

# Sea Harvest Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2008/001066/06)

Share code: SHG ISIN: ZAE000240198

("Sea Harvest Group" or the "Group")

## ACQUISITION OF THE WESTERN AUSTRALIA BASED FISHING BUSINESSES OF MG KAILIS HOLDINGS PROPRIETARY LIMITED

### 1. INTRODUCTION

The board of directors of Sea Harvest Group (the "**Board**") is pleased to advise shareholders that the Group has, via its wholly owned Australian subsidiaries, Sea Harvest Pty Ltd ACN 009 248 720 ("**Sea Harvest Australia**") and Sea Harvest Marine Pty Ltd ACN 655 781 409 ("**Sea Harvest Marine**"), entered into a business purchase agreement to acquire the Western Australia based fishing and related businesses of MG Kailis Holdings Proprietary Limited and its subsidiaries ("**MG Kailis**") (the "**Acquisition**") for a purchase consideration of AUD70 million (seventy million Australian dollars) ("**Purchase Consideration**"), excluding transaction costs. The Acquisition assets will be held in Sea Harvest Marine, which is a newly registered wholly owned subsidiary of Sea Harvest Australia.

The Acquisition is subject to the condition's precedent set out in paragraph 5 below.

### 2. DESCRIPTION OF MG KAILIS

MG Kailis is a well-established and market leading vertically integrated prawn and fish trawling, seafood trading and engineering business with over 50 years' experience in the seafood industry in Australia.

### 3. RATIONALE FOR THE ACQUISITION

The Acquisition is a significant step in the execution of the Sea Harvest Group's investment strategy of acquisitive growth in the international seafood space focusing on businesses of scale in high value seafood species.

MG Kailis is a vertically integrated fishing business of scale which complements the Group's existing business operations in Australia from a fishing, trading, engineering, and sales perspective.

The Acquisition assets include vessels, licenses, and fishing rights for prawns in the Exmouth region and trawled fish in the Pilbara region in Western Australia, providing the Group with further security of supply and diversification of product.

### 4. PURCHASE CONSIDERATION AND OTHER TERMS

The Purchase Consideration is a maximum amount of AUD70 million (seventy million Australian dollars) to be settled on a cash and debt free basis, subject to certain working capital adjustments.

The Acquisition is expected to have a completion date of 1 April 2022 ("**Completion Date**").

The Purchase Consideration will be settled in cash on the Completion Date and will be funded from a combination of cash on hand and available bank facilities.

## 5. CONDITIONS PRECEDENT

The Acquisition is subject to the fulfilment or waiver (as the case may be) of various conditions precedent, by no later than 31 March 2022 or such later date as may be agreed, including, *inter alia*, the following:

- approval by the Australian regulatory authorities as may be required;
- transferring the necessary fishing and ancillary licences, permits and authorisations;
- consent from counterparties to the material contracts;
- grant of a sub-lease for a key premises and assignment/novation of leases;
- confirmation of the Managing Director of MG Kailis entering into an employment agreement with Sea Harvest Australia to integrate the combined businesses for a minimum period of up to 18 months; and
- the majority of transferring employees accepting offers of employment.

The financial and legal due diligences in respect of the Acquisition have been completed.

The Acquisition is subject to such other terms and conditions as are considered typical for a transaction of this nature.

## 6. FINANCIAL INFORMATION

The Acquisition assets to be acquired by Sea Harvest Marine are being sold by various legal entities within the MG Kailis group and are separately identifiable, with financial information available to separately present the revenues, costs or profits and carrying values of the Acquisition assets and liabilities to be acquired by Sea Harvest Marine, based on management accounts, and prepared materially in terms of Australian Accounting Standards.

The attributable net assets to be acquired include fishing rights, licenses, permits and authorisations, leases, fishing vessels, plant and equipment, intellectual property, inventory, trade and other receivables and trade and other payables. Sea Harvest Marine is to acquire Acquisition assets and liabilities with a historical reported value reflecting assets that exceed liabilities by AUD32,084,823 at 30 June 2021, being the date of its last annual financial statements.

The profit after tax attributable to the Acquisition assets acquired by Sea Harvest Marine from MG Kailis for its financial year ended 30 June 2021, was AUD6,342,109.

Sea Harvest Group confirms that it is satisfied with the quality of the management reporting from which the information has been extracted.

## 7. CATEGORISATION

In terms of the JSE Listings Requirements, the Acquisition is categorised as a Category 2 transaction.

The Memorandum of Incorporation of the acquiring companies will adhere to the provisions of paragraph 10.21 of Schedule 10 of the JSE Listings Requirements.

Cape Town  
11 January 2022

**Financial Advisor and Sponsor to Sea Harvest Group**  
The Standard Bank of South Africa Limited

**Legal Advisor to Sea Harvest Group in Australia**  
Thomson Geer

**Legal Advisor to MG Kailis**  
Lavan