BROADENING OUR HORIZONS



2022

Sea Harvest

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

CORPORATE INFORMATION

SEA HARVEST GROUP LIMITED
(Incorporated in the Republic of South Africa)

REGISTRATION NUMBER: 2008/001066/06

JSE SHARE CODE: SHG

ISIN: ZAE000240198

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

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

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

* *Non-executive Director*
** *Lead Independent Non-executive Director*
*** *Independent Non-executive Director*

COMPANY SECRETARY:
N Seshoka (resigned 31 May 2022)
S Gounden (appointed 1 June 2022)

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

COMMENTARY

KEY PERFORMANCE INDICATORS		CHANGE %	YEAR ENDED 31 DECEMBER 2022	YEAR ENDED 31 DECEMBER 2021
Revenue (R'000)	▲	27	**5 875 295**	4 615 463
International revenue mix (%)			**41**	42
Gross profit (R'000)	▼	-6	**1 337 942**	1 423 855
Gross profit margin (%)			**23**	31
Earnings before interest and tax (EBIT) (R'000)	▼	-25	**500 089**	669 600
EBIT margin (%)			**9**	15
Profit after taxation (R'000)	▼	-32	**294 065**	434 185
Profit after taxation attributable to shareholders of Sea Harvest Group	▼	-34	**310 610**	469 890
Weighted average number of shares ('000)			**279 167**	280 353
Basic earnings per share (EPS) (cents)	▼	-34	**111**	168
Basic headline earnings per share (HEPS) (cents)	▼	-33	**105**	157
Net asset value (NAV) per share (cents)	▲	3	**1 141**	1 110
ZAR: Euro average exchange rate[1]	▼	-1	**17.18**	17.40
ZAR: AUD average exchange rate[1]	▲	3	**11.38**	11.05
Closing share price (cents)			**1 200**	1 380

[1] *Average spot exchange rate at which sales were recorded.*

SALIENT FEATURES FOR THE YEAR

- Sea Harvest had a challenging year driven by quota losses in the South African Fishing segment from the Fishing Rights Allocation Process (FRAP), resulting in 10% lower available volumes
- Although a disappointing FRAP outcome as Sea Harvest was one of the top companies in all sectors in which it applied, the result lays a good foundation for certainty and stability for the next 15 years
- Demand remained strong in all markets and channels both locally and internationally, resulting in strong pricing and revenue growth in all businesses
- The Group faced unprecedented input cost pressure during the year, including:
  - the fuel price, which increased by 90% at an additional cost of R257 million
  - international freight rates, which increased by more than 34%
  - packaging and ingredients, which increased by more than 35%
- Load shedding which adversely affected the South African businesses
- 25% higher interest rates
- Completion of the AUD69 million (R770 million) acquisition of 100% of MG Kailis' Western Australia-based fishing assets on 23 May 2022; a market-leading, vertically integrated seafood business with over 50 years' experience in the seafood industry in Australia
- Improved performance at Ladismith, leveraging the new powder plant and the new butter factory
- Increased abalone sales volumes and firm pricing resulted in the Aquaculture segment reducing its operating loss by 37%
- Retained Level 1 B-BBEE contributor status

TRADING AND FINANCIAL PERFORMANCE

Sea Harvest experienced a challenging year to 31 December 2022. Despite volume losses from the FRAP, compounded by a reduction in the Total Allowable Catch (TAC), revenue was up in all segments with firm demand in all markets and strong pricing in all channels. This firm demand was, however, offset by unprecedented cost inflation with cost of sales increasing 42% (driven by the 90% increase in the fuel price), supply chain disruptions (including load shedding), and significant increases in local and international freight rates, while fixed costs were impacted by R36 million in once-off acquisition-related costs. Group **revenue** for the year increased 27% to R5.88 billion (2021: R4.62 billion) with **earnings before interest and tax (EBIT)** of R500 million (2021: R670 million, down 25%) and **HEPS** of 105 cents (2021: 157 cents, down 33%).

Despite the 10% lower available volumes (FRAP and TAC), revenue from the **South African Fishing** segment increased 3% to R2.74 billion (2021: R2.66 billion) benefiting from firm demand and price increases in both local and international markets. The **Cape Harvest Foods segment** delivered revenue of R2.08 billion (2021: R1.31 billion), 59% higher than 2021, with Ladismith delivering top-line growth of 28% and the segment benefiting from the full-year effects of the BM Foods and Mooivallei acquisitions. The **Australian segment** delivered a 69% increase in revenue to R938 million for the year (2021: R554 million), benefiting from firm pricing, good growth in the trading division, and the inclusion of MG Kailis from 23 May 2022. Despite continued lockdowns in the Far East for almost all of 2022, revenue in the **Aquaculture segment** increased 29% to R118 million (2021: R92 million), benefiting from increased abalone sales volumes and firmer pricing.

Cost of sales increased 42% driven by unprecedented cost inflation (including significantly higher fuel prices which cost the Group an additional R257 million), supply chain disruptions, and the inclusion of Mooivallei, BM Foods and MG Kailis. As a result, **gross profit** for the year decreased 6% to R1.34 billion (2021: R1.42 billion), with the gross profit margin at 23% (2021: 31%).

Other operating income of R252 million (2021: R242 million) includes foreign exchange and fuel hedge gains of R165 million (2021: R143 million) and insurance income of R25 million (2021: R46 million).

Selling and distribution expenses, marketing expenses and other operating expenses increased 15% to R1.12 billion (2021: R974 million), with good fixed cost control offset by significant increases in local and international freight rates, R36 million (2021: R16 million) in acquisition-related costs and the inclusion of Mooivallei, BM Foods and MG Kailis. The Group spent R20 million in the last four months of 2022 mitigating the effects of load shedding.

The Group delivered **operating profit** of R472 million (2021: R691 million) for the year, 32% lower than the prior year, with the operating profit margin at 8% (2021: 15%).

Fair value gains of R29 million (2021: R17 million loss) includes gains relating to the non-achievement of earn-out targets and fair value adjustments on biological assets and the call option.

Net finance costs, which includes investment income and interest expense, increased to R124 million (2021: R57 million) as a result of higher levels of debt and higher interest rates during the year, with interest rates having increased by 25% year on year.

Profit after taxation attributable to shareholders of Sea Harvest for the year decreased 34% to R311 million (2021: R470 million), while **headline earnings** decreased 33% to R293 million (2021: R439 million). Basic **EPS** decreased 34% to 111 cents (2021: 168 cents) and basic **HEPS** decreased 33% to 105 cents (2021: 157 cents).

The Group has declared a full and final cash ordinary **dividend** of 38 cents (2021: 56 cents) per share in respect of the year ended 31 December 2022.

SEGMENTAL REVIEW

	REVENUE			OPERATING PROFIT			OPERATING PROFIT MARGIN	
	CHANGE %	2022 R'M	2021 R'M	CHANGE %	2022 R'M	2021 R'M	2022 %	2021 %
South African Fishing	3	**2 744**	2 664	-48	**349**	672	**13**	25
Sea Harvest Aquaculture	29	**118**	92	37	**(40)**	(64)	**n/a**	n/a
Cape Harvest Food Group	59	**2 075**	1 306	126	**118**	52	**6**	4
Sea Harvest Australia	69	**938**	554	43	**45**	31	**5**	6
Group	**27**	**5 875**	4 616	**-32**	**472**	691	**8**	15

South African Fishing: The South African Fishing segment had a challenging year, impacted by the 10% decrease in available hake volumes driven by quota losses from FRAP, a decrease in the TAC, and material input cost inflation.

Despite the 10% lower available volumes, revenue increased 3% to R2.74 billion (2021: R2.66 billion), driven by firm demand and price increases in both local and international markets.

Cost of sales increased 26% as a result of significant input cost pressure, including a 93% increase in the fuel price and significant price increases for ingredients and packaging, which increased by more than 35%. This resulted in a 32% decrease in gross profit to R722 million (2021: R1.06 billion), with the gross profit margin at 26% (2021: 40%).

The strong cost focus resulted in a 9% decrease in fixed costs; however, this was offset by increased selling and distribution expenses, largely as a result of significant increases in export and local freight rates.

Benefiting from its sound hedging strategy, the segment recorded foreign exchange and fuel hedge gains of R165 million (2021: R143 million), with foreign exchange hedges R21 million lower and fuel hedges R43 million higher than 2021.

As a result, operating profit in the South African Fishing segment decreased 48% to R349 million (2021: R672 million), with the operating profit margin at 13% (2021: 25%).

Export revenue increased 6%, benefiting from additional volumes allocated to export markets as well as price increases in all markets, offset by the 1% strengthening of the rand to the euro during the year. The export mix increased to 52% (2021: 51%) of total revenue with Europe remaining Sea Harvest's largest export market.

Domestic revenue increased 1% with firm foodservice and wholesale markets offset by a softening retail environment, which came off a high base as a result of COVID-19.

The South African Fishing segment is proud of having retained its Level 1 B-BBEE contributor status with c.95% black ownership.

Aquaculture: Benefiting from increased abalone and oyster sales volumes and firmer pricing, revenue in the Aquaculture segment increased 29% to R118 million (2021: R92 million), despite continued lockdown restrictions in China and Hong Kong and the curtailment of international travel for most of 2022.

The improved performance of the abalone division resulted in the segment reducing its operating loss by 37% to R40 million (2021: R64 million).

Cape Harvest Foods: The Cape Harvest Foods segment, which includes Ladismith and Mooivallei, BM Foods and Sea Harvest's factory shops, delivered revenue of R2.08 billion (2021: R1.31 billion, up 59%), with Ladismith delivering top-line growth of 28% and the segment benefiting from the full-year effect of the Mooivallei (effective 2 August 2021) and BM Foods Group (effective 2 September 2021) acquisitions.

The segment experienced significant input cost pressure and was particularly hard-hit by load shedding. Leveraging the top-line growth, a more profitable product mix, and the positive margin impact from the new powder and butter factories, operating profit in the Cape Harvest Foods segment increased 126% to R118 million (2021: R52 million), with the operating profit margin expanding to 6% (2021: 4%).

Australian operations

MG Kailis acquisition: With effect from 23 May 2022, the Group has, through its wholly-owned Australian subsidiaries Sea Harvest Proprietary Limited and Sea Harvest Marine Proprietary Limited, acquired the Western Australia-based fishing and related businesses of MG Kailis for a purchase consideration of AUD69 million (R770 million). The acquisition represents a significant step in the execution of the Group's investment strategy of acquisitive growth in the international seafood space that focuses on businesses of scale in high-value seafood species.

MG Kailis is a well-established and market-leading vertically integrated seafood business, involved in the trawling and processing of high-value prawn and fish, with over 50 years' experience in the seafood industry in Australia. MG Kailis complements and diversifies the Group's existing business operations in Australia from a wild-caught fishing, trading, engineering and sales perspective.

Revenue in the **Australian** segment increased 69% to R938 million (2021: R554 million), benefiting from firm pricing, good growth in the trading division, and the inclusion of MG Kailis, which contributed R340 million to the top line. The Australian segment was impacted by the 85% increase in the fuel price and, after absorbing R34 million (2021: R10 million) in acquisition-related costs, recorded operating profit of R45 million (2021: R31 million) for the year. Adjusting for the acquisition-related costs would have resulted in the Australian operations delivering operating profit of R79 million (2021: R41 million), up 93%, at an operating profit margin of 8% (2021: 7%).

CASH FLOW AND FINANCIAL POSITION

The Group generated cash from operations of R659 million (2021: R822 million) during the year, after settling the Sea Harvest Employee Share Trust liability of R40 million and investing R67 million in working capital (2021: R156 million), with the investment in working capital largely related to the timing of sales and receipts during the last quarter of 2022 compared to 2021 and the increased cost of inventories.

After settling net interest of R126 million (2021: R57 million) and taxes of R59 million (2021: R131 million), the Group generated cash of R481 million (2021: R637 million) from operating activities during the year.

The Group utilised R1.07 billion (2021: R352 million) of cash in investing activities during the year, including:

- R770 million on the acquisition of MG Kailis;
- R259 million (2021: R274 million) on additions to property, plant, equipment and vehicles, including R216 million (2021: R222 million) on maintenance capital expenditure and R43 million (2021: R52 million) on expansion capital expenditure; and
- R71 million (2021: R69 million) on the growth of biological assets.

The Group generated R115 million (2021: R131 million) of cash from financing activities during the year including:

- repurchasing shares to the value of R89 million (2021: R36 million);
- drawing down a net R484 million (2021: R300 million) of borrowings;
- paying a dividend of R170 million (2021: R133 million); and
- settling the R110 million contingent consideration owing to the former owners of Viking Fishing.

The Group opened the year with cash of R687 million (2021: R270 million), utilised R474 million of cash during the year (2021: generated R416 million of cash) and ended the year with R219 million (2021: R687 million) of cash on hand.

With total borrowings of R2.39 billion (2021: R1.87 billion), the Group's net debt position at 31 December 2022 was R2.17 billion (2021: R1.18 billion), an increase of R991 million.

DRIVING SOCIAL CHANGE SUSTAINABLY

Sea Harvest is a leader in responsible corporate citizenship and is dedicated to sustainability, transformation and social change. The Group is proud to be at the forefront of organisations that prioritise these values not only in their operations but also in the way they impact on their local communities and the planet. By carefully managing its resources and promoting sustainable practices, Sea Harvest continues to demonstrate its commitment to making a positive impact.

Sea Harvest is committed to reducing its environmental impact through sustainable fishing practices, which are guided by a science-based ecosystems approach. This focus has earned the Group recognition, including the Marine Stewardship Council certification for the Group's key species of hake in South Africa and prawns in Australia, ensuring that these resources will be preserved for future generations.

The Group strives to remain at the forefront of sustainability through its increased participation in scientific and other forums and by investing in sustainable solutions, including waste reduction and renewable energy and water solutions. Through these actions, Sea Harvest is committed to making a positive impact and will continue to innovate and promote sustainable solutions in the 21st century and beyond.

Transformation is a key part of the Group's mission, and the Group is proud to contribute to a more equitable and fairer South Africa through its Level 1 B-BBEE contributor status and c.90% black ownership. The Group invests in skills development, employment equity and initiatives aimed at supporting small and medium-sized enterprises (SMMEs), with a focus on those in semi-rural areas. Sea Harvest recognises the important role that SMMEs play in driving inclusive economic growth and during 2022 spent c.R6.5 million providing developmental and growth assistance for these businesses. The Group's commitment to creating opportunities and promoting transformation is a source of pride and a testament to its mission to make a positive impact.

The Sea Harvest Foundation plays a crucial role in the Group's community engagement efforts, supporting initiatives aimed at improving the livelihoods of local communities, including providing bursaries, supporting early childhood development, youth sports development and healthcare initiatives.

During 2022, the Group provided support of c.R4.8 million to various initiatives within the communities where it operates in order to continue driving social change.

As a co-founding member of the South African Fisheries Development Fund (Fund), Sea Harvest is committed to promoting transformation within the South African fishing industry and empowering small-scale communities and artisanal fisherfolk through training and education. The Fund also contributes to the oceans economy by promoting participation in the marine sector, particularly for previously disadvantaged tertiary students.

The Group is poised for success as it embarks on a journey of expansion and growth, fueled by its purpose to create value that drives inclusive economic growth and benefits society, with a focus on job creation, food security and social transformation.

OUTLOOK

The long-term fundamentals of all the Group's segments remain attractive with firm demand for high-value proteins both locally and internationally.

In the **South African Fishing** operation, the finalisation of FRAP is a significant positive development and lays the foundation for stability and long-term certainty to the Group's core South African Fishing operations. The 2023 hake TAC has been increased by 5%, export markets are firm, and the Group is well hedged across all currencies for 2023.

The **Aquaculture** segment will focus on its strategy to grow and sell larger sizes of abalone and diversify product formats and markets. China relaxing its zero-COVID policy and associated lockdowns in late 2022 and the resumption of international flights scheduled for the second half of 2023 bodes well for the segment.

Within the **Cape Harvest Foods** segment, the Group will continue to leverage the additional installed capacity and the Mooivallei acquisition to pursue a higher value product mix, while in **Australia**, the business is expected to benefit from a more diversified wild-caught and traded product mix and from the full year effects and economies of scale resulting from the MG Kailis acquisition.

The Group will face headwinds driven by load shedding, while fuel is expected to continue trading at elevated levels.

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 in a difficult year.

On behalf of the Board

Cape Town
7 March 2023



Frederick Robertson
Non-executive Chairperson



Felix Ratheb
Chief Executive Officer

CASH DIVIDEND DECLARATION

Notice is hereby given of dividend number six. A gross and final ordinary cash dividend amounting to 38 cents per share in respect of the year ended 31 December 2022 was recommended on Tuesday, 7 March 2023, 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 30.4 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 *cum* dividend	Monday, 3 April 2023
Commence trading *ex* dividend	Tuesday, 4 April 2023
Record date	Thursday, 6 April 2023
Dividend payable	Tuesday, 11 April 2023

Share certificates may not be rematerialised between Tuesday, 4 April 2023 and Thursday, 6 April 2023, both dates inclusive.

By order of the Board

7 March 2023



S Gounden
Company Secretary

INDEPENDENT REVIEWER'S REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF SEA HARVEST GROUP LIMITED

We have reviewed the condensed consolidated financial statements of Sea Harvest Group Limited, contained on **pages 8 to 23** of the accompanying preliminary report, which comprise the condensed consolidated statement of financial position as at 31 December 2022 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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 2022 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Pierre Gustav Du Plessis
Chartered Accountant
Registered Auditor

7 March 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2022

	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2022 R'000	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
Revenue	3	**5 875 295**	4 615 463
Cost of sales		**(4 537 353)**	(3 191 608)
Gross profit		**1 337 942**	1 423 855
Other operating income[1]		**251 647**	241 778
Selling and distribution expenses		**(289 933)**	(238 625)
Marketing expenses		**(22 244)**	(20 638)
Other operating expenses		**(805 669)**	(715 140)
Operating profit		**471 743**	691 230
Share of loss in associate		**(1 110)**	(478)
Gains on bargain purchase		**–**	1 578
Fair value gains/(losses)		**29 456**	(16 577)
Impairment of assets		**–**	(6 153)
Profit before net finance costs and taxation		**500 089**	669 600
Investment income		**19 669**	20 770
Interest expense		**(143 761)**	(77 859)
Profit before taxation		**375 997**	612 511
Taxation[2]		**(81 932)**	(178 326)
Profit after taxation		**294 065**	434 185
Profit after taxation attributable to:			
Shareholders of Sea Harvest Group Limited		**310 610**	469 890
Non-controlling interests		**(16 545)**	(35 705)
		294 065	434 185
Earnings per share (cents)			
– Basic		**111**	168
– Diluted		**109**	166

[1] *Other operating income includes net foreign exchange and fuel hedge gains of R165 million (2021: R143 million) and insurance income of R25 million (2021: R46 million).*

[2] *The change in the corporate tax rate from 28% to 27% as announced by the Minister of Finance on 23 February 2022, resulted in a decrease of R18 million in the net deferred taxation liability at 31 December 2022.*

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	REVIEWED YEAR ENDED 31 DECEMBER 2022 R'000	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
Profit after taxation	**294 065**	434 185
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Movement in cash flow hedging reserve	**(43 603)**	59 886
Movement in cost of hedging reserve	**26 573**	(34 660)
Reserves recycled to other operating income	**(361)**	(10 507)
Exchange rate differences on foreign operations	**15 192**	18 947
Items that may not be reclassified subsequently to profit or loss:		
Movement in investment at fair value through other comprehensive income	**965**	3 639
Net measurement gain on defined benefit plan	**2 129**	324
Other comprehensive income, net of tax	**895**	37 629
Total comprehensive income for the year	**294 960**	471 814
Total comprehensive income attributable to:		
Shareholders of Sea Harvest Group Limited	**313 992**	507 519
Non-controlling interests	**(19 032)**	(35 705)
	294 960	471 814

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2022 R'000	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
ASSETS			
Property, plant, equipment and vehicles[1]		**2 341 225**	2 192 999
Right-of-use assets		**194 149**	114 446
Biological assets	6	**87 287**	68 299
Investment property		**3 700**	3 700
Intangible assets[1]		**1 421 503**	769 463
Goodwill[1]		**1 018 878**	865 192
Investments in associates		**6 907**	8 073
Investment at fair value through other comprehensive income	6	**31 220**	29 989
Other financial assets	6	**29 616**	24 936
Loans to related parties	8	**113 478**	121 718
Loans to supplier partners		**92 670**	94 384
Loan receivable		**7 240**	7 446
Deferred tax assets		**5 239**	3 312
Non-current assets		**5 353 112**	4 303 957
Inventories[1]		**1 013 197**	902 618
Trade and other receivables[1]		**894 814**	739 496
Biological assets	6	**77 909**	82 123
Loan receivable		**637**	537
Other financial assets	6	**41 532**	58 866
Tax assets		**14 930**	10 678
Cash and bank balances		**243 270**	739 909
Current assets		**2 286 289**	2 534 227
Total assets		**7 639 401**	6 838 184

[1] *Movement includes amounts arising from the MG Kailis acquisition. Refer to* **note 7** *for details.*

	NOTES	REVIEWED YEAR ENDED 31 DECEMBER 2022 R'000	RESTATED[3] AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
EQUITY AND LIABILITIES			
Stated capital		**1 705 898**	1 769 070
Other reserves		**51 615**	56 859
Retained earnings		**1 427 529**	1 286 289
Attributable to shareholders of Sea Harvest Group Limited		**3 185 042**	3 112 218
Non-controlling interests		**52 016**	56 506
Capital and reserves		**3 237 058**	3 168 724
Long-term borrowings[1]		**2 144 828**	1 793 679
Employee-related liabilities		**22 170**	20 927
Deferred grant income		**34 342**	32 148
Contingent consideration	6	**–**	9 773
Lease liabilities		**200 681**	125 224
Other financial liabilities	6	**7 256**	–
Deferred taxation[2]		**826 151**	608 994
Non-current liabilities		**3 235 428**	2 590 745
Short-term borrowings[1]		**242 266**	70 828
Contingent consideration	6	**–**	120 671
Trade and other payables[2]		**858 370**	727 408
Lease liabilities		**27 496**	19 882
Share-based payment liability		**–**	35 746
Deferred grant income		**2 776**	3 546
Other financial liabilities	6	**5 075**	118
Provision		**5 740**	47 513
Taxation		**512**	13
Bank overdrafts		**24 680**	52 990
Current liabilities		**1 166 915**	1 078 715
Total equity and liabilities		**7 639 401**	6 838 184

[1] *Movement in borrowings relates mainly to debt raised to fund the MG Kailis acquisition.*

[2] *Movement includes amounts arising from the MG Kailis acquisition. Refer to* **note 7** *for details.*

[3] *The restatement relates to a reclassification between stated capital and other reserves. Refer to* **note 11** *for details.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	REVIEWED YEAR ENDED 31 DECEMBER 2022 R'000	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
Balance at the beginning of the year	**3 168 724**	2 794 344
Attributable to:		
Shareholders of Sea Harvest Group Limited	**3 112 218**	2 754 206
Non-controlling interests	**56 506**	40 138
Total comprehensive income for the year attributable to shareholders of Sea Harvest Group Limited	**313 992**	507 519
Profit after taxation	**310 610**	469 890
Movements in other items of comprehensive income, net of tax	**3 382**	37 629
Movements attributable to shareholders of Sea Harvest Group Limited		
Shares repurchased[1]	**(88 688)**	(36 221)
Dividends paid	**(169 370)**	(131 913)
Share-based payments	**32 020**	18 703
Further investment in subsidiary[2]	**(15 130)**	(76)
Movement attributable to non-controlling interests	**(4 490)**	16 368
Balance at the end of the year	**3 237 058**	3 168 724

[1] *6 385 471 shares were repurchased for purposes of the Forfeitable Share Plan.*

[2] *Non-cash transaction arising on acquisition of minority interests in Viking Aquaculture.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	REVIEWED YEAR ENDED 31 DECEMBER 2022 R'000	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
Operating activities		
Profit after taxation	**294 065**	434 185
Adjustments for non-cash and other items	**431 386**	543 512
Operating cash flows before changes in working capital	**725 451**	977 697
Increase in inventories	**(28 802)**	(196 400)
(Increase)/decrease in trade and other receivables	**(102 826)**	18 150
Increase in trade and other payables	**65 119**	22 297
Cash generated from operations	**658 942**	821 744
Investment income received	**16 437**	19 006
Proceeds from government grants	**6 813**	3 048
Income taxes paid	**(58 601)**	(131 347)
Interest paid	**(142 564)**	(75 506)
Net cash generated from operating activities	**481 027**	636 945
Investing activities		
Acquisition of subsidiaries	**(769 614)**	(65 116)
Acquisition of property, plant, equipment and vehicles	**(259 054)**	(273 751)
Proceeds on disposal of property, plant, equipment and vehicles	**4 074**	2 496
Insurance proceeds	**25 099**	46 450
Acquisition of intangible assets	**(2 754)**	(1 940)
Additions to biological assets	**(71 250)**	(68 703)
Proceeds on loans advanced to related parties	**–**	7 725
Proceeds on loans advanced to supplier partners	**2 789**	1 559
Cash movement in other long-term and short-term loans	**105**	(1 142)
Net cash utilised in investing activities	**(1 070 605)**	(352 422)
Financing activities		
Shares repurchased	**(88 688)**	(36 221)
Proceeds from borrowings	**1 409 385**	544 878
Repayment of borrowings and lease liabilities	**(925 367)**	(220 041)
Repayment of other financial liabilities	**–**	(24 448)
Dividends paid	**(169 958)**	(133 005)
Settlement of contingent consideration[1]	**(110 000)**	–
Net cash generated from financing activities	**115 372**	131 163
Net (decrease)/increase in cash and cash equivalents	**(474 206)**	415 686
Cash and cash equivalents at the beginning of the year	**686 919**	270 441
Effects of exchange rates on the balance of cash held in foreign operation	**5 877**	792
Cash and cash equivalents at the end of the the year	**218 590**	686 919

[1] *Given that the probability of payment at initial recognition was virtually certain, and the significant period between initial recognition and settlement of 3.5 years, the deferred nature of this payment is, in substance, a financing arrangement.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the year ended 31 December 2022 are prepared in accordance with the requirements of the JSE Limited Listings Requirements (Listings Requirements) for preliminary reports and the requirements of the Companies Act, No 71 of 2008 of South Africa (Companies Act). The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

The condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjuction with the Group's consolidated annual financial statements as at 31 December 2022, once issued.

These condensed consolidated financial statements for the year ended 31 December 2022 have been reviewed by Ernst & Young Inc, who expressed an unmodified review conclusion.

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

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the financial statements for the year ended 31 December 2021, except for the change in presentation of the forfeitable share scheme reserve (refer to **note 11**).

	REVIEWED YEAR ENDED 31 DECEMBER 2022 R'000	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
3. REVENUE		
Group revenue for the year can be analysed as follows:		
Revenue recognised at a point in time	**5 817 452**	4 590 316
Revenue recognised over time	**57 843**	25 147
	5 875 295	4 615 463
Revenue per product mix comprises:		
Wild-caught fish[1]	**3 022 329**	2 808 530
Shellfish[2]	**595 195**	343 255
Convenience foods	**489 511**	246 588
Traded[3]	**189 600**	132 005
Dairy	**1 578 660**	1 085 085
	5 875 295	4 615 463
Revenue per channel mix comprises:		
International	**2 435 680**	1 957 992
Retail	**1 727 702**	1 374 417
Foodservice	**1 085 383**	870 389
Wholesale	**626 530**	412 665
	5 875 295	4 615 463
Revenue is further split by geographic location as follows:		
South Africa	**3 439 614**	2 657 470
Australia	**869 463**	544 388
Europe	**1 222 721**	1 143 488
Other markets	**343 497**	270 117
	5 875 295	4 615 463

[1] *Cape Hake, Horse Mackerel, Spanish Mackerel and related by-catch.*

[2] *Prawns, scallops, crabs and abalone.*

[3] *Includes sales of purchased products.*

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

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.

4. SEGMENTAL RESULTS

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

	REVIEWED YEAR ENDED 31 DECEMBER 2022 R'000	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
Segment revenue		
South African Fishing[1]	**2 744 422**	2 664 472
Australia[2]	**938 067**	553 722
Aquaculture[3]	**117 955**	91 686
Cape Harvest Foods	**2 074 851**	1 305 583
Total revenue	**5 875 295**	4 615 463
Segment profit/(loss) from operations		
South African Fishing	**349 193**	671 583
Australia	**44 773**	31 243
Aquaculture	**(40 162)**	(63 701)
Cape Harvest Foods	**117 939**	52 105
Operating profit	**471 743**	691 230
Share of loss in associate	**(1 110)**	(478)
Gains on bargain purchase	**–**	1 578
Fair value gains/(losses)	**29 456**	(16 577)
Impairment of assets	**–**	(6 153)
Profit before net finance cost and taxation	**500 089**	669 600
Investment income	**19 669**	20 770
Interest expense	**(143 761)**	(77 859)
Profit before taxation	**375 997**	612 511
Total assets		
South African Fishing	**3 124 470**	3 696 190
Australia	**2 367 478**	1 130 391
Aquaculture	**686 664**	665 697
Cape Harvest Foods	**1 460 789**	1 345 906
	7 639 401	6 838 184
Total liabilities		
South African Fishing	**2 243 394**	2 322 218
Australia	**1 195 336**	412 048
Aquaculture	**469 377**	454 917
Cape Harvest Foods	**494 236**	480 277
	4 402 343	3 669 460

[1] *Revenue excludes intersegmental revenue of R226.7 million (2021: R208.4 million), which is eliminated on consolidation.*

[2] *The Australian segment includes the results of the Western Australia-based fishing and related businesses of MG Kailis and its subsidiaries, which were acquired through the current year business combination.*

[3] *Revenue excludes intersegmental revenue of R1.0 million (2021: R5.5 million), which is eliminated on consolidation.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2022

5. HEADLINE EARNINGS PER SHARE

	REVIEWED YEAR ENDED 31 DECEMBER 2022 R'000	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
5.1 Determination of headline earnings		
Profit attributable to shareholders of Sea Harvest Group Limited	**310 610**	469 890
Loss/(profit) on disposal of property, plant, equipment and vehicles	**497**	(970)
Insurance proceeds	**(25 134)**	(46 135)
Gains on bargain purchase	**–**	(1 578)
Impairment of assets	**–**	6 153
Total non-controlling interest and tax effects of adjustments	**7 231**	11 675
Headline earnings for the year	**293 204**	439 035
5.2 Calculation of weighted average number of shares (WANOS)		
WANOS on which basic earnings and headline earnings per share is based	**279 167 094**	280 352 798
WANOS on which diluted earnings and diluted headline earnings per share is based	**286 264 422**	282 478 541
Reconciliation of WANOS used in the calculation of basic and diluted headline earnings per share:		
– Basic	**279 167 094**	280 352 798
– Dilutive effect of treasury shares (forfeitable share plan)	**7 097 328**	2 125 743
Diluted	**286 264 422**	282 478 541
Headline earnings per share (cents)		
– Basic	**105**	157
– Diluted	**102**	155

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 2022:

	DATE OF VALUATION	TOTAL R'000	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1) R'000	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) R'000	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) R'000
Assets measured at fair value					
Biological assets	31 December 2022	**165 196**	**–**	**–**	**165 196**
Investment at fair value through other comprehensive income	31 December 2022	**31 220**	**–**	**–**	**31 220**
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**	**–**

Fair value measurement hierarchy for assets and liabilities as at 31 December 2021:

	DATE OF VALUATION	TOTAL R'000	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1) R'000	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) R'000	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) R'000
Assets measured at fair value					
Biological assets	31 December 2021	150 422	–	–	150 422
Investment at fair value through other comprehensive income	31 December 2021	29 989	–	–	29 989
Financial assets	31 December 2021	83 802	–	58 866	24 936
Liabilities measured at fair value					
Financial derivatives liabilities	31 December 2021	118	–	118	–
Contingent consideration liability	31 December 2021	130 444	–	–	130 444

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

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 include abalone and oysters 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 fair value gain for the year of R4.3 million (2021: R5.6 million loss) 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 at fair value through other comprehensive income**: Asset valuation method 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 gain for the year of R1.2 million (2021: R4.7 million) 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 represent 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. Key unobservable assumptions being (i) the value of Vuna calculated using an average of actual 2022 earnings and 2023 projected earnings multiplied by a price earnings multiple, (ii) yield curve of 8.01% (2021: 6.39%), and (iii) volatility of 37.57% (2021: 36.02%). 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 R4.7 million (2021: R0.2 million loss) 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.
- **Contingent consideration:** As at 31 December 2022, there was a decrease of R130.4 million to nil in the contingent consideration liability (2021: R10.6 million increase) as a result of (i) the R110 million settlement of the Viking Fishing earnout and (ii) the recognition of a fair value gain of R20.4 million relating to the BM Foods Group contingent consideration as a result of the 2021 and 2022 year earnouts not being achieved. The fair value of the contingent consideration arrangements was estimated by calculating the present value of the expected future cash flows. The estimates were based on discount rates and the assumption that the earnout targets will be met based on the best available forecast information at acquisition date.

7 BUSINESS COMBINATIONS

7.1 MG KAILIS

With effect from 23 May 2022, the Group, through its wholly-owned foreign subsidiaries, Sea Harvest Proprietary Limited and Sea Harvest Marine Proprietary Limited acquired selected net assets of the Western Australia-based fishing and related businesses of MG Kailis and its subsidiaries (MG Kailis).

MG Kailis is a vertically integrated prawn and fish trawling, seafood, trading and engineering business of scale with over 50 years' experience in the seafood industry in Australia, which complements and diversifies the Group's existing business operations in Australia from a fishing, trading, engineering, and sales perspective.

The acquisition is a significant step in the execution of the Group's investment strategy of acquisitive growth in the international seafood space focusing on businesses of scale in high-value seafood species. The acquisition assets include vessels, licences, 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.

The initial accounting for the acquisition of MG Kailis has been provisionally determined at the reporting date. The measurement period adjustments relate to the finalisation of the intangible asset valuation and working capital adjustments, these adjustments also impacted the total consideration.

	PROVISIONAL FAIR VALUES AS PREVIOUSLY REPORTED R'000	MEASUREMENT PERIOD ADJUSTMENTS R'000	UPDATED PROVISIONAL FAIR VALUES AT REPORTING DATE R'000
Assets acquired and liabilities assumed			
Property, plant, equipment and vehicles	**117 174**	**–**	**117 174**
Right-of-use assets	**7 162**	**–**	**7 162**
Intangible assets	**534 770**	**102 401**	**637 171**
Inventories	**75 624**	**–**	**75 624**
Trade and other receivables	**55 744**	**(688)**	**55 056**
Deferred tax	**(160 431)**	**(26 095)**	**(186 526)**
Lease liabilities	**(7 532)**	**–**	**(7 532)**
Trade and other payables	**(75 385)**	**(1 946)**	**(77 331)**
Total identifiable assets and liabilities	**547 126**	**73 672**	**620 798**
Total consideration transferred			
Cash	**761 305**	**8 309**	**769 614**
Deferred payment	**3 917**	**(3 917)**	**–**
	765 222	**4 392**	**769 614**
Net cash flow on acquisition of subsidiary			
Consideration paid in cash	**761 305**	**8 309**	**769 614**
	761 305	**8 309**	**769 614**
Goodwill			
Consideration	**765 222**	**4 392**	**769 614**
Less: Fair value of identifiable assets acquired and liabilities assumed	**(547 126)**	**(73 672)**	**(620 798)**
	218 096	**(69 280)**	**148 816**

7 BUSINESS COMBINATIONS

7.1 MG KAILIS continued

Property, plant, equipment and vehicles with a fair value of R117.2 million include fishing vessels with a carrying amount of R102.5 million, which approximates its fair value at acquisition date. The valuations for fishing vessels were performed by an independent valuator.

The intangible assets identified were fishing licences. The fair value was determined by an independent industry expert valuator with reference to the best estimate of a market participant's ability to generate economic benefits by using the asset in its highest and best use.

The fair value of trade and other receivables of R55.1 million includes trade receivables with a fair value of R47.3 million, which approximates the gross contractual amount.

Goodwill is attributable to the benefit of revenue growth, expected synergies and diversification into high-value species.

7.2 Impact of the acquisition on the results of the Group

	2022 R'000
Amounts included in the Group's results relating to MG Kailis since the date of acquisition:	
Revenue	**339 896**
Profit for the period	**50 620**
Results of the Group if MG Kailis had been consolidated from 1 January 2022:	
Revenue	**6 003 642**
Profit for the year	**293 613**

The directors consider these amounts to represent an approximate measure of the performance of the combined Group and to provide a reference point for comparison in future years.

Acquisition-related costs

Acquisition costs of R34.2 million for the period were recognised in profit or loss within other operating expenses.

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 2022 R'000	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
8.1 Related party loans		
Loans to related parties – non-current		
Vuna (joint venture of Brimstone Investment Corporation Limited)	**27 420**	27 420
Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited)	**45 068**	45 068
SeaVuna[1]	**40 990**	49 230
Total	**113 478**	121 718
8.2 Related party transactions		
Sales to related parties		
SeaVuna[1]	**29 570**	21 471
Recoveries and other income from related parties		
SeaVuna[1]	**26 374**	5 240
Purchases from related parties		
SeaVuna[1]	**283 906**	240 230

[1] *SeaVuna is a wholly-owned subsidiary of Vuna.*

9. STATED CAPITAL (NUMBER)

	REVIEWED YEAR ENDED 31 DECEMBER 2022	AUDITED YEAR ENDED 31 DECEMBER 2021
In issue (number)		
Ordinary shares	**298 866 214**	298 866 214
Held as treasury shares	**(22 530 877)**	(18 899 604)
	276 335 337	279 966 610

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

	TOTAL SHARES IN ISSUE	LESS TREASURY SHARES	TOTAL NET SHARES IN ISSUE
Opening balance	**298 866 214**	**18 899 604**	**279 966 610**
Shares repurchased	**–**	**6 385 471**	**(6 385 471)**
Shares vested	**–**	**(2 754 198)**	**2 754 198**
Closing balance	**298 866 214**	**22 530 877**	**276 335 337**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2022

10. CONTINGENT LIABILITIES AND COMMITMENTS

The Group has no contingent liabilities at the end of the year (2021: nil).

	REVIEWED YEAR ENDED 31 DECEMBER 2022 R'000	AUDITED YEAR ENDED 31 DECEMBER 2021 R'000
Capital commitments		
Budgeted capital expenditure is as follows:		
– contracted	**6 326**	21 189
– not contracted	**264 696**	197 914

11. CHANGE IN PRESENTATION OF THE FORFEITABLE SHARE SCHEME RESERVE

The Group previously presented treasury shares related to the Forfeitable Share Plan as a separate reserve in the statement of financial position (aggregated with other reserves in the condensed statement of financial position) and the remaining treasury shares were presented as a reduction in stated capital. The Group has established that it would be more appropriate for all treasury shares to be presented together as a reduction in stated capital.

Prior year amounts have been reclassified and the impact on the affected line items of the condensed consolidated statement of financial position is shown below.

The reclassification has no impact on the condensed consolidated statement of profit or loss, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity, or condensed consolidated statement of cash flows. There is also no impact on basic/headline earnings or diluted/diluted headline per share.

Impact of the reclassification on the condensed statement of financial position

	31 DECEMBER 2021		
	PREVIOUS PRESENTATION R'000	RECLASSIFICATION OF FORFEITABLE SHARE SCHEME RESERVE R'000	REVISED PRESENTATION R'000
EQUITY AND LIABILITIES			
Stated capital	1 832 487	(63 417)	1 769 070
Other reserves	(6 558)	63 417	56 859
Retained earnings	1 286 289	–	1 286 289
Attributable to shareholders of Sea Harvest Group Limited	3 112 218	–	3 112 218
Non-controlling interests	56 506	–	56 506
Capital and reserves	3 168 724	–	3 168 724

Impact of the reclassification on the condensed statement of financial position

	31 DECEMBER 2020		
	PREVIOUS PRESENTATION R'000	RECLASSIFICATION OF FORFEITABLE SHARE SCHEME RESERVE R'000	REVISED PRESENTATION R'000
EQUITY AND LIABILITIES			
Stated capital	1 809 038	(39 441)	1 769 597
Other reserves	(3 143)	39 441	36 298
Retained earnings	948 311	–	948 311
Attributable to shareholders of Sea Harvest Group Limited	2 754 206	–	2 754 206
Non-controlling interests	40 138	–	40 138
Capital and reserves	2 794 344	–	2 794 344

12. 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 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 completed in 2022 as well as the diversification introduced through the acquisitions of Mooivallei and BM Foods Group. The Aquaculture segment's assessment included the consideration of the growth rates, new product formats, new markets and customers as well as the status of lockdown restrictions in China and Hong Kong and freight costs from South Africa.

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 be able to operate within the limits of its existing banking facilities for at least 12 months from the reporting date of the condensed consolidated financial statements.

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 2022. 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.

THE CONTINUED IMPACT OF THE COVID-19 PANDEMIC ON THE AQUACULTURE OPERATION

As previously reported, the Aquaculture segment, with its main markets being in the Far East, continued to experience the negative effects of COVID-19 as a direct result of continued lockdown restrictions in China and Hong Kong, the curtailment of air freight, and associated high freight costs from South Africa.

The improved performance of the abalone business, combined with the closure of the mussel and trout businesses, have resulted in the segment reducing its operating losses for the year to R40.2 million (2021: R64 million). The news in December 2022 of China rolling back its strict COVID-19 protocols and the resumption of international flights scheduled for the second half of 2023 also bodes well for the segment.

The assessment of goodwill impairment for the Aquaculture operation as at 31 December 2022 indicates that the recoverable amount is in excess of the carrying amount of the cash generating unit. The directors will continue to assess the long-term effects of COVID-19 on the Aquaculture operation and the impact it has on the assessment of goodwill impairment.

13. EVENTS SUBSEQUENT TO THE REPORTING DATE

The Board of Directors recommended a gross and final cash dividend on 7 March 2023 amounting to 38 cents per share (2021: 56 cents per share), in respect of the year ended 31 December 2022.

There has not arisen in the interval between the reporting date and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect substantially the operations of the Group, the results of its operations, or the financial position of the Group.

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