis.

4. Unallocated shares

At 31 December 2023, the Group had bought back 5 971 653 (2022: 6 519 908) of its own shares for the purpose of future forfeitable share plan allocation. The movement is as follows:

	NUMBER OF SHARES	
	2023	2022
Numbers of shares at the beginning of the year	6 519 908	2 897 069
Shares repurchased	3 428 084	6 385 471
Forfeitable share plan allocation during the year	(4 069 278)	(2 762 632)
Forfeited	92 939	–
Numbers of shares at the end of the year	5 971 653	6 519 908

31. DISPOSAL OF SUBSIDIARIES AND OTHER TRANSACTIONS

31.1 Disposal of subsidiaries

With effect from 1 July 2023, the Group, through its wholly-owned subsidiary, 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 (minority shareholder at Viking Aquaculture) for R15.5 million, settled by Redburg in lieu of a portion of its loan claim against Viking Aquaculture.

	BMFM R'000	VIKING AQUACULTURE R'000	TOTAL R'000
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)

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

On 8 March 2023, the Group, 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 minority shareholders. The acquisition of the loan claims resulted in a gain on purchased loans of R93 million during the year.

The further acquisition fits within the Group'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 acquired from minorities in May 2023, increasing the Group's shareholding in Viking Aquaculture to 87%.

31.3 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 lines in the 2022 consolidated statement of financial position and the acquisition of subsidiaries line item in the 2022 consolidated statement of cash flows. Prior year amounts have been restated where applicable.

32. EVENTS SUBSEQUENT TO THE REPORTING DATE

The Board of Directors recommended a gross and final cash dividend on 4 March 2024 amounting to 40 cents per share (2022: 38 cents per share), in respect of the year ended 31 December 2023.

Shareholders are referred to the Stock Exchange News Services (SENS) announcement released on 22 January 2024 wherein the Group announced that it had, through its wholly-owned subsidiaries Sea Harvest Pelagic Proprietary Limited and Sea Harvest Aquaculture Proprietary Limited, entered into a share purchase agreement and implementation agreement in respect of the following target entities:

- the acquisition by Sea Harvest Pelagic of 100% of the issued shares and loan claims of certain of Terrasan's subsidiaries engaged in the catching, processing and sale of pelagic fish; and
- the acquisition by Sea Harvest Aquaculture of 63.07% of the issued shares and loan claims of certain of Terrasan's subsidiaries engaged in the farming, processing and sale of abalone.

The transaction represents a notable step in the execution of Sea Harvest's strategy to grow and diversify in the South African fishing and aquaculture sectors. The purchase price for the target entities comprises:

- an initial consideration of R965 million, to be settled as follows:
 - the issue of 60 million Sea Harvest shares at an issue price of R10.00 to the value of R600 million; and
 - a cash payment of R365 million;
- two contingent consideration payments totalling a maximum amount of R256 million based on the profit after tax generated by the target entities for the financial years ending 31 December 2023 and 31 December 2024, respectively. Settlement will be as follows:
 - a maximum amount of R98 million payable for the 31 December 2023 period, it being recorded that this amount has been settled in 2024 from 2023 earnings; and
 - a maximum amount of R157 million payable on 30 June 2025, based on 31 December 2024 profit after tax targets of between R180 million and R210 million.

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

33. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

Fair value measurement

The following table analyses the Group's assets and liabilities that are measured at fair value subsequent to initial recognition, 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 assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value measurement hierarchy for assets and liabilities as at 31 December 2023:

	DATE OF VALUATION	TOTAL R'000	LEVEL 1 R'000	LEVEL 2 R'000	LEVEL 3 R'000
Assets measured at fair value					
Biological assets	31 December 2023	189 676	-	-	189 676
Investment properties	31 December 2023	79 432	-	-	79 432
Investment at fair value through other comprehensive income	31 December 2023	28 360	-	-	28 360
Other financial assets	31 December 2023	33 208	-	792	32 416
Liabilities measured at fair value					
Other financial liabilities	31 December 2023	67 041	-	67 041	-

Fair value measurement hierarchy for assets and liabilities as at 31 December 2022:

	DATE OF VALUATION	TOTAL R'000	LEVEL 1 R'000	LEVEL 2 R'000	LEVEL 3 R'000
Assets measured at fair value					
Biological assets	31 December 2022	165 196	-	-	165 196
Investment property	31 December 2022	3 700	-	-	3 700
Investment at fair value through other comprehensive income	31 December 2022	31 220	-	-	31 220
Other financial assets	31 December 2022	71 148	-	41 532	29 616
Liabilities measured at fair value					
Other financial liabilities	31 December 2022	12 331	-	12 331	-

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

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33. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES CONTINUED

Specific valuation techniques used for the instruments are:

- **Biological assets:** 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 net fair value gain for the year 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 have a significant change in the fair value.
- **Investment properties:** Subsequent to the sale of 5% of BMFM, 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 10](#). The fair value has been determined by an independent valuator using the income capitalisation approach.
- **Investment at fair value through other comprehensive income:** The asset valuation is performed by an independent valuator 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, size, and degree of upgrade already carried out on the vessel. A fair value loss for the year of R2.9 million (2022: R1.2 million gain) was recognised in other comprehensive income relating to the valuation of the investment. A change in unobservable inputs would not have a significant change in the fair value. Refer to [note 15](#).
- **Financial assets:**
 - Level 3 financial assets represents the call option to acquire shares in Vuna. The fair value was independently determined by an expert using the Black-Scholes option pricing model with key unobservable assumptions being (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 of 7.68% (2022: 8.01%), and (iii) volatility of 37.00% (2022: 37.57%). A change in unobservable inputs would not have a material change in the fair value. A fair value gain for the year on the revaluation of the share option of R2.3 million (2022: R4.7 million) has been recognised in profit or loss. Refer to [note 25](#).
 - Level 2 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 valuator, taking into account forward exchange contracts spot and forward rates, current fuel prices, and discount factors. Refer to [note 25](#).

34. FINANCIAL RISK MANAGEMENT

Through the Group's activities it is exposed to capital risk, market risk (currency and interest rate risk), liquidity risk and credit risk.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board and the Audit Committee oversee how management monitors compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group.

Capital risk management

Capital risk is managed to ensure that entities in the Group will be able to continue as a going concern, the return to stakeholders is optimised, and expansion can be funded as and when necessary.

The capital structure of the Group consists of net debt (borrowings as detailed in [note 22](#) offset by cash and bank balances as detailed in [note 20](#)) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in [note 21](#)). The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

Liquidity and interest rate risk management

The Group is exposed to interest rate risk because entities in the Group mainly borrow funds at floating interest rates.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group does this by maintaining adequate reserves, banking facilities, and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	2023 R'000	2022 R'000
Unutilised banking facilities		
Total banking and loan facilities	3 083 656	3 166 523
Facilities utilised	(2 598 793)	(2 387 094)
	484 863	779 429
Unrestricted cash and cash equivalents	224 528	218 590
Unutilised banking facilities and cash and cash equivalents	709 391	998 019

Liquidity and interest rate risk tables

The following tables detail the Group's remaining contractual maturity for derivative and non-derivative financial liabilities and assets.

The liabilities are drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the liabilities contractually are due and include both interest and principal cash flows. The asset tables have been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those assets, and, in the case when contractual maturities cannot be determined, using management's best view of the period when the amounts will be recovered.

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34. FINANCIAL RISK MANAGEMENT CONTINUED

2023

Financial assets

	INTEREST RATE	WITHIN 1 YEAR	1 – 2 YEARS
Investment at fair value through other comprehensive income	0%	–	–
Loans to related parties	Prime plus 2%	3 861	4 409
Loans to related parties	JIBAR plus 5%	5 921	5 921
Loans to related parties	0%	–	–
Loans to supplier partners	JIBAR plus 2.65%	10 556	10 556
Loans to supplier partners	Prime plus 1%	1 045	1 055
Loans to supplier partners	0%	–	–
Financial assets	0%	34	758
Trade and other receivables	0%	756 054	–
Cash and banks balances	Bank deposit rates	280 601	–
		1 058 072	22 699

Financial liabilities

Interest-bearing borrowings – variable rates	Refer to note 22	525 800	356 881
Instalment sale agreement borrowings – fixed rates	Refer to note 22	10 899	10 782
Financial derivative liabilities	0%	67 041	–
Trade and other payables	0%	659 636	–
Bank overdrafts	Bank overdraft rates	56 073	–
Lease liabilities	Various incremental borrowing rates	44 301	43 384
		1 363 750	411 047

2022

Financial assets

	INTEREST RATE	WITHIN 1 YEAR	1 – 2 YEARS
Investment at fair value through other comprehensive income	0%	–	–
Loans to related parties	Prime plus 2%	3 684	3 684
Loans to related parties	JIBAR plus 2.65%	1 141	1 141
Loans to related parties	0%	–	–
Loans to supplier partners	JIBAR plus 2.65%	8 994	8 994
Loans to supplier partners	0%	–	–
Financial assets	0%	41 532	–
Trade and other receivables	0%	758 939	–
Cash and banks balances	Bank deposit rates	243 270	–
		1 057 560	13 819

Financial liabilities

Interest-bearing borrowings - variable rates	Refer to note 22	424 359	551 059
Instalment sale agreement borrowings – fixed rates	Refer to note 22	1 789	1 226
Financial derivative liabilities	0%	5 075	7 256
Trade and other payables	0%	769 893	–
Bank overdrafts	Bank overdraft rates	24 680	–
Lease liabilities	Various incremental borrowing rates	42 802	40 989
		1 268 598	600 530

2-3 YEARS	3-4 YEARS	4-5 YEARS	OVER 5 YEARS	TOTAL	UNEARNED INTEREST	CARRYING AMOUNT
-	-	-	28 360	28 360	-	28 360
5 047	5 778	33 228	-	52 323	(25 728)	26 595
25 123	2 705	15 504	-	55 174	(23 172)	32 002
72 489	-	-	-	72 489	-	72 489
10 556	10 556	10 556	137 699	190 479	(104 008)	86 471
1 066	1 076	1 087	6 028	11 357	(4 608)	6 749
-	-	-	20 925	20 925	-	20 925
-	-	-	32 416	33 208	-	33 208
-	-	-	-	756 054	-	756 054
-	-	-	-	280 601	-	280 601
114 281	20 115	60 375	225 428	1 500 970	(157 516)	1 343 454
707 719	327 050	1 624 736	3 390	3 545 576	(946 784)	2 598 792
10 555	8 079	3 854	-	44 169	(9 243)	34 926
-	-	-	-	67 041	-	67 041
-	-	-	-	659 636	-	659 636
-	-	-	-	56 073	-	56 073
34 443	31 156	50 716	112 685	316 685	(84 754)	231 931
752 717	366 285	1 679 306	116 075	4 689 180	(1 040 781)	3 648 399

2-3 YEARS	3-4 YEARS	4-5 YEARS	OVER 5 YEARS	TOTAL	UNEARNED INTEREST	CARRYING AMOUNT
-	-	-	31 220	31 220	-	31 220
33 152	-	-	-	40 520	(11 051)	29 469
12 663	-	-	-	14 946	(3 424)	11 522
72 488	-	-	-	72 488	-	72 488
8 994	8 994	8 994	82 905	127 875	(43 473)	84 402
-	-	-	17 262	17 262	-	17 262
-	-	-	29 616	71 148	-	71 148
-	-	-	-	758 939	-	758 939
-	-	-	-	243 270	-	243 270
127 297	8 994	8 994	161 003	1 377 667	(57 948)	1 319 719
839 409	224 543	104 952	1 066 634	3 210 956	(826 776)	2 384 180
299	-	-	-	3 314	(400)	2 914
-	-	-	-	12 331	-	12 331
-	-	-	-	769 893	-	769 893
-	-	-	-	24 680	-	24 680
39 174	30 191	27 300	131 112	311 568	(83 391)	228 177
878 882	254 734	132 252	1 197 746	4 332 742	(910 567)	3 422 175

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34. FINANCIAL RISK MANAGEMENT CONTINUED

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at the reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity that could result from a 50 basis point change in these risks.

	2023 R'000	2022 R'000
Increase in profits	12 306	11 342
Decrease in profits	(12 306)	(11 342)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Within the South African Fishing and Australian segments, credit exposure is largely covered by credit guarantee insurance. The insurance will settle a percentage of the amount outstanding at the bad debt date subject to certain criteria, including the adherence to procedures if the customer pays subsequently, set out by the insurance company.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Because of this, the Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for.

Foreign currency risk management

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2023 R'000	2022 R'000
Assets		
USD denominated	17 097	18 664
GBP denominated	12 388	6 989
EURO denominated	214 000	176 299
AUD denominated	73 782	61 307
Liabilities		
USD denominated	407	5 245
EURO denominated	2 480	518

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase or 10% decrease in the rand against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 10% change in foreign currency rates.

This analysis has been conducted for the exposure on receivables and payables outstanding at reporting date. A negative number indicates a decrease in profit where the rand strengthens by 10% against the relevant currency. For a 10% weakening in the rand against the relevant currency, there would be an equal and opposite effect on the profit.

	2023 R'000	2022 R'000
USD denominated		
Profit or loss	1 669	1 342
GBP denominated		
Profit or loss	1 239	699
EURO denominated		
Profit or loss	21 152	17 578
AUD denominated		
Profit or loss	7 378	6 131

Commodity price risk management

Commodity price risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in commodity prices. The Group's exposure to the risk of changes in commodity prices relates primarily to the Group's operating activities that require the ongoing purchase of diesel fuel. Due to the volatility, the Group enters into derivatives, such as swaps and options, for the forecasted diesel fuel purchase requirements for future fishing seasons.

Commodity price exposures are managed within approved policy parameters utilising a mix of cash-settled commodity forward exchange contracts, swaps and options for diesel fuel.

Hedging and derivatives

Cash flow hedges

Due to the volatility in foreign currency rates and commodity prices, the Group enters into derivatives, such as options, swaps and forward exchange contracts, for the purpose of minimising the Group's exposure to fluctuations in cash flows over the hedging period that results from the volatility.

The derivatives are designated as effective cash flow hedging instruments at year end. The effective portion of changes in the fair value of the derivatives is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve. The hedges relate to highly probable forecast transactions and the critical terms of both the hedged items and the hedging instruments are the same. The Group performs a qualitative assessment of effectiveness, and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to the movements in the underlying exchange rates.

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34. FINANCIAL RISK MANAGEMENT CONTINUED

Hedging and derivatives continued

The main sources of ineffectiveness in these hedge relationships is the effect of counterparty and the Group's own credit risk on the fair value of the forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in the foreign exchange rates. No other sources of ineffectiveness emerged from these relationships.

I. FOREIGN CURRENCY RISK

The Group enters into forward exchange contracts to buy and sell specified amounts of various foreign currencies in the future at a predetermined exchange rate.

Within the South African operations, the contracts are entered into to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions.

The contracts are matched by anticipated future cash flows in foreign currencies, primarily from sales. It is the Group's policy to enter into forward exchange contracts for all material net foreign currency trade or capital items. No forward exchange contract is entered into where a relatively short settlement period is involved and risk is considered to be minimal.

II. COMMODITY PRICE RISK

The Group entered into commodity forward exchange contracts to reduce the volatility attributable to price fluctuations of diesel fuel. Hedging the price volatility of forecast diesel fuel purchases is in accordance with the risk management strategy outlined by the Board of Directors.

The following tables detail the amounts that the Group is contracted to sell under forward exchange contracts in respect of future receivables:

FOREIGN CURRENCY	AVERAGE CONTRACT EXCHANGE RATE		CONTRACTUAL EXPIRY DATE
	R'000		
2023			
USD	10 199	18.87	5 January 2024 – 22 January 2024
EURO	1 690 159	20.07	5 January 2024 – 31 December 2025
AUD	244 699	12.58	16 February 2024 – 31 December 2024
GBP	2 528	23.83	5 January 2024
2022			
USD	103 822	18.30	6 January 2023 – 31 January 2024
EURO	1 697 147	19.55	6 January 2023 – 31 December 2024
AUD	262 815	12.29	13 January 2023 – 31 December 2024
GBP	2 392	21.74	11 January 2023

The following tables detail the amounts that the Group is contracted to buy under forward exchange contracts in respect of future payables:

FOREIGN CURRENCY	AVERAGE CONTRACT EXCHANGE RATE		CONTRACTUAL EXPIRY DATE
	R'000		
2023			
USD	5 233	18.93	26 January 2024 – 5 March 2024
EURO	12 459	20.58	3 January 2024 – 1 March 2024
GBP	152	23.98	17 January 2024
AUD	109	12.55	2 January 2024 – 16 January 2024
2022			
USD	9 527	17.36	13 January 2023 – 3 April 2023
EURO	14 953	18.31	4 January 2023 – 15 June 2023
GBP	1 976	21.34	6 January 2023 – 30 January 2023
AUD	1 604	11.95	9 March 2023
DKK	865	2.41	30 January 2023

	2023 R'000	2022 R'000
Carrying value of foreign currency forward exchange contracts	(66 249)	29 201

The foreign exchange currency contracts have been acquired to hedge the underlying currency risk arising from firm commitments received from customers for the purchase of goods and for forecast sales.

The majority of cash flows are expected to occur and affect profit or loss within the next 24 months.

35. COMMITMENT AND CONTINGENCIES

As a result of the Group's strategic and operating decisions, the Group has the following capital and other commitments at the end of the reporting period.

Capital commitments

Budgeted capital expenditure is as follows:

	2023 R'000	2022 R'000
Commitments for the acquisition of property, plant, equipment and vehicles	13 048	6 326
Authorised by the directors but not contracted	276 115	264 696
	289 163	271 022

Contingent liabilities

The Group has no contingent liabilities at the end of the reporting period.

36. RELATED PARTY TRANSACTIONS

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows:

A. TRADING TRANSACTIONS

	SALES TO RELATED PARTIES R'000	PURCHASES FROM RELATED PARTIES ¹ R'000	RECOVERIES AND OTHER INCOME ² R'000	AMOUNTS OWED BY RELATED PARTIES ³ R'000	AMOUNTS OWED TO RELATED PARTIES ³ R'000
2023					
SeaVuna (subsidiary of Vuna) ⁴	14 778	295 092	23 623	40 580	56 074
2022					
SeaVuna (subsidiary of Vuna) ⁴	29 570	283 906	26 374	1 556	31 631

¹ In terms of the supply agreement with Vuna and SeaVuna Fishing Company Proprietary Limited (SeaVuna), fish caught by Vuna and SeaVuna are marketed by Sea Harvest Corporation Proprietary Limited.

² Recoveries relate to expenses incurred by Sea Harvest Corporation on behalf of SeaVuna and recovered from SeaVuna. This has no impact on the Group earnings.

³ The amounts are classified as trade receivables and trade payables, respectively (see notes 19 and 27).

⁴ Vuna is a joint venture of Brimstone.

All sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding balances at year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2022: Rnil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

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36. RELATED PARTY TRANSACTIONS CONTINUED

B. LOANS TO AND FROM RELATED PARTIES

	INTEREST RECEIVED R'000	AMOUNTS OWED BY RELATED PARTIES R'000
2023		
Non-current		
Vuna (joint venture of Brimstone) ¹	-	27 420
Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone) ¹	-	45 068
SeaVuna (subsidiary of Vuna) ¹	5 332	39 396
BMFM (associate of BMFG) ¹	-	19 202
	5 332	131 086
Non-current (investment in associate – refer to note 14)		
Specialised Aquatic Feeds Proprietary Limited (associate of Viking Aquaculture)	-	4 000
	-	4 000
2022		
Non-current		
Vuna (joint venture of Brimstone) ¹	-	27 420
Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone) ¹	-	45 068
SeaVuna (subsidiary of Vuna) ¹	4 852	40 990
	4 852	113 478
Non-current (investment in associate – refer to note 14)		
Specialised Aquatic Feeds Proprietary Limited (associate of Viking Aquaculture)	-	4 000
Alliance Foods Proprietary Limited (associate of BMFG)	-	2 500
	-	6 500

¹ Classified as non-current based on expected settlement date rather than contractual maturity

Loans to fellow subsidiaries have no fixed terms of repayment.

C. COMPENSATION FOR KEY MANAGEMENT PERSONNEL

	2023 R'000	2022 R'000
Short-term benefits	27 407	43 450
Post-employment benefits	3 965	3 660
Forfeitable share plan vested	16 064	25 582
	47 436	72 692

The remuneration of directors and key executives is determined by the Remuneration Committee, having regard to the performance of individuals and market trends. Refer to **note 37** for remuneration paid to directors and prescribed officers.

D. OTHER RELATED PARTY TRANSACTIONS

In addition to the above, the following related party transactions took place during the year:

a. Sea Harvest Corporation performed certain administrative services for Vuna, for which a management fee was charged and paid.

	2023 R'000	2022 R'000
Management fees received	3 000	1 452

b. Brimstone Investment Corporation Limited performed certain administrative services for Sea Harvest Corporation, for which a management fee was charged and paid.

	2023 R'000	2022 R'000
Management fees paid to Brimstone	1 924	1 802

c. The Group has an option to acquire 100% of the shareholding in Vuna from Vuna Fishing Group Proprietary Limited. Refer to note 25.

E. HOLDING COMPANY

The intermediate holding company of Sea Harvest Group Limited is Newshelf 1063 (RF) Proprietary Limited. The ultimate holding company is Brimstone, which is based in South Africa and listed on the JSE.

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37. REMUNERATION PAID TO DIRECTORS AND PRESCRIBED OFFICERS

	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	TOTAL R'000
	SALARY AND FEES R'000	SHORT-TERM INCENTIVE ^{1,2} R'000	FORFEITABLE SHARE PLAN VESTED R'000	OTHER R'000	PENSION/PROVIDENT R'000	
2023						
Executive directors						
M Brey	3 749	932	3 185	59	726	8 651
F Ratheb	6 050	1 637	6 187	100	1 170	15 144
	9 799	2 569	9 372	159	1 896	23 795

¹ The short-term incentive relates to the 2022 financial year, paid in February 2023, which related to the functional targets achieved.

² For the 2023 financial year, paid in February 2024, M Brey received R1.9 million and F Ratheb received R4.4 million in short-term incentives, which related to functional targets achieved.

	FORFEITABLE SHARES	VALUE OF FORFEITABLE SHARES R'000
M Brey	1 723 971	15 105
F Ratheb	3 081 044	27 340

The remuneration of the abovementioned directors and prescribed officers is paid by Sea Harvest Corporation for services rendered to the Group.

There are no service contracts with directors of the Group with a notice period of greater than three months.

	BOARD FEES R'000	COMMITTEE FEES R'000	TOTAL R'000
Non-executive directors			
WA Hanekom	271	365	636
MI Khan ¹	271	68	339
BM Rapiya	339	229	568
F Robertson ²	717	136	853
KA Lagler	271	176	447
CK Zama	271	162	433
T Moodley ³	271	–	271
	2 411	1 136	3 547

¹ Fees above were paid to Brimstone. In addition, MI Khan received R7.2 million (2022: R6.9 million) as remuneration from Brimstone in his capacity as Executive Director.

² F Robertson received R11.0 million (2022: R10.8 million) as remuneration from Brimstone in his capacity as Executive Director.

³ Fees above were paid to Brimstone. In addition, T Moodley received R3.6 million (2022: R3.4 million) as remuneration from Brimstone in her capacity as Executive Director.

	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	TOTAL R'000
	SALARY AND FEES R'000	SHORT-TERM INCENTIVE R'000	FORFEITABLE SHARES VESTED R'000	OTHER R'000	PENSION/PROVIDENT R'000	
2022						
Executive directors						
M Brey	3 501	4 237	5 250	58	676	13 722
F Ratheb	5 636	7 608	9 766	93	1 088	24 191
	9 137	11 845	15 016	151	1 764	37 913

	FORFEITABLE SHARES	VALUE OF FORFEITABLE SHARES R'000
M Brey	1 706 468	18 295
F Ratheb	3 030 213	32 249

	BOARD FEES R'000	COMMITTEE FEES R'000	TOTAL R'000
Non-executive directors			
WA Hanekom	257	346	603
MI Khan	257	64	321
BM Rapiya	321	217	538
F Robertson	680	128	808
KA Lagler	257	167	424
CK Zama	257	153	410
T Moodley	257	–	257
	2 286	1 075	3 361



OUR COMPANY STATEMENTS

OUR COMPANY STATEMENTS

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COMPANY STATEMENT OF COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	NOTES	2023 R'000	2022 R'000
Revenue	2	119 501	157 501
Gross profit		119 501	157 501
Other operating income		2 317	4 844
Operating expenses		(11 229)	(8 182)
Operating profit	3	110 589	154 163
Investment income	4	181	1 198
Finance costs	5	(105)	(223)
Profit before taxation		110 665	155 138
Taxation	6	(478)	(1 085)
Profit after taxation		110 187	154 053
Other comprehensive income, net of taxation		-	-
Total comprehensive income for the year		110 187	154 053

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	NOTES	2023 R'000	2022 R'000
ASSETS			
Loans to related parties	15	1 807 224	1 811 554
Other financial asset	9	31 828	29 511
Non-current assets		1 839 052	1 841 065
Cash and bank balances		3 518	2 161
Trade receivables and other receivables		204	109
Taxation		271	-
Current assets		3 993	2 270
Total assets		1 843 045	1 843 335
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	7	1 939 206	1 939 206
Accumulated loss		(104 188)	(103 343)
Total equity		1 835 018	1 835 863
Deferred tax liabilities	11	6 875	6 374
Non-current liabilities		6 875	6 374
Trade and other payables	8	1 152	1 098
Current liabilities		1 152	1 098
Total equity and liabilities		1 843 045	1 843 335

COMPANY STATEMENT OF COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	STATED CAPITAL R'000	ACCUMULATED LOSS R'000	TOTAL R'000
Balance as at 1 January 2022	1 939 206	(90 117)	1 849 089
Profit for the year	–	154 053	154 053
Dividends paid	–	(167 279)	(167 279)
Balance as at 1 January 2023	1 939 206	(103 343)	1 835 863
Profit for the year	–	110 187	110 187
Dividends paid	–	(111 032)	(111 032)
Balance as at 31 December 2023	1 939 206	(104 188)	1 835 018

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	NOTES	2023 R'000	2022 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	(2 833)	(740)
Working capital changes	B	(40)	1 924
Cash (utilised in)/generated from operations		(2 873)	1 184
Investment income received		181	1 198
Dividends received from subsidiary		111 000	150 000
Income tax paid		(249)	(275)
Net cash generated from operating activities		108 059	152 107
CASH FLOWS FROM INVESTING ACTIVITIES			
Amounts advanced to related parties		-	(447 315)
Amounts repaid by related parties		4 330	14 130
Amounts advanced to related parties		-	(178)
Net cash generated from/(utilised in) investing activities		4 330	(433 363)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(111 032)	(167 279)
Net cash utilised in financing activities		(111 032)	(167 279)
Net increase/(decrease) in cash and cash equivalents		1 357	(448 535)
Cash and cash equivalents at the beginning of the year		2 161	450 696
Cash and cash equivalents at the end of the year		3 518	2 161
A. CASH GENERATED FROM OPERATIONS			
Profit for the year		110 187	154 053
<i>Adjustments for:</i>			
Taxation charge		478	1 085
Investment income		(181)	(1 198)
Dividends received from subsidiary		(111 000)	(150 000)
Fair value gain on financial assets		(2 317)	(4 680)
		(2 833)	(740)
B. WORKING CAPITAL CHANGES			
(Increase)/decrease in trade and other receivables		(94)	1 373
Increase in trade and other payables		54	551
Cash (utilised in)/generated from operations		(2 873)	1 184



NOTES TO THE COMPANY
ANNUAL FINANCIAL

**NOTES TO THE COMPANY
ANNUAL FINANCIAL
STATEMENTS**

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

Presentation of financial statements

A. BASIS OF PREPARATION

ACCOUNTING POLICY

STATEMENT OF COMPLIANCE

The Company financial statements have been prepared in accordance with IFRS, in compliance with the JSE Listings Requirements, the interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act.

The financial statements were approved for issue by the Board of Directors on 28 March 2024.

Basis of measurement and preparation

The Company financial statements are prepared on the going concern and historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies.

The principal accounting policies, set out below and in the individual notes, have been applied on a basis consistent with the previous year.

Functional and presentation currency

The presentation and functional currency of the Company financial statements is South African rand, and all amounts are rounded to the nearest thousand, except where stated otherwise.

Disclosure of accounting policies

The Company discloses only those accounting policies that relate to material transactions, other events or conditions, and:

- were changed during the reporting period because the Company was required to or chose to change its policy and this change resulted in a material change to the amounts included in the financial statements;
- were chosen from one or more alternatives in an IFRS Accounting Standard;
- were developed in accordance with paragraphs 10 to 12 of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors in the absence of an IFRS Accounting Standard that specifically applies;
- relate to an area for which the Company is required to make significant judgements or assumptions on applying an accounting policy and discloses those judgements or assumptions; or
- apply the requirements of an IFRS Accounting Standard in a way that reflects the Company's specific circumstances.

B. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

ACCOUNTING POLICY

In applying the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgements and estimates are described within the notes and identified under the heading "significant judgements and estimates". The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There are no reportable segments as required by IFRS 8: Operating Segments.

1.1 New standards, interpretations and amendments adopted by the Company

There are no new standards, interpretations and/or amendments that became applicable for the current reporting period that had an impact on the Company's accounting policies.

2. REVENUE

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer, excluding value-added tax.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price management contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Dividend income is recognised when the right to receive payment has been established, which is normally the last date to trade.

	2023 R'000	2022 R'000
Revenue consists of:		
Administration fee from subsidiaries	8 501	7 501
Dividends received from subsidiary	111 000	150 000
	119 501	157 501
3. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following:		
Income		
Fair value gain on option	2 317	4 680
Foreign currency and commodity price gains	-	164
Expenses		
Auditors' remuneration		
– External statutory audit	1 217	1 123
Directors' fees (refer to note 37 of the Group financial statements for more detail)	3 780	3 361
4. INVESTMENT INCOME		
Interest received on bank deposits and from external parties	181	1 198
	181	1 198
5. FINANCE COSTS		
Interest on borrowings and overdraft	105	223
	105	223

NOTES TO THE COMPANY

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

	2023 R'000	2022 R'000
6. TAXATION		
Current tax		
In respect of the current year	20	273
In respect of the prior year	(43)	–
	(23)	273
Deferred tax		
In respect of the current year	501	1 011
Effect of change in tax rate	–	(199)
	501	812
Total income tax expense recognised in the current year	478	1 085
Tax expense reconciliation:		
Profit before tax	110 665	155 138
Income tax expense calculated at 27% (2022: 28%)	29 880	43 439
Prior year adjustment	(43)	–
Non-deductible expenses	736	1 455
Non-taxable income ¹	(29 970)	(43 311)
Capital gains tax	(125)	(253)
Effect of change in tax rate	–	(245)
	478	1 085

¹ Non-taxable income mainly relates to dividend income received from a subsidiary.

	2023 R'000	2022 R'000
7. SHARE CAPITAL AND RESERVES		
7.1 Stated capital		
Authorised		
10 000 000 000 (2022: 10 000 000 000) ordinary shares of no par value	–	–
Issued and fully paid		
298 866 214 (2022: 298 866 214) ordinary shares of no par value	1 939 206	1 939 206
Total stated capital	1 939 206	1 939 206
7.1.1 Ordinary shares		
As at 31 December, the movement in share capital is as follows:		
Balance at the beginning of the year	1 939 206	1 939 206
Balance at the end of the year	1 939 206	1 939 206

NUMBER OF SHARES

	2023	2022
Balance at the beginning of the year	298 866 214	298 866 214
Balance at the end of the year	298 866 214	298 866 214

	2023 R'000	2022 R'000
8. TRADE AND OTHER PAYABLES		
Other payables	1 152	1 098
	1 152	1 098

Trade and other payables are non-interest bearing and are generally on terms of 30 to 90 days.

9. OTHER FINANCIAL ASSET

ACCOUNTING POLICY

Included in non-current financial assets is a call option, entered into on 1 January 2017, to acquire 100% of the shareholding in Vuna from Vuna Fishing Group Proprietary Limited. The fair value was independently determined by an expert using the Black-Scholes option pricing model. The 10-year call option financial asset, which can be exercised at any time, has been classified as a non-current asset at year end due to the expected exercise date thereof exceeding 12 months from the reporting date. The call option is regarded as a Level 3 financial instrument for fair value measurement purposes.

Classification and measurement in accordance with IFRS 9: Financial Instruments

The Company initially records all financial assets at fair value. The Company subsequently holds each financial asset at fair value – fair value through profit loss – or or at amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants. Amortised cost is the amount determined based on accreting the initial amount recognised for the financial instrument to the maturity value on a systematic basis using a fixed interest rate (effective interest rate), taking account of repayment dates and initial premiums or discounts.

Financial assets at fair value through profit or loss

Financial assets are held at fair value through profit or loss. The Company's financial assets at fair value through profit or loss principally comprise investments in equities and derivatives.

	2023 R'000	2022 R'000
Asset held at fair value through profit or loss	31 828	29 511
Fair value gain on share option of R2.3 million (2022: R4.7 million) was recognised in profit or loss. The movement in the call option derivative is as follows:		
Balance at the beginning of the year	29 511	24 831
Fair value movement	2 317	4 680
Balance at the end of the year	31 828	29 511

Assumption sensitivity analysis

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

	2023 R'000	2022 R'000
Vuna valuation		
+ 5%	3 058	2 716
- 5%	(3 009)	(2 676)
Yield curve 7.68% (2022: 8.01%)		
+ 5%	1 124	1 298
- 5%	(1 017)	(1 221)
Volatility 37.00% (2022: 37.57%)¹		
+ 1%	710	818
- 1%	(706)	(818)

¹ As Vuna is unlisted, the volatility was determined using the quadratic mean volatility of peer group companies.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

10. FAIR VALUE MEASUREMENT

The following table analyses the Company's assets and liabilities that are measured at fair value subsequent to initial recognition, 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 assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value measurement hierarchy for assets and liabilities as at 31 December 2023:

	DATE OF VALUATION	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Assets measured at fair value					
Other financial asset	31 December 2023	31 828	-	-	31 828

Fair value measurement hierarchy for assets and liabilities as at 31 December 2022:

	DATE OF VALUATION	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Assets measured at fair value					
Other financial asset	31 December 2022	29 511	-	-	29 511

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

The specific valuation technique used for the Level 3 instruments is:

- Other financial assets: Asset valuation method performed by an independent valuator using the Black-Scholes option pricing model.

The sensitivity of the valuation assumptions for the Level 3 financial instruments is set out in [note 9](#).

11. DEFERRED TAXATION

ACCOUNTING POLICY

RECOGNITION AND MEASUREMENT

Deferred tax is provided using the liability method, providing for temporary differences arising between the tax base and the accounting carrying amount of amounts reflected in the financial statements. Deferred tax is, however, not provided for temporary differences that arise from the initial recognition of an asset or liability where that transaction affects neither accounting profit nor tax profit (tax loss). The only exception to this is when that asset or liability arises in terms of a business combination. Deferred tax is determined at tax rates that are enacted or substantively enacted at year end and are expected to apply when the temporary difference reverses.



	2023 R'000	2022 R'000
Deferred tax liabilities	6 875	6 374
	6 875	6 374

The movement in deferred tax liabilities can be analysed as follows:

	2023 R'000	2022 R'000
Deferred tax liabilities in relation to:		
Derivative instruments		
Opening balance	6 374	5 562
Recognised in profit or loss	501	1 011
Effect of change in tax rate: profit or loss	–	(199)
Closing balance	6 875	6 374

12. EVENTS SUBSEQUENT TO THE REPORTING DATE

The Board of Directors recommended a gross and final cash dividend on 6 March 2024 amounting to 40 cents per share (2022: 38 cents per share), in respect of the year ended 31 December 2023.

Shareholders are referred to the SENS announcement released on 22 January 2024 wherein the Group announced that it had, through its wholly-owned subsidiaries Sea Harvest Pelagic Proprietary Limited and Sea Harvest Aquaculture Proprietary Limited, entered into a share purchase agreement and implementation agreement in respect of the following target entities:

- the acquisition by Sea Harvest Pelagic of 100% of the issued shares and loan claims of certain of Terrasan's subsidiaries engaged in the catching, processing and sale of pelagic fish; and
- the acquisition by Sea Harvest Aquaculture of 63.07% of the issued shares and loan claims of certain of Terrasan's subsidiaries engaged in the farming, processing and sale of abalone.

The transaction represents a notable step in the execution of Sea Harvest's strategy to grow and diversify in the South African fishing and aquaculture sectors. The purchase price for the target entities comprises:

- an initial consideration of R965 million, to be settled as follows:
 - the issue of 60 million Sea Harvest shares at an issue price of R10.00 to the value of R600 million; and
 - a cash payment of R365 million;
- two contingent consideration payments totalling a maximum amount of R256 million based on the profit after tax generated by the target entities for the financial years ending 31 December 2023 and 31 December 2024, respectively. Settlement will be as follows:
 - a maximum amount of R98 million payable for the 31 December 2023 period, it being recorded that this amount has been settled in 2024 from 2023 earnings; and
 - a maximum amount of R157 million payable on 30 June 2025, based on 31 December 2024 profit after tax targets of between R180 million and R210 million.

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

NOTES TO THE COMPANY

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

13. COMMITMENT AND CONTINGENCIES

The Company has no commitments or contingent liabilities at the end of the reporting period.

14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management strategy is consistent with that of the Group as set out in [note 34](#) of the Group financial statements.

Liquidity and interest rate risk management

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities within agreed repayment periods.

	INTEREST RATE %	WITHIN 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	TOTAL
2023					
Financial assets					
Asset held at fair value through profit or loss	0	–	31 828	–	31 828
Loans to related parties	0	–	1 807 224	–	1 807 224
Trade receivables and other receivables	0	204	–	–	204
Cash and bank balances	Bank deposit rate	3 518	–	–	3 518
		3 722	1 839 052	–	1 842 774
Financial liabilities					
Trade and other payables	0	1 152	–	–	1 152
		1 152	–	–	1 152
2022					
Financial assets					
Asset held at fair value through profit or loss	0	–	–	29 511	29 511
Loans to related parties	0	–	1 811 554	–	1 811 554
Trade receivables and other receivables	0	109	–	–	109
Cash and bank balances	Bank deposit rate	2 161	–	–	2 161
		2 270	1 811 554	29 511	1 843 335
Financial liabilities					
Trade and other payables	0	1 098	–	–	1 098
		1 098	–	–	1 098



15. RELATED PARTY TRANSACTIONS

A. LOANS AND TRANSACTIONS TO AND FROM RELATED PARTIES

	DIVIDENDS RECEIVED R'000	ADMINISTRATION FEES RECEIVED R'000	AMOUNTS OWED BY RELATED PARTIES R'000
2023			
Sea Harvest Corporation Proprietary Limited (subsidiary)	111 000	5 872	58 218
Cape Harvest Foods Proprietary Limited (subsidiary)	-	179	86
Cape Harvest Food Group Proprietary Limited (subsidiary)	-	-	610 017
Ladismith Cheese Proprietary Limited	-	2 450	-
Sea Harvest International Proprietary Limited (subsidiary)	-	-	1 001 506
Vuna Fishing Group Proprietary Limited (fellow subsidiary)	-	-	45 069
Vuna (joint venture of Brimstone)	-	-	27 420
Sea Harvest Aquaculture Proprietary Limited (subsidiary)	-	-	64 908
	111 000	8 501	1 807 224
2022			
Sea Harvest Corporation Proprietary Limited (subsidiary)	150 000	5 441	62 666
Cape Harvest Foods Proprietary Limited (subsidiary)	-	150	86
Cape Harvest Food Group Proprietary Limited (subsidiary)	-	-	611 715
Ladismith Cheese Proprietary Limited	-	1 910	-
Sea Harvest International Proprietary Limited (subsidiary)	-	-	999 740
Vuna Fishing Group Proprietary Limited (fellow subsidiary)	-	-	45 069
Vuna (joint venture of Brimstone)	-	-	27 420
Sea Harvest Aquaculture Proprietary Limited (subsidiary)	-	-	64 858
	150 000	7 501	1 811 554

Loans to subsidiaries and other related parties are interest free, unsecured, and have no set terms of repayment. The loans are classified as non-current based on expected redemption instead of contractual maturity.

B. KEY MANAGEMENT PERSONNEL

Details of remuneration of key management personnel is set out in **note 36** of the Group financial statements.



OUR INTERESTS, SHAREHOLDERS AND CORPORATE OUR INTERESTS, SHAREHOLDERS AND CORPORATE INFORMATION

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ANALYSIS OF ORDINARY INTERESTS IN PRINCIPAL SUBSIDIARIES AND ASSOCIATES

for the year ended 31 December 2023

NAME OF COMPANY

NATURE OF BUSINESS

South Africa

Sea Harvest Corporation Proprietary Limited ¹	Fishing and fish processing
Cape Harvest Foods Proprietary Limited	FMCG agency and retail business
Ladismith Cheese Company Proprietary Limited ²	Value-added dairy
Sea Harvest International Proprietary Limited	Holding company for international operations
Sea Harvest Employee Share Trust ³	Share trust
The Sea Harvest Management Investment Trust No 2 ³	Share trust
The Sea Harvest Foundation NPC	Non-profit organisation
Sea Harvest Risk Management Proprietary Limited	Holding company
Cape Harvest Food Group Proprietary Limited	Holding company for Cape Harvest Foods segment
Sea Harvest Aquaculture Proprietary Limited	Holding company for aquaculture business
Viking Aquaculture ⁴	Abalone
BMFG ⁵	Convenience foods

Australia

Cape Haddie Limited – Australia	Dormant
Sea Harvest Proprietary Limited (Sea Harvest Australia) ⁶	Fishing and fish processing

Hong Kong

Hong Kong Sea Harvest Limited	Aquaculture sales
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¹ Sea Harvest Corporation Proprietary Limited holds 100% of the shares issued by Sea Harvest Pelagic Proprietary Limited.

² Ladismith Cheese Company Proprietary Limited holds 100% of the shares issued by Ladismith Powder Company Proprietary Limited and Mooivallei Suiwel Proprietary Limited.

³ Consolidated special-purpose entities

⁴ These are the material subsidiaries held by Viking Aquaculture:

– Molapong Aquaculture Proprietary Limited	87%
– Tuna Marine Proprietary Limited	100%
– Buffeljags Abalone Farm Proprietary Limited	100%
– Diamond Coast Aquaculture Proprietary Limited	90%

⁵ These are the material subsidiaries and associate held by BMFG:

– BM Food Manufacturers Proprietary Limited (BMFM)	46%
– Delecto Proprietary Limited	51%
– BM Foods Investments (SPV) Proprietary Limited	51%

⁶ Sea Harvest Australia is the holding company of Sea Harvest Fishing Company Proprietary Limited, Sea Harvest Trading Proprietary, Nor-West Seafoods Proprietary Limited and Sea Harvest Marine Proprietary Limited.

The Company's interest in the aggregate profits and losses after taxation of consolidated subsidiaries was as follows:

	2023 R'000	2022 R'000
Profits	233 426	256 876



INTERESTS OF HOLDING COMPANY

ISSUED CAPITAL 2023 R	EFFECTIVE HOLDING 2023 %	ISSUED CAPITAL 2022 R	EFFECTIVE HOLDING 2022 %	INDEBTEDNESS 2023 R'000	INDEBTEDNESS 2022 R'000
100	100	100	100	58 218	62 666
100	100	100	100	86	86
1 894	100	1 894	100	-	-
100	100	100	100	1 001 506	999 740
n/a	-	n/a	-	-	-
n/a	-	n/a	-	-	-
n/a	-	n/a	-	-	-
-	100	-	100	-	-
100	100	100	100	610 017	611 715
100	100	100	100	64 908	64 858
100	87	100	54	-	-
73 000 000	100	73 000 000	51	-	-
100	100	100	100	-	-
826 129 709	100	826 129 709	100	-	-
-	100	-	-	-	-
				1 734 735	1 739 065

ANALYSIS OF ORDINARY SHAREHOLDERS

for the year ended 31 December 2023

SHAREHOLDER SPREAD

	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1 – 1 000	2 553	82.94	221 467	0.07
1 001 – 10 000	294	9.55	1 086 883	0.36
10 001 – 100 000	112	3.64	3 880 765	1.30
100 001 – 1 000 000	92	2.99	37 191 912	12.44
Over 1 000 000	27	0.88	256 485 187	85.82
Total	3 078	100.00	298 866 214	100.00

DISTRIBUTION OF SHAREHOLDERS

	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
Assurance companies	6	0.19	2 617 031	0.88
Close corporations	10	0.32	77 490	0.03
Collective investment schemes	44	1.43	32 145 482	10.76
Custodians	4	0.13	487 677	0.16
Foundations and charitable funds	7	0.23	2 257 621	0.76
Hedge funds	12	0.39	6 997 668	2.34
Insurance companies	1	0.03	5 600	0.00
Investment partnerships	8	0.26	270 239	0.09
Managed funds	10	0.32	407 859	0.14
Organs of state	1	0.03	12 713 501	4.25
Private companies	56	1.82	199 199 645	66.65
Public companies	1	0.03	162 734	0.05
Retail shareholders	2 821	91.65	5 408 355	1.81
Retirement benefit funds	42	1.36	18 458 455	6.18
Scrip lending	2	0.06	422 113	0.14
Share schemes	1	0.03	3 548 446	1.19
Sovereign funds	2	0.06	12 347 842	4.13
Stockbrokers and nominees	7	0.23	477 885	0.16
Trusts	43	1.40	860 571	0.29
Total	3 078	100.00	298 866 214	100.00

Pursuant to the provisions of section 56 of the Companies Act, disclosures from foreign nominee companies have been included in this analysis.

SHAREHOLDER TYPE

	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
Non-public shareholders	10	0.32	169 450 297	56.70
Directors and associates	8	0.26	6 342 967	2.12
Newshelf 1063 (Pty) Ltd (beneficial holders > 35%)	1	0.03	159 558 884	53.39
Share schemes	1	0.03	3 548 446	1.19
Public shareholders	3 068	99.68	129 415 917	43.30
Total	3 078	100.00	298 866 214	100.00

FUND MANAGERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES	NUMBER OF SHARES	% OF ISSUED CAPITAL
Camissa Asset Management	30 209 474	10.11
Visio Capital Management	21 154 535	7.08
36One Asset Management	14 348 628	4.80
Public Investment Corporation	12 713 501	4.25
Total	78 426 138	26.24

BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES	NUMBER OF SHARES	% OF ISSUED CAPITAL
Newshelf 1063 Proprietary Limited*	159 558 884	53.39
Sea Harvest Corporation Proprietary Limited	18 998 975	6.36
Camissa Asset Management	14 176 131	4.74
Government Employees Pension Fund	12 713 501	4.25
Odin Investments Proprietary Limited	12 307 692	4.12
36One Asset Management	9 888 511	3.31
Government of Norway	9 599 563	3.21
Total	237 243 257	79.38
Total number of shareholdings	3 078	
Total number of shares in issue	298 866 214	

* Subsidiary of Brimstone

SHARE PRICE PERFORMANCE	NUMBER OF SHAREHOLDINGS
Opening price 3 January 2023	R11.64
Closing price 29 December 2023	R9.45
Closing high for period	R11.40
Closing low for period	R8.85
Number of shares in issue	298 866 214
Volume traded during period	33 257 941
Ratio of volume traded to shares issued (%)	11.13
Rand value traded during the period	R326 460 444
Price/earnings ratio as at 29 December 2023	8.08
Earnings yield as at 29 December 2023	12.38
Dividend yield as at 29 December 2023	3.22
Market capitalisation at 29 December 2023	R2 824 285 722

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: S Gounden

TRANSFER SECRETARY: Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

SPONSOR: The Standard Bank of South Africa Limited

AUDITORS: Ernst & Young Incorporated

Interests in principal subsidiaries and associates - Analysts of ordinary shareholders - Corporate information

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