

2023



**BUOYED  
BY WHAT WE DO BEST.**

**ANCHORED  
BY OUR PURPOSE  
AND VALUES.**



**REVIEWED CONDENSED  
CONSOLIDATED  
FINANCIAL RESULTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

# 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

KEY PERFORMANCE INDICATORS	CHANGE %	YEAR ENDED 31 DECEMBER 2023	YEAR ENDED 31 DECEMBER 2022
Revenue (R'000) <sup>1</sup>	▲ 6	6 204 776	5 875 295
International revenue mix (%)		49	43
Gross profit (R'000)	▲ 13	1 510 409	1 337 942
Gross profit margin (%)		24	23
Operating profit (R'000)	▼ -2	462 417	471 743
Operating profit margin (%)		7	8
Earnings before interest and tax (EBIT) (R'000)	▲ 15	576 904	500 089
EBIT margin (%)		9	9
Net finance costs (R'000)	▲ 79	222 605	124 092
Profit after taxation (R'000)	▼ -8	269 359	294 065
Profit after taxation attributable to shareholders of Sea Harvest Group Limited	▼ -9	282 139	310 610
Weighted average number of shares ('000)		275 923	279 167
Basic earnings per share (EPS) (cents)	▼ -8	102	111
Basic headline earnings per share (HEPS) (cents)	▼ -5	100	105
Net asset value (NAV) per share (cents)	▲ 7	1 216	1 141
ZAR: Euro average exchange rate <sup>2</sup>	▲ 16	20.01	17.18
ZAR: AUD average exchange rate <sup>2</sup>	▲ 7	12.12	11.38
Closing share price (cents)	▼ -21	945	1 200

<sup>1</sup> Excluding the revenue of BM Foods Manufacturers Proprietary Limited (BMFM) (which was deconsolidated effective 1 July 2023) in both H2 2023 and H2 2022, revenue increased by 10% on a like-for-like basis.

<sup>2</sup> Average spot exchange rate at which sales were recorded

## SALIENT FEATURES FOR THE YEAR

- Group revenue increased by 6% driven by strong demand across all products and channels and improved pricing
- Group delivered:
  - EBIT of R577 million, 15% ahead of 2022, with the EBIT margin maintained at 9%
  - HEPS of 100 cents, 5% behind 2022, impacted by higher average interest rates (up 47%) both in SA and Australia, which was the main driver of the lower performance
- EBIT in the South African Fishing business increased by 12% driven by improved pricing in all markets and channels, despite challenging fishing conditions resulting in lower catch rates and 7% lower sales volumes
- Fishing Rights Allocation Process (FRAP) appeals in Hake Deep Sea Trawl were completed on 4 October 2023 giving certainty for the next 15 years
- Harvest Cap Nord, the newly acquired hake fillet freezer trawler, joined the fleet at the beginning of the 2024 quota year
- The Aquaculture portfolio was streamlined with the sale of the oyster business and the buy-out of Viking Aquaculture minorities, increasing the Group's shareholding to 87%. The abalone business turned profitable as the farms mature
- Ladismith was affected by load shedding and, despite significant milk inflation, delivered a reasonable result
- Continued load shedding added R46 million to direct operating costs
- Prawn prices under severe pressure globally
- Retained Level 1 B-BBEE contributor status with c.95% black ownership
- On 22 January 2024, announced a transaction to acquire 100% of Terrasan's pelagic fishing business and 63.07% of Terrasan's abalone business. The transaction is transformative as it adds pelagics to the fishing portfolio and doubles the size of the abalone business
- Sound governance rewarded with the Winner of the Fledgling/Alt-X category in the CGISA | JSE Integrated Reporting Awards for the third time



### TRADING AND FINANCIAL PERFORMANCE

The **Sea Harvest Group** delivered a resilient operating performance for the financial year ended 31 December 2023, delivering EBIT of R577 million (2022: R500 million, up 15%) and HEPS of 100 cents (2022: 105 cents, down 5%).

The Group's performance benefited from strong demand across all markets and channels and improved pricing, while its 43% hard currency exposure allowed it to benefit from the weaker rand. Performance, however, was constrained by lower volumes as a result of difficult fishing conditions, above-inflation cost increases, load shedding, and significantly lower global prawn prices. The primary driver of softer earnings was a further 47% increase in average interest rates.

Sea Harvest Group increased **revenue** by 6% to R6.2 billion (2022: R5.9 billion), benefiting from strong demand in all markets and channels, improved selling prices, and a weaker rand, thereby mitigating the significant (9%) decrease in volumes.

Despite the lower volumes, **cost of sales** increased by 3%, driven by cost inflation and the impact of load shedding. Above-inflation cost increases included double digit increases in the price of milk, ingredients and packaging, and utilities.

The Group minimised production losses arising from the higher levels of **load shedding** during 2023 at a cost of R46 million (2022: R25 million) for the year.

The Group did well to recover the significant cost inflation on the revenue line, resulting in **gross profit** increasing by 13% to R1.51 billion (2022: R1.34 billion), with the gross profit margin improving to 24% (2022: 23%).

**Other operating income** of R133 million (2022: R252 million) includes R65 million (2022: R25 million) in insurance income and R1 million in net foreign exchange and fuel hedge losses (2022: R165 million net foreign exchange and fuel hedge gains).

**Selling and distribution expenses, marketing expenses, and other operating expenses** increased by 6% to R1.18 billion (2022: R1.12 billion) and remained constant at 19% of revenue, with the inclusion of MG Kailis' fixed expenses for the full year offset by lower export freight rates and good cost control.

**Fair value** gains of R17 million (2022: R29 million) included R15 million of net gains on the fair value adjustment to biological assets, and, as a result of acquiring the 28% minority interest in and loan claims against Viking Aquaculture Proprietary Limited (Viking Aquaculture) at a discount during the year, the Group recognised a **gain on purchased loans** of R93 million.

Group **EBIT** increased by 15% to R577 million (2022: R500 million) with the Group EBIT margin maintained at 9%.

**Net finance costs**, which includes investment income and interest expense, increased by 79% to R223 million (2022: R124 million) as a result of higher average borrowing levels and higher average interest rates. The average interest rates in South Africa increased by 40% while the average interest rates in Australia increased by 63% from the prior year.

Driven by the higher finance costs, **profit after tax attributable to shareholders of Sea Harvest** for the year decreased by 9% to R282 million (2022: R311 million) and **headline earnings** decreased by 6% to R275 million (2022: R293 million).

**Basic EPS** decreased by 8% to 102 cents (2022: 111 cents) and **basic HEPS** decreased by 5% to 100 cents (2022: 105 cents).

The Group has declared a full and final cash ordinary **dividend** of 40 cents (2022: 38 cents) per share in respect of the year ended 31 December 2023.



## South African Fishing

The **South African Fishing** division increased revenue by 10% to R3.03 billion (2022: R2.74 billion), benefiting from firm demand in all markets and channels, improved pricing, and a weaker rand. This double digit increase was despite difficult fishing conditions resulting in an 8% lower hake catch rate per sea day and consequently 7% lower sales volumes.

Cost of sales increased by 4%, resulting in gross profit increasing by 29% to R934 million (2022: R722 million), with the gross profit margin expanding to 31% (2022: 26%).

Operating expenses were well contained during the year and increased by 6%, with above-inflation cost increases in utilities and insurance offset by lower selling and distribution costs. With spot rates and hedged rates largely on par, the segment recorded foreign exchange and fuel hedge gains of R1 million (2022: R165 million).

Operating profit in the South African Fishing segment increased by 12% to R391 million (2022: R349 million), despite the 7% lower sales volumes, with the operating profit margin maintained at 13%.

Export revenue increased by 9%, with lower volumes offset by firm demand driving improved pricing in all markets. The export mix increased to 53% (2022: 52%) of total revenue, with Europe remaining Sea Harvest's largest export market.

Domestic revenue increased by 7%, and, as with exports, lower volumes were countered by improved pricing in all of the local retail, foodservice and wholesale channels.

The FRAP appeals in the Hake Deep Sea Trawl sector were completed on 4 October 2023 with Sea Harvest's allocation decreasing marginally through the appeals process. The result gives the Group certainty for the next 15 years.

The Harvest Cap Nord, a sister vessel to the Sterkoder vessels in the fleet, joined the hake freezer fleet at the beginning of 2024, adding much needed capacity to the hake fleet in the current lower catch rate environment.

## Aquaculture

Revenue in the **Aquaculture** division increased by 15% to R136 million (2022: R118 million) benefiting from improved pricing, a higher-value product mix, and a weaker rand offset by lower volumes as a result of the sale of the oyster business, effective 1 September 2023. The abalone business, benefiting from improved demand, increased revenue by 27% to R127 million (2022: R100 million).

Despite absorbing R8 million (2022: R6 million) in load shedding-related costs, the segment reduced its operating loss by 39% to R24 million (2022: R40 million), and, after accounting for fair value adjustments on biological assets, and the R93 million gain on purchased loans, recorded EBIT of R84 million (2022: EBIT loss of R37 million).

Notably, the abalone business turned profitable and recorded EBIT of R10 million (2022: EBIT loss of R19 million) for the year.

The strategic review of the Aquaculture portfolio resulted in the disposal of the oyster business, effective 1 September 2023.

The farms have shown good growth during 2023, with the total value of the abalone biological assets increasing by 28% to R190 million (2022: R149 million).

On 8 March 2023, the Group acquired a further 28% of the shares in Viking Aquaculture for R28 together with loan claims with a face value of R303 million for a purchase consideration of R210 million from minority shareholders. This increased the Group's ownership in Viking Aquaculture from 54% to 82% and resulted in a gain on purchased loans of R93 million. A further 5% shareholding was acquired from minorities in May 2023, increasing the Group's shareholding in Viking Aquaculture to 87%.

The acquisitions fit within the Group's investment criteria and allow Sea Harvest to integrate Viking Aquaculture; extract operational synergies; and align operating structures, growth strategies and funding requirements with those of Sea Harvest.



## Cape Harvest Foods

The **Cape Harvest Foods** segment encompasses Ladismith Cheese Company Proprietary Limited (Ladismith) (including Mooivallei), BM Foods Group Proprietary Limited (BM Foods or BMFG) and Sea Harvest's factory shops.

With effect from 1 July 2023, Cape Harvest Food Group Proprietary Limited (CHFG), disposed of 5% of its equity interest in BMFM to the BM Foods Exco 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.

The deconsolidation of BMFM for the second half of 2023, and lower sales volumes at Ladismith, due to reduced milk flow as a result of environmental challenges and load shedding, resulted in segment revenue decreasing 8% to R1.9 billion (2022: R2.07 billion). The lower sales volumes were tempered by a 12% improvement in pricing across all markets and channels, complemented by a higher value product mix. On a like-for-like basis, revenue in the Cape Harvest Foods segment increased by 4%.

**BM Foods** was impacted by significant cost inflation in raw materials, packaging and ingredients and port disruptions impacting logistics. The resultant price increases led to lower volumes.

At **Ladismith**, high inflation at the farm gate contributed to a double digit increase in the milk price, while above-inflation increases were also experienced in other raw material inputs, packaging and ingredients.

The segment spent R27 million (2022: R16 million) in mitigating the effects of load shedding during the year, while the load shedding-related fire at Ladismith caused a two-month disruption to operations and affected not only volumes but also margin as a result of the production of a lower margin product mix.

This resulted in the segment delivering operating profit of R81 million (2022: R118 million).

## Australian operations

The Australian business, which includes MG Kailis from 23 May 2022, was severely impacted by a significant reduction in prawn prices. Prawn prices reduced on a global basis as a result of higher inventories driven by tightening economic conditions and the slow opening of the Chinese market. The sharp decrease in global prawn pricing was compounded by an oversupply of wild prawns into the Australian market caused by exceptional catches of banana prawns in the Northern Prawn Fishery.

In combination, this resulted in lower prawn sales volumes and significantly lower prawn pricing in the Australian operation.

On a positive note, the segment benefited from good traded product sales, good catches in Pilbara Fish Trawl, the full-year effect of MG Kailis, and a weaker rand, resulting in revenue increasing by 22% to R1.14 billion (2022: R938 million).

The sharp decrease in prawn sales, and absorbing additional fixed expenses in relation to MG Kailis for the full year and elevated selling and distribution costs as a result of disruptions in the cold storage market in Australia resulted in the Australian segment recording operating profit of R15 million (2022: R45 million) in 2023.

## CASH FLOW AND FINANCIAL POSITION

The Group generated cash from operations of R682 million (2022: R658 million) for the year ended 31 December 2023, after investing R179 million in working capital (2022: R68 million). The investment in working capital was as a result of rebuilding low levels of stock, delays in receiving rebate refunds, and the timing of expenditure and payments to trade creditors compared to 31 December 2022.

The Group serviced net interest of R200 million (2022: R126 million) and settled taxes of R35 million (2022: R59 million) during the year. This resulted in the Group generating cash of R450 million (2022: R480 million) from operating activities during the year.

The Group utilised R524 million (2022: R1.07 billion) in investing activities during the year, including:

- R463 million (2022: R259 million) in additions to property, plant, equipment and vehicles. This included:
  - R264 million (2022: R216 million) on maintenance capital expenditure, with the increase as a result of the inclusion of the MG Kailis fleet and the timing of refit expenditure;
  - R199 million (2022: R43 million) on expansion capital expenditure including an additional factory freezer trawler, the Harvest Cap Nord (which adds capacity and renews the fleet), factory refurbishments at Mooivallei, and the installation of a roller dryer powder plant and a solar solution at Ladismith; and
- R77 million (2022: R71 million) in the growth of biological assets.

The Group generated R76 million (2022: R115 million) of cash from financing activities during the year including:

- drawing down a net R221 million (2022: R484 million) of borrowings;
- paying a dividend of R111 million (2022: R170 million); and
- repurchasing shares to the value of R34 million (2022: R89 million).

The Group opened the year with cash of R219 million (2022: R687 million), generated R2 million of cash during the year, and ended the year with R225 million (2022: R219 million) of cash at bank.

The Group's net debt position at 31 December 2023 was R2.38 billion (2022: R2.17 billion), an increase of R206 million, largely as a result of the investments in the additional and renewed vessel capacity and working capital.

## WATERING THE SEEDS OF CHANGE

The Group's success goes beyond growing shareholder value – it is driven by an aspiration to make a positive impact in the communities where Sea Harvest operates. The commitment to fostering transformation through social change is unwavering, a non-negotiable aspect of who we are and what we stand for. By continuing to implement and improve the policies and practices that promote positive social impact and reduced environmental impact through a science-based ecosystems approach to sustainable fishing and other business practices, Sea Harvest is watering the seeds of change planted over the 60 years of Sea Harvest's existence.

### Transformation within our business

The Group proudly maintained its Level 1 B-BBEE contributor status, embodying a commitment to inclusion with c.95% black ownership. The Group's B-BBEE strategy reflects a dedication to uplifting communities, particularly in semi-rural areas, through investments in skills development, employment equity, and initiatives supporting small, medium and micro enterprises (SMMEs). The culmination of Sea Harvest's efforts in 2023 was marked by the official launch of the Fisheries Economic Development Research Advisory and Training Institute (FEDRATI), a strategic partnership between the South African Fisheries Development Fund, (initiated by Sea Harvest and its largest shareholder, (Brimstone Investment Corporation Limited (Brimstone)) and the Cape Peninsula University of Technology (CPUT). This partnership will involve sponsoring interdisciplinary bursaries for post-graduate students at CPUT. These bursaries will seek to support studies and research that will aid in the development of the South African Oceans Economy and support small-scale fisheries.

### Transformation within our communities

The Sea Harvest Foundation received 180 requests for assistance and supported 3 000 beneficiaries, including more than 30 tertiary students who are studying towards qualifications that align with Sea Harvest's operational requirements. The key focus areas of the Sea Harvest Foundation were education and youth development, health and wellness, and small business development.

### Transformation within our shared environment

The ongoing membership of the Responsible Fisheries Alliance (RFA), demonstrates Sea Harvest's commitment to sustainability. In addition, the South African hake and Australian prawn operations retained their Marine Stewardship Council certification, thereby ensuring that the Group continues to protect the marine environment and its resources for future generations. In 2023, Sea Harvest committed to reducing food waste within its operations by becoming a signatory to the Consumer Goods Council of South Africa (CGCSA)'s Food Loss and Waste Initiative, an initiative in line with United Nations Sustainable Development Goal 12.3.

## OUTLOOK

The challenging fishing conditions in the **South African Fishing** segment has continued into 2024 and the additional freezer trawler will be welcomed to take advantage of the 5% increase in the hake TAC, a demonstration of the health and sustainability of the hake resource. Demand internationally and locally remains firm.

With a sole focus on abalone, the **Aquaculture** segment is expected to benefit from larger sized abalone driving an enhanced mix. Headwinds include a slowing Hong Kong economy affected by higher interest rates and the spillover from the Chinese real estate meltdown.

The input cost inflation at **Ladismith** has tempered while international dairy prices are ticking upwards. The local consumer is, however, still constrained. From a sustainability perspective, the business is completing its first solar PV installation, while from a growth perspective, the addition of a roller dryer powder plant will add further product diversification to the basket.

With softer prawn pricing and excess 2023 volumes expected to spill over to 2024, the **Australian** segment is focused on managing costs and inventories by diversifying product, market and channel mix. The recovery in international prawn demand will be key to improving pricing in the year ahead.

The Group continues to monitor the effects of load shedding, high interest rates, infrastructure challenges (port bottlenecks), and the constrained consumer on performance.

### Saldanha and Aquion acquisitions

On 22 January 2024, the Group announced that it had, through wholly-owned subsidiaries, entered into agreements with Terrasan Group Limited (**Terrasan**) to acquire the following target 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 (**Aquion**).

The transaction diversifies Sea Harvest into pelagic fishing and rounds out the Group's exposure to all material wild-caught fisheries, while the abalone business doubles in size. Importantly, the acquisition increases the Group's hard currency earnings.

Saldanha (31 December 2022 revenue of R1.245 billion) is a well-established, vertically integrated pelagic fishing business based in St Helena Bay on the West Coast of South Africa, engaged in the catching, processing and sale of pelagic fish. Founded in 1905 and employing 606 people, Saldanha operates a fishing fleet that catches sardines and anchovies (under its 15-year fishing rights recently renewed in the 2020 FRAP). From this catch (and those of third parties and imported raw materials), it produces fish oil and fish meal (both largely for export) and canned fish (largely for the South African market and sold under the 118-year-old Saldanha brand).

# COMMENTARY

## COMMENTARY CONTINUED

Founded in 1994, Aquinion (31 December 2022 revenue of R326 million) is one of South Africa's leading vertically integrated abalone businesses selling approximately 560 tonnes of abalone per annum. Abalone is produced at two farms located in Hermanus and Gansbaai, while Aquinion's processing facility – also located in Hermanus – produces dried and canned abalone, which along with live abalone, is sold across the Far East. Employing 430 people, Aquinion has a mature and stable abalone biomass spread across its facilities, complemented by a strong and diversified customer base.

The target entities delivered net profit after tax of R203 million in the financial year to 31 December 2022.

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 based on the profit after tax generated by the target entities for the financial years ending 31 December 2023 and 31 December 2024, respectively.

The transaction represents material progress in Sea Harvest's ambition of becoming a leading black-owned, responsible and diversified fishing business. It represents investments in profitable businesses, with high barriers to entry, good margins, and sound cash generation in hard currency.

Following the transaction, Sea Harvest will be in a position to offer a more complete suite of products, diversifying into fishmeal, fish oil and canned fish, and, importantly, add value to its own anchovy and pilchard quota. Sea Harvest will add an in-demand local affordable branded protein product to its stable.

Aquinion is a mature, high margin and cash generative and will facilitate the acquisition of a diversified international customer base and market from which Sea Harvest's existing abalone operations will benefit.

The transaction creates a stronger merged business, increases black ownership in the fishing and abalone industries, and broadens Sea Harvest's shareholder base.

The transaction is subject to conditions normal for a transaction of this nature, including regulatory and shareholder approvals. Shareholders are referred to the 22 January 2024 SENS announcement that contains full details on the transaction.

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

## NOTICE OF APPRECIATION

The Board wishes to thank management and employees for their loyalty, dedication, care and professionalism in contributing to the success of the Group.

On behalf of the Board



**Frederick Robertson**  
Non-executive Chairperson



**Felix Ratheb**  
Chief Executive Officer

Cape Town

6 March 2024

## CASH DIVIDEND DECLARATION

Notice is hereby given of dividend number seven. A gross and final ordinary cash dividend amounting to 40 cents per share in respect of the year ended 31 December 2023 was recommended on Wednesday, 6 March 2024, out of current earnings. Where applicable, the deduction of dividends withholding taxation at a rate of 20% will result in a net ordinary dividend amounting to 32 cents per share.

The number of ordinary shares in issue at the date of this declaration is 298 866 214.

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

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

Last day to trade <i>cum</i> dividend	Tuesday, 2 April 2024
Commence trading ex dividend	Wednesday, 3 April 2024
Record date	Friday, 5 April 2024
Dividend payable	Monday, 8 April 2024

Share certificates may not be rematerialised between Wednesday, 3 April 2024 and Friday, 5 April 2024, both dates inclusive.

By order of the Board



**S Gounden**  
Company Secretary

Cape Town

6 March 2024



# INDEPENDENT AUDITOR'S REVIEW

## INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



### TO THE SHAREHOLDERS OF SEA HARVEST GROUP LIMITED

We have reviewed the condensed consolidated financial statements of Sea Harvest Group Limited, contained on pages 8 to 22 of the accompanying reviewed condensed consolidated financial results, which comprise the condensed consolidated statement of financial position as at 31 December 2023 and the condensed consolidated statement of profit or loss, statement of other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

### Directors' responsibility for the condensed consolidated financial statements

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

### Auditor's responsibility

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

This standard also requires us to comply with relevant ethical requirements.

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

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

### Conclusion

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

*Ernst & Young Inc.*

**Ernst & Young Inc.**

Director – Pierre Gustav Du Plessis  
Chartered Accountant (SA)  
Registered Auditor

6 March 2024

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

2023



REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

# CONDENSED CONSOLIDATED

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023

	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
Revenue	3	6 204 776	5 875 295
Cost of sales		(4 694 367)	(4 537 353)
<b>Gross profit</b>		<b>1 510 409</b>	<b>1 337 942</b>
Other operating income <sup>1</sup>		132 757	251 647
Selling and distribution expenses		(276 467)	(289 933)
Marketing expenses		(20 303)	(22 244)
Other operating expenses		(883 979)	(805 669)
<b>Operating profit</b>		<b>462 417</b>	<b>471 743</b>
Share of profit/(loss) in associates		4 845	(1 110)
Fair value gains		16 910	29 456
Gain on purchased loans	7.2	93 310	–
Loss on disposal of subsidiaries	7.1	(578)	–
<b>Operating profit before net finance costs and taxation</b>		<b>576 904</b>	<b>500 089</b>
Investment income		23 298	19 669
Interest expense		(245 903)	(143 761)
<b>Profit before taxation</b>		<b>354 299</b>	<b>375 997</b>
Taxation		(84 940)	(81 932)
<b>Profit after taxation</b>		<b>269 359</b>	<b>294 065</b>
<i>Profit after taxation attributable to:</i>			
Shareholders of Sea Harvest Group Limited		282 139	310 610
Non-controlling interests		(12 780)	(16 545)
		<b>269 359</b>	<b>294 065</b>
<b>Earnings per share (cents)</b>			
– Basic		102	111
– Diluted		100	109

<sup>1</sup> Other operating income includes net foreign exchange and fuel hedge losses of R1.4 million (2022: R165 million gain) and insurance income of R65 million (2022: R25 million).

2023



REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

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# CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
<b>Profit after taxation</b>	<b>269 359</b>	294 065
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Movement in cash flow hedging reserve	(62 974)	(43 603)
Movement in cost of hedging reserve	(6 301)	26 573
Reserves recycled to other operating income	5 398	(361)
Exchange differences on foreign operations	85 677	15 192
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
Movement in investment at fair value through other comprehensive income	(2 242)	965
Net measurement gain on defined benefit plan	1 513	2 129
<b>Other comprehensive income, net of tax</b>	<b>21 071</b>	895
<b>Total comprehensive income for the year</b>	<b>290 430</b>	294 960
<i>Total comprehensive income attributable to:</i>		
Shareholders of Sea Harvest Group Limited	302 546	313 992
Non-controlling interests	(12 116)	(19 032)
	<b>290 430</b>	294 960

2023



REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	RESTATED <sup>1</sup> AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
<b>ASSETS</b>			
Property, plant, equipment and vehicles <sup>2</sup>		2 447 353	2 341 225
Right-of-use assets		196 098	194 149
Biological assets	6	71 410	87 287
Investment properties	6	79 432	3 700
Intangible assets <sup>2</sup>		1 480 314	1 421 503
Goodwill		1 036 759	1 017 694
Investment in associates <sup>2</sup>		37 417	6 907
Investment at fair value through other comprehensive income	6	28 360	31 220
Other financial assets	6	33 174	29 616
Loans to related parties	8	131 086	113 478
Loans to supplier partners		103 590	92 670
Loan receivable		9 961	7 240
Deferred tax assets		5 007	5 239
<b>Non-current assets</b>		<b>5 659 961</b>	<b>5 351 928</b>
Inventories <sup>2</sup>		1 034 520	1 013 197
Trade and other receivables <sup>2</sup>		927 800	894 814
Biological assets	6	118 266	77 909
Loan receivable		1 256	637
Other financial assets	6	34	41 532
Tax assets		2 107	14 930
Cash and bank balances		280 601	243 270
<b>Current assets</b>		<b>2 364 584</b>	<b>2 286 289</b>
<b>Total assets</b>		<b>8 024 545</b>	<b>7 638 217</b>

<sup>1</sup> The restatement relates to the finalisation of the MG Kailis business combination. Refer to [note 7.3](#)

<sup>2</sup> Movement includes amounts related to the sale of subsidiaries. Refer to [note 7.1](#)



	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	RESTATED <sup>1</sup> AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
<b>EQUITY AND LIABILITIES</b>			
Stated capital		1 689 419	1 705 898
Other reserves		66 296	51 615
Retained earnings		1 598 636	1 427 529
Attributable to shareholders of Sea Harvest Group Limited		3 354 351	3 185 042
Non-controlling interests <sup>2</sup>		23 061	52 016
<b>Capital and reserves</b>		<b>3 377 412</b>	<b>3 237 058</b>
Long-term borrowings		2 277 006	2 144 828
Employee-related liabilities		29 791	22 170
Deferred grant income		30 990	34 342
Lease liabilities		201 926	200 681
Other financial liabilities	6	–	7 256
Deferred tax liabilities		853 988	826 151
<b>Non-current liabilities</b>		<b>3 393 701</b>	<b>3 235 428</b>
Short-term borrowings		321 786	242 266
Trade and other payables <sup>2</sup>		768 031	857 186
Lease liabilities		30 005	27 496
Deferred grant income		4 292	2 776
Other financial liabilities	6	67 041	5 075
Provision		2 838	5 740
Taxation		3 366	512
Bank overdrafts		56 073	24 680
<b>Current liabilities</b>		<b>1 253 432</b>	<b>1 165 731</b>
<b>Total equity and liabilities</b>		<b>8 024 545</b>	<b>7 638 217</b>

<sup>1</sup> The restatement relates to the finalisation of the MG Kailis business combination. Refer to [note 7.3](#)

<sup>2</sup> Movement includes amounts related to the sale of subsidiaries. Refer to [note 7.1](#)

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REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

# CONDENSED CONSOLIDATED

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
<b>Balance at the beginning of the year</b>	<b>3 237 058</b>	<b>3 168 724</b>
Attributable to:		
Shareholders of Sea Harvest Group Limited	<b>3 185 042</b>	3 112 218
Non-controlling interests	<b>52 016</b>	56 506
<b>Total comprehensive income for the year attributable to shareholders of Sea Harvest Group Limited</b>	<b>302 546</b>	313 992
Profit after taxation	<b>282 139</b>	310 610
Movements in other items of comprehensive income, net of tax	<b>20 407</b>	3 382
<b>Movements attributable to shareholders of Sea Harvest Group Limited</b>		
Shares repurchased <sup>1</sup>	<b>(34 364)</b>	(88 688)
Dividends paid	<b>(111 032)</b>	(169 370)
Share-based payments	<b>33 487</b>	32 020
Further investment in subsidiary <sup>2</sup>	<b>(21 328)</b>	(15 130)
Movement attributable to non-controlling interests	<b>(28 955)</b>	(4 490)
<b>Balance at the end of the year</b>	<b>3 377 412</b>	<b>3 237 058</b>

<sup>1</sup> 3 428 084 shares were repurchased for purposes of the forfeitable share plan.

<sup>2</sup> Transaction arising on acquisition of minority interests in Viking Aquaculture.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	RESTATED <sup>1</sup> AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
<b>Operating activities</b>		
Profit after taxation	269 359	294 065
Adjustments for non-cash and other items	591 675	431 386
Operating cash flows before changes in working capital	861 034	725 451
Increase in inventories	(78 616)	(28 802)
Increase in trade and other receivables	(75 301)	(102 826)
(Decrease)/increase in trade and other payables	(24 888)	63 935
Working capital changes	(178 805)	(67 693)
Cash generated from operations	682 229	657 758
Interest paid	(215 348)	(142 564)
Investment income received	15 678	16 437
Proceeds from government grants	2 353	6 813
Income taxes paid	(34 728)	(58 601)
<b>Net cash generated from operating activities</b>	<b>450 184</b>	<b>479 843</b>
<b>Investing activities</b>		
Acquisition of subsidiaries	–	(768 430)
Disposal of subsidiaries, net bank overdraft disposed	6 158	–
Acquisition of property, plant, equipment and vehicles	(462 986)	(259 054)
Proceeds on 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
<b>Net cash utilised in investing activities</b>	<b>(524 340)</b>	<b>(1 069 421)</b>
<b>Financing activities</b>		
Shares repurchased	(34 364)	(88 688)
Proceeds from borrowings	392 966	1 409 385
Repayment of borrowings and lease liabilities	(171 674)	(925 367)
Dividends paid	(111 032)	(169 958)
Settlement of contingent consideration	–	(110 000)
<b>Net cash generated from financing activities</b>	<b>75 896</b>	<b>115 372</b>
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 rates on the balance of cash held in foreign operation	4 198	5 877
<b>Cash and cash equivalents at the end of the year</b>	<b>224 528</b>	<b>218 590</b>

<sup>1</sup> The restatement relates to the finalisation of the MG Kailis business combination. Refer to [note 7.3](#)

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REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

## 1. BASIS OF PREPARATION

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

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated annual financial statements as at 31 December 2023, once issued.

The condensed consolidated financial statements have been reviewed by Ernst & Young Inc., who expressed an unmodified review conclusion thereon. The directors take full responsibility for the preparation of this report. The condensed consolidated financial statements were prepared under the supervision of the Financial Director, M Brey CA(SA).

## 2. ACCOUNTING POLICIES

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

## 3. REVENUE

### Group revenue for the year can be analysed as follows:

	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
Revenue recognised at a point in time	6 082 993	5 817 452
Revenue recognised over time	121 783	57 843
	<b>6 204 776</b>	<b>5 875 295</b>
<b>Revenue per product mix comprises:</b>		
Wild-caught fish <sup>1</sup>	3 387 715	3 022 329
Shellfish <sup>2</sup>	559 516	595 195
Convenience foods	490 213	489 511
Traded <sup>3</sup>	180 361	189 600
Dairy	1 586 971	1 578 660
	<b>6 204 776</b>	<b>5 875 295</b>
<b>Revenue per channel mix comprises:<sup>4</sup></b>		
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
	<b>6 204 776</b>	<b>5 875 295</b>
<b>Revenue is further split by geographic location as follows:<sup>4</sup></b>		
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
	<b>6 204 776</b>	<b>5 875 295</b>

<sup>1</sup> Cape Hake, Horse Mackerel and related by-catch

<sup>2</sup> Prawns, scallops, crabs and abalone

<sup>3</sup> Includes sales of purchased products

<sup>4</sup> 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.



### 3. REVENUE CONTINUED

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 Foods segments.

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

### 4. SEGMENTAL RESULTS

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

	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	RESTATE <sup>1</sup> AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
<b>Segment revenue</b>		
South African Fishing <sup>2</sup>	3 030 196	2 744 422
Australia	1 140 027	938 067
Aquaculture <sup>3,4</sup>	136 015	117 955
Cape Harvest Foods <sup>4</sup>	1 898 538	2 074 851
<b>Total revenue</b>	<b>6 204 776</b>	<b>5 875 295</b>
<b>Segment profit/(loss) from operations</b>		
South African Fishing	390 733	349 193
Australia	14 571	44 773
Aquaculture <sup>4</sup>	(24 312)	(40 162)
Cape Harvest Foods <sup>4</sup>	81 425	117 939
<b>Operating profit</b>	<b>462 417</b>	<b>471 743</b>
Share of profit/(loss) in associates	4 845	(1 110)
Fair value gains	16 910	29 456
Gain on purchased loans	93 310	-
Loss on disposal of subsidiaries	(578)	-
<b>Operating profit before net finance cost and taxation</b>	<b>576 904</b>	<b>500 089</b>
Investment income	23 298	19 669
Interest expense	(245 903)	(143 761)
<b>Profit before taxation</b>	<b>354 299</b>	<b>375 997</b>
<b>Total assets</b>		
South African Fishing	3 443 118	3 124 470
Australia	2 529 374	2 366 294
Aquaculture	692 424	686 664
Cape Harvest Foods	1 359 629	1 460 789
	<b>8 024 545</b>	<b>7 638 217</b>
<b>Total liabilities</b>		
South African Fishing	2 624 682	2 243 394
Australia	1 277 232	1 194 152
Aquaculture	372 152	469 377
Cape Harvest Foods	373 067	494 236
	<b>4 647 133</b>	<b>4 401 159</b>

<sup>1</sup> The restatement relates to the finalisation of the MG Kailis business combination. Refer to [note 7.3](#)

<sup>2</sup> Revenue excludes intersegmental revenue of R170.6 million (2022: R226.7 million), which is eliminated on consolidation.

<sup>3</sup> Revenue excludes intersegmental revenue of Rnil (2022: R1.0 million), which is eliminated on consolidation.

<sup>4</sup> The segment revenue and profit for the Cape Harvest Foods segment include the results of BMFM until disposal on 1 July 2023. The segment revenue and loss for the Aquaculture segment include the results of the Viking Aquaculture oyster business until disposal on 1 September 2023. Refer to [note 7.1](#)

# NOTES TO THE CONDENSED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

### 5. HEADLINE EARNINGS PER SHARE

	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
<b>5.1 Determination of headline earnings</b>		
Profit attributable to shareholders of Sea Harvest Group Limited	282 139	310 610
(Profit)/loss on disposal of property, plant, equipment and vehicles	(1 887)	497
Insurance proceeds	(9 410)	(25 134)
Loss on disposal of subsidiaries	578	-
Total non-controlling interest and tax effects of adjustments	3 706	7 231
<b>Headline earnings for the year</b>	<b>275 126</b>	<b>293 204</b>
<b>5.2 Calculation of weighted average number of shares (WANOS)</b>		
WANOS on which basic earnings and headline earnings per share is based	275 923 041	279 167 094
WANOS on which diluted earnings and diluted headline earnings per share is based	282 943 808	286 264 422
Reconciliation of WANOS used in the calculation of basic and diluted headline earnings per share:		
- Basic	275 923 041	279 167 094
- Dilutive effect of treasury shares (forfeitable share plan)	7 020 767	7 097 328
<b>Diluted</b>	<b>282 943 808</b>	<b>286 264 422</b>
<b>Headline earnings per share (cents)</b>		
- Basic	100	105
- Diluted	97	102

## 6. 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
<b>Assets measured at fair value</b>					
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
<b>Liabilities measured at fair value</b>					
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
<b>Assets measured at fair value</b>					
Biological assets	31 December 2022	165 196	-	-	165 196
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
<b>Liabilities measured at fair value</b>					
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.



# NOTES TO THE CONDENSED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

### 6. 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 7.1](#). 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 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, 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.
- **Financial assets/liabilities:**
  - Level 3 financial assets represents the call option to acquire shares in Vuna Fishing Company Proprietary Limited (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.
  - 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.

## 7 DISPOSAL OF SUBSIDIARIES AND OTHER TRANSACTIONS

### 7.1 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 Exco and Staff Trust. The transaction resulted in the Group losing control of BMFM. BMFM is an equity-accounted associate from 1 July 2023.

With effect from 1 September 2023, Viking Aquaculture sold all the shares in its oyster business, including West Coast Oyster Growers Proprietary Limited, West Coast Aquaculture Proprietary Limited and Luderitz Mariculture Proprietary Limited to Redburg Investments Proprietary Limited (Redburg) (a 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
<b>Assets acquired and liabilities disposed of</b>			
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 and 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)
<b>Total assets and liabilities disposed of</b>	<b>79 723</b>	<b>12 217</b>	<b>91 940</b>
<b>Total consideration received</b>			
Decrease in loan account	–	15 509	15 509
Trade and other receivables	2 989	–	2 989
	<b>2 989</b>	<b>15 509</b>	<b>18 498</b>
<b>Net cash flow on disposal of subsidiary</b>			
Consideration received in cash	–	–	–
Overdraft/(cash) balance disposed of	6 688	(530)	6 158
	<b>6 688</b>	<b>(530)</b>	<b>6 158</b>
<b>(Loss)/profit on disposal of subsidiary</b>			
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
	<b>(1 046)</b>	<b>468</b>	<b>(578)</b>



# NOTES TO THE CONDENSED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

## 7 DISPOSAL OF SUBSIDIARIES AND OTHER TRANSACTIONS CONTINUED

### 7.2 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 those of Sea Harvest.

The purchase consideration relating 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 relating to the loan claims will be settled in five equal instalments of R42 million, together with interest calculated at a rate equal to prime less 2% per annum, commencing on 1 January 2024 and ending on 1 January 2028.

A further 5% shareholding was also acquired from minorities in May 2023, increasing the Group's shareholding in Viking Aquaculture to 87%.

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

## 8. RELATED PARTY TRANSACTIONS

This disclosure relates to material related party balances and transactions.

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

	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
<b>8.1 Related party loans</b>		
<b>Loans to related parties – non-current</b>		
Vuna (joint venture of Brimstone)	27 420	27 420
Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone)	45 068	45 068
SeaVuna <sup>1</sup>	39 396	40 990
BMFM <sup>2</sup>	19 202	–
<b>Total</b>	<b>131 086</b>	<b>113 478</b>
<b>8.2 Related party transactions</b>		
<b>Sales to related parties</b>		
SeaVuna <sup>1</sup>	14 778	29 570
<b>Recoveries and other income from related parties</b>		
SeaVuna <sup>1</sup>	23 623	26 374
<b>Purchases from related parties</b>		
SeaVuna <sup>1</sup>	295 092	283 906

<sup>1</sup> SeaVuna is a wholly-owned subsidiary of Vuna.

<sup>2</sup> Previously eliminated as inter-group loans, reclassified to related party loans the disposal of BMFM. Refer to [note 7.1](#)

## 9. STATED CAPITAL (NUMBER)

	REVIEWED YEAR ENDED 31 DECEMBER 2023	AUDITED YEAR ENDED 31 DECEMBER 2022
<b>In issue (number)</b>		
Ordinary shares	298 866 214	298 866 214
Held as treasury shares	(23 493 243)	(22 530 877)
	<b>275 372 971</b>	<b>276 335 337</b>

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

	TOTAL SHARES IN ISSUE	LESS TREASURY SHARES	TOTAL NET SHARES IN ISSUE
<b>Opening balance</b>	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
<b>Closing balance</b>	<b>298 866 214</b>	<b>23 493 243</b>	<b>275 372 971</b>

## 10. CONTINGENT LIABILITIES AND COMMITMENTS

The Group has no contingent liabilities at the end of the year (2022: Rnil).

	REVIEWED YEAR ENDED 31 DECEMBER 2023 R'000	AUDITED YEAR ENDED 31 DECEMBER 2022 R'000
Capital commitments		
Budgeted capital expenditure is as follows:		
– Contracted	13 048	6 326
– Not contracted	276 115	264 696



# NOTES TO THE CONDENSED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

## 11. 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, and 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 condensed consolidated financial statements.

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

## 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 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

2023



REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

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# NOTES

2023

➔ REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS





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