

## **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 "Company")

## **EXTENSION OF SUPPLY AGREEMENT WITH SEAVUNA FISHING COMPANY PROPRIETARY LIMITED AND VUNA FISHING COMPANY PROPRIETARY LIMITED**

### **1. INTRODUCTION**

- 1.1 Sea Harvest Corporation Proprietary Limited ("**Sea Harvest**"), a subsidiary of the Company, is party to a long-term supply agreement for hake and related fish products (the "**Supply Agreement**") with two related parties, Vuna Fishing Company Proprietary Limited and SeaVuna Fishing Company (collectively, the "**Vuna Companies**"). Details of the Supply Agreement were included in the pre-listing statement published by the Company at the time of its listing on the securities exchange operated by JSE Limited Listing (the "**JSE**").
- 1.2 The Supply Agreement provides, in summary, that Sea Harvest has the exclusive right to purchase from the Vuna Companies the hake and related fish products that they produce, at a price determined in accordance with the provisions of the Supply Agreement.
- 1.3 The Supply Agreement has been in place for c.6 years, since 1 January 2017, and was scheduled to terminate on 31 December 2022.
- 1.4 Sea Harvest Group shareholders ("**Shareholders**") are hereby advised that Sea Harvest and the Vuna Companies have concluded an addendum to the Supply Agreement, in terms of which the duration of the Supply Agreement will be extended and Sea Harvest will continue to purchase hake and related fish products from the Vuna Companies ("**Extension Agreement**").

### **2. THE EXTENSION**

- 2.1 Pursuant to the Extension Agreement, the duration of the Supply Agreement has been extended and Sea Harvest will continue to purchase, from the Vuna Companies, the hake and related fish products that they produce, for a further period of 3 years from 1 January 2023. In addition, Sea Harvest has the option to extend the Supply Agreement for a further period of 3 years, commencing on 1 January 2026.
- 2.2 The aggregate value of product purchased under the extended Supply Agreement (including any further extension thereof by Sea Harvest) is limited to R954 million (which amount is less than 30% of the current market capitalisation of the Company). Apart from this limitation, all of the existing terms and conditions of the Supply Agreement will continue to apply.
- 2.3 The Supply Agreement is an important source of product for Sea Harvest, and accordingly, the rationale for concluding the Extension Agreement is to provide continuity to Sea Harvest and to ensure security of supply.

### **3. COMPLIANCE WITH THE JSE LISTINGS REQUIREMENTS**

- 3.1 The Vuna Companies are, for purposes of the JSE Listings Requirements ("**Listings Requirements**"), regarded as related parties to the Company by virtue of the fact that Brimstone Investment Corporation Limited ("**Brimstone**"), which is the ultimate controlling shareholder of the Company, also has an indirect shareholding in the Vuna Companies. Although Brimstone does not have a controlling shareholding in the Vuna Companies, the Vuna Companies are, for purposes of the Listings Requirements, "associates" of Brimstone by virtue of the fact that Brimstone's 85% subsidiary, Vuna Fishing Group Proprietary Limited, holds a c.49% shareholding in the Vuna Companies.

- 3.2 Therefore, having regard to the definition of a related party transaction in the Listings Requirements, any amendment or extension of the Supply Agreement would be deemed to be a related party transaction and must be dealt with accordingly, unless doing so is in the ordinary course of business of the issuer as contemplated in paragraphs 9.1(d) and 9.1(e) of the Listings Requirements and the value attributable to the transaction does not exceed a value equal to 30% of the market capitalisation of the Company.
- 3.3 The Company considers the conclusion of the Extension Agreement to be a transaction which falls within its ordinary course of business, and the JSE has confirmed to the Company that it has no objection to the classification of the Extension Agreement as such. In the circumstances and given that the value attributable to the transaction is less than 30% of the market capitalisation of the Company, the conclusion of the Extension Agreement is not treated as a related party transaction for purposes of the Listings Requirements.

#### 4. **GOVERNANCE BOARD AND INDEPENDENT EXPERT OPINION**

- 4.1 Notwithstanding the fact that the Extension Agreement is not treated as a related party transaction for purposes of the Listings Requirements, the Company has, given the related party nature of the arrangement and in the interest of good corporate governance, taken the following measures:
- 4.1.1 The Board has constituted a sub-committee of the Board consisting only of the independent directors of the Company ("**Independent Committee**") for purposes of assessing the extension of the Supply Agreement, as well as advising Shareholders thereon.
- 4.1.2 Although this is not a requirement under the Listings Requirements, the Board has appointed Valeo Capital Proprietary Limited, as an independent expert ("**Independent Expert**"), to issue an opinion on whether the extension of the Supply Agreement is fair to Shareholders ("**Independent Expert's Report**").
- 4.2 The Independent Expert has considered the proposed extension and the terms and conditions of the Extension Agreement and is of the opinion that the Extension Agreement is fair insofar as Shareholders are concerned.
- 4.3 The Independent Committee is likewise of the opinion that the Extension Agreement is fair insofar as Shareholders are concerned.
- 4.4 Given the classification of the extension of the Supply Agreement as being in the ordinary course of business of the Company, no approval from Shareholders is required.

Cape Town  
14 December 2022

#### **Sponsor**

The Standard Bank of South Africa Limited

#### **Legal Advisor**

Cliffe Dekker Hofmeyr Inc

#### **Independent Expert**

Valeo Capital