THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The "Definitions and Interpretations" section of this Circular commencing on page 7 apply throughout including, where required, on this cover page.

Action required

If you are in any doubt as to the action you should take, please consult your Broker, CSDP, attorney, accountant, banker or other professional adviser immediately.

1. This Circular is important and should be read in its entirety, with particular attention to the section entitled "Action Required by Shareholders", commencing on page 4.
2. If you have disposed of all of your Shares, then this Circular, together with the attached Notice of General Meeting and form of proxy should be forwarded to the purchaser to whom, or the Broker, agent, CSDP or banker through whom you disposed of your Shares.

Sea Harvest does not accept any responsibility and will not be held liable for any failure on the part of any CSDP or Broker of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be concluded thereat.

SEA HARVEST GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2008/001066/06)
Share code: SHG ISIN: ZAE000240198
("Sea Harvest" or the "Company")

CIRCULAR TO SHAREHOLDERS

---

regarding:

- the acquisition by Sea Harvest Pelagic of the WP Fishing Shares, the WP Fishing Claims, the SSM Shares, and the SSM Claims from Terrasan Beleggings; and
- the acquisition by Sea Harvest Aquaculture of the Aqunion Shares and the Aqunion Claims from Terrasan Beleggings,

which will collectively be a Category 1 transaction in terms of the JSE Listings Requirements,

and enclosing:

- a notice convening the General Meeting; and
- a form of proxy for use by "own name" registered Dematerialised Shareholders only (*blue*).

Financial Advisor and Transaction Sponsor

Standard Bank

Legal Advisor to Sea Harvest

WEBBER WENTZEL
in alliance with > Linklaters

Independent Auditor to Sea Harvest

EY Building a better working world

Independent Auditor to Terrasan Group

bakertilly GREENWOODS

Date of issue: Friday, 26 January 2024

Additional copies of this Circular, in its printed format, may be obtained from the registered office of the Company and the Transaction Sponsor at the addresses set out in the "Corporate information" section of this Circular during normal business hours from Friday, 26 January 2024 up to and including, Monday, 26 February 2024, or on the Company's website at https://seaharvestgroup.co.za. Copies of this Circular are available in English only.

IMPORTANT LEGAL NOTICES

The "Definitions and Interpretations" section of this Circular commencing on page 7 apply *mutatis mutandis* to this "Important Legal Notices" section.

FORWARD-LOOKING STATEMENT DISCLAIMER

This Circular includes statements about Sea Harvest, Terrasan Group and/or the Target Group that are, or may be deemed to be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words such as "believe", "aim", "expect", "project", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "will", "estimated", "potential" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Sea Harvest cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Sea Harvest operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Sea Harvest, as communicated in publicly available documents by Sea Harvest, all of which estimates and assumptions, although Sea Harvest believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Sea Harvest or not currently considered material by Sea Harvest.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Sea Harvest, the Sea Harvest Group, Terrasan Group and/or the Target Group not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Sea Harvest has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

Any forward-looking statements have not been reviewed or reported on by the Independent Auditors to Sea Harvest and/or the Independent Auditor to Terrasan Group.

CORPORATE INFORMATION AND ADVISORS

Sea Harvest Group Limited

(Registration number: 2008/001066/06)
Date of incorporation: 18 January 2008
Place of incorporation: South Africa
Registered office:
1st Floor, Block C, The Boulevard
Searle Street
Woodstock
Western Cape
7925
(PO Box 761, Cape Town, 8001)

Company Secretary

Simone Shayanne Gounden
1st Floor, Block C, The Boulevard
Searle Street
Woodstock
Western Cape
7925
(PO Box 761, Cape Town, 8001)

Sea Harvest Pelagic Fishing Proprietary Limited

(Registration number: 2023/252425/07)
Date of incorporation: 5 December 2023
Place of incorporation: South Africa
Registered office:
1st Floor, Block C, The Boulevard
Searle Street
Woodstock
Western Cape
7925
(PO Box 761, Cape Town, 8001)

Sea Harvest Aquaculture Proprietary Limited

(Registration number: 2017/432271/07)
Date of incorporation: 27 September 2017
Place of incorporation: South Africa
Registered office:
1st Floor, Block C, The Boulevard
Searle Street
Woodstock
Western Cape
7925
(PO Box 761, Cape Town, 8001)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg
2196
(Private Bag X9000, Saxonwold, 2132)

Financial Advisor and Transaction Sponsor

The Standard Bank of South Africa Limited
(Registration Number 1962/000738/06)
3rd Floor, 30 Baker Street
Rosebank, Johannesburg
2196
(PO Box 61344, Marshalltown, 2107)

Independent Auditor to Sea Harvest

Ernst & Young Inc.
Practice number: 908207
3 Dock Road, Waterway House
V&A Waterfront, Cape Town
8001

Legal Advisors to Sea Harvest

Webber Wentzel
90 Rivonia Road
Sandton
Gauteng
2196
(PO Box 61771, Marshalltown, 2107)

Independent Auditor to Terrasan Group

Baker Tilly Greenwoods
(PO Box 695, Cape Town, 8000)
Practice number: 933171
13th Floor, Pier Place
31 Heerengracht Street, Cape Town
8001
(PO Box 3311, Cape Town, 8000)

CONTENTS

IMPORTANT LEGAL NOTICES	Inside front cover
CORPORATE INFORMATION AND ADVISORS	1
ACTION REQUIRED BY SHAREHOLDERS	4
IMPORTANT DATES AND TIMES	6
DEFINITIONS AND INTERPRETATIONS	7
CIRCULAR TO SHAREHOLDERS	
1. INTRODUCTION AND PURPOSE OF CIRCULAR	14
2. BACKGROUND TO THE ACQUISITIONS AND DESCRIPTION OF THE TARGET GROUP	15
3. PARTICULARS OF THE ACQUISITIONS	17
4. IRREVOCABLE UNDERTAKINGS	22
5. THE BUSINESS AND PROSPECTS OF SEA HARVEST AND THE TERRASAN GROUP COMPANIES	23
6. SPECIAL PURPOSE AGGREGATED CONDENSED HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP	24
7. *PRO FORMA* FINANCIAL EFFECTS OF THE ACQUISITIONS	24
8. ADDITIONAL INFORMATION	25
9. INFORMATION RELATING TO THE DIRECTORS OF SEA HARVEST	27
10. WORKING CAPITAL STATEMENT	27
11. LITIGATION STATEMENT	27
12. EXPENSES	27
13. GENERAL MEETING AND VOTING	28
14. OPINIONS AND BOARD'S RECOMMENDATION	28
15. DIRECTORS' RESPONSIBILITY STATEMENT	28
16. ADVISOR'S CONSENTS	28
17. INFORMATION INCORPORATED BY REFERENCE AND SUPPORTING DOCUMENTS	29
18. CONFLICTS	29
19. DOCUMENTS AVAILABLE FOR INSPECTION	29
ANNEXURE 1	31
TARGET GROUP SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021, 31 DECEMBER 2020	
ANNEXURE 2	93
INDEPENDENT AUDITOR'S AUDIT REPORT ON THE SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020	
ANNEXURE 3	96
SPECIAL PURPOSE AGGREGATED CONDENSED INTERIM HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023	

ANNEXURE 4 109

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE SPECIAL PURPOSE AGGREGATED CONDENSED INTERIM HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023

ANNEXURE 5 111

***PRO FORMA* CONSOLIDATED FINANCIAL INFORMATION OF SEA HARVEST**

ANNEXURE 6 119

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

ANNEXURE 7 121

MATERIAL BORROWINGS OF THE TARGET GROUP

ANNEXURE 8 124

MATERIAL ASSETS ACQUISITIONS FROM VENDORS OF THE TARGET GROUP

ANNEXURE 9 125

MATERIAL BORROWINGS OF SEA HARVEST

ANNEXURE 10 129

ENTITY OWNERSHIP INFORMATION

NOTICE OF GENERAL MEETING 134

FORM OF PROXY Attached

ACTION REQUIRED BY SHAREHOLDERS

The "Definitions and Interpretations" section of this Circular, commencing on page 7, apply throughout including to this "Action Required by Shareholders" section.

If you are in any doubt as to the action that you should take in relation to this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all of your Sea Harvest Shares, this Circular should be forwarded to the purchaser to whom, or the CSDP, Broker, banker or other agent through whom you have disposed of such Shares.

Sea Harvest Shareholders are requested to take careful note of the following provisions regarding the actions required by them in connection with this Circular.

1. GENERAL MEETING

Shareholders and any persons who are not Shareholders but who are entitled to exercise any voting rights in relation to the resolutions to be proposed at the General Meeting are invited to speak, vote and participate at the General Meeting, convened in terms of the Notice of General Meeting (which is attached to, and forms part of, this Circular) for purposes of considering and, if deemed fit, adopting, with or without modification, the resolutions set out in the Notice of General Meeting.

The General Meeting will be held at 16:00 on Monday, 26 February 2024, and will be conducted entirely by electronic communication. All persons who are entitled to attend the General Meeting will accordingly only be able to access, participate in and vote at the General Meeting electronically via an electronic facility. Sea Harvest Shareholders will have the opportunity to attend and participate in the General Meeting using a compatible smartphone, tablet or computer. Shareholders who wish to attend the General Meeting can access an online registration portal to register for electronic participation in the General Meeting (the "**Online Portal**") by following the link: https://meetnow.global/ZA (or type it into the web browser). Further details on the steps which need to be taken in order to access the electronic facility are provided in the Notice of General Meeting and the notes attaching thereto.

2. VOTING AND ATTENDANCE AT THE GENERAL MEETING

2.1 Dematerialised shareholders without "own name" registration

If you have Dematerialised your Shares without "own name" registration, then the following is relevant to you in connection with the General Meeting:

Voting at the General Meeting

- Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or to ascertain whether you wish to abstain from casting your vote) at the General Meeting and should thereafter cast your vote (or abstain from casting your vote) in accordance with your instructions.
- If your CSDP or Broker has not contacted you, it is advisable that you contact your CSDP or Broker and furnish it with your voting instructions.
- If your CSDP or Broker does not obtain voting instructions from you, it will be obliged to act in accordance with the agreed default position in your most recent mandate furnished to it.
- You must **not** complete the attached form of proxy (*blue*).

Attendance and representation at the General Meeting

- In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:
  - speak, vote and participate in, the General Meeting; or
  - appoint a proxy to represent you at the General Meeting.
- If you elect the former, your CSDP or Broker should issue the necessary letter of representation to you or your proxy to speak, vote and participate in, the General Meeting.

- In order to speak, vote and participate in, the General Meeting, you or your proxy will additionally need to take the steps required in order to access the electronic facility, as provided in the "Electronic participation" section in the Notice of General Meeting.

2.2 Dematerialised shareholders with "own name" registration

If you have Dematerialised your Shares with "own name" registration, then the following actions are relevant to you in connection with the General Meeting:

Voting, attendance and representation at the General Meeting

- You may speak, vote and participate in, the General Meeting yourself by registering to do so in the manner provided in the "Electronic Participation" section in the Notice of General Meeting.
- Alternatively, you may appoint one or more proxies to represent you at the General Meeting by completing the attached form of proxy (*blue*) in accordance with the instructions contained therein. In order for your proxy to speak, vote and participate in, the General Meeting, your proxy will additionally need to take the steps required in order to access the electronic facility, as provided in the "Electronic Participation" section in the Notice of General Meeting. A proxy need not be a Sea Harvest Shareholder. For the purpose of effective administration, it is requested that the form of proxy (*blue*) be lodged with, emailed to or posted to the Transfer Secretaries, to the addresses provided below, so as to reach the Transfer Secretaries on or before 16:00 on Friday, 23 February 2024:

Hand deliveries to:

Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue, Rosebank
Johannesburg
2196

Postal deliveries to:

Computershare Investor Services
Proprietary Limited
Private Bag X9000, Saxonwold
Johannesburg
2132

Email deliveries to:

proxy@computershare.co.za

If you do not lodge, email or post the form of proxy (*blue*) so as to reach the Transfer Secretaries on or before 16:00 on Friday, 23 February 2024, you will nevertheless be entitled to submit the form of proxy (*blue*) via e-mail to the Transfer Secretaries at proxy@computershare.co.za at any time prior to the proxy exercising any rights of the Sea Harvest Shareholder at the General Meeting, subject to the Transfer Secretaries verifying the proxy form and proof of identification before Shareholder rights are exercised at the General Meeting (or any adjournment thereof).

3. IDENTIFICATION OF SHAREHOLDERS AND PROXIES

In terms of section 63(1) of the Companies Act, before any person may speak, vote and participate in, the General Meeting, that person must present reasonably satisfactory identification, and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to speak and vote at, and participate in, the General Meeting, either as a Sea Harvest Shareholder, or as a proxy, has been reasonably verified. Acceptable forms of identification include a valid green barcoded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport. A Shareholder or its proxy must electronically provide the necessary proof of its identification in accordance with the relevant provisions of the Notice of General Meeting before such person will be entitled to speak, vote and participate in, the General Meeting. If the Shareholder is not an individual, the necessary proof of identification of the representative (such as her/his valid green barcoded, or smart card identification document issued by the South African Department of Home Affairs, South African driver's licence or valid passport) must be accompanied by a copy of a resolution by the relevant entity which sets out that the representative is authorised to represent the relevant entity at the General Meeting.

4. GENERAL

Shareholders are advised that the matters contemplated in this Circular may have different consequences for each Shareholder depending on the jurisdiction in which they reside and their other unique circumstances. Shareholders are accordingly advised to seek their own professional advice (including tax advice) in relation to matters contained in this Circular.

IMPORTANT DATES AND TIMES

The "Definitions and Interpretations" section of this Circular, commencing on page 7, apply throughout including to this "Important Dates and Times" section.

	2024
Notice record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to receive the Notice of General Meeting on	Friday, 19 January
Circular incorporating the Notice of General Meeting and Form of Proxy *(blue)*, distributed to Shareholders on	Friday, 26 January
Announcement of distribution of Circular and Notice of General Meeting released on SENS on	Friday, 26 January
Last day to trade Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below) on	Tuesday, 13 February
General Meeting record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 16 February
For administrative purposes only, forms of Proxy (*blue*) in respect of the General Meeting to be received by the Transfer Secretaries by no later than 16:00 on	Friday, 23 February
Forms of Proxy (*blue*) not lodged with the Transfer Secretaries to be handed to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholders at the General Meeting	Monday, 26 February
General Meeting of Shareholders to be held at 16:00 on	Monday, 26 February
Results of General Meeting released on SENS on	Monday, 26 February

Notes:

1. The above dates and times are subject to amendment at the discretion of Sea Harvest, with the approval of the JSE, to the extent required. Any amendments will be published on SENS.
2. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades take place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 13 February 2024 will not be eligible to attend, participate in and vote at the General Meeting.
3. Dematerialised Shareholders, other than those with Own-name Registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements between them and their CSDP or Broker.
4. If the General Meeting is adjourned or postponed, the above dates and times will change, but Forms of Proxy (*blue*) submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement of the General Meeting.
5. Although the salient dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act and the JSE Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
6. All dates and times indicated above are South African Standard Time.

DEFINITIONS AND INTERPRETATIONS

Throughout this Circular and the annexures hereto, unless inconsistent with the context, an expression which denotes one gender includes the other gender, a natural person includes a juristic person and association of persons and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

"**Acquisitions**"	the Aqunion Aquaculture Acquisition and the Saldanha Pelagic Acquisition;
"**Agri-Vie Fund II Mauritius**"	Agri-Vie Fund II Proprietary Limited, a limited liability company registered in accordance with the laws of Mauritius under registration number C16135895. The beneficial shareholding in Agri-Vie Fund II Mauritius is set out in Annexure 10;
"**Agri-Vie Fund II Partnership SA**"	Agri-Vie II Investments Proprietary Limited, a limited liability company registered in accordance with the laws of South Africa under registration number 2016/466285/07, acting as the general partner of the Agri-Vie Fund II SA Partnership LLP, South Africa. The beneficial shareholding in Agri-Vie Fund II Partnership SA is set out in Annexure 10;
"**Agri-Vie Parties**"	Agri-Vie Fund II Mauritius and Agri-Vie Fund II Partnership SA;
"**Agri-Vie Transaction**"	has the meaning ascribed thereto in paragraph 3.1 below;
"**Agri-Vie Transaction Agreement**"	the transaction agreement concluded between Terrasan Group, Terrasan Beleggings and the Agri-Vie Parties, on or about Monday, 15 January 2024, in respect of the Agri-Vie Transaction forming part of the Internal Reorganisation;
"**Announcement**"	the announcement published by Sea Harvest on SENS on Monday, 22 January 2024, in respect of the Acquisitions;
"**Aqunion**"	Aqunion Proprietary Limited (registration number 1995/001834/07), a private company duly incorporated in accordance with the laws of South Africa, at the Last Practicable Date, being a wholly-owned indirect subsidiary of Terrasan Group, and immediately after implementation of the Internal Reorganisation, the shares in which will be held by Terrasan Beleggings (holding 63.07% of the issued shares therein) and the Agri-Vie Parties (collectively holding 36.93% of the issued shares therein);
"**Aqunion Aquaculture Acquisition**"	the acquisition by Sea Harvest Aquaculture of the Aqunion Shares and the Aqunion Claims from Terrasan Beleggings;
"**Aqunion Claims**"	(i) 63.07% of all of all loan claims of whatsoever nature and however arising which any company within the Group of Terrasan Group, has against Aqunion, DCA, and Marifeed, as at 31 December 2023; and (ii) 63.07% of any claims that any company within the Group of Terrasan Group has against Aqunion, DCA, and Marifeed as a result of the Internal Reorganisation as at the Transaction Closing Date;
"**Aqunion MOI**"	the memorandum of incorporation of Aqunion;
"**Aqunion Shareholders' Agreement**"	the shareholders, agreement concluded between the Agri-Vie Parties and Sea Harvest Aquaculture on or about Thursday, 25 January 2024 in below., in respect of Aqunion;
"**Aqunion Shares**"	6,307 ordinary no par value shares in the issued share capital of Aqunion, held by Terrasan Beleggings, immediately after implementation of the Internal Reorganisation, constituting 63.07% of all the issued ordinary no par value shares in Aqunion;

"**Board**"	the board of directors of Sea Harvest from time to time, comprising, as at the Last Practicable Date, of those persons whose names appear on page 14 of this Circular;
"**Brimstone**"	Brimstone Investment Corporation Limited (registration number 1995/010442/06), a public company duly incorporated in accordance with the laws of South Africa and listed on the JSE under share code BRT and BRN. Brimstone currently holds 53.37% of the issued shares in Sea Harvest;
"**Broker**"	any person registered as a "**broking member (equities)**" in accordance with the provisions of the Financial Markets Act;
"**Business Day**"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"**Circular**"	this Circular dated Friday, 26 January 2024 to Shareholders, including all annexures and enclosures hereto and incorporating the Notice of General Meeting and Form of Proxy (*blue*);
"**Companies Act**"	Companies Act, No. 71 of 2008, as amended;
"**Company Secretary**"	the company secretary of Sea Harvest as appointed in terms of the Companies Act, from time to time, further particulars of which appear in the "**Corporate Information and Advisors**" section of this Circular;
"**Competition Act**"	Competition Act, No 89 of 1998, as amended;
"**Competition Authorities**"	the commission established pursuant to Chapter 4, Part A of the Competition Act or the tribunal established pursuant to Chapter 4, Part B of the Competition Act or the appeal court established pursuant to Chapter 4, Part C of the Competition Act, or the Constitutional Court, as the case may be;
"**Conditions Precedent**"	the conditions precedent to the Acquisitions as set out in paragraph 3.4 of this Circular;
"**Consideration Shares**"	60,000,000 (sixty million) Sea Harvest Shares, to be issued by Sea Harvest to Terrasan Beleggings in settlement of the Purchase Consideration, which, for the avoidance of doubt, shall exclude any rights, entitlements and/or other benefits in relation to the dividend declared or to be declared by Sea Harvest in relation to the financial year ending 31 December 2023 to its shareholders during 2024;
"**CSDP**"	Central Securities Depository Participant as defined in the Financial Markets Act, appointed by a Shareholder for purposes of, and in regard to, Dematerialisation of Sea Harvest Shares for the electronic settlement system operated by Strate;
"**Custody Agreement**"	a custody mandate agreement between a Dematerialised Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares;

"**DCA**"	Diamond Coast Abalone Proprietary Limited (registration number 2009/020215/07), a private company duly incorporated in accordance with the laws of South Africa, at the Last Practicable Date the shares in which are held by Terrasan Group (indirectly holding shares constituting 51% of the issued shares therein), Diamond Coast Employee Incentive Trust, under Master's Reference No. IT34217/210 (holding shares constituting 39% of the issued shares therein) and Aquastel Proprietary Limited (registration number 1999/016072/07) (holding shares constituting 10% of the issued shares therein) and immediately after implementation of the Internal Reorganisation, the shares in which will be held by Aqunion (holding shares constituting 51% of the issued shares therein), Diamond Coast Employee Incentive Trust, under Master's Reference No. IT34217/210 (holding shares constituting 39% of the issued shares therein) and Aquastel Proprietary Limited (registration number 1999/016072/07) (holding shares constituting 10% of the issued shares therein);
"**Dematerialise**" or "**Dematerialisation**"	the process by which certificated shares are converted into an electronic format as Dematerialised Shares and recorded on Sea Harvest's uncertificated securities register administered by a CSDP;
"**Dematerialised Shareholders**"	those Shareholders who hold Dematerialised Shares;
"**Dematerialised Shares**"	Shares which have been Dematerialised and incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
"**Director**"	a director on the Board;
"**Documents of Title**"	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Shares in question, acceptable to the Board;
"**Effective Date**"	1 January 2023;
"**Financial Markets Act**"	the Financial Markets Act, No. 19 of 2012, as amended;
"**Form of Proxy**"	for purposes of the General Meeting, the form of proxy (*blue*) for use only by Own-name Registered Dematerialised Shareholders;
"**General Meeting**"	the General Meeting of Shareholders to be held in electronic format only at 16:00 on Monday, 26 February 2024 convened in terms of the Notice of General Meeting and forming part of this Circular, together with any reconvened General Meeting held as a result of the adjournment or postponement of that General Meeting;
"**Group**"	in relation to any person, that person and its Subsidiaries from time to time;
"**HIK Abalone Farm**"	HIK Abalone Farm Proprietary Limited (registration number 1998/023580/07), a private company duly incorporated in accordance with the laws of South Africa and an existing minority shareholder in Marifeed. HIK Abalone Farm and/or their associates are not shareholders in Sea Harvest and/or Brimstone;
"**IFRS**"	the International Financial Reporting Standards as issued from time to time by the International Accounting Standards Board or its successor body as adopted or applied in South Africa;
"**Implementation Agreement**"	the implementation agreement concluded between Sea Harvest, Sea Harvest Aquaculture, Sea Harvest Pelagic, Terrasan Group, Terrasan Beleggings and the Agri-Vie Parties on or about Monday, 15 January 2024 to regulate *inter alia* the Internal Reorganisation and the Acquisitions;

"**Independent Auditor to Sea Harvest**" or "**E&Y**"	Ernst & Young Incorporated, a private company duly incorporated in accordance with the laws of South Africa, bearing practice number 908207, further particulars of which appear in the "**Corporate Information and Advisors**" section of this Circular;
"**Independent Auditor to Terrasan Group**" or "**BTG**"	Baker Tilly Greenwoods Chartered Accountants, a partnership duly established in accordance with the laws of South Africa, bearing practice number 933171, further particulars of which appear in the "**Corporate Information and Advisors**" section of this Circular;
"**Internal Reorganisation**"	has the meaning ascribed thereto in paragraph 3.1 below;
"**JSE**"	JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa and which is licensed as an exchange in terms of the Financial Markets Act;
"**JSE Listings Requirements**"	the Listings Requirements of the JSE, as amended;
"**La Vie Seafood**"	La Vie Seafood Products Proprietary Limited (registration number 1998/011837/07), a private company duly incorporated in accordance with the laws of South Africa, at the Last Practicable Date the shares in which are held by Clusten 30 (RF) Proprietary Limited (holdings shares constituting 42% of the issued shares therein), Business Venture Investments No. 2066 (RF) Proprietary Limited (holding shares constituting 37% of the issued shares therein), Business Venture Investments No. 2067 (RF) Proprietary Limited (holding shares constituting 7% of the issued shares therein), Business Venture Investments No. 2068 (RF) Proprietary Limited (holding shares constituting 12% of the issued shares therein), Business Venture Investments No. 2069 (RF) Proprietary Limited (holding shares constituting 2% of the issued shares therein), and holding 22% of the issued shares in West Point Processors as at the Last Practicable Date, all of which will be repurchased by West Point Processors pursuant to the Internal Reorganisation. The shareholding in the aforementioned shareholders of La Vie Sea is set out in Annexure 10;
"**Last Practicable Date**"	the last practicable date before finalisation of this Circular, which date was Monday, 15 January 2024;
"**Locked Box Date**"	1 January 2024;
"**Marifeed**"	Marifeed Proprietary Limited (registration number 2003/028712/07), a private company duly incorporated in accordance with the laws of South Africa, at the Last Practicable Date the shares in which are held by Terrasan Group (indirectly holding shares constituting 51.01% of the issued shares therein) and HIK Abalone Farm Proprietary Limited (holding shares constituting 48.99% of the issued shares therein) and immediately after implementation of the Internal Reorganisation, the shares in which will be held by Aqunion (holding shares constituting 51.01% of the issued shares therein) and HIK Abalone Farm (holding shares constituting 48.99% of the issued shares therein);
"**Marifeed MOI**"	the memorandum of incorporation of Marifeed;
"**MOI**"	the memorandum of incorporation of Sea Harvest;
"**Notice of General Meeting**"	the notice of the General Meeting of Shareholders, forming part of this Circular;
"**Own-name Registration**" or "**Own-name Registered**"	Shareholders who hold Shares that have been Dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;

"**Purchase Consideration**"	the consideration payable by Sea Harvest Pelagic and Sea Harvest Aquaculture, as applicable, as consideration for the Acquisitions, as set out in paragraph 3.3;
"**Rand**" or "**R**"	South African Rand;
"**Register**"	the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
"**Romansbaai Land**"	Portion 2 of the Klipfontein Farm No 711 Gansbaai, held under Title Deed No T6678/2004;
"**Saldanha Foods**"	Saldanha Foods Proprietary Limited (registration number 1999/012476/07), a private company duly incorporated in accordance with the laws of South Africa, as at the Last Practicable Date the shares in which are held by Terrasan Group (indirectly holding 60% of the issued shares therein) and Saldanha Foods Employee Trust (holding 40% of the issued shares therein); and immediately after implementation of the Internal Reorganisation, which will be an indirect wholly-owned subsidiary of Terrasan Group;
"**Saldanha Foods Employee Trust**"	the Trustees for the Time Being of the Saldanha Foods Employee Trust, (Masters reference number IT 1665/2013), a trust registered in accordance with the laws of South Africa;
"**Saldanha Pelagic Acquisition**"	the acquisition by Sea Harvest Pelagic of the WP Fishing Shares, the WP Fishing Claims, the SSM Shares, and the SSM Claims from Terrasan Beleggings;
"**Sea Harvest**" or the "**Company**"	Sea Harvest Group Limited (registration number 2008/001066/06), a public company duly incorporated in accordance with the laws of South Africa and listed on the JSE under share code SHG, further particulars of which appear in the "**Corporate Information and Advisors**" section of this Circular;
"**Sea Harvest Aquaculture**"	Sea Harvest Aquaculture Proprietary Limited (registration number 2017/432271/07), a private company duly incorporated in accordance with the laws of South Africa, further particulars of which appear in the "**Corporate Information and Advisors**" section of this Circular, being a wholly-owned subsidiary of Sea Harvest;
"**Sea Harvest Corporation**"	Sea Harvest Corporation Proprietary Limited (registration number 2008/024147/07), a private company duly incorporated in accordance with the laws of South Africa, further particulars of which appear in the "**Corporate Information and Advisors**" section of this Circular, being a wholly-owned subsidiary of Sea Harvest;
"**Sea Harvest Pelagic**"	Sea Harvest Pelagic Fishing Proprietary Limited (registration number 2023/252425/07), a private company duly incorporated in accordance with the laws of South Africa, further particulars of which appear in the "**Corporate Information and Advisors**" section of this Circular, being a wholly-owned subsidiary of Sea Harvest Corporation;
"**SENS**"	Stock Exchange News Service of the JSE;
"**Share Purchase Agreement**"	the share purchase agreement concluded between Sea Harvest Pelagic, Sea Harvest Aquaculture, Sea Harvest, Terrasan Beleggings. and Terrasan Group, on or about Friday, 12 January 2024, in respect of the Acquisitions;

"**Shareholders**" or "**Sea Harvest Shareholders**"	registered holders of Shares;
"**Shares**" or "**Sea Harvest Shares**"	ordinary no par value shares in the issued share capital of Sea Harvest and which shares are listed on the JSE;
"**South Africa**"	the Republic of South Africa;
"**SSM**"	Saldanha Sales and Marketing Proprietary Limited (registration number 1949/034559/07), a private company duly incorporated in accordance with the laws of South Africa, further particulars of which appear in the "**Corporate Information and Advisors**" section of this Circular, at the Last Practicable Date and immediately after the Internal Reorganisation, being a wholly-owned subsidiary of Terrasan Beleggings;
"**SSM Claims**"	(i) 100% of all loan claims of whatsoever nature and however arising which any company within the Group of Terrasan Group has against SSM and West Point Processors as at 31 December 2023; and (ii) 100% of any claims which any company in the Group of Terrasan Group has against SSM and West Point Processors as a result of the Internal Reorganisation as at the Transaction Closing Date;
"**SSM Shares**"	101 ordinary no par value shares in the issued share capital of SSM, held by Terrasan Beleggings, immediately after implementation of the Internal Reorganisation, constituting 100% of all the issued ordinary no par value shares in SSM;
"**Strate**"	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, being a licensed central securities depository in terms of section 1 of the Financial Markets Act and the entity that manages the electronic custody, clearing and settlement environment for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
"**Subsidiary**"	a "**subsidiary**" as defined in the Companies Act, but also includes an entity which would have been a subsidiary company as defined in the Companies Act had the entity been a company or been incorporated in South Africa;
"**Target Group**"	collectively, Aqunion, SSM, WP Fishing, West Point Processors, Marifeed and DCA;
"**Terrasan Beleggings**"	Terrasan Beleggings Proprietary Limited (registration number 1983/009645/07), a private company duly incorporated in accordance with the laws of South Africa, at the Last Practicable Date and immediately after implementation of the Internal Reorganisation being a wholly-owned subsidiary of Terrasan Group;
"**Terrasan Group**"	Terrasan Group Limited (registration number 1963/005230/06), a public company duly incorporated in accordance with the laws of South Africa, at the Last Practicable Date the shares in which are held by the Agri-Vie Parties (holding shares constituting 23.04% of the issued shares therein), Clusten 30 (RF) Proprietary Limited (holding shares constituting 16.39% of the issued shares therein), Business Venture Investments No. 2066 (RF) Proprietary Limited (holding shares constituting 14.17% of the issued shares therein), Old Mutual Life Assurance Company (SA) Limited (holding shares constituting 5.28% of the issued shares therein, and more than 250 other minority shareholders each holding less than 5% of the issued shares therein. None of these shareholders and/or their associates are related parties to Sea Harvest and/or Brimstone;

"**Terrasan Building**"	the immovable property on which the Terrasan head office building is situated, i.e., the building at 2 Kiepersol Close, Plattekloof 3, Cape Town, 7605;
"**Transaction Closing Date**"	the first Business Day of the month following the month in which all of the Conditions Precedent to the Share Purchase Agreement are fulfilled or waived, as the case may be, anticipated as the date set out in paragraph 3.5;
"**Transaction Documents**"	collectively – (i) the Share Purchase Agreement; (ii) the Implementation Agreement; (iii) the Aqunion MOI; and (iv) the Aqunion Shareholders' Agreement;
"**Transfer Secretaries**"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa, further particulars of which appear in the "**Corporate Information and Advisors**" section of this Circular;
"**West Point Processors**"	West Point Processors Proprietary Limited (registration number 1990/007321/07), a private company duly incorporated in accordance with the laws of South Africa, at the Last Practicable Date, the shares in which are held by SSM (holding 68.27% of the issued shares therein), WP Fishing (holding 9.73% of the issued shares therein), and La Vie Seafood (holding 22% of the issued shares therein); and immediately after implementation of the Internal Reorganisation the shares in which are held by SSM (holding shares constituting 87.53% of the issued shares therein) and WP Fishing (holding shares constituting 12.47% of the issued shares therein);
"**WP Fishing**"	West Point Fishing Corporation Proprietary Limited (registration number 1948/031765/07), a private company duly incorporated in accordance with the laws of South Africa, at the Last Practicable Date, being a wholly-owned subsidiary of Saldanha Foods and immediately after implementation of the Internal Reorganisation, being a wholly-owned subsidiary of Terrasan Beleggings;
"**WP Fishing Claims**"	(i) 100% of all loan claims of whatsoever nature and however arising which any company in the Group of Terrasan Group, has against WP Fishing as at 31 December 2023, and (ii) 100% of all claims of whatsoever nature and however arising which any company in the Group of Terrasan Group has against WP Fishing as a result of the Internal Reorganisation as at the Transaction Closing Date;
"**WP Fishing Shares**"	88 300 ordinary no par value shares in the issued share capital of WP Fishing, held by Terrasan Beleggings, immediately after implementation of the Internal Reorganisation, constituting 100% of all the issued ordinary no par value shares in WP Fishing; and
"**VWAP**"	volume weighted average price.

SEA HARVEST GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2008/001066/06)
Share code: SHG ISIN: ZAE000240198
("Sea Harvest" or the "Company")

Directors

Executive:

F Ratheb *(Group Chief Executive Officer)*
M Brey (*Group Chief Financial Officer)*

Non-executive:

BM Rapiya (*Lead independent non-executive director*)
F Roberston *(Chairperson)*
WA Hanekom *(Independent non-executive director)*
CK Zama *(Independent non-executive director)*
KA Lagler *(Independent non-executive director)*
MI Khan *(Non-executive director)*
T Moodley *(Non-executive director)*

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF CIRCULAR

Shareholders are referred to the Announcement, released on SENS on Monday, 22 January 2024 in terms of which Shareholders were advised that the Share Purchase Agreement and the Implementation Agreement had been entered into in respect of the following:

- the Saldanha Pelagic Acquisition, being the acquisition by Sea Harvest Pelagic of 100% of certain of Terrasan's subsidiaries engaged in the catching, processing and sale of pelagic fish; and
- the Aqunion Aquaculture Acquisition, being the acquisition by Sea Harvest Aquaculture of 63.07% of certain of Terrasan's subsidiaries engaged in the farming, processing and sale of abalone.

In terms of the Acquisitions, Sea Harvest, through its subsidiaries Sea Harvest Pelagic and Sea Harvest Aquaculture, will acquire the SSM Shares, SSM Claims, WP Fishing Shares, WP Fishing Claims, Aqunion Shares, and Aqunion Claims for an initial purchase consideration, and two deferred consideration payments.

The initial purchase consideration in respect of the Acquisitions is R964 837 829 (nine hundred and sixty-four million eight hundred and thirty-seven thousand eight hundred and twenty-nine Rand) (subject to adjustments as contemplated in paragraph 3.3.1 below), and will be settled on the Transaction Closing Date through:

- the issue of the Consideration Shares, at an issue price of R10.00 (ten Rand) per share based on the 60-day VWAP of the Sea Harvest Shares for the 60 trading days before 13 December 2023 (being the first announcement date of the Acquisitions) but which was subject to a minimum issue price of R10.00 (ten Rand) per share; and
- a cash payment of R364 837 829 (three hundred and sixty-four million eight hundred and thirty-seven thousand eight hundred and twenty-nine Rand), subject to adjustments as contemplated in paragraph 3.3.1 below).

Two deferred consideration payments (of which details are set out in paragraph 3.3.2 and 3.3.3 below) are subject to the Target Group achieving profit targets in the financial years ended 31 December 2023 and ending 31 December 2024, respectively.

The Acquisitions will collectively be a Category 1 transaction in terms of the JSE Listings Requirements and accordingly, approval by Shareholders at the General Meeting is required.

The purpose of this Circular is to:

- provide Shareholders with the requisite information in accordance with the JSE Listings Requirements regarding the Acquisitions so as to enable Shareholders to make an informed decision on how they will vote on the resolutions set out in the Notice of the General Meeting enclosed with this Circular; and
- provide Shareholders with the Notice of General Meeting for the purpose of convening the General Meeting at which the resolutions required to be adopted to approve and authorise the implementation of the Acquisitions will be considered and, if deemed fit, approved by Shareholders.

Brimstone has provided an irrevocable undertaking to Sea Harvest confirming that it will vote its Sea Harvest Shares or procure the voting of such shares to approve the Acquisitions at the General Meeting. Such undertaking is subject to Brimstone obtaining requisite approval from Brimstone's shareholders (and Brimstone has obtained irrevocable undertakings by certain of its shareholders to vote in favour thereof).

2. BACKGROUND TO THE ACQUISITIONS AND DESCRIPTION OF THE TARGET GROUP

2.1 Background to the Acquisitions

Following its listing on the JSE in 2017, Sea Harvest has actively sought to grow organically and via acquisitions in the fishing and aquaculture sectors in line with the Company's strategy and vision of becoming one of the largest black-owned diversified global seafood businesses. Sea Harvest was established in 1964 in Saldanha Bay on the West Coast of South Africa, and since then has developed into the diversified and transformed business of today. The principal seafood business of Sea Harvest is the fishing of Cape hake in South Africa as well as Shark Bay and Exmouth prawns in Australia, the processing of the catch into value-added frozen and non-frozen seafood for marketing and sale, the sustainable farming of abalone and the marketing of abalone. Sea Harvest has also, relatively recently, acquired Ladismith Cheese and BM Foods with the vision of becoming one of the larger diversified black-owned and managed agri-businesses on the JSE. Further information on Sea Harvest is available online at https://seaharvestgroup.co.za.

2.2 Description of the Target Group

The Target Group comprise two businesses:

- **Saldanha**:

  Saldanha 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. Saldanha comprises of SSM and WP Fishing (and will collectively immediately after implementation of the Internal Reorganisation hold 100% of the shares in West Point Processors).

  Founded in 1905 and employing 606 people, Saldanha (through WP Fishing) operates a fishing fleet that catches sardines and anchovies (under its 15-year fishing rights recently renewed in the 2020 Fishing Rights Application Process). From this catch (and those of third-parties and imported raw materials) SSM (through its subsidiary West Point Processors) 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).

  The Saldanha Pelagic Acquisition comprises of 100% of SSM and WP Fishing (which will immediately after implementation of the Internal Reorganisation collectively hold 100% of the shares in West Point Processors).

  Saldanha holds 11.51% of the anchovy quota and 5.05% of the pilchard quota, recently renewed for 15-years in the 2020 Fishing Rights Application Process.

  Sea Harvest holds 0.6% of the anchovy quota and 2.7% of the pilchard quota – the Saldanha Pelagic Acquisition will allow Sea Harvest to leverage its own limited quota into higher value products.

- **Aqunion**:

  Founded in 1994, Aqunion is one of South Africa's leading vertically integrated abalone businesses selling approximately 540 tons of abalone per annum. Abalone are produced at two farms located in Hermanus and Gansbaai, while Aqunion's processing facility – also located in Hermanus – produces dried and canned abalone (under the "Aqunion" brand), which along with live abalone, are sold across the Far East.

  Employing 430 people, Aqunion has a mature and stable abalone biomass spread across its facilities, complemented by a strong and diversified customer base.

  Immediately after implementation of the Internal Reorganisation, Aqunion will hold 51.01% of the issued shares in Marifeed, a specialised aquaculture feed manufacturing business, and 51% of the issued shares in DCA.

  The Aqunion Aquaculture Acquisition comprises 63.07% of the issued shares in Aqunion (which will hold controlling shareholdings in Marifeed and DCA, as contemplated above). The remaining 36.93% of the issued shares in Aqunion will be held by the Agri-Vie Parties, collectively.

2.3 Description of Terrasan Beleggings

Terrasan Beleggings is a wholly-owned subsidiary of Terrasan Group, an investment holding company established in South Africa in 1963 which currently holds, *inter alia*, Saldanha and Aqunion.

With a wide and empowered shareholder base, Terrasan Group (through Terrasan Beleggings) brings to Sea Harvest complementary knowledge and experience in the fishing and aquaculture industries.

2.4 Rationale for the Acquisitions

A notable step in the execution of Sea Harvest's strategy to grow and diversify its business in the South African fishing and aquaculture sectors, the Acquisitions meet Sea Harvest Group's investment criteria. Sea Harvest is confident that the Acquisitions will create value through:

a. the diversification into wild caught pelagic species and their processed products, including fish oil, fish meal and canned fish;

b. rounding out the Sea Harvest Group's exposure to the South African fishing industry and providing exposure to all material fisheries in South Africa;

c. enabling Sea Harvest to add value through maximum beneficiation to its own sardine and anchovy pelagic quota;

d. adding the 118-year old Saldanha brand to Sea Harvest;

e. the counter-cyclicality of the pelagic fishery relative to the hake fishery; and

f. the addition of a mature, cash generative abalone business with a diversified customer base and markets to Sea Harvest's existing abalone operations.

The Acquisitions represent investments in profitable businesses with high barriers to entry, good margins and sound cash generation. The Acquisitions generate hard currency earnings (in the case of Aqunion, almost 100% of its revenue), while Saldanha has renewed its fishing rights for 15 years in the recently concluded 2020 Fishing Rights Allocation Process. There is limited overlap between Sea Harvest's existing fishing business and Saldanha, while Aqunion's business, with its steady-state mature biomass, is complementary to Sea Harvest's own aquaculture business.

The Acquisitions will have a positive impact on the fishing and abalone industries in South Africa, and the communities in which Sea Harvest and Terrasan operate as it will:

- create a stronger merged business able to continue its contributions as a key employer and good corporate citizen to the communities of Saldanha Bay, St. Helena Bay, Gansbaai, Buffeljags, Kleinzee and Hermanus;
- significantly increase black ownership in the fishing and abalone industries due to the strong transformation credentials of Sea Harvest;
- create a liquidity event for Terrasan after many years of investment, while also continuing their involvement in the fishing and abalone industries through a valuable shareholding in Sea Harvest;
- generate liquidity for the beneficiaries of the Saldanha Foods Employee Trust (through their disposal of their indirect interest in WPP);

- allow the combined business flexibility to land pilchards on both the West and East Coast of South Africa thereby utilising their assets more efficiently allowing for Sea Harvest to sustain its Mossel Bay facility and employment;
- the 2020 Fishing Rights Allocation Process resulted in volume losses for both Sea Harvest and Terrasan. The Acquisition will preserve jobs as the combined volumes are beneficiated resulting in the sustainability of processing facilities in the rural towns of St. Helena Bay, Gansbaai and Mossel Bay;
- strengthen (through consolidation) South Africa's export focused abalone industry – the combination of the abalone businesses creates a stronger business in an industry hurt by Covid-19; and
- broadens Sea Harvest's shareholder base.

The Acquisitions represent material progress in Sea Harvest's ambition of becoming a black owned global seafood business.

3. PARTICULARS OF THE ACQUISITIONS

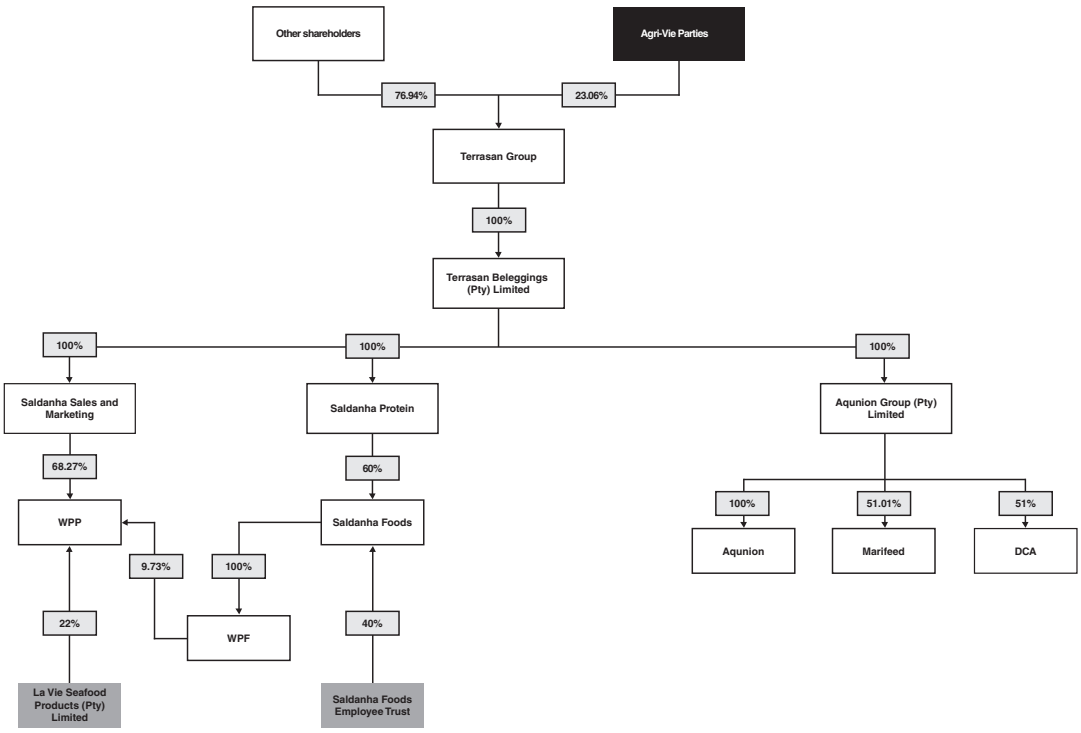
3.1 Internal reorganisation

- Prior to the implementation of the Acquisitions, Terrasan Group will implement an internal reorganisation of its Group (the "**Internal Reorganisation**"). As part of the Internal Reorganisation, in terms of the Agri-Vie Transaction Agreement, the Agri-Vie Parties will dispose of their 23.06% shareholding in Terrasan Group to Terrasan Beleggings (the "**Agri-Vie Transaction**");
- Terrasan Group will repurchase the aforementioned shares acquired by Terrasan Beleggings in Terrasan Group (the "**Terrasan Repurchase**"); and
- Agri-Vie Parties will collectively acquire 36.93% of the issued shares in Aqunion.

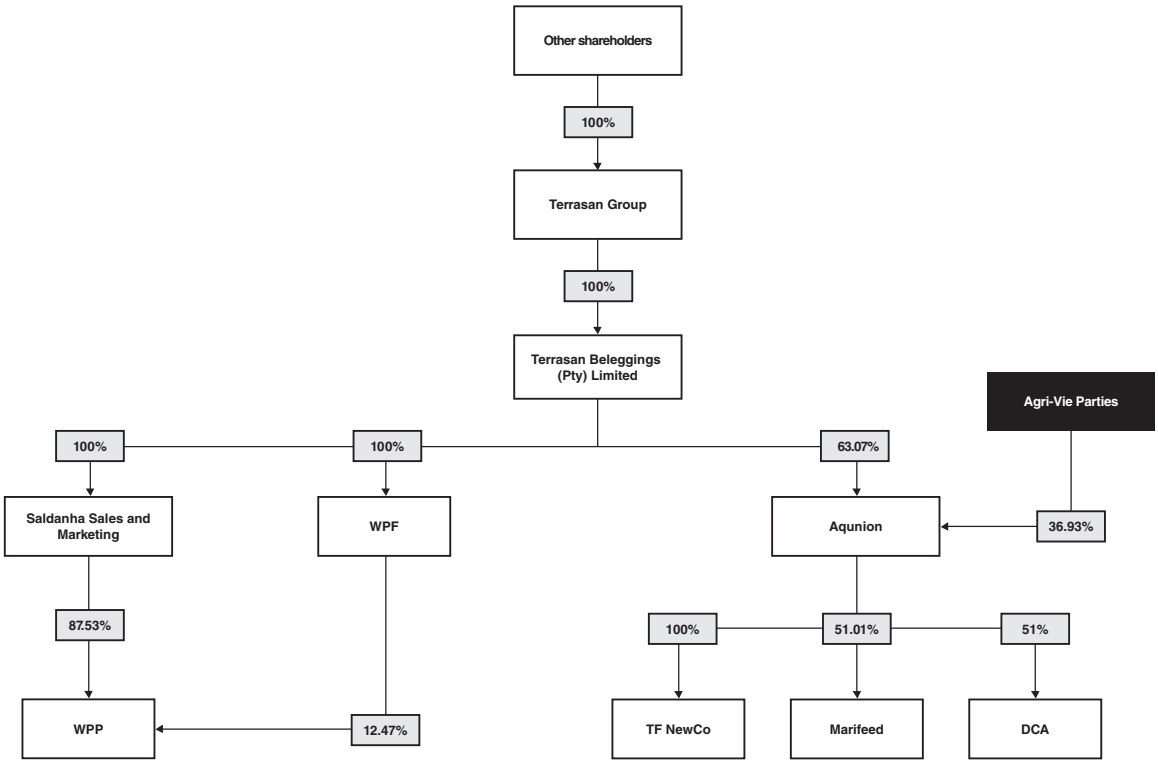
Prior to the implementation of the Acquisitions, Terrasan Group will procure that the Terrasan Building and the Romansbaai Land is transferred into the names of SSM and Aqunion respectively.

3.2 Shareholding structures

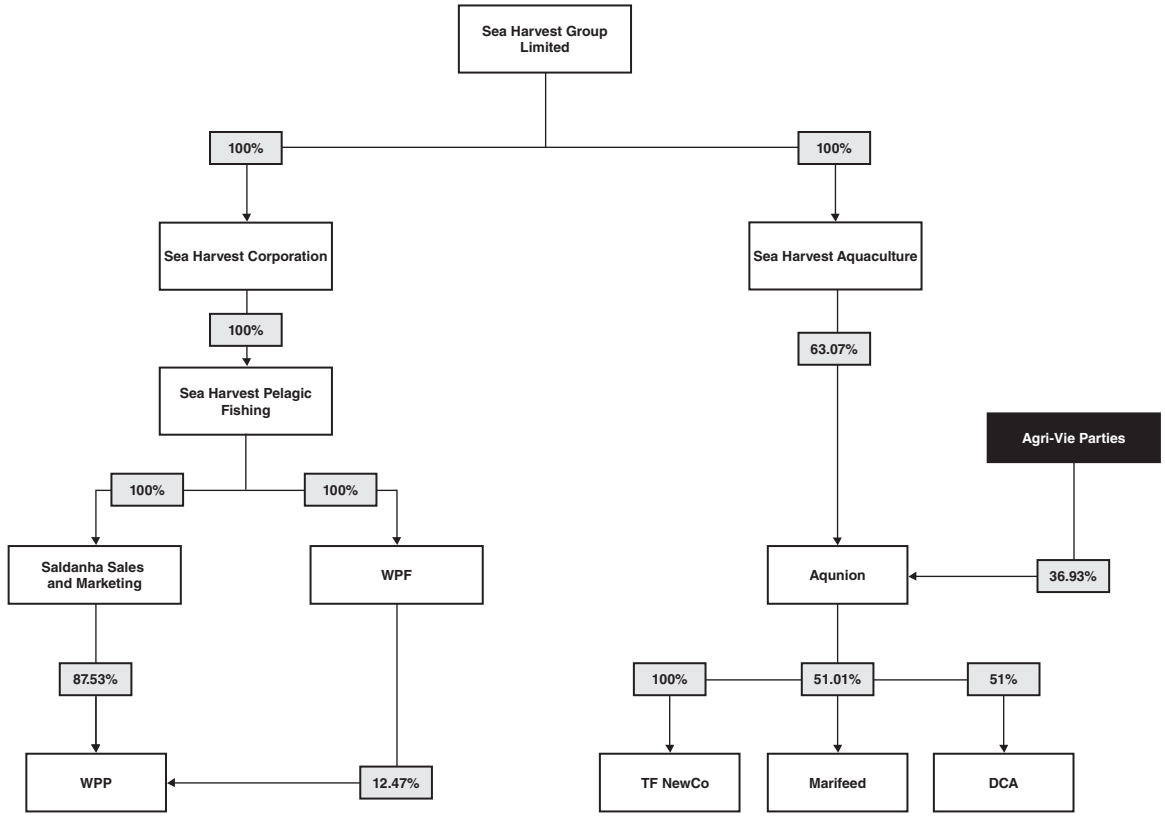
The shareholding structure of the Target Group as at the Last Practicable Date and prior to implementation of the Internal Reorganisation is as set out below:



The shareholding structure of the Target Group immediately after implementation of the Internal Reorganisation, but prior to implementation of the Acquisitions is as set out below:



The shareholding structure of the Target Group after implementation of the Acquisitions is as set out below:



3.3 Salient terms of the Acquisition

3.3.1 Purchase Consideration and Payment

Sea Harvest, through its subsidiaries Sea Harvest Pelagic and Sea Harvest Aquaculture, will acquire the SSM Shares, SSM Claims, WP Fishing Shares, WP Fishing Claims, Aqunion Shares, and Aqunion Claims in terms of the Share Purchase Agreement for an initial purchase consideration, and two deferred consideration payments.

The initial purchase consideration in respect of the Acquisitions is R964 837 829 (nine hundred and sixty-four million eight hundred and thirty-seven thousand eight hundred and twenty-nine Rand) (the "**Base Amount**") (subject to the Adjustment Amounts as contemplated below), and will be settled on the Transaction Closing Date through:

a) the issue by Sea Harvest of the Consideration Shares, at an issue price of R10.00 (ten Rand) per share based on the 60-day VWAP of the Sea Harvest Shares for the 60 trading days before Wednesday, 13 December 2023 (being the first announcement date of the Acquisitions) but which was subject to a minimum issue price of R10.00 (ten Rand) per share; and

b) a cash payment equal to R364 837 829 (three hundred and sixty-four million eight hundred and thirty-seven thousand eight hundred and twenty-nine Rand), subject to the Adjustment Amounts as contemplated below.

The details of the two deferred consideration payments are set out in paragraphs 3.3.2 and 3.3.3 below.

Adjustment Amounts

The Base Amount may be adjusted subject to the Target Group:

(i) retaining an agreed sustainable level of net working capital (as contemplated below); and

(ii) being acquired on a cash free and debt free basis.

The Base Amount may further be adjusted in the event that Terrasan Group (pursuant to the Internal Reorganisation) repays any loan that any Target Group company has made to any Terrasan Group company (excluding any Target Group company), in each case as at 31 December 2023, that have not been settled in the manner contemplated in the Share Purchase Agreement.

The agreed sustainable level of net working capital is an aggregate (i.e. on the basis of 100% of Saldanha and 63.07% of Aqunion) amount of R310,124,271 (three hundred and ten million one hundred and twenty-four thousand two hundred and seventy-one Rand) comprising of an amount of (i) R68,100,791 (sixty-eight million one hundred thousand seven hundred and ninety-one Rand) in respect of the 63.7% stake in Aqunion, DCA and Marifeed, and (ii) R242,023,480 (two hundred forty-two million twenty three thousand four hundred and eighty Rand) in respect of SSM, WP Fishing and West Point Processors respectively. The agreed sustainable level of net working capital in respect of the Target Group on a 100% basis is R350,000,000 (three hundred and fifty million Rand).

To the extent that any leakage (as defined in the Share Purchase Agreement) is identified in respect of the Target Group in the period between the Locked Box Date and the Transaction Closing Date, Sea Harvest Pelagic and Sea Harvest Aquaculture may elect to:

- set off the amount of the leakage against any liability owing by Sea Harvest Pelagic and Sea Harvest Aquaculture to Terrasan Beleggings; or
- require that Terrasan Beleggings pay to Sea Harvest Pelagic and Sea Harvest Aquaculture the amount of the leakage.

An appropriate closing accounts mechanism has been developed to account for the above requirements, and to account for any potential leakage identified.

3.3.2 **The first performance linked earnout of up to R98 452 840:**

a) The first performance linked earnout is an amount of up to R98 452 840 (ninety-eight million four hundred and fifty-two thousand eight hundred and forty Rand) payable in cash;

b) No part of the first performance linked earn out shall be payable unless the Target Group achieves a combined minimum attributable net profit after tax of at least R160 000 000 (one hundred and sixty million Rand) for the financial year ended 31 December 2023;

c) For every R1 (one Rand) of attributable net profit after tax greater than R160 000 000 (one hundred and sixty million Rand) earned in the financial year ended 31 December 2023, Sea Harvest will pay R4.92 (four Rand and ninety-two cent), subject to a maximum of R98 452 840 (ninety-eight million four hundred and fifty-two thousand eight hundred and forty Rand) (which equates to R180 000 000 (one hundred and eighty million Rand) attributable net profit after tax); and

d) The parties to the Share Purchase Agreement record therein that the first performance linked earnout has been settled by way of cash generated by the Target Group from the Effective Date up to and including the Locked Box Date.

3.3.3 **The second performance linked earnout of up to R157 524 543:**

a) The second performance linked earnout is an amount of up to R157 524 543 (one hundred and fifty-seven million five hundred and twenty-four thousand five hundred and forty-three Rand) payable in cash;

b) No part of the second performance linked earn out shall be payable unless the Target Group achieves a combined minimum attributable net profit after tax of at least R180 000 000 (one hundred and eighty million Rand) for the financial year ending 31 December 2024;

c) For every R1 (one Rand) of attributable net profit after tax greater than R180 000 000 (one hundred and eighty million Rand) earned in the financial year ended 31 December 2024, Sea Harvest will pay R5.25 (five Rand and twenty-five cent), subject to a maximum of R157 524 543 (one hundred and fifty-seven million five hundred and twenty-four thousand five hundred and forty-three Rand) (which equates to R210 000 000 (two hundred and ten million Rand) attributable net profit after tax); and

d) The second performance linked earnout shall be settled in cash by electronic funds transfer by 30 June 2025, or, if the audited annual financial statements of the Target Group are not finalised before then, within 30 business days after the audited annual financial statements for the 2024 financial year having been finalised.

3.4 **Conditions Precedent**

The Share Purchase Agreement is subject to the fulfilment or waiver of the following outstanding conditions precedent by no later than 30 June 2024 or such later date notified or agreed to in terms of the Share Purchase Agreement:

a) the relevant shareholder approvals in respect of the entry into and implementation of the Acquisitions by the parties thereto including Sea Harvest, Brimstone and Terrasan Group;

b) the transaction documents (as defined in the Share Purchase Agreement) becoming unconditional in accordance with their terms (save for any provision thereof requiring the Share Purchase Agreement to become unconditional);

c) HIK Abalone Farm consenting to the transactions contemplated in the Implementation Agreement and waiving in writing any and all of its rights which it may have in terms of the Marifeed MOI, or otherwise, to exercise any of its rights in relation to the forced sale provisions contemplated in the Marifeed MOI;

d) Terrasan Beleggings procuring the unconditional written approval in respect of the Acquisitions from each of the counterparties to the material contracts as contemplated in the Share Purchase Agreement;

e) Terrasan Beleggings delivering written confirmation in a form acceptable to Sea Harvest that the agreements contemplated in the Share Purchase Agreement which have expired, have been renewed; and

f) Absa Bank approving the terms of the transaction documents (as defined in the Share Purchase Agreement) and transactions contemplated therein to the extent required in terms of the funding and security documentation entered into in respect of the Target Group companies and consenting to the release of any security to the extent necessary.

The Implementation Agreement is subject to the fulfilment or waiver of the following outstanding conditions precedent by no later than 30 June 2024 or such later agreed in terms of the Implementation Agreement:

a) all requisite regulatory approvals required to implement the Acquisitions are obtained, including from the Competition Authorities, the Minister or his/her delegated authority at the Department of Forestry, Fisheries and the Environment, the Takeover Regulation Panel, and the JSE;

b) all approvals (whether regulatory or otherwise but excluding corporate approvals) required to implement the Acquisitions are obtained either unconditionally (or if such approval is conditional, each of the parties on whom such conditions are imposed having approved such condition(s) in writing (acting reasonably) and delivered such approval to the other party);

c) each of the requisite shareholder resolutions of Terrasan Group in relation to the Acquisitions and the Terrasan Repurchase (including in terms of section 115(2)(b) read with section 112 of the Companies Act in respect of the Acquisitions, and section 48(8) read with sections 114 and 115 of the Companies Act in respect of the Terrasan Repurchase) (the "**Terrasan Group Resolutions**") being approved by the requisite majority of votes of the Terrasan Group shareholders;

d) either:

   i. no Terrasan Group shareholder (i) gives notice objecting to all or any of the relevant Terrasan Group Resolutions, as contemplated in section 164(3) of the Companies Act nor (ii) votes against all or any of the relevant Terrasan Group Resolutions at the Terrasan Group general meeting; or

   ii. if any Terrasan Group shareholder gives notice objecting to all or any of the relevant Terrasan Group Resolutions, as contemplated in section 164(3) of the Companies Act and then votes against all or any of the relevant Terrasan Group Resolutions at the Terrasan Group general meeting, Terrasan Group shareholders holding no more than 2.5% of all of the issued shares in Terrasan Group gives such notice and vote against all or any of the relevant Terrasan Group Resolutions at the Terrasan Group general meeting; or

   iii. if any Terrasan Group shareholder gives notice objecting to all or any of the relevant Terrasan Group Resolutions, as contemplated in section 164(3) of the Companies Act and then votes against all or any of the Terrasan Group Resolutions at the Terrasan Group general meeting in respect of more than 2.5% of all of the issued Terrasan Group Shares, such shareholders exercise their appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of no more than 2.5% of all the issued shares in Terrasan Group within the maximum period permitted by the Companies Act;

e) if any person who voted against the relevant Terrasan Group Resolutions applies to the High Court of the South Africa ("**Court**") for a review of all or any of those resolutions in terms of section 115(3)(b) and section 115(6) of the Companies Act, either:

   i. leave to apply to Court for any such review is refused; or

   ii. if leave is so granted, the Court refuses to set aside the relevant Terrasan Group Resolutions;

f) to the extent Court approval is required by the Companies Act, the Court approves the implementation of the relevant Terrasan Group Resolutions pursuant to section 115 of the Companies Act;

g) each of the requisite shareholder resolutions of Sea Harvest in relation to the Acquisitions is approved by the requisite majority of votes of the Shareholders (including the ordinary resolution required on the basis that the Acquisitions constitute a Category 1 transaction as contemplated by section 9 of the JSE Listings Requirements);

h) to the extent necessary, each of the Agri-Vie Parties waiving their rights to a mandatory offer by Sea Harvest in terms of section 123 of the Companies Act pursuant to Acquisitions; and

i) the Terrasan Restructure Agreement, the Agri-Vie Transaction Agreement and transaction documents (each as defined in the Implementation Agreement) becoming unconditional in accordance with their terms(save for any provision thereof requiring the Implementation Agreement to be unconditional).

3.5 Transaction Closing Date

The Transaction Closing Date of the Acquisition is anticipated to be 1 June 2024.

3.6 Other significant terms of the Acquisitions

The Consideration Shares issued to Terrasan Beleggings will be subject to lock-up undertakings, in terms of which Terrasan Beleggings:

- will not be entitled to dispose of any of the Consideration Shares prior to 30 June 2025;
- will be entitled to dispose of no more than 45 000 000 Consideration Shares between 30 June 2025 and 30 June 2026; and
- may freely dispose of the Consideration Shares thereafter.

During the period between the Locked Box Date and the Transaction Closing Date, the Target Group is required to adhere to certain undertakings regarding the conduct of their business.

Terrasan Beleggings has provided warranties and indemnities in favour of Sea Harvest Pelagic and Sea Harvest Aquaculture (as applicable) subject to certain limitations of liability that are standard for transactions of this nature.

Terrasan Beleggings and Terrasan have jointly and severally provided a guarantee in favour of Sea Harvest Pelagic and Sea Harvest Aquaculture in respect of the aforementioned warranties and indemnities.

Sea Harvest will adhere to certain undertakings regarding the conduct of the Target Businesses during the period from the Effective Date until 31 December 2024.

3.7 Categorisation of the Acquisitions

As the Purchase Consideration exceeds 30% of Sea Harvest's market capitalisation as at the date of the signature of the Share Purchase Agreement, the Acquisitions meets the definition of a Category 1 transaction as contemplated in section 9 of the JSE Listings Requirements. As a result, the General Meeting will be convened and an ordinary resolution in respect of the Acquisitions will be required to be approved by Shareholders at the General Meeting.

The Acquisitions are not between related parties and there are accordingly no related party transaction implications in terms of the JSE Listings Requirements.

Nothing in the memoranda of incorporation of Aqunion, WP Fishing and SSM or their subsidiaries will in any way frustrate or relieve Sea Harvest from compliance with the JSE Listings Requirements.

4. IRREVOCABLE UNDERTAKINGS

As at the Last Practicable Date, the following Shareholder has provided an irrevocable undertaking to vote or procure the voting of the stated number of Shares, which are held indirectly, in favour of the resolutions in respect of which it is entitled to vote or such additional number of Shares as it may hold at the time of the General Meeting:

Shareholder	Number of Shares held	Percentage of Shares
Brimstone	159 558 884	53.37%
Total	159 558 884	53.37%

5. THE BUSINESS AND PROSPECTS OF SEA HARVEST AND THE TERRASAN GROUP COMPANIES

- The Acquisitions represent material progress in Sea Harvest's ambition of become a leading black-owned, responsible and diversified food and fishing business. Following the Acquisitions, Sea Harvest will be in a position to offer a more complete suite of products, including fishmeal, fish-oil, and canned fish.
- The Acquisitions will significantly increase black ownership in the fishing and abalone industries due to the strong transformation credentials of Sea Harvest.
- Sea Harvest is confident that the Acquisitions will create value by diversifying into (wild-caught) pelagic species and their processed products and will enable Sea Harvest to add value to its small pilchards and anchovy pelagic quota through forward integration into canning and fishmeal and fish oil production. Increased beneficiation of Sea Harvest's catch opens opportunities for increased local employment in its facilities.
- Sea Harvest will add an in-demand local affordable branded protein product to its stable.
- Global demand for fishing products continues to grow as a result of continued growth in aquaculture and consumer demand for healthier products.
- The Saldanha Pelagic Acquisition will enhance the earning stability of Sea Harvest's fishing operations since the performance of the pelagic business is counter-cyclical to hake.
- Sea Harvest's export earnings will increase post the Acquisitions as fishmeal, fish oil and abalone are exported products.
- Integration with the pelagic business would allow the combined businesses the flexibility to land catch on both the West and East Coasts of South Africa, thereby utilising the business' assets more efficiently. This effective use of assets contributes to Sea Harvest's mission of providing sustainable employment and positively impacting the communities in which it operates, as it is expected to assist in preserving jobs, including in rural areas.
- The Aqunion business is mature, high margin and cash-generative and will facilitate the acquisition of a diversified international customer base and market that Sea Harvest's existing abalone operations will benefit from. Sea Harvest's current abalone business experienced significant difficulties in accessing international markets during the COVID-19 pandemic. The Aqunion business has the required diversified biomass necessary to compete in the global market for dried and canned abalone sales.
- Sea Harvest believes that a consolidated local South African abalone business will benefit from scale and synergies created through consolidating Terrasan and Sea Harvest's respective abalone businesses and that it will be well-positioned to exploit international opportunities and successfully compete in international markets.
- Sea Harvest is well-placed to enter into the Acquisitions since it (i) is an established entity within the fishing and aquaculture industries; (ii) has an understanding of the regulatory environment and the current position of the South African Fishing Rights Allocation Process; (iii) has the black economic empowerment credentials to successfully implement the Acquisitions and (iv) has the ability to fund the Acquisitions through a combination of shares and cash.
- As indicated above, a portion of the purchase consideration in respect of the Acquisitions will be discharged by way of the issue of shares in Sea Harvest to Terrasan Beleggings. This will yield several positive outcomes for Terrasan, including that it will retain its exposure to the fishing and aquaculture industries by way of the larger combined post-transaction business of Sea Harvest, and will be entitled to participate in Sea Harvest dividend flow.
- The remaining portion of the purchase consideration will be paid in cash, facilitating a substantial return of investment for Terrasan following its years of investment in the fishing and aquaculture industries.
- The Acquisitions will further facilitate broader market access to a larger more diversified business in the fishing industry since Sea Harvest is a listed entity.

6. SPECIAL PURPOSE AGGREGATED CONDENSED HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

The Special Purpose Aggregated Historical Financial Information of the Target Group for the twelve months ended 31 December 2022, 31 December 2021 and 31 December 2020 (the "**Special Purpose Aggregated Historical Financial Information**") are annexed hereto as Annexure 1 and the Special Purpose Aggregated Condensed Interim Historical Financial Information of the Target Group for the six months ended 30 June 2023 ("**Special Purpose Aggregated Condensed Interim Historical Financial Information**") are annexed hereto as Annexure 3.

The Target Group does not constitute a single separate legal entity or group, as defined by IFRS that would be consolidated. The Special Purpose Aggregated Historical Financial Information and the Special Purpose Aggregated Condensed Interim Historical Financial Information has therefore been prepared:

- For the Saldanha business:
  - Consolidating West Point Processors into SSM;
  - Aggregating WP Fishing and SSM (and removing any intercompany transactions);
- For the Aqunion business:
  - Consolidating Marifeed and DCA into Aqunion; and
- Aggregating the Saldanha and Aqunion businesses to form the Target Group' Special Purpose Aggregated Historical Financial Information.

The interim financial information is prepared using the International Financial Reporting Standard ("**IFRS**") *IAS 34: Interim Financial Reporting* but excluding comparatives as required and allowed for in terms of paragraph 8.7 of the JSE Listings Requirements.

The report of Special Purpose Aggregated Historical Financial Information of the Target Group was prepared in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council in accordance with section 8.3 of the JSE Listings Requirements, and in accordance with, and by applying, the accounting policies of Sea Harvest and is the responsibility of the Directors.

The Special Purpose Aggregated Historical Financial Information and the Special Purpose Aggregated Condensed Interim Historical Financial Information as set out in Annexure 1 and Annexure 3, respectively, should be read in conjunction with the reports of the Independent Auditor to Terrasan Group and the Independent Auditor to Sea Harvest in respect of these Annexures, which appear, respectively, in Annexure 2 and Annexure 4 to this Circular.

7. *PRO FORMA* FINANCIAL EFFECTS OF THE ACQUISITIONS

The *pro forma* financial information, including the *pro forma* financial effects, as set out below, of the Acquisitions on the financial information of the Sea Harvest Group as at and for the six months ended 30 June 2023, is set out in Annexure 5 of this Circular and is presented in accordance with the provisions of the JSE Listings Requirements and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants. The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors.

The accounting policies used in the preparation of the *pro forma* financial effects are compliant with IFRS and are consistent with those applied in the annual financial statements of the Sea Harvest Group for the financial year ended 31 December 2022.

The *pro forma* financial information has been prepared for illustrative purposes only, to provide information on how the Acquisitions may have affected the financial position and financial performance of the Sea Harvest Group for the six months ended 30 June 2023, had the Acquisitions occurred on 1 January 2023 for statement of profit or loss purposes and on 30 June 2023 for statement of financial position purposes. Due to its nature, the *pro forma* financial information may not fairly represent the Sea Harvest Group's financial position, changes in equity, results of operations or cash flows after implementation of the Acquisitions.

The table below is a summary of the detailed *pro forma* financial information as set out in Annexure 5 of this Circular. The *pro forma* financial information of the Sea Harvest Group, should be read together with the Independent Auditor's assurance report thereon, as included in Annexure 6 to this Circular.

	***Pro forma* before the Acquisitions** (N1)	***Pro forma* after the Acquisitions** N2)	**Change (%)**
EPS (cents)	77	106	38%
HEPS (cents)	77	106	38%
Diluted EPS (cents)	76	104	37%
Diluted HEPS (cents)	76	104	37%
Weighted average number of Shares in issue for EPS and HEPS ('000) N3	276 074	336 074	22%
Weighted average number of Shares in issue for diluted EPS and diluted HEPS (millions)N3	281 511	341 511	21%
(NAV) per share (cents)	1 175	1 139	-3%

Notes

N1 The "*Pro forma* before Acquisitions" have been extracted, without adjustment, from Sea Harvest's unaudited interim results for the six months ended 30 June 2023, released on SENS on Monday, 4 September 2023.

N2 The *pro forma* statement of profit or loss, the *pro forma* statement of financial position and the related notes are set out in Annexure 5 and the Independent Auditor to Sea Harvest's assurance report on the *pro forma* financial information is reproduced in Annexure 6 to this Circular.

N3 The weighted number of shares has been adjusted for the 60 million Shares that will be issued to settle part of the Purchase Consideration

8. ADDITIONAL INFORMATION

8.1 Major Shareholders and Interest

As at the Last Practicable Date and prior to the Acquisitions, the following parties, other than Directors, are beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Shareholder	**Number of Shares held**	**Percentage of issued Shares %**
Newshelf 1063 Proprietary Limited (a subsidiary of Brimstone)	159,558,884	53.37
Total	159,558,884	53.37

There has not been any change in controlling Shareholder(s) and trading objects of Sea Harvest and its major Subsidiaries during the previous five years.

8.2 Material Changes

There have been no material changes in the financial or trading position of Sea Harvest and its Subsidiaries from the publication of the interim results for the six months ended 30 June 2023, until the Last Practicable Date.

There have been no material changes in the financial or trading position of the Target Group from the publication of the interim financial results for the six months ended 30 June 2023, until the Last Practicable Date.

8.3 Material Borrowings

The material borrowings of Sea Harvest prior to implementation of the Acquisitions have been incorporated by reference in this Circular. Please refer to paragraph 17 below.

Sea Harvest will incur borrowings for purposes of financing the Acquisitions, in an amount of R364 837 829 (three hundred and sixty-four million eight hundred and thirty-seven thousand eight hundred and twenty-nine Rand), subject to the Adjustment Amounts set out in clause 3.3.1 above, details of which are set out in Annexure 9.

The material borrowings of the Target Group and their Subsidiaries as at the Last Practicable Date are set out in Annexure 7. These borrowings will be settled from the proceeds of the Acquisitions.

8.4 Material contracts

8.4.1 There are no material agreements concluded outside the ordinary course of business of Sea Harvest, Sea Harvest Pelagic and Sea Harvest Aquaculture in the two years preceding the Last Practicable Date, other than as set out below. There are no restrictive funding arrangements in place in respect of these entities.

Date of announcement	Details
8 March 2023	Acquisition of a further 28% of the shares in and loan claims against Viking Aquaculture Proprietary Limited ("**Viking Aquaculture**") for a purchase consideration of R210,000,028 from minority shareholders of Viking Aquaculture, being Viking Fishing Group Administration Proprietary Limited and Odin Investments Proprietary Limited, which held an 18% and a 10% interest in Viking Aquaculture respectively, which was deemed to be a category 2 transaction in terms of the JSE Listings Requirements.
11 January 2022	Acquisition of the Western Australia based fishing businesses of MG Kailis Holdings Proprietary Limited for a purchase consideration of AUD70 million which was deemed to be a category 2 transaction in terms of the JSE Listings Requirements.

8.4.2 There are no material agreements concluded by the Target Group outside the ordinary course of business in the two years preceding the Last Practicable Date, other than as set out below. There are no restrictive funding arrangements in place in respect of these entities.

Date of announcement	Details
n/a	Two power purchase agreements entered into between SPS Investments SPV 8 Proprietary Limited ("**SPS Investments**") and Aqunion, dated 8 June 2023 and 22 May 2023, three battery energy storage system rental agreements entered into between SPS Investments and Aqunion, dated 8 June 2023, 19 May 2023, and 22 May 2023, in terms of which Aqunion and Marifeed purchase electricity generated from renewable sources from SPS Investments for a period of 20 years, and battery rental systems from SPS Investments for a period of 10 years.

8.5 Acquisition of material assets by the Target Group

The details of the acquisitions of material assets from vendors by the Target Group are set out in Annexure 8.

8.6 Material risks

The material risks of Sea Harvest have been incorporated by reference in this Circular. Please refer to paragraph 17 below.

9. INFORMATION RELATING TO THE DIRECTORS OF SEA HARVEST

9.1 Directors' interests in the issued Shares of Sea Harvest

The direct and indirect beneficial interests of the Directors (and their associates) in Shares, including the Directors who have resigned over the last 18 months, has been incorporated by reference in this Circular. Please refer to paragraph 17 below.

9.2 Directors' Remuneration

The Directors' remuneration has been incorporated by reference in this Circular. Please refer to paragraph 17 below.

The remuneration of the Directors will not be varied as a result of the Acquisitions.

9.3 Directors' Interests in the Acquisitions and transactions

No Director nor any director of Sea Harvest's Group (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly in the Acquisitions or in any transactions that were:

- effected by Sea Harvest during the current or immediately preceding financial year; or
- during an earlier financial year and remain in any respect outstanding or unperformed.

9.4 Service Contracts

Details of service contracts have been incorporated by reference in this Circular. Please refer to paragraph 17 below.

10. WORKING CAPITAL STATEMENT

The Directors are of the opinion that the working capital available to Sea Harvest is sufficient for Sea Harvest's present working capital requirements and will, post-implementation of the Acquisitions, be adequate for at least 12 months from the date of issue of this Circular.

11. LITIGATION STATEMENT

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have or have over the previous 12 months had a material effect on the financial position of Sea Harvest or the Target Group.

12. EXPENSES

The estimated costs of Sea Harvest of preparing and distributing this Circular, holding the General Meeting and implementing the Acquisitions, including the fees payable to professional advisors, are approximately R15 million, excluding value added tax (where applicable), and include the following:

Nature of fee and payable to	Amount
	(R'000)
Financial Advisor and Transaction Sponsor – The Standard Bank of South Africa Limited	750
Independent Auditors to Sea Harvest – E&Y	750
Independent Auditors to Terrasan Group – BTG	400
Legal Advisor – Webber Wenzel	8 800
JSE, documentation inspection fees – JSE	61
Due diligence costs – BDO	3 000
Due diligence costs – Webber Wentzel	1 339
Estimated Printing and publishing – Ince	500
Total	**15 600**

Other than as set out above, Sea Harvest has incurred no preliminary expenses in relation to the Acquisitions during the three years preceding this Circular.

There are no costs for the Target Group in relation to the Acquisitions. The Target Group has furthermore not incurred preliminary expenses in relation to the Acquisitions during the three years preceding this Circular.

13. GENERAL MEETING AND VOTING

A General Meeting of Shareholders will be held at 16:00 on Monday, 26 February 2024 entirely by electronic participation, to consider and, if deemed fit, to pass, with or without modification, the requisite resolutions required to give effect to the Acquisitions.

A notice convening the General Meeting is attached hereto and forms part of this Circular and contains the resolution to be considered at the General Meeting. Full details of the action required by Shareholders are set out in the "*Action required by Shareholders*" section of this Circular.

The ordinary resolution relating to the Acquisitions set out in the Notice of General Meeting is subject to more than 50% of the votes exercised by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof.

The ordinary resolution relating to the Directors' authority to implement the Acquisitions is set out in the Notice of General Meeting and is subject to more than 50% of the votes exercised by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof.

As set out in paragraph 4 of this Circular, Brimstone has provided an irrevocable undertaking to Sea Harvest confirming that it will vote in favour or procure the voting in favour of the resolutions in respect of which it is entitled to vote at the General Meeting.

14. OPINIONS AND BOARD'S RECOMMENDATION

The Board has considered the terms and conditions of the Acquisitions and the rationale and is of the opinion that it is in the interests of the Shareholders.

The Directors recommend that the Shareholders vote in favour of the resolutions to be proposed at the General Meeting.

The Directors, in their personal capacities, intend to vote the Shares held by them in favour of the resolutions to be proposed at the General Meeting.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given on page 14 of this Circular, collectively and individually accept full responsibility for the accuracy of the information furnished relating to Sea Harvest and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Circular contains all information required by law and the JSE Listings Requirements.

16. ADVISOR'S CONSENTS

Each of the advisors, whose names appear on the cover page of this Circular, have consented in writing to act in the capacities stated and to the inclusion of their names and, where applicable, to the inclusion of their reports in this Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

The Independent Auditor to Sea Harvest and the Independent Auditor to Terrasan Group have consented to references to their reports in the form and context in which they appear, respectively, and have not withdrawn their consents prior to the Last Practicable Date.

17. INFORMATION INCORPORATED BY REFERENCE AND SUPPORTING DOCUMENTS

The following information has been incorporated by reference and is available for viewing on the Company's website at www.seaharvestgroup.co.za.

Item number	Document	Document reference
(1)	the Directors' and prescribed officers interests in Shares, page 9	https://seaharvestgroup.co.za/wp-content/uploads/2023/08/SHG-Audited-Annual-Financial-Statements-for-the-Year-Ending-31-December-2022-x.pdf
(2)	the Directors' remuneration, pages 89 to 90	https://seaharvestgroup.co.za/wp-content/uploads/2023/08/SHG-Audited-Annual-Financial-Statements-for-the-Year-Ending-31-December-2022-x.pdf
(3)	details of service contracts of Directors, page 117	https://seaharvestgroup.co.za/wp-content/uploads/2023/08/SGH-2022-Integrated-Report.pdf
(4)	Material borrowings, pages 60 to 62	https://seaharvestgroup.co.za/wp-content/uploads/2023/08/SHG-Audited-Annual-Financial-Statements-for-the-Year-Ending-31-December-2022-x.pdf
(5)	Material risks, page 18	https://seaharvestgroup.co.za/wp-content/uploads/2023/08/SGH-2022-Integrated-Report.pdf

18. CONFLICTS

In its capacity as transaction sponsor, Standard Bank has confirmed to the JSE and the Company that there is no matter that would impact on its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to Sea Harvest, and that would impact on its ability to act within the Code of Conduct as set out in the JSE Listings Requirements.

Standard Bank has various stringent internal procedures in place to ensure that its ability to act independently as transaction sponsor is not compromised. Furthermore, Standard Bank identifies and manages any conflicts of interest in relation to its role as transaction sponsor and its approved executives, which could be expected to impair its independence and objectivity in relation to an applicant issuer for a transaction or corporate action.

Pursuant to these internal procedures, Standard Bank has a Compliance Control Room function that identifies and manages conflict risks and ensures that strict information barriers are maintained to ensure that as transaction sponsor, it is able to act independently from other divisions within the bank. Standard Bank also enforces and implements physical and logical access restrictions to information, which is limited to deal teams for whom the information is relevant, for the purpose of fulfilling the client mandate.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of Sea Harvest, at the offices of the Sponsor or can be made available through a secure electronic manner at the election of the person requesting inspection by emailing the Company Secretary at simoneg@seaharvest.co.za from the date of posting of this Circular, until the date of the General Meeting (both days inclusive):

i. the MOI of Sea Harvest and the memoranda of incorporation of its major Subsidiaries;

ii. the Transaction Documents;

iii. material contracts referenced in paragraph 8.4;

iv. service agreements with Directors;

v. the Target Group Special Purpose Aggregated Historical Financial Information for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 as set out in Annexure 1;

vi. Independent Auditor to Terrasan Group's Report on Historical Financial Information of the Target Group for the periods ended 31 December 2022, 31 December 2021 and 31 December 2020 as set out in Annexure 2;

vii. the Special Purpose Aggregated Condensed Interim Historical Financial Information of the Target Group for the six months ended 30 June 2023 as set out in Annexure 3;

viii. Independent Auditors to Sea Harvest's Review Report on the Special Purpose Aggregated Condensed Interim Historical Financial Information of the Target Group for the six months ended 30 June 2023 as set out in Annexure 4;

ix. *Pro forma* financial information of Sea Harvest as set out in Annexure 5;

x. Independent Auditor's assurance report on the *pro forma* financial information of Sea Harvest as set out in Annexure 6;

xi. the written consents from each of the advisors referred to in paragraph 16;

xii. a copy of this Circular and all annexures hereto; and

xiii. the audited annual financial statements of Sea Harvest in respect of the immediately preceding three financial years and condensed interim financial results for the six months ended 30 June 2023.

SIGNED AT CAPE TOWN BY FELIX RATHEB AND/OR MUHAMMAD BREY ON BEHALF OF ALL THE DIRECTORS OF SEA HARVEST GROUP LIMITED, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS

_____

26 January 2024

TARGET GROUP SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021, 31 DECEMBER 2020

Index	Page
Commentary on the Special Purpose Aggregated Historical Financial Information of the Target Group	32
Aggregated Statements of Financial Position	33
Aggregated Statements of Profit or Loss and Other Comprehensive Income	34
Aggregated Statements of Changes in Equity	35
Aggregated Statements of Cash Flows	36
Accounting Policies	37
Notes to the Special Purpose Aggregated Historical Financial Information	60

COMMENTARY ON THE SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Management commentary:

2020 saw a decline in the sales of canned fish which impacted profitability of the Target Group, and specifically the fishing segment. This was due to a product recall of our canned fish during February 2020 which resulted in minimal production during the first quarter of the 2020 year as the root cause of the problem was being investigated. Furthermore, a weakening of the Rand to the Euro and shortage of frozen cutlets resulted in an increase in the price of imported frozen cutlets used for the manufacturing of canned fish. The National Regulator for Compulsory Specifications' ("**NRCS**") technical committee approved the recanning of the affected products, which product was then available to sell during the 2021 financial year, which in turn had a positive impact on the production and the sales of canned fish. Weaker fish landings however, resulted in lower production of fishmeal and fish oil which led to a decline in the profitability of these fish products for the 2021 financial year. The stronger Rand together with increases in the cost of export logistics further contributed to a decline in profitability in 2021. The fishing segment recovered during 2022 due to improved fish landings and the increase in the dollar-denominated sales prices of fish meal and fish oil.

Although the abalone markets remained suppressed by Covid-19 restrictions, we saw recovery in demand during 2021 and 2022, which resulted in improved USD-denominated sales prices.

In a high inflation environment, combined with exorbitant fuel prices, unprecedented levels of loadshedding and high interest rates, the Target Group had record financial results in 2022 with a 71.1% year-on-year growth in revenue and a 120.2% percent year-on-year increase in profit before tax. These results are underpinned by our focus on continued modernisation of our farming and manufacturing facilities.

TARGET GROUP
SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

AGGREGATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

Figures in Rand	Notes	2022	2021	2020
Assets				
Non-current assets				
Property, plant and equipment	3	320 683 623	298 535 126	264 143 911
Right-of-use assets	4	13 840 395	14 831 891	15 858 527
Biological assets	5	60 458 949	56 013 132	30 456 370
Loans receivable	7	155 832 460	73 382 554	1 149 762
Equity instruments at fair value	8	2 847 254	935 747	950 721
		553 662 681	**443 698 450**	**312 559 291**
Current Assets				
Biological assets	5	160 470 699	135 561 787	120 757 579
Inventories	9	214 374 440	213 555 063	181 819 204
Loans receivable	7	56 946 838	11 349 377	31 986 350
Trade and other receivables	10	109 255 888	110 080 129	71 698 770
Current tax receivable		8 528 453	5 465 452	12 918 519
Cash and cash equivalents	11	13 472 441	9 387 457	9 203 866
		563 048 759	**485 399 265**	**428 384 288**
Total Assets		**1 116 711 440**	**929 097 715**	**740 943 579**
Equity and Liabilities				
Stated Capital	12	69 546 952	69 546 952	11 393 779
Retained income		548 196 650	382 257 014	311 840 292
		617 743 602	451 803 966	323 234 071
Non-controlling interest	6	7 030 466	4 343 995	5 156 581
		624 774 068	**456 147 961**	**328 390 652**
Liabilities				
Non-current liabilities				
Borrowings	13	269 671 293	260 837 188	245 774 371
Lease liabilities	4	16 412 996	16 057 520	16 197 663
Deferred tax	14	99 378 801	95 719 857	69 433 119
		385 463 090	**372 614 565**	**331 405 153**
Current Liabilities				
Trade and other payables	15	87 976 348	65 936 545	52 198 620
Borrowings	13	12 836 921	25 035 363	28 039 819
Lease liabilities	4	392 819	910 114	872 445
Current tax payable		5 233 226	8 446 940	–
Bank overdraft	11	34 968	6 227	36 890
		106 474 282	**100 335 189**	**81 147 774**
Total Liabilities		**491 937 372**	**472 949 754**	**412 552 927**
Total Equity and Liabilities		**1 116 711 440**	**929 097 715**	**740 943 579**

TARGET GROUP
SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

AGGREGATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand	Notes	2022	2021	2020
Revenue	16	1 571 373 008	918 270 731	1 040 750 555
Cost of sales	17	(1 272 718 091)	(826 605 149)	(808 647 771)
Gross profit		**298 654 917**	**91 665 582**	**232 102 784**
Other operating income	18	17 304 140	20 091 432	23 280 090
Fair value adjustments	19	152 444 601	170 724 744	34 952 571
Other operating expenses		(172 596 560)	(137 654 521)	(136 779 135)
Operating profit	20	**295 807 098**	**144 827 237**	**153 556 310**
Investment income	21	9 404 406	2 725 158	1 455 270
Finance costs	22	(27 454 169)	(21 398 799)	(25 957 220)
Profit before taxation		**277 757 335**	**126 153 596**	**129 054 360**
Taxation	23	(75 207 941)	(37 730 311)	(33 828 115)
Profit for the year		**202 549 394**	**88 423 285**	**95 226 245**
Other comprehensive income		–	–	–
Total comprehensive income for the year		**202 549 394**	**88 423 285**	**95 226 245**
Profit attributable to:				
Owners of the Target Group		199 862 923	88 745 970	95 004 750
Non-controlling interest		2 686 471	(322 685)	221 495
		202 549 394	**88 423 285**	**95 226 245**
Total comprehensive income attributable to:				
Owners of the Target Group		199 862 923	88 745 970	95 004 750
Non-controlling interest		2 686 471	(322 685)	221 495
		202 549 394	**88 423 285**	**95 226 245**

TARGET GROUP
SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

AGGREGATED STATEMENTS OF CHANGES IN EQUITY

Figures in Rand	Share capital	Retained income	Total attributable to equity holders of the Target Group	Non-controlling interest	Total equity
Balance at 1 January 2020	35 437 719	241 553 320	276 991 039	5 670 086	282 661 125
Profit for the year	–	95 004 750	95 004 750	221 495	95 226 245
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	**–**	**95 004 750**	**95 004 750**	**221 495**	**95 226 245**
Dividends	–	(765 000)	(765 000)	(735 000)	(1 500 000)
Repurchase of shares	(34 200 396)	(23 952 778)	(58 153 174)	–	(58 153 174)
Issue of shares	10 156 456	–	10 156 456	–	10 156 456
Balance at 1 January 2021	**11 393 779**	**311 840 292**	**323 234 071**	**5 156 581**	**328 390 652**
Profit for the year	–	88 745 970	88 745 970	(322 685)	88 423 285
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	**–**	**88 745 970**	**88 745 970**	**(322 685)**	**88 423 285**
Issue of shares	58 153 173	–	58 153 173	–	58 153 173
Dividends	–	(18 329 248)	(18 329 248)	(489 901)	(18 819 149)
Balance at 1 January 2022	**69 546 952**	**382 257 014**	**451 803 966**	**4 343 995**	**456 147 961**
Profit for the year	–	199 862 923	199 862 923	2 686 471	202 549 394
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	**–**	**199 862 923**	**199 862 923**	**2 686 471**	**202 549 394**
Dividends	–	(33 923 288)	(33 923 288)	–	(33 923 288)
Balance at 31 December 2022	**69 546 952**	**548 196 650**	**617 743 602**	**7 030 466**	**624 774 068**
Notes	12			6	

TARGET GROUP
SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

AGGREGATED STATEMENTS OF CASH FLOWS

Figures in Rand	Notes	2022	2021	2020
Cash flows from/(used in) operating activities				
Cash generated from/(used in) operations	24	317 607 225	74 933 368	206 124 684
Interest income	21	8 476 142	2 616 835	1 438 005
Finance costs	22	(5 327 188)	(2 968 559)	(9 955 313)
Tax paid	25	(77 825 713)	4 456 434	(41 632 146)
Net cash from/(used in) operating activities		**242 930 466**	**79 038 078**	**155 975 230**
Cash flows (used in)/from investing activities				
Additions to property, plant and equipment	3	(50 442 992)	(59 770 310)	(25 355 109)
Proceeds from sale of property, plant and equipment		408 842	1 217 590	289 077
Advances of loans receivable at amortised cost		(870 702 021)	(1 015 918 411)	(279 871 431)
Receipts from loans receivable at amortised cost		743 756 837	965 231 972	248 870 443
Net cash (used in)/from investing activities		**(176 979 334)**	**(109 239 159)**	**(56 067 020)**
Cash flows (used in)/from financing activities				
Share issue	12	–	58 153 173	–
Buy back of shares		–	–	(58 153 173)
Proceeds from borrowings	26	1 412 091 328	380 701 992	1 081 413 495
Repayment of borrowings	26	(1 438 207 353)	(387 808 677)	(1 116 276 468)
Repayment of lease liabilities	26	(1 855 578)	(1 812 103)	(1 742 632)
Dividends paid to owners of the Target Group		(33 923 287)	(18 329 150)	(765 000)
Dividends paid to non-controlling interests		–	(489 901)	(735 000)
Net cash (used in)/from financing activities		**(61 894 889)**	**30 415 335**	**(96 258 778)**
Total cash movement for the year		**4 056 243**	**214 254**	**3 649 432**
Cash at the beginning of the year		9 381 230	9 166 976	5 517 544
Total cash at end of the year	11	**13 437 473**	**9 381 230**	**9 166 976**

TARGET GROUP
SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Special Purpose Aggregated Historical Financial Information of the Target Group are set out below.

1.1 General information and basis of preparation

General information

The Target Group entities are currently part of the Terrasan Group and housed within a wider statutory structure that include businesses not being acquired by Sea Harvest, and certain other entities which are not the operating businesses that Sea Harvest wishes to acquire.

As is reflected on pages 15 to 16 of the Circular, the Target Group i.e. the operating companies of the Pelagic and Aquaculture businesses are not housed in a single acquirable statutory entity. A ready to use set of consolidated historical financial statements does not exist, and for the purposes of the Circular, must be prepared.

The Special Purpose Aggregated Historical Financial Information, hereinafter referred to as "HFI", has been derived from the audited financial statements of West Point Processors Proprietary Limited, Saldanha Sales and Marketing Proprietary Limited, West Point Fishing Corporation Proprietary Limited, Aqunion Proprietary Limited, Marifeed Proprietary Limited and Diamond Coast Abalone Proprietary Limited for the years ended 31 December 2022, 2021 and 2020. The entities, within the Target Group, audited financial statements for the years ended 31 December 2022, 2021 and 2020 were prepared in accordance with IFRS for SMEs.

A conversion from IFRS for SMEs to IFRS taking into account the Financial Pronouncements as issued by Financial Reporting Standards Council was prepared for the purposes of presenting information for the HFI in accordance with section 8.3 of the JSE listings requirements. The impact of the conversion has been assessed as immaterial. The HFI was compiled using the audited converted financial information.

The companies, within the Target Group, are all private companies registered in South Africa.

The directors have relied on the fact that the HFI, which has been derived from these converted financial statements of the Target Group for the years ended 31 December 2022, 2021, and 2020, are free from material misstatement, whether due to fraud or error, and that the Terrasan Beleggings Proprietary Limited directors are responsible for the compilation of the Target Group's HFI for the years ended 31 December 2022, 2021, and 2020 and the internal controls as they determined are necessary to enable the preparation and presentation of the aforementioned HFI.

Basis of preparation of the Special Purpose Aggregated Historical Financial Information

The Statements of Financial Position as at 31 December 2022, 2021 and 2020 and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Change in Equity and the Statements of Cash Flow for the three years ended 31 December 2022, 2021 and 2020, accounting policies and the notes thereto, the HFI, have been compiled from the audited financial statements of the entities within the Target Group, which was converted from IFRS for SMEs to IFRS, for the years ended 31 December 2022, 2021 and 2020. The Audited HFI was prepared in accordance with IFRS and the Financial Pronouncements as issued by Financial Reporting Standards Council. The HFI has been prepared on the historical cost basis, except where otherwise stated or disclosed, and as a going concern. The HFI is presented in South African Rands, which is also the functional currency of the Target Group.

The HFI has been prepared in accordance with the JSE Listings Requirements, for purposes of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements. The additional disclosure required in terms of paragraph 8.12 of the Listings Requirements has been included in the HFI. As IFRS does not provide for the preparation of special purpose aggregated historical financial information, certain accounting conventions commonly used in the preparation of historical financial information for inclusion in a Circular has been

applied. In preparing the HFI, the recognition and measurement principles of IFRS and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council have been applied, except for the material departures from these principles as has been noted below. The HFI has further been supplemented with certain relevant note disclosures that are considered necessary to understand the HFI.

Special Purpose Aggregated Historical Financial Information

The Target Group does not constitute a group as defined by IFRS that would be consolidated. The entities within the Target Group are single separate legal entities which are all direct or indirect subsidiaries of Terrasan Beleggings Proprietary Limited.

The Special Purpose Aggregated Historical Financial Information has therefore been prepared by:

- For the Saldanha business:
  - Consolidating WPP into SSM;
  - Aggregating WP Fishing and SSM (removing any intercompany transactions and balances);
- For the Aqunion business:
  - Aggregating Marifeed and DCA into Aqunion; and
- Aggregating the Saldanha and Aqunion businesses to form the Target Group's Aggregated Historical Financial Information.

The HFI has been prepared with the objective of presenting the results and financial positions of the Target Group for the years ended 31 December 2022, 2021, and 2020. The Target Group has, for the periods presented, been under the control of Terrasan Beleggings Proprietary Limited. Consequently, this HFI may not necessarily be indicative of the financial performance that would have been achieved, had the Target Group operated independently for the years ended 31 December 2022, 2021, and 2020, nor may it be indicative of the results of operations for any future period.

Share capital and retained income

Since the Target Group does not constitute a group as defined, the total equity of the Target Group as disclosed in the HFI represents the cumulative stated capital and retained earnings of the Saldanha and Aqunion businesses. No business combination, with resulting Goodwill or Gain on bargain purchase has been recognised in combining the financial information of the Target Group.

Non-controlling interest

Non-controlling interests in Marifeed and DCA survives the planned Acquisition transaction and therefore the share of equity attributable to these Non-controlling interests have been presented in the Statement of Financial Position for the years ended 31 December 2022, 2021, and 2020.

As no other non-controlling interest survives the transaction, no other non-controlling interest is recognised for purposes of the Special Purpose Aggregated Historical Financial Information.

IAS 24 – Related party disclosures

There are numerous transactions between the Target Group entities and other Terrasan group companies. No disclosures for transactions and balances owing to/from these Terrasan group companies, as related parties, are made that do not form part of the Acquisition parameters, as these are not considered to be related parties for purposes of the Special Purpose Aggregated Historical Financial Information of the Target Group. This application also extends to the disclosure of directors' remuneration paid by Terrasan Group companies that does not form part of the Acquisition parameters.

IAS 41, "Agriculture" on Biological assets (effective 1 January 2020)

Aqunion is predominantly a processed (canned and dried) abalone business, with biological assets transferred to inventory accounted for at fair value less cost to sell at the point of harvest, while Sea Harvest which is predominantly a live abalone business accounts for the live biological assets at fair value less cost to sell at every reporting date. The difference in the timing of the measurement and methodology applied does not affect the fair value of biological assets recorded in the statement of financial position at each reporting date, nor does it have any effect on the net profit before income taxes. The resulting impact is the allocation of amounts in the statement of profit or loss between fair value adjustment and cost of sales.

First time adoption of IFRS disclosures

The transition of IFRS for SMEs to IFRS for the preparation of the HFI was done as at the beginning of the financial reporting year ended 31 December 2020, thus 1 January 2020. Section 8.4 of the JSE Listings Requirements requires that the IFRS conversion notes be presented in the historical financial information. However, as the historical information for the three-year period has been converted to IFRS, these conversion notes have not been included in the HFI for the years ended 31 December 2022, 2021 and 2020 and no equity and total comprehensive income reconciliations presented. The impact of the conversion from IFRS for SMEs to IFRS has been assessed as immaterial.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of HFI of the Target Group in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses presented in the HFI and related disclosures. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the HFI, are outlined as follows:

Recognition and measurement of ranched abalone

Management applied their judgement to assess the existence and control of abalone ranched in the Target Group's allocated ranching zone. Management assessed that one of the Target Group entities, controls the ranched abalone, it is probable that future economic benefits associated with the ranched abalone will flow to the Target Group and the cost can be measured reliably. In their assessment, management considered that the Target Group have the required permits and licenses to exclusively harvest abalone in the allocated area, that these animals are not migratory, that adequate security measures are in place to limit illegal harvesting and that regular dives are conducted to measure and assess the health of the animals. Consequently, the recognition criteria for biological assets are met.

Furthermore, management considered the measurement of these ranched biological assets and concluded that a fair value cannot be reliably measured, because of the following factors:

- An active market for the legal sale of ranched abalone is being established;
- Impracticability of physical counts and estimation of biomass in the ranched area that spreads a 35-kilometer stretch of coastline;
- Reliability of the data, as estimating the biomass would entail a number of assumptions to convert size to saleable mass; and
- Determining the fair value would require the help of many experts and physical counts over the vast expanse of the ranched area which would also require bio and sales data covering multiple years in order to establish a valuation model.

Consequently, the ranched abalone is carried on the cost model.

Rebates to customers

Consistent with the standard industry practice, the Target Group have agreements with certain customers whereby volume-related allowances, promotional and marketing allowances, warehousing and distribution and various other fees and discounts are provided in connection with the sale of goods for resale. Most of the allowances to customers do not relate to a distinct good or service rendered and are therefore classified as a reduction of revenue. Rebates to customers are recognised when the Target Group reasonably expects that the rebate will occur and it can be measured reliably based on the terms of the contract.

Sources of estimation uncertainty in applying accounting policies

Estimations made by management in applying accounting policies that have the most significant effect on the amounts recognised in the HFI, are outlined as follows:

Trade receivables and loans receivable and payable

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Target Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Target Group for similar financial instruments.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Target Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Target Group's historic credit losses, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Impairment testing of non-financial assets

The Target Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use or fair value less cost to sell of tangible assets are inherently uncertain and could materially change over time.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value (being its estimated selling price less costs to complete and sell). Where an impairment is necessary, inventory items are written down to net realisable value.

With regards to the inventory returned to the Target Group following a product recall during February 2020, management assessed whether the inventory is impaired by taking into account the results of the independent testing supporting the fact that the defect manifests itself within nine months after date of production. As all production of canned fish affected by the product recall was completed by 30 November 2019, management created a provision for impairment for inventory which showed a defect (leaking or swelling) and was destroyed by 30 August 2020. The remaining affected inventory showing no defect was measured at its net realisable value at year end, based on the costs associated with re-canning the goods. All effected inventory was re-canned and sold by the end of 2021.

Determination of the appropriate rate to discount the lease payments

In determining the incremental borrowing rate of lease agreements, the Target Group, uses published financing interest rates received as a starting point and makes adjustments specific to the lease depending on the term, underlying asset, security provided and changes in financing conditions noted since the financing was obtained, if any.

Determining whether it is reasonably certain that an extension or termination option will be exercised

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are the most relevant to the Target Group:

- Leasehold improvements are expected to have a significant remaining value, after termination of the ongoing term, the Target Group is typically reasonably certain to extend (or not terminate);
- The importance of that underlying asset to the Target Group's operations; and
- Other factors including historical lease durations and extensions and the costs and business disruption required to replace the leased asset.

Tax

Judgement is required in determining the provision for income taxes due to the complexity of legislation as if pertains to farming and manufacturing operations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Target Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Target Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Target Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Target Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Biological assets

Farmed abalone is measured at fair value less cost to sell at year end.

The fair value of the abalone is determined through the use of valuation techniques. The Target Group makes assumptions based on the selling prices and market conditions existing at the end of each reporting period. In order to measure and value biological assets, management used a growth formula to determine the weight and quantities of animals at the reporting date. By application of the life-to-date growth rate and continuous determination of a sample of abalone weights in predetermined cycles, the average weight of the animal and number of animals per basket are determined for valuation purposes.

The expected US Dollar selling prices, exchange rate, purge drip losses, abalone spat price, processing yield and processing cost are furthermore factors in determining the fair value of the farmed abalone using the polynomial graph. Also refer to note 5 for the change in estimate in 2021.

The exchange rate used to measure biological assets at fair value at year end is the closing rate published by the entities within the Target Group's financial institution, adjusted with a differential which represents the average percentage by which the actual exchange rate for the last foreign exchange transactions for the financial year exceeded the rate published by the entities within the Target Group's financial institution. This represents management's expectation of the rate to be used for which the future cash flows could have been settled if those cash flows had occurred at year end.

A product mix for abalone in the determination of the fair value, is based on the actual total packed weight per size range as a percentage of total packed weight for all size ranges. All abalone above 250 grams are allocated to the dried abalone market.

Purge losses reflect the difference between the harvested and packed weight of abalone. The percentage purge loss is determined by the average actual loss in weight for transactions during the reporting period.

Drip losses reflect the difference between the packed weight and the invoiced weight, due to the loss in weight of live product during transit. The percentage drip loss is determined by the average actual loss in weight for transactions during the reporting period.

The abalone spat price represents the price at which spat could be sold from the hatchery to other farms.

Processing yield reflects the weight of abalone that could be sold as a percentage of the weight delivered at the factory for processing. Processing yields are determined by the average actual yields achieved during the reporting period. Processing cost reflects the cost to process abalone which are not sold in the live market (i.e. dried and canned abalone).

Processing cost is determined by using the average processing cost per animal and per can achieved during the reporting period.

Asset useful lives and residual values

Property, plant and equipment and intangible assets are depreciated over their expected useful lives, taking into account residual values where appropriate. The useful lives of assets and residual values are assessed annually. Residual value assessments consider issues such as future market conditions, remaining useful life and projected disposal values.

Management applied their judgement to assess the remaining useful lives of right-of-use assets and leasehold improvements owned by the Target Group. Formal renewal of leases with the Department of Public Works, has been put on hold due to policy reform. Management assessed that the useful life and future benefits to be derived from these leasehold properties, will continue beyond the current lease periods per the last signed agreements, based on current application.

1.3 Biological assets

Biological assets at fair value

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets consisting of farmed abalone livestock and are measured at their fair value less costs to sell.

Fair value is determined based on the market prices of abalone of similar size classes less estimated point-of-sale selling costs. Point-of-sales cost include all such costs necessary to sell the assets.

A gain or loss arising on initial recognition of biological assets at fair value less costs to sell is included in profit or loss for the period in which it arises.

Subsequent expenses incurred in the development of biological assets are capitalised against the cost of the biological assets.

Biological assets that are expected to be consumed in the next 12 months are disclosed under current assets.

Biological assets at cost

Ranched abalone are measured at cost less accumulated depreciation and impairment as fair value cannot be reliably measured.

Costs incurred directly in the process of ranching abalone are capitalised against the cost of biological assets. Ranching operations are tactically designed to harvest the abalone at their peak size and weight, ensuring their market value is at its maximum at the point of sale. Therefore, the concept of depreciation, which accounts for a decline in value over time, is not appropriate for these particular assets. The market price of abalone is predominantly driven by weight, implying that as abalone mature and gain weight, their value inherently increases. When the fair value of biological assets can be measured reliably in future, the fair value is expected to be more than cost.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Target Group holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Target Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, and cost incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part, is derecognised.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Target Group. Property, plant and equipment under construction and in progress, are not depreciated until it is ready for use.

For certain vessels no depreciation was provided in the current year as the residual value of the respective vessels is estimated to be equal to or exceed the carrying value.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The expected useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Assets under construction		Not depreciated as not ready for its intended use
Buildings	Straight line	5 to 30 years
Computer equipment	Straight line	1 to 17 years
Plant and machinery	Straight line	1 to 39 years
Fishing vessels and equipment	Straight line	3 to 61 years
Land		Indefinite
Leasehold improvements	Straight line	4 to 40 years
Motor vehicles	Straight line	2 to 17 years
Office equipment, furniture and fittings	Straight line	2 to 20 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Land is not depreciated.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Financial instruments

Financial instruments held by the Target Group are classified in accordance with the provisions of *IFRS 9: Financial Instruments*.

Loan receivable at amortised cost

Classification

Loans receivable (note 7) are classified as financial assets subsequently measured at amortised cost.

Recognition and measurement

Loans receivable are recognised when the Target Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 21).

Impairment

The Target Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Target Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Target Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The following indicators are incorporated in this assessment:

- Macro economic information like interest rates or growth rates;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrowers' ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Target Group and changes in the operating results of the borrower.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the Target Group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Target Group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The Target Group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Target Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty, etc.

If the Target Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Target Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and *visa versa.*

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and in note 28, financial instruments and risk management.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, Value added taxation (VAT), deposits and prepayments, are classified as financial assets subsequently measured at amortised cost (note 10).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Target Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Target Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income. As trade receivables are generally due for settlement within 30–90 days, it was concluded that receivables do not contain a significant financing component (i.e. the practical expedient).

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 28).

Impairment

The Target Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT, deposits and prepayments. The amount of expected credit losses is updated at each reporting date.

The Target Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The Target Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss, insofar as applicable, is included in profit or loss as a movement in credit loss allowance.

Write-off policy

The Target Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Target Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the specific notes and in note 28, financial instruments and risk management.

Equity instruments at fair value

Classification

Investments in equity instruments are presented in note 8. They are classified as mandatory at fair value through profit or loss. As an exception to this classification, the Target Entities may make an irrevocable election, on an instrument-by-instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

Recognition and measurement

Investments in equity instruments are recognised when the Target Group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments), depending on their classification. Details of the valuation policies and processes are presented in note 28.

Impairment

Investments in equity instruments are not subject to impairment provisions.

Borrowings

Classification

Borrowings (note 13), are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings are recognised when the Target Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

Borrowings expose the Target Group to liquidity risk and interest rate risk. Refer to note 28 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables are recognised when the Target Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 22).

Trade and other payables expose the Target Group to liquidity risk and possibly to interest rate risk. Refer to note 28 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating profit/(loss) (note 20).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 28).

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

The Target Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Target Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Target Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Target Group recognises the lease payments as an operating expense (note 4) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the Target Group as a lessee are presented in Note 4 Right-of-use assets and lease liabilities.

Lease liability

At the commencement date, the lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the incremental borrowing rate is used. The Target Group uses the incremental borrowing rate for calculating their lease liabilities.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- lease payments in an optional renewal period if the Target Group is reasonably certain to exercise an extension option.

The lease liability is presented as a separate line item on the Statement of Financial Position.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

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

Lease payments included in the measurement of the right-of-use asset comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Target Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.9 Impairment of non-financial assets

The Target Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Target Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss of assets carried at cost less any accumulated depreciation is recognised immediately in profit or loss.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in profit or loss.

1.10 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the service is rendered, such as paid vacation leave and sick leave, bonuses, and pension contributions), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. Accrued leave is measured at the amount that the Target Group expects to pay as a result of unused entitlement that has accumulated to the employee at the end of the reporting date.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Employer payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.12 Provisions and contingencies

Provisions are recognised when:

- the Target Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions relate mainly to discretionary bonuses for which constructive obligations exist. Provision are recognised in trade payables. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses. Contingent assets and contingent liabilities are not recognised.

1.13 Revenue from contracts with customers

The Target Group recognises revenue when it transfers control over goods or services to a customer.

The Target Group recognises revenue from the sale of goods relating to the following major sources (refer to note 16 – Revenue):

- Sales of fish meal, fish oil and canned fish
- Sale of abalone
- Sale of feed

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, such as value added tax, net of related rebates and discounts granted. The Target Group has concluded that it is the principal in its revenue arrangements.

Variable consideration within the transaction price, reflects contractual concessions provided to the customer such as discounts and rebates. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Returns from customers are negligible.

Sale of goods

Revenue from the sale of goods is recognised at a point in time when control of the asset is transferred to the customer. This is generally when the goods have been shipped to the customer. The normal credit terms are 30–90 days upon delivery. A receivable is recognised by the Target Group when the goods are shipped to the customer as this represents the point in time which

the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Delivery in case of export sales is determined by reference to the sales contract and application of Incoterms.

Significant judgements applied by management with regards to the classification of rebates to customers are discussed in note 1.2 Significant judgements and sources of estimation uncertainty, above. The Target Group does not provide a separate performance obligation in respect of the returns of defective goods nor does the Target Group provide the customer with a distinct warranty service.

Services related to processing of abalone

Revenue from services related to the processing of abalone on behalf of third parties are recognised over time as the service is rendered. At year end there were no significant unfulfilled contracts.

The Target Group does not expect to have any contract where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Target Group does not adjust any of the transaction prices for the time value of money.

1.14 Income other than revenue from contracts with customers

Interest income is recognised, in profit or loss, using the effective interest method.

Other income is recognised on the accrual basis when the goods or services have been received.

1.15 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.16 Borrowing costs

Borrowing costs are recognised as an expense in the period in which it is incurred.

1.17 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.18 Dividend distributions

Dividend distributions to the shareholders of the Target Group entities are recognised as a liability in the Target Group financial statements in the period in which the dividends are approved by the relevant Board of Directors.

1.19 Operating expenses

Expenses are recognised on the accrual basis when the goods or services have been received.

1.20 Insurance income

Insurance income is recognised in the period in which it is received or when the Target Group right to receive payment has been established. Proceeds from insurance income is recognised in other Income.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the reporting period

Amendment to *IAS 1: "Presentation of financial statements"* and *IAS 8: "Accounting Policies*, changes in accounting estimates and errors on the definition of material (effective 1 January 2020):

The disclosure initiative amended IAS 1 and IAS 8 with regards to the definition of "material". The amendment clarifies and aligns the definition of "material" and provides guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

***IFRS 16: "Leases"* COVID-19 Related Rent Concessions amendment (effective 1 January 2021):**

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

Amendments to *IAS 16: "Property, Plant and Equipment"* on proceeds before intended use (effective 1 January 2022):

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Annual improvements cycle 2018–2020 (effective 1 January 2022):

- *IFRS 9: "Financial Instruments"* has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.
- *IFRS 16: "Leases"* amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

None of the new standards, amendments, improvements and interpretations of existing standards mentioned above, that have been published, had any material effect on the Target Group's Special Purpose Aggregated Historical Financial Information.

2.2 Standards and interpretations not yet effective

The Target Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Target Group's accounting periods beginning on or after 1 January 2023 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Initial application of IFRS 17 and IFRS 9 – Comparative information	1 January 2023	Impact is currently being assessed.
• Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12	1 January 2023	Impact is currently being assessed.
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	1 January 2023	Impact is currently being assessed.
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Impact is currently being assessed.
• Classification of Liabilities as Current or Non-Current – Amendment to IAS 1	1 January 2024	Impact is currently being assessed.
• IFRS 7 Financial instruments supplier finance	1 January 2024	Impact is currently being assessed.
• Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024	Impact is currently being assessed.
• IAS 7 Statement of Cash Flows	1 January 2024	Impact is currently being assessed.
• IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025	Impact is currently being assessed.

3. PROPERTY, PLANT AND EQUIPMENT

	2022			2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor and vehicles	7 574 132	(4 506 621)	3 067 511	6 458 358	(4 028 855)	2 429 503	5 656 505	(3 331 960)	2 324 545
Computer equipment	4 995 462	(3 167 612)	1 827 850	4 549 270	(2 863 856)	1 685 414	3 791 285	(2 533 572)	1 257 713
Land and buildings	42 823 538	(10 750 862)	32 072 676	37 762 890	(10 117 448)	27 645 442	34 855 301	(9 675 141)	25 180 160
Leasehold improvements	79 246 758	(19 980 671)	59 266 087	73 997 156	(16 298 518)	57 698 638	69 402 473	(12 935 212)	56 467 261
Assets under construction	34 751 907	–	34 751 907	9 663 366	–	9 663 366	6 983 891	–	6 983 891
Plant and machinery	280 189 361	(133 898 672)	146 290 689	273 709 053	(116 852 119)	156 856 934	255 067 757	(101 436 066)	153 631 691
Office equipment, furniture and fixtures	2 753 707	(1 860 489)	893 218	2 374 405	(1 637 552)	736 853	2 033 749	(1 394 605)	639 144
Fishing vessels and equipment	56 571 049	(14 057 364)	42 513 685	54 807 449	(12 988 473)	41 818 976	30 923 864	(13 264 358)	17 659 506
Total	**508 905 914**	**(188 222 291)**	**320 683 623**	**463 321 947**	**(164 786 821)**	**298 535 126**	**408 714 825**	**(144 570 914)**	**264 143 911**

Reconciliation of property, plant and equipment – 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Office equipment, furniture and fixtures	736 853	410 798	(3 380)	–	(251 053)	893 218
Computer equipment	1 685 414	556 378	(33 811)	314 760	(694 891)	1 827 850
Assets under construction	9 663 366	37 954 258	(682 488)	(12 183 229)	–	34 751 907
Fishing vessels and equipment	41 818 976	2 705 584	(389 526)	–	(1 621 349)	42 513 685
Land and buildings	27 645 442	1 069 136	(6 792)	4 002 199	(637 309)	32 072 676
Leasehold improvements	57 698 638	1 961 264	(195 432)	3 653 012	(3 851 395)	59 266 087
Motor vehicles	2 429 503	1 316 196	(53 438)	–	(624 750)	3 067 511
Plant and machinery	156 856 934	6 246 008	(704 078)	4 104 799	(20 212 974)	146 290 689
	298 535 126	**52 219 622**	**(2 068 945)**	**(108 459)**	**(27 893 721)**	**320 683 623**

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Assets under construction	6 983 891	20 234 840	(867 814)	(16 687 551)	–	9 663 366
Computer equipment	1 257 713	959 117	(68 608)	–	(462 808)	1 685 414
Equipment and machinery	153 631 691	11 724 590	(613 802)	12 140 944	(20 026 489)	156 856 934
Fishing vessels and equipment	17 659 506	26 253 233	(1 095 434)	–	(998 329)	41 818 976
Land and buildings	25 180 160	1 099 895	(14 967)	1 849 801	(469 447)	27 645 442
Leasehold improvements	56 467 261	2 089 833	(116 015)	2 696 806	(3 439 247)	57 698 638
Motor vehicles	2 324 545	807 901	(1 896)	–	(701 047)	2 429 503
Office equipment, furniture and fixtures	639 144	403 641	(12 009)	–	(293 923)	736 853
	264 143 911	**63 573 050**	**(2 790 545)**	**–**	**(26 391 290)**	**298 535 126**

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Assets under construction	11 016 067	9 808 066	(268 975)	(13 571 267)	–	6 983 891
Computer equipment	1 183 502	464 908	(15 151)	4 729	(380 275)	1 257 713
Equipment and machinery	156 037 421	7 595 878	(251 704)	8 769 428	(18 519 332)	153 631 691
Fishing vessels and equipment	12 359 762	6 014 793	(24 044)	–	(691 005)	17 659 506
Land and buildings	25 000 635	604 037	–	–	(424 512)	25 180 160
Leasehold improvements	50 866 015	3 913 331	(128 975)	4 757 153	(2 940 263)	56 467 261
Motor vehicles	2 457 566	407 903	(5 165)	–	(535 759)	2 324 545
Office equipment, furniture and fixtures	801 576	106 989	(4 008)	35 132	(300 545)	639 144
	259 722 544	**28 915 905**	**(698 022)**	**(4 825)**	**(23 791 691)**	**264 143 911**

Property, plant and equipment encumbered as security

The following fixed assets have been encumbered as security for the instalment sale agreements. Refer to note 13.

Figures in Rand	2022	2021	2020
Land and buildings	3 330 031	6 249 648	6 560 392
Plant and machinery	1 102 186	1 192 073	1 918 518
	4 432 217	**7 441 721**	**8 478 910**

For the facilities of Marifeed, the following securities over property, plant and equipment are provided (also refer note 11):

- First continuing covering mortgage bond number B9086/2007 of R1 350 000, over Erf No. 10567 Hermanus, held under Deed of Transfer No. 7114/2007;
- Second continuing covering mortgage bond number B19141/2016 of R3 500 000, over Erf No. 10567 Hermanus, held under Deed of Transfer No. 7114/2007;
- General notarial bond in the amount of R1 550 000 over movable property;
- The bank's interest to be noted in the insurance policy relating to all inventory and equipment.

In addition to the above, mortgage and general notarial bonds have been registered over certain fixed properties and movable assets, including property, plant and equipment with a carrying value of R249 731 744 (2021: R228 947 775; 2020: R222 961 964) as security for the overdraft and other loan facilities of the Terrasan Group as further detailed in note 32.

Additions to property, plant and equipment were funded through:

Figures in Rand	2022	2021	2020
Cash reserves	50 442 992	59 770 310	25 355 109
Transfers from deposits	1 474 380	29 445	2 822 438
Instalment sale agreements	302 251	3 773 295	738 358
	52 219 623	**63 573 050**	**28 915 905**

Details of land and buildings

Abalone farm and administration buildings – Gansbaai

Abalone farm in Gansbaai erected on leased premises. Land owned by Terrasan Group. Refer note 4.

Figures in Rand	2022	2021	2020
Leasehold improvements	60 353 559	60 587 758	56 554 366
Accumulated depreciation	(16 387 851)	(14 027 322)	(11 752 599)
	43 965 708	**46 560 436**	**44 801 767**

Abfeed factory and administration building – Hermanus

Owned land and buildings on Erf No 10567 situated in Gideon van Wyk Crescent, Hermanus Industria, held under Title Deed No T7117/2007.

Land	2 100 000	2 100 000	2 100 000
Buildings	15 774 531	12 700 586	12 684 773
Accumulated depreciation	(1 766 973)	(1 438 601)	(1 137 996)
	16 107 558	**13 361 985**	**13 646 777**

Abalone farm – Hermanus

Buildings erected on the leased premises of Still Street Extension, New Harbour, situated in the municipality of Hermanus. (Whale Rock street, Hermanus). Refer note 4.

Leasehold improvements	9 560 845	8 989 268	8 620 802
Accumulated depreciation	(4 531 140)	(4 156 758)	(3 768 873)
	5 029 705	**4 832 510**	**4 851 929**

Abalone processing facility and administration building – Hermanus

Leased premises situated in New Harbour, Hermanus. Refer note 4.

Leasehold improvements	15 614 855	10 672 080	10 569 002
Accumulated depreciation	(5 344 181)	(4 366 387)	(3 755 438)
	10 270 674	**6 305 693**	**6 813 564**

Erf 205, Koingnaas

Erf 205 situated in Koingnaas held under Title Deed No T3216/2022

Cost	500 000	–	–
Additions	27 295	–	–
	527 295	**–**	**–**

Processing facility and administration buildings – St Helena Bay

Erf No 1097 situated in the Municipality of St Helena Bay held under Title Deed No T12389/1992.

Figures in Rand	2022	2021	2020
Land	3 905 725	3 905 725	3 905 725
Buildings	6 156 474	6 156 474	6 156 474
Accumulated depreciation	(8 983 889)	(8 678 847)	(8 537 145)
Capitalised expenditure	14 359 514	12 900 104	10 008 328
	15 437 824	**14 283 456**	**11 533 382**

A register containing the information required by Regulation 25(3) of the Companies Regulations 2011, is available for inspection at the registered office of the Target Group entities.

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Target Group leases properties which are utilised amongst others as abalone farms, factories, office space and waterspace. With the exception of short-term leases and leases of low value underlying assets (i.e. R100 000), each lease is reflected on the Statement of Financial Position as a right-of-use asset and lease liability. The average remaining lease term (including estimated lease extensions) varies between 1 and 29 years on 1 January 2020. The Target Group's leasing arrangements does not require the payment of variable lease payments.

The right-of-use asset recognised at initial recognition is depreciated over the remaining lease term. Also refer to note 3 for leasehold improvements.

Each lease generally imposes a restriction that unless there is a contractual right for the Target Group to sublet the asset to another party, the right-of-use can only be used by the Target Group. Some leases contain an option to extend the lease for a further term. For leases over properties, the Target Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Target Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Figures in Rand	2022	2021	2020
Net carrying amounts of right-of-use assets			
The carrying amounts of right-of-use assets are included in the following line items:			
Properties	13 840 395	14 831 891	15 858 527
Amounts recognised in profit or loss			
Interest expense on lease liabilities	1 693 759	1 709 628	1 728 843
Depreciation expense on right-of-use assets	991 495	1 026 636	1 067 084
Expenses relating to short-term leases – net cash from operating activities	1 090 737	220 403	927 485
Repayment of lease liabilities	1 855 578	1 812 103	1 742 632
Lease liabilities			
The maturity analysis of lease liabilities is as follows:			
Within one year	1 374 898	1 855 578	1 812 102
One to two years	1 726 546	1 672 691	2 153 371
Two to five years	1 783 095	2 914 055	3 991 160
Over 5 years	46 412 690	46 710 482	47 008 276
	51 297 230	53 152 806	54 964 909
Less finance charges component	(34 491 414)	(36 185 174)	(37 894 801)
	16 805 816	**16 967 632**	**17 070 108**
Non-current liabilities	16 412 996	16 057 520	16 197 663
Current liabilities	392 819	910 114	872 445
	16 805 815	**16 967 634**	**17 070 108**

5. BIOLOGICAL ASSETS

Group	2022		2021		2020	
Figures in Rand	Weight (kilograms)	Fair value less cost to cost to sell/cost	Weight (kilograms)	Fair value less cost to cost to sell/cost	Weight (kilograms)	Fair value less cost to cost to sell/cost
Non-commercial size animals	82 659	23 230 797	105 501	25 220 734	55 683	12 540 970
Commercial size animals	499 831	160 470 699	463 164	135 561 787	539 106	120 757 579
Broodstock	–	21 387 758	–	18 324 158	–	17 915 400
Ranched wild abalone	–	15 840 395	–	12 468 240	–	–
Total	**582 490**	**220 929 649**	**568 665**	**191 574 919**	**594 789**	**151 213 949**

Reconciliation of biological assets – 2022

Figures in Rand	Opening balance	Decrease due to harvest	Fair value adjustments	Increase due to cost capitalised	Total
Biological assets at fair value	179 106 679	(223 732 533)	152 444 601	97 270 506	205 089 253
Biological assets at cost	12 468 240	–	–	3 372 155	15 840 395
	191 574 919	**(223 732 533)**	**152 444 601**	**100 642 661**	**220 929 648**

Reconciliation of biological assets – 2021

Figures in Rand	Opening balance	Decrease due to harvest	Fair value adjustments	Increase due to cost capitalised	Total
Biological assets at fair value	151 213 949	(219 960 537)	170 716 530	77 136 737	179 106 679
Biological assets at cost	–	–	–	12 468 240	12 468 240
	151 213 949	**(219 960 537)**	**170 716 530**	**89 604 977**	**191 574 919**

Reconciliation of biological assets – 2020

Figures in Rand	Opening balance	Decrease due to harvest	Fair value adjustments	Increase due to cost capitalised	Total
Biological assets at fair value	**189 598 775**	**(140 947 637)**	**34 952 571**	**67 610 240**	**151 213 949**

5. BIOLOGICAL ASSETS (CONTINUED)

Nature of biological assets – Abalone

(a) Non-commercial size animals: Spat or animals smaller than 35 grams (2021: 35 grams; 2020: 30 grams).

(b) Commercial size animals: Production abalone that has reached a weight of 35 grams (2021: 35 grams; 2020: 30 grams) and are ready to be harvested for either live export or processing.

(c) Broodstock: Production and genetic program breeding abalone.

(d) Ranched abalone: Farmed abalone produced by broodstock on Aqunion farm, which were reseeded in a ranching zone, allocated to DCA.

Classification of current and non-current biological assets

The portion of the biological assets available to be harvested and sold within 12 months after year end meets the definition of a current asset. These are abalone in grow-out, being commercial size animals which have reached a weight of 35 grams. Broodstock, ranched abalone and non-commercial size animals, are considered non-current assets because there is not a well-established market for these and the Target Group does not expect to harvest and sell these animals within 12 months after year end. Biological assets included in current assets amount to R160 470 699 (2021: R135 561 787; 2020: R120 757 579) and included in non-current assets amount to R60 458 949 (2021: R56 013 132; 2020: R30 456 370).

(a) Non-commercial size animals

(i) Spat: The value of spat is determined by using the current market price of spat of R1.85 per spat (2021: R1.85; 2020: R1.85) which represents the price at which spat could be sold to other farms.

(ii) Abalone smaller than 35 grams (2021: 35 grams; 2020: 30 grams): There is no active export market for animals of this size. The value of spat is extrapolated and a value per animal for each weight class is determined using a polynomial graph equation.

(b) Commercial size animals

A value is allocated to each size range of live animals on the farm using the following variables:

(i) An active market selling price in US Dollars;

(ii) Rand/US Dollar exchange rate of R17.01 (2021: R15.90; 2020: R14.68);

(iii) Weight of each size class, 35 grams to 300 grams (2021: 35 grams to 300 grams; 2020: 30 grams to 300 grams);

(iv) The expected product mix;

(v) Costs to sell include, amongst other, (1) purge/drip loss adjustments based on the average actual weight loss for transactions during the reporting period and (2) processing cost based on the average actual costs incurred during the reporting period;

(vi) Processing yields are determined by the average actual yield achieved during the reporting period; and

(vii) Allocation of the fair value less cost to sell based on the size range.

(c) Broodstock

There is no active market for broodstock animals. The valuation is determined by using the following assumptions:

(i) The number of spat that will be required to maintain the current production if all the current breeding pairs are lost due to any form of disaster;

(ii) The market price of spat; and

(iii) The average time of 1.5 years required for broodstock animals to settle before producing adequate spat numbers.

5. BIOLOGICAL ASSETS (CONTINUED)

Change in estimate

In 2020, a polynomial graph, applied to all size ranges, was used to estimate the value of non-commercial and commercial biological assets by allocating a Rand per animal value to a specific size range based on the polynomial graph's equation. In 2021, the estimation of values based on the polynomial graph was re-evaluated as a result of information that became available in the 2021 financial year. This being the stabilisation of market prices and that a specific price can readily be determined per size range for commercial animals. Only non-commercial animals are measured using the polynomial graph in 2021 and 2022. The effect of the change in estimate resulted in an increase in the fair value of biological assets of R13 092 187 in 2021.

Capitalised amounts

The following amounts were capitalised to biological assets:

(i) Depreciation on property, plant and equipment of R15 151 711 (2021: R15 315 644; 2020: R14 467 176));

(ii) Employee costs of R27 668 878 (2021: R24 247 631; 2020: R21 653 613);

(iii) Electricity cost of R25 145 863 (2021: R23 757 504; 2020: R19 837 789);

(iv) Feed cost of R12 792 009 (2021: R8 832 938; 2020: R7 435 376);

(v) Fuel cost of R11 738 067 (2021: R1 887 462; 2020: R1 561 016);

(vi) Value of harvested spat at point of harvest of 2022: Rnil (2021: R10 752 940; 2020: Rnil);

(vii) Security cost of R1 761 126 (2021: R688 132; 2020: Rnil); and

(viii) Other operational costs of R494 736 (2021: R91 558; 2020: Rnil).

Fair value hierarchy

Unobservable inputs are used in the valuation of the Target Group's biological assets. The fair value of biological assets has therefore been categorised as level 3 in terms of the fair value hierarchy, as further detailed in note 29.

Sensitivity

Inputs	Sensitivity
USD prices	A 10.00% increase in the US prices would result in a significant increase in the fair value and vice versa.
ZAR/USD exchange rate	A 10.00% increase in the exchange rate would result in a significant increase in the fair value and vice versa.
Price of spat of R1.85	A 10.00% increase in the price of spat would not result in a significant increase in the fair value and vice versa.

A general notarial bond has been registered over the carrying value of certain movable assets, including biological assets as further detailed in note 32 as security for the facilities of the Terrasan Group.

6. NON-CONTROLLING INTEREST

Target Group with non-controlling interests

Target Group	Country of incorporation	% Ownership interest held by non-controlling interest 2022	2021	2020
Diamond Coast Abalone Proprietary Limited	South Africa	49.00%	49.00%	49.00%
Marifeed Proprietary Limited	South Africa	48.99%	48.99%	48.99%

The country of incorporation and the principal place of business of the above subsidiaries are the same.

The percentage ownership interest and the percentage voting rights pertaining to non-controlling interest holders were the same for all the above target entities year on year.

Figures in Rand	2022	2021	2020
Non-controlling interest			
Opening balance at the beginning of the year	4 343 995	5 156 581	5 670 087
Total comprehensive income for the year	2 686 471	(322 685)	221 494
Dividends	–	(489 901)	(735 000)
Closing balance at end of the year	**7 030 466**	**4 343 995**	**5 156 581**

7. LOANS RECEIVABLE

Loans receivable are presented at amortised cost, which is net of loss allowance if applicable, as follows:

Figures in Rand	2022	2021	2020
Terrasan Finansiering Proprietary Limited	210 609 356	82 670 962	32 739 681
Loans receivable from Terrasan Finansiering Proprietary Limited accrue interest at prime less 3.50% per annum, prime being 10.50% (2021: 7.25%; 2020: 7.00%) at year end, and are unsecured. R56 202 429 of the outstanding balance is receivable within 12 months from 31 December 2022, R10 610 182 within 12 months from 31 December 2021 and R10 636 575 within 12 months from 31 December 2020. The remaining balance of the loan is subject to a 12 month notice period, accordingly the counter party has an unconditional right to defer payment of the loan for 12 months after year end.			
Other loans and receivables	2 169 942	2 060 969	396 431
A loan amounting to R1 252 552 (2021: R1 303 211; 2020: Rnil) is unsecured, accrues interest at the prime lending rate, plus 3.00%, prime being 10.50% (2021: 7.25%; 2020: 7.00%) at year end. Repayments are made as and when fish is delivered to the Target Group. Repayments are made at fixed rates per ton of fish landed. The loan is secured by a deemed option to acquire shares in the borrower.			
Loans of R553 927 (2021: R351 531; 2020: Rnil) accrues interest at the prime-linked lending rate per annum, prime being 10.50% (2021: 7.25%; 2020: 7.00%) at year end, and is repayable in monthly instalments until the final repayment on 1 December 2026.			
Loans to directors and employees for share acquisition schemes amounting to R363 212 (2021: R358 976; 2020: R396 431) accrue interest at a rate of 5.00% (2021: 5.00%; 2020: 5.00%) per annum with no fixed term of repayment. These loans are secured by the underlying shares.			
	212 779 298	**84 731 931**	**33 136 112**
Split between non-current and current portions			
Non-current assets	155 832 460	73 382 554	1 149 762
Current assets	56 946 838	11 349 377	31 986 350
	212 779 298	**84 731 931**	**33 136 112**

7. LOANS RECEIVABLE (CONTINUED)

Expected credit loss assumptions and inputs

The expected credit loss provision reflects the probability-weighted outcome, the time value of money and reasonable supportable information that is available at the reporting date about the historic credit loss rate as well as the impact of the current and future economic conditions in which the Target Group operate.

In determining the amount of expected credit losses, the Target Group has taken into account any historic default experiences, the financial position of the counterparties, no defaults on payments where terms were agreed as well as future prospects. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

All the loans receivable as set out in this note were evaluated and it was concluded, in all material respects, that it was appropriate not to account for a loss allowance taking into account the factors set out above in making the loss allowance determination.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Target Group does not hold any collateral as security other than that specifically set out above. Details of credit risk relating to loans receivable are included in the risk management note (note 28).

Fair value of loans receivable

The carrying value of loans receivable approximates its fair value in all material respects.

8. EQUITY INSTRUMENTS AT FAIR VALUE

Figures in Rand	2022	2021	2020
Mandatorily at fair value through profit or loss			
Unlisted shares – Cadiz Asset Management	2 847 254	935 747	950 721
Split between non-current and current portions			
Non-current assets	2 847 254	935 747	950 721

Fair value information

The fair value of the debt and equity instruments have been categorised as level 1 in terms of the fair value hierarchy, as further detailed in note 29.

Exposure to credit risk

The credit risk regarding the financial instruments at fair value that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Management deemed the credit quality of the financial instruments at fair value as high.

The maximum exposure to credit risk at the reporting date is the fair value of each class of instrument mentioned above. The Target Group does not hold any collateral as security, other than that is mentioned above. Details of credit risk relating to equity instruments are included in the risk management note (note 28).

9. INVENTORIES

Figures in Rand	2022	2021	2020
Raw materials	53 200 787	100 417 847	33 966 744
Finished goods	152 662 947	107 031 054	142 282 793
Production supplies and consumables	8 510 706	6 106 162	5 569 667
	214 374 440	**213 555 063**	**181 819 204**

Product recall – 2020

In 2019 Saldanha Sales and Marketing Proprietary Limited (SSM) together with the National Regulator for Compulsory Specifications (NRCS) announced a recall of canned fish products ("talls") produced during the 2019 financial year as a result of a canning deficiency. The problem manifested itself after months of storage which caused the acidic content of the sauce to react with the metal of the can, which resulted in swelling and leaking.

The contribution loss due to the product recall was treated as a loss and presented and disclosed as part of operating expenses. Revenue was appropriately recognised when the goods were delivered to the customers in accordance with the underlying agreement. Accordingly, the group fulfilled its performance obligations to the customers (as required by IFRS 15) and the return of goods as a result of the product recall event was therefore not an adjustment (reversal or cancellation) to revenue or to cost of sales.

The settlement amounts due to clients whom returned stock as a result of the product recall amounting to R60 585 994 were dealt with as follow and were finalised within the 2020 financial year:

- In the case of clients whom had not yet paid for the stock initially sold, the returned stock was credited to the customer's account; and
- In the case of customers whom had already paid for the stock, the customers elected to either have the stock replaced or alternatively, the amounts were refunded to the client.

Further costs were incurred during the 2021 and 2020 financial years.

Figures in Rand	2022	2021	2020
Income			
Other insurance income received	–	–	9 491 717
Cost incurred			
Contribution loss (revenue less cost of sales)	–	–	(1 995 290)
Recall costs (including transport, consulting, labour and sorting costs)	–	(1 385 876)	(3 377 530)
Stock written off (stock disposed of)	–	(27 705)	(1 578 034)
Net loss	**–**	**(1 413 581)**	**(6 950 854)**

Inventory and provision for inventory written off

As a result of the product recall, canned fish, not yet consumed by end customers, to the value of R51 433 437 were returned to the Target Group during 2020. The returned stock was recognised as inventory, net of any provisions for stock written off due to the recall. A provision for impairment on the inventory relating to the product recall to its net realisable value of R10 256 145 was recognised for 2020. All damaged stock identified was isolated and dumped. Based on independent testing, management concluded that the defect manifests itself within 9 months after date of production. As all production of affected canned fish in the 2019 and 2020 financial years was completed by 30 November 2019 and 4 February 2020 respectively, all stock were at least 9 months old by 31 December 2020.

On 1 July 2021, the NRCS approved the recanning of all affected products. Management recognised a provision for impairment relating to the remaining affected products. The provision for impairment was determined by estimating what the cost would be to recan the affected stock and deducting this cost from the estimated sales value.

8. INVENTORIES (CONTINUED)

Figures in Rand	2022	2021	2020
Inventory pledged as security			
Inventory pledged as security for the facilities of Terrasan Group (refer note 32)	203 423 165	207 143 668	175 237 085
Inventory pledged as security for the facilities of Marifeed Proprietary Limited (refer note 11)	9 931 192	6 411 399	6 582 120

10. TRADE AND OTHER RECEIVABLES

Figures in Rand	2022	2021	2020
Financial instruments:			
Trade receivables	83 470 560	92 380 305	55 875 807
Accrued income	159 810	292 036	–
Other receivables	2 717 741	5 855 172	2 271 369
Non-financial instruments:			
Deposits	448 314	291 745	594 125
Prepayments	9 162 664	1 331 669	1 274 256
Value added taxation	13 296 799	9 929 202	11 683 213
Total trade and other receivables	**109 255 888**	**110 080 129**	**71 698 770**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with *IFRS 9: Financial Instruments:*

Figures in Rand	2022	2021	2020
At amortised cost	86 338 477	98 517 878	58 137 542
Non-financial instruments	22 907 777	11 585 248	13 551 594
	109 255 888	**110 103 126**	**71 689 136**

Exposure to credit risk

Trade receivables are generally due for settlement within 30 to 90 days and therefore are all classified as current. No interest is charged on trade receivables. Trade receivables are recognised initially at the amount of consideration that is unconditional unless it contains significant financing components, when they are recognised at fair value.

Trade receivables comprise a widespread customer base, with a result that there is no specific significant concentration of credit risk from these trade receivables. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customers, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

The Target Group applies the IFRS 9 simplified approach (provision matrix) to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (as set out in accounting policy). A loss allowance is recognised for all trade receivables in accordance with *IFRS 9: Financial Instruments,* and is monitored at the end of each reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

To measure the expected credit losses, trade receivables (including contract assets) have been grouped based on shared credit risk characteristics and the days past due. The Target Group's historical credit loss experience does not show different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

The loss allowance was determined to be Rnil (2021: Rnil; 2020: Rnil). In making this determination, management considered the historical credit loss experience which historically amounts to Rnil, adjusted for forward looking information.

The maximum exposure to credit risk at the reporting date is the fair value of the financial instruments mentioned above.

	2022	2022	2021	2021	2020	2020
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:						
Not past due	53 725 197	–	31 846 181	–	30 323 487	–
31 to 60 days past due	27 036 495	–	53 248 194	–	21 101 705	–
61 to 90 days past due	1 848 806	–	6 874 590	–	632 862	–
91 days and more past due	711 152	–	4 017	–	899 029	–
More than 120 days past due:	148 910	–	407 322	–	2 918 723	–
Total	**83 470 560**	**–**	**92 380 303**	**–**	**55 875 806**	**–**

Fair value of trade and other receivables

The fair value of trade and other receivables approximate their carrying values due to the short-term nature of the receivables.

Trade and other receivables pledged as security

The loss allowance was determined to be Rnil (2021: Rnil; 2020: Rnil). In making this determination, management considered the historical credit loss experience which historically amounts to Rnil, adjusted for forward looking information.

Impairment

Trade and other receivables amounting to Rnil (2021: Rnil; 2020: Rnil) was impaired at year end.

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other receivables are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Figures in Rand	2022	2021	2020
Rand	84 395 262	83 619 910	51 137 936
US Dollar	23 553 751	25 147 804	19 943 141
New Zealand Dollar	421 623	1 212 019	–
Australian Dollar	885 252	100 396	617 693
	109 255 888	**110 080 129**	**71 698 770**

11. CASH AND CASH EQUIVALENTS

Figures in Rand	2022	2021	2020
Cash and cash equivalents consist of:			
Cash on hand	37 501	22 292	52 000
Bank balances	13 434 940	9 365 165	9 151 866
Bank overdraft	(34 968)	(6 227)	(36 890)
	13 437 473	**9 381 230**	**9 166 976**
Current assets	13 472 441	9 387 457	9 203 866
Current liabilities	(34 968)	(6 227)	(36 890)
	13 437 473	**9 381 230**	**9 166 976**

Bank balances of R8 915 865 (2021: R2 079 731; 2020: R7 367 875) are encumbered as security for the overdraft and other loan facilities of the Terrasan Group. Refer note 32.

Figures in Rand	2022	2021	2020
The total amount of undrawn facilities available for future operating activities and commitments	5 965 032	6 000 000	6 092 110

The fair value of cash and cash equivalents approximate their carrying values. Cash at banks earn interest at floating rates based on daily bank deposit rates.

Overdraft facility of R3 000 000 of Marifeed are secured by the following:

- Cession of debtors. Refer note 10;
- Limited suretyship by Aqunion of R945 000, supported by cession of loan accounts;
- Limited suretyship by HIK Abalone Farm Proprietary Limited of R805 000, supported by cession of loan accounts;
- First continuing covering mortgage bond number B9086/2007 of R1 350 000, over Erf No. 10567 Hermanus, held under Deed of Transfer No. 7114/2007;
- Second continuing covering mortgage bond number B19141/2016 of R3 500 000, over Erf No. 10567 Hermanus, held under Deed of Transfer No. 7114/2007;
- General notarial bond in the amount of R1 550 000 over movable property;
- The bank's interest to be noted in the insurance policy relating to all inventory and equipment.
- Refer note 3.

Overdraft facility of R3 000 000 and instalment sale agreement of Aqunion are secured by cession of its trade receivables. Refer note 10.

Credit quality of cash and cash equivalents

Bank balances are held with reputable financial institutions. The maximum exposure to credit risk at the reporting date is the bank balance as disclosed above. The Target Group banks with Absa Bank Limited.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

The maximum exposure to credit risk at the reporting date is the bank balance as disclosed above.

Exposure to currency risk

The net carrying amounts, in Rand, of cash and cash equivalents, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

11. CASH AND CASH EQUIVALENTS (CONTINUED)

Figures in Rand	2022	2021	2020
Rand	4 588 644	7 391 499	1 879 101
US Dollar	8 848 829	1 989 731	7 287 875
	13 437 473	**9 381 230**	**9 166 976**

12. STATED CAPITAL

Figures in Rand	2022	2021	2020
Number of shares authorised:			
Aqunion Proprietary Limited (par value of R1 each)	800	800	800
Marifeed Proprietary Limited (par value of R1 each)	10 000	10 000	10 000
Diamond Coast Abalone Proprietary Limited (par value of R1 each)	1 000	1 000	1 000
Saldanha Sales and Marketing Proprietary Limited (no par value shares)	200	200	200
West Point Processors Proprietary Limited (no par value shares)	115 000 000	115 000 000	115 000 000
West Point Fishing Corporation Proprietary Limited (no par value shares)	88 300	88 300	88 300
	115 100 300	**115 100 300**	**115 100 300**
Reconciliation of number of shares issued:			
Reported as at 1 January	22 095 202	95 202	90 365 828
Shares repurchased	–	–	(90 270 627)
Shares issued	–	22 000 000	1
	22 095 202	**22 095 202**	**95 202**
Ordinary shares issued			
Balance at the beginning of the year	69 546 952	11 393 779	35 437 719
Shares repurchased	–	–	(34 200 396)
Shares issued	–	58 153 173	10 156 456
	69 546 952	**69 546 952**	**11 393 779**

Authorised and issued shares consist of the aggregated number of shares of the Target Group entities, after elimination of shares held by Saldanha Sales and Marketing Proprietary Limited and West Point Fishing Corporation Proprietary Limited in West Point Processors Proprietary Limited.

Saldanha Sales and Marketing Proprietary Limited issued 1 share as full settlement for the loan owing to its shareholder on 15 April 2020, amounting to R10 156 456.

Effective 8 December 2020, West Point Processors, repurchased 68 270 627 shares held by Saldanha Protein Proprietary Limited for an amount of R1, as part of an inter-group restructuring.

Effective 11 December 2020, West Point Processors, repurchased 22 000 000 ordinary shares from Paternoster Vissery Proprietary Limited in accordance with section 48 of the Companies Act for an amount of R58 153 173.

Effective 4 January 2021 West Point Processors issued shares to La Vie Seafood Products Proprietary Limited whereby 22 000 000 ordinary shares were issued for an amount of R58 153 173.

13. BORROWINGS

Figures in Rand	2022	2021	2020
Held at amortised cost			
Instalment sale agreements	3 531 977	1 588 516	2 376 556
Instalment sale agreements accrue interest at an effective interest rate of between 0.50% to 0.80% below the prime overdraft lending rate (2021: 0.40% to 0.80% below the prime; 2020: 0.40% to 0.50% below the prime) per annum. These loans are repayable in monthly instalments of R99 680 (2021: R118 574; 2020: R145 241). These loans are secured by the related assets as further detailed in notes 3 and 11.			
Loans from minority shareholders	4 984 842	4 574 939	4 265 227
These unsecured loans accrue interest at the prime overdraft lending rate, prime being 10.50% (2021: 7.25%; 2020: 7.00%) per annum and is subject to a 12-month notice period by the counter party.			
Loan facilities – Absa Bank Limited	–	3 316 387	–
The loan accrues interest at 0.50% below the prime overdraft lending rate per annum and was refinanced as an instalment sale agreement during 2022.			
Saldanha Foods Proprietary Limited	–	–	391 080
The loan is unsecured, interest free and not subject to any fixed terms of repayment. The loan was fully repaid during 2021.			
Terrasan Finansiering Proprietary Limited	246 017 762	257 395 910	265 443 175
– R11 953 230 (2021: R16 125 075; 2020: R26 078 809) of the loan payable is unsecured with no fixed payment terms and accrues interest at the prime overdraft lending rate per annum, prime being 10.50% (2021: 7.25%; 2020: 7.00%) at year end.			
– A loan amounting to R6 669 572 (2021: R6 061 028; 2020: R6 391 931) is unsecured and accrues interest at the prime overdraft lending rate plus 1.00%.			
– The balance of the loans is unsecured and accrues interest at the prime overdraft lending rate. These loans are subject to a 12-month notice period by the counterparty, accordingly the Target Group have an unconditional right to defer payment of the loans for 12 months after year end. The Target Group may however at its own discretion, elect to repay the loan at any time.			

13. BORROWINGS (CONTINUED)

Figures in Rand	2022	2021	2020
Aqunion Group Proprietary Limited	27 973 633	18 996 799	1 187 100
The loan is unsecured, bears interest at prime plus 4.00%, prime being 10.50% at year end (2021: 7.25%; 2020: 7.00%) and will be reduced by the value of harvested abalone delivered to Aqunion Group. Significant harvesting is not expected during the ensuing 12 months after 31 December 2022. Repayment of the loan is subject to a 12-month notice period by the counterparty. Accordingly, the Target Group has an unconditional right to defer payment of the loan for 12 months after year end. The Target Group may however at its own discretion, elect to repay the loan at any time.			
Other loans	–	–	151 052
The loan bears interest at a rate of 3.00% per annum with no fixed repayment period.			
	282 508 214	**285 872 551**	**273 814 190**

Figures in Rand	2022	2021	2020
Split between non-current and current portions			
Non-current liabilities	269 671 293	260 837 188	245 774 371
Current liabilities	12 836 921	25 035 363	28 039 819
	282 508 214	**285 872 551**	**273 814 190**

Refer to note 26 Changes in liabilities arising from financing activities for details of the movement in borrowings during the reporting period.

Fair value of borrowings

The fair value of the loans set out above are considered to be a reasonable approximation of its carrying value.

14. DEFERRED TAX

The major components of the deferred tax balance are set out below:

Figures in Rand	2022	2021	2020
Deferred tax liability			
Property, plant and equipment	(47 897 866)	(50 438 301)	(49 773 611)
Biological asset	(59 651 004)	(53 564 048)	(42 339 906)
Prepayments	(181 561)	(108 049)	(83 885)
Capital loss available for set off against future taxable gains	938	973	973
Deferred tax assets on tax losses not recognised	(5 651 972)	(4 196 314)	(2 826 480)
Income received in advance	186 249	89 786	609 844
Donations	–	184 247	150 576
Lease liabilities	4 846 064	4 794 714	4 926 784
Right-of-use asset	(4 009 029)	(4 146 212)	(4 580 823)
Provisions and accrued expenses	2 855 119	2 714 713	6 695 866
Tax losses available for set off against future taxable income	10 124 261	8 948 634	4 338 617
Capital development expenditure carried forward	–	–	5 656 869
Assessed loss carried forward	–	–	7 792 057
Total deferred tax liability	**(99 378 801)**	**(95 719 857)**	**(69 433 119)**
Reconciliation of net deferred tax liability			
At beginning of year	(95 719 857)	(69 433 119)	(73 446 053)
Movement in capital loss available for set off against future taxable gains	(35)	–	–
Movement in temporary difference on property, plant and equipment	2 540 435	(664 690)	(3 236 373)
Movement in temporary difference on biological assets	(6 086 956)	(11 224 142)	10 747 751
Movement in temporary differences on provisions and accruals	140 406	(3 981 153)	1 961 916
Movement in temporary differences on prepayments	(73 512)	(24 164)	277 423
Movement in difference on assessed loss carried forward	–	(7 792 057)	(3 635 125)
Movement in temporary difference on income received in advance	96 463	(520 058)	288 161
Capital development expenditure carried forward	–	(5 656 869)	2 138 902
Movement in temporary differences on deferred tax asset not recognised	(1 455 658)	(1 369 834)	1 192 375
Movement in temporary differences on tax losses available for set off against future taxable income	1 175 627	4 610 017	(2 749 395)
Movement in temporary difference on accrued expenses relating to the product recall	–	–	(3 307 893)
Movement on temporary difference on donations	(184 247)	33 671	49 329
Originated temporary difference on right-of-use asset	137 183	434 611	(3 365 297)
Originated temporary difference on lease liability	51 350	(132 070)	3 651 160
	(99 378 801)	**(95 719 857)**	**(69 433 119)**

14. DEFERRED TAX (CONTINUED)

Use and sales rate

The deferred tax rate applied to land included in property, plant and equipment is determined by the expected manner of recovery. The expected recovery of the land included in property, plant and equipment is through sale and the capital gains tax rate of 21.60% (2021: 22.40%; 2020: 22.40%) is used.

15. TRADE AND OTHER PAYABLES

Figures in Rand	2022	2021	2020
Financial instruments:			
Trade payables	32 251 407	22 928 325	22 819 145
Other payables	–	156 346	283 918
Accrued expenses	54 306 791	39 110 340	28 145 894
Deposits received	728 336	–	–
	87 286 534	**62 195 011**	**51 248 957**
Non-financial instruments:			
Amounts received in advance	689 814	3 741 534	949 663
	87 976 348	**65 936 545**	**52 198 620**

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other payables are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Figures in Rand	2022	2021	2020
Rand	73 241 279	53 083 165	52 198 620
US Dollar	12 567 538	12 729 671	–
Euro	2 167 532	–	–
	87 976 349	**65 812 836**	**52 198 620**

Fair value of trade and other payables

The fair value of trade and other payables approximate their carrying values due to the short-erm nature of the payables.

16. **REVENUE**

Figures in Rand	2022	2021	2020
Revenue from contracts with customers			
Sale of goods	1 567 739 949	911 382 382	1 034 368 506
Rendering of services	3 633 059	6 888 349	6 382 049
	1 571 373 008	**918 270 731**	**1 040 750 555**

Disaggregation of revenue from contracts with customers

The Target Group disaggregates revenue from customers as follows:

Figures in Rand	2022	2021	2020
Sale of goods			
Live abalone	51 502 986	17 815 577	25 094 238
Processed abalone	224 311 263	215 568 019	144 549 804
Feed	47 006 014	34 971 615	32 508 983
Canned fish	706 802 488	368 418 713	295 214 493
Fish meal and fish oil	537 607 366	274 400 279	537 000 988
Other	509 832	208 179	–
	1 567 739 949	**911 382 382**	**1 034 368 506**
Rendering of services			
Processing fees	3 633 059	6 888 349	6 382 049
Total revenue from contracts with customers	**1 571 373 008**	**918 270 731**	**1 040 750 555**

Figures in Rand	2022	2021	2020
Timing of revenue recognition			
At a point in time			
Sale of goods	1 567 739 949	911 382 382	1 034 368 506
Over time			
Rendering of services	3 633 059	6 888 349	6 382 049
Total revenue from contracts with customers	**1 571 373 008**	**918 270 731**	**1 040 750 555**
Revenue is further split by geographic region as follows:			
South Africa	755 578 509	422 950 546	380 810 481
Asia	415 282 266	380 467 621	463 815 931
Europe	394 134 236	110 094 860	191 601 995
Other	6 377 998	4 757 704	4 522 148
	1 571 373 009	**918 270 731**	**1 040 750 555**

	Figures in Rand	2022	2021	2020
17.	**COST OF SALES**			
	Sale of goods	1 270 352 749	822 999 937	805 384 733
	Rendering of services	2 365 342	3 605 212	3 263 038
		1 272 718 091	**826 605 149**	**808 647 771**
18.	**OTHER OPERATING INCOME**			
	Profit on foreign exchange differences	6 559 388	8 852 971	8 470 515
	Insurance claim	–	–	9 491 717
	Other income	10 744 752	11 238 461	5 317 858
		17 304 140	**20 091 432**	**23 280 090**
19.	**FAIR VALUE ADJUSTMENTS**			
	Fair value gains through profit or loss			
	Biological assets (Fair value model)	152 444 601	170 724 744	34 952 571
20.	**OPERATING PROFIT**			
	Operating profit for the year is stated after accounting for the following:			
	Administration and management fee	15 385 803	14 689 919	14 422 575
	Employee cost	74 833 381	61 440 294	61 328 854
		90 219 184	**76 130 213**	**75 751 429**
21.	**INVESTMENT INCOME**			
	Interest income			
	Bank and other cash	659 775	427 365	157 195
	Other financial assets	8 723 903	2 297 793	1 236 408
	Other interest	20 728	–	61 667
	Total interest income	**9 404 406**	**2 725 158**	**1 455 270**
	Investment income per financial instrument category:			
	Loans receivable	9 404 406	2 725 158	1 455 270
	Reconciliation of cash flow from interest income:			
	Interest income per statement of profit and loss and other comprehensive income	9 404 405	2 725 158	1 455 270
	Investment income accrued but not paid	(928 263)	(108 323)	(17 265)
	Cash flow from interest income	**8 476 142**	**2 616 835**	**1 438 005**

Figures in Rand	2022	2021	2020
22. **FINANCE COSTS**			
Bank overdraft	775 082	145 008	239 249
Borrowings	24 985 328	19 544 157	23 989 128
Lease liabilities	1 693 759	1 709 628	1 728 843
Total finance costs	**27 454 169**	**21 398 793**	**25 957 220**
Finance costs per financial instrument category			
Financial liabilities at amortised cost	25 760 410	19 689 165	24 228 377
Lease liabilities	1 693 759	1 709 628	1 728 843
	27 454 169	**21 398 793**	**25 957 220**
Reconciliation of cash flow from finance costs:			
Finance costs per statement of profit and loss and other comprehensive income	27 454 169	21 398 793	25 957 220
Interest accrued but not paid	(22 126 981)	(18 430 234)	(16 001 907)
	5 327 188	**2 968 559**	**9 955 313**
23. **TAXATION**			
Major components of the tax expense			
Current			
Local income tax – current period	71 016 397	11 298 191	37 841 048
Security Transfer Tax	532 600	145 383	–
	71 548 997	**11 443 574**	**37 841 048**
Deferred			
Originating and reversing temporary differences	3 658 944	26 286 737	(4 012 933)
	75 207 941	**37 730 311**	**33 828 115**
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense:			
Accounting profit	277 757 335	126 153 596	129 054 360
Tax at the applicable tax rate of 28.00% (2021: 28.00%; 2020: 28.00%)	77 772 053	35 323 007	36 135 221
Tax effect of adjustments on taxable income			
Exempt income (employee tax incentives and dividends received)	(74 514)	(122 685)	(219 392)
Disallowed expenses (consulting and professional fees and other expenses not incurred in the production of income)	514 372	1 260 231	265 366
Utilisation of assessed loss previously not recognised	–	–	(2 101 837)
Prior period taxes	(4 350)	(62 171)	(3 574)
Capital gains differential	1 238	466	(66 960)
Assessed loss not recognised	1 455 703	1 369 831	847 874
Change in tax rate	(3 507 057)	–	–
Security transfer taxation	532 599	145 383	–
Special allowance – Section 12H learnership allowances	(1 491 466)	(568 400)	(985 600)
Other	9 363	384 649	(42 983)
	75 207 941	**37 730 311**	**33 828 115**

23. TAXATION (CONTINUED)

The estimated tax loss available for the entities in the Target Group to set off against future taxable income is R21 656 870 (2021: R68 725 803).

On 23 February 2022, the Minister of Finance announced during the Budget Speech that the corporate income tax rate be reduced from 28.00% to 27.00%. This will be done alongside a broadening of the corporate income tax base by limiting interest deductions and assessed losses in a revenue neutral manner. The proposed reduced rate is effective for years of assessment ending on or after 31 March 2023. In terms of the Financial Reporting Pronouncement 1, Substantively enacted tax rate and tax laws under International Financial Reporting Standards, changes in tax rates are substantively enacted from the time that they are announced in terms of the Minister of Finance's Budget Statement. The reduced rate of 27.00% is therefore substantively enacted 23 February 2022.

As set out in paragraph 46 of IAS 12 *Income Taxes,* current tax liabilities/assets for the current period shall be measured at the amount expected to be paid to/recovered from the taxation authorities, using the tax rates that have been enacted by the end of the reporting period. The current tax asset was accordingly measured by using a rate of 28.00%.

As further set out in paragraph 47 of IAS 12 *Income Taxes,* deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The deferred tax liability was accordingly measured by using a rate of 27.00% for 2022.

Figures in Rand	2022	2021	2020
24. CASH GENERATED FROM OPERATIONS			
Profit before taxation	277 757 335	126 153 596	129 054 360
Adjustments for:			
Depreciation, amortisation and impairments	13 733 507	12 103 285	10 445 904
Loss/(Profit) on disposal of assets	628 832	(512 323)	120 751
Unrealised profit/(loss) on foreign exchange	216 406	1 586 421	1 278 954
Interest received	(9 404 406)	(2 725 158)	(1 455 270)
Finance costs	27 454 169	21 398 797	25 970 855
Fair value adjustments on biological assets	(152 444 601)	(170 716 530)	(34 952 571)
Fair value of biological assets transferred to inventory	222 712 450	219 960 537	140 947 637
Impairment loss on trade and other receivables	141 199	(1 518 116)	2 037 273
Movements in accruals and provisions	(3 374 610)	(2 411 499)	(3 324 038)
Non-cash adjustment to property, plant and equipment	1 031 269	939 747	293 020
Product recall	–	–	962 430
Other non-cash items	(656 840)	27 016	633 546
Changes in working capital:			
Inventories	163 844	(31 744 775)	26 164 299
Trade and other receivables	895 614	(33 702 837)	(43 221 095)
Trade and other payables	24 244 005	10 521 995	4 311 691
Biological assets	(85 490 948)	(74 426 788)	(53 143 062)
	317 607 225	**74 933 368**	**206 124 684**
25. TAX PAID			
Balance at beginning of the year	(2 981 489)	12 918 519	9 127 421
Current tax recognised in profit or loss	(71 548 997)	(11 443 574)	(37 841 048)
Balance at end of the year	(3 295 227)	2 981 489	(12 918 519)
	(77 825 713)	**4 456 434**	**(41 632 146)**

26. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities – 2022

	Opening balance	Proceeds from borrowings	Repayments	Interest	Interest paid in cash	Other	Closing balance
Borrowings	285 872 551	1 412 087 952	(1 438 207 353)	24 985 328	(4 552 106)	2 321 842	282 508 214
Lease liabilities	16 967 634	–	(1 855 578)	1 693 759	–	–	16 805 815
Total liabilities from financing activities	**302 840 185**	**1 412 087 952**	**(1 440 062 931)**	**26 679 087**	**(4 552 106)**	**2 321 842**	**299 314 029**

Reconciliation of liabilities arising from financing activities – 2021

	Opening balance	Proceeds from borrowings	Repayments	Interest	Interest paid in cash	Other	Closing balance
Borrowings	273 814 190	380 701 992	(387 808 677)	19 544 157	(2 823 551)	2 444 440	285 872 551
Lease liabilities	17 070 109	–	(1 812 103)	1 709 628	–	–	16 967 634
Total liabilities from financing activities	**290 884 299**	**380 701 992**	**(389 620 780)**	**21 253 785**	**(2 823 551)**	**2 444 440**	**302 840 185**

Reconciliation of liabilities arising from financing activities – 2020

	Opening balance	Proceeds from borrowings	Repayments	Interest accrued	Interest paid in cash	Other	Closing balance
Borrowings	290 885 965	1 080 245 323	(1 116 276 468)	23 989 128	(9 955 313)	4 925 555	273 814 190
Lease liabilities	17 083 898	–	(1 742 632)	1 728 842	–	–	17 070 108
Total liabilities from financing activities	**307 969 863**	**1 080 245 323**	**(1 118 019 100)**	**25 717 970**	**(9 955 313)**	**4 293 893**	**290 884 298**

27. RELATED PARTIES

Relationships

Subsidiaries and non-controlling interests	Refer to note 6
Other related parties	Aquastel Proprietary Limited Diamond Coast Employee Incentive Trust HIK Abalone Farm Proprietary Limited
Members of key management	Directors of the Target Group Entities

Figures in Rand	2022	2021	2020
Related party balances			
Loan accounts – Owing (to)/by related parties			
Aquastel Proprietary Limited	(1 173 140)	(1 076 725)	(1 002 838)
Diamond Coast Employee Incentive Trust	251	251	251
Diamond Coast Employee Incentive Trust	(3 811 451)	(3 498 214)	(3 261 389)
	(4 984 340)	**(4 574 688)**	**(4 263 976)**
Amounts included in trade receivables/ (trade payables) regarding related party			
HIK Abalone Farm Proprietary Limited	–	(4 930 000)	–
HIK Abalone Farm Proprietary Limited	2 174 443	1 922 417	673 765
	2 174 443	**(3 007 583)**	**673 765**
Related party transactions			
Interest paid to/(received from) related parties			
Aquastel Proprietary Limited	96 414	72 887	75 600
Diamond Coast Employee Incentive Trust	313 488	241 230	245 693
	409 902	**314 117**	**321 293**
Purchases from/(sales to) related party			
HIK Abalone Farm Proprietary Limited	(21 882 868)	(16 053 673)	(8 661 627)
HIK Abalone Farm Proprietary Limited	–	–	381 285
	(21 882 868)	**(16 053 673)**	**(8 280 342)**
Dividends paid to/(received from) related party			
HIK Abalone Farm Proprietary Limited	–	489 900	73 500
	–	**489 900**	**73 500**
Compensation to directors and other key management			
Executive directors	15 586 478	10 839 612	14 925 426

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Categories of financial assets

Figures in Rand	Notes	Fair value through profit or loss	Amortised cost	Total
2022				
Loans receivable	7	–	212 779 298	212 779 298
Equity instruments at fair value	8	2 847 254	–	2 847 254
Trade and other receivables	10	–	86 348 111	86 348 111
Cash and cash equivalents	11	–	13 472 441	13 472 441
		2 847 254	**312 599 850**	**315 447 104**
2021				
Loans receivable	7	–	84 731 931	84 731 931
Equity instruments at fair value	8	935 747	–	935 747
Trade and other receivables	10	–	98 527 513	98 527 513
Cash and cash equivalents	11	–	9 387 457	9 387 457
		935 747	**192 646 901**	**193 582 648**
2020				
Loans receivable	7	–	33 136 112	33 136 112
Equity instruments at fair value	8	950 721	–	950 721
Trade and other receivables	10	–	58 147 176	58 147 176
Cash and cash equivalents	11	–	9 203 866	9 203 866
		950 721	**100 487 154**	**101 437 875**

Categories of financial liabilities

Figures in Rand	Notes	Amortised cost	Total
2022			
Trade and other payables	15	87 286 534	87 286 534
Borrowings	13	282 508 214	282 508 214
Lease liabilities	4	16 805 815	16 805 815
Bank overdraft	11	34 968	34 968
		386 635 531	386 635 531
2021			
Trade and other payables	15	62 195 011	62 195 011
Borrowings	13	285 872 551	285 872 551
Lease liabilities	4	16 967 634	16 967 634
Bank overdraft	11	6 227	6 227
		365 041 423	365 041 423
2020			
Trade and other payables	15	51 248 957	51 248 957
Borrowings	13	273 814 190	273 814 190
Lease liabilities	4	17 070 108	17 070 108
Bank overdraft	11	36 890	36 890
		342 170 145	342 170 145

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management

Overview

The Target Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk (currency risk and cash flow interest rate risk).

The board has overall responsibility for the establishment and oversight of the Target Group's risk management framework. Terrasan Group Limited has established the Audit and Risk committee, which is responsible for developing and monitoring the Target Group's risk management policies. The committee reports its recommendations and on its activities quarterly to the board.

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

The Target Group's Audit and Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Target Group.

Credit risk

Credit risk is the risk of financial loss to the Target Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Target Group is exposed to credit risk on loans receivable, debt and equity instruments at fair value, trade and other receivables and cash and cash equivalents.

Credit loss allowances for expected credit losses are recognised for all debt instruments.

In order to calculate credit loss allowances, management determines whether the loss allowance should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus, the basis of the loss allowance for a specific financial asset could change year on year.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Target Group only deals with reputable counterparties with consistent payment histories and group companies. Sufficient collateral or guarantees, including credit guarantee insurance relating to trade receivables, are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as other relevant information. Counterparty credit limits are in place and are reviewed and approved by management. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored. There have been no significant changes in the credit risk management policies and processes during the reporting period.

The maximum exposure to credit risk as well as detail of any collateral held, where relevant, is presented in the respective notes (refer to note 7, 8, 10 and 11).

Liquidity risk

The Target Group is exposed to liquidity risk, which is the risk that the Target Group will encounter difficulties in meeting its obligations as they become due.

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Target Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows, an ongoing review of future commitments and credit facilities. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. The Target Group manages liquidity risk by having sufficient reserves and credit facilities to manage ongoing revision of budgeted and actual cash flow as well as the corresponding expiring dates of liabilities. Cash flow forecasts are prepared and adequately utilised borrowing facilities are monitored.

There have been no significant changes in the liquidity risk management policies and processes during the reporting period.

The table below analyses the Target Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
2022						
Non-current liabilities						
Borrowings	13	–	287 904 064	381 900	288 285 964	269 671 293
Lease liabilities		–	3 509 641	46 412 690	49 922 331	16 412 996
Current liabilities						
Trade and other payables	15	87 286 534	–	–	87 286 534	87 286 534
Borrowings	13	12 836 921	–	–	12 836 921	12 836 921
Lease liabilities		1 374 898	–	–	1 374 898	392 819
Bank overdraft	11	34 968	–	–	34 968	34 968
		101 533 321	**291 413 705**	**46 794 590**	**439 741 616**	**386 635 531**
2021						
Non-current liabilities						
Borrowings	13	–	270 639 200	–	270 639 200	260 837 188
Lease liabilities		–	4 586 746	46 710 482	51 297 228	16 057 520
Current liabilities						
Trade and other payables	15	62 195 011	–	–	62 195 011	62 195 010
Borrowings	13	25 035 363	–	–	25 035 363	25 035 363
Lease liabilities		1 855 578	–	–	1 855 578	910 114
Bank overdraft	11	6 227	–	–	6 227	6 227
		89 092 179	**275 225 946**	**46 710 482**	**411 028 607**	**365 041 422**
2020						
Non-current liabilities						
Borrowings	13	–	262 959 024	–	262 959 024	245 774 371
Lease liabilities		–	6 144 531	47 008 276	53 152 807	16 197 663
Current liabilities						
Trade and other payables	15	51 248 957	–	–	51 248 957	51 248 957
Borrowings	13	28 039 889	–	–	28 039 889	28 039 819
Lease liabilities		1 812 102	–	–	1 812 102	872 445
Bank overdraft	11	36 890	–	–	36 890	36 890
		81 137 838	**269 103 555**	**47 008 276**	**397 249 669**	**342 170 145**

Loans repayable with a 12-month notice period as disclosed in note 13 were included in the earliest liquidity category following the notice period, inclusive of interest for the notice period.

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign currency risk

The Target Group is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the Target Group deals primarily are US Dollar, New Zealand Dollar, Australian Dollar and Euro.

There have been no significant changes in the foreign currency risk management policies and processes during the reporting period.

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

Figures in Rand		2022	2021	2020
US Dollar exposure:				
Current assets:				
Trade receivables: USD1 385 128 (2021: USD1 579 398; 2020: USD1 359 224)	10	23 553 751	25 147 804	19 943 141
Cash and cash equivalents: USD518 040 (2021: USD125 089; 2020: USD496 288)	11	8 848 829	1 989 731	7 287 875
Current liabilities:				
Trade payables: USD707 310 (2021: USD799 482; 2020: USDnil)	15	(12 567 538)	(12 729 671)	–
Net US Dollar exposure		**19 835 042**	**14 407 864**	**27 231 016**

Foreign currency sensitivity analysis

For the purpose of the sensitivity analysis a movement of 10.00% in the Rand versus the significant foreign monetary units are deemed reasonable. The sensitivity analysis only includes the outstanding foreign exchange monetary units and takes into account the 10.00% difference in the exchange of the monetary units.

At 31 December 2022, 2021 and 2020, if the currency had weakened/strengthened by 10.00% against the US Dollar, New Zealand Dollar, Australian Dollar and Euro with all other variables held constant, post-tax profit for the year would have been R1 935 435 (2021: R1 569 157; 2020: R2 785 860) higher/lower, mainly as a result of foreign exchange gains or losses on translation of the US Dollar and Euro denominated trade receivables, trade payables and cash and cash equivalents.

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk

As the Target Group has significant interest-bearing assets and liabilities, the Target Group's income and operating cash flows are influenced by changes in market interest rates.

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the Target Group is comprised of different instruments, which bear interest at variable interest rates. These instruments, issued at variable rates, expose the Target to cash flow interest rate risk.

The Group policy with regards to financial assets, is to invest cash at variable rates of interest and to maintain sufficient access to cash facilities with banks in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes during the reporting period.

Interest rate profile

The interest rate profile of interest-bearing financial instruments at the end of the reporting period was as follows:

		Average effective interest rate			Carrying amount		
		2022	**2021**	**2020**	**2022**	**2021**	**2020**
Assets							
Loans receivable	7	7.40%	4.80%	4.60%	212 779 298	84 731 937	3 136 112
Cash and cash equivalents	11	2.38%	1.35%	1.46%	13 472 441	9 387 457	9 203 866
					226 251 739	**94 119 394**	**42 339 978**
Liabilities							
Borrowings	13	10.65%	7.41%	6.95%	282 508 214	285 872 551	273 814 190
Lease liabilities		10.15%	10.15%	10.15%	16 834 720	16 997 195	17 100 169
Bank overdraft	11	11.00%	7.25%	7.00%	34 968	6 227	36 890
					299 377 902	**302 875 973**	**290 951 249**

Interest rate sensitivity analysis

The sensitivity analysis below presents the interest rate risks. It has been determined based on the exposure to interest rates for financial instruments at the statement of financial position date and shows the effects of changes in market interest rates on interest payments, interest income and expenses. For variable rate liabilities, the analysis is prepared assuming the average liability was outstanding for the whole year. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis during the reporting period. A 100 basis point increase or decrease represents management's assessment of the reasonable possible change in interest rate, at year end.

During the year ending 31 December 2022, 2021 and 2020, if interest rates on Rand denominated borrowings had been 100 basis points higher/lower with all other variables held constant, net profit or loss of the Target Group for the year would have increased/decreased by R3 867 028 (2021: R3 730 136; 2020: R4 424 166).

29. FAIR VALUE INFORMATION

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Figures in Rand	2022	2021	2020
Level 1			
Recurring fair value measurements			
Assets			
Equity investments at fair value	2 847 254	935 747	950 721
	2 847 254	–	–
Level 3			
Assets			
Biological assets (note 5)	205 089 253	179 106 679	151 213 949

Trade and other receivables/payables are short term in nature and their carrying values are considered a reasonable approximation of fair value. Accordingly, the disclosure of fair value information is not applicable.

Loans receivable/borrowings accrue interest at market related interest rates, or, where they are interest free, are payable on demand. Carrying values are therefore considered a reasonable approximation of the fair value.

An appropriate adjustment is made to loans which are not payable on demand in order to obtain a carrying value which approximates fair value, in all material aspects. The carrying value of loans which are payable on demand approximates fair value.

Refer to note 5 for detail regarding the valuation techniques used in the determination of the fair value of biological assets. Refer to note 19 for the effect of the fair value measurements of biological assets on profit and loss.

30. GOING CONCERN

The HFI has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Target Group has achieved a net profit of R202 549 394 in the current year (2021: R88 423 285 Profit; 2020: R95 226 245). The current assets exceed current liabilities for all three periods reported on.

The ability of the Target Group to continue as a going concern is dependent on a number of factors. The most significant of these are that the directors continue to procure funding for the ongoing operations of the Target Group. The Target Group secures certain facilities of the Terrasan Group relating to a lending facility with Absa Bank Limited as well as preference shares issued by the Terrasan Group to Absa Bank Limited.

Based on the cash flow projections of the Target Group, and after taking all currently available information into account about the foreseeable future for at least twelve months from the HFI reporting date, the directors have concluded that the Target Group has sufficient facilities to meet its foreseeable cash requirements. The directors have also, after careful consideration, concluded that there is, at the date of the HFI, no material uncertainty as to whether or not the Group will be able to continue as a going concern for the foreseeable future.

The directors are also not aware of material non-compliance with statutory requirements or of any pending changes to legislation which may affect the Target Group.

31. EVENTS AFTER THE REPORTING PERIOD

The National Regulator for Compulsory Specification (NRCS) issued a notice of embargo to the canned abalone industry relating to batches of cans supplied by one of the Target Group's suppliers. Defects in the protective coating on the inside of the cans were identified that pose a food safety risk. Specific batches were identified produced by the supplier on 3, 4 and 24 August 2023. These batches were isolated by the Target Group. Customers who have received product produced from the affected cans were informed to isolate the product. Investigation as to the root cause of the problem is still ongoing and the possible financial effect in 2023 can therefore not be reliably estimated. No adjustment to the balances reported in the HFI for the period 2020, 2021 and 2022 is required.

The following entities in the Target Group declared dividends subsequent to the reporting period:

- Marifeed Proprietary Limited declared dividends amounting to R6 000 000
- West Point Fishing Corporation Proprietary Limited declared a final dividend relating to the 2022 financial year of R22 207 060.

32. CONTINGENCIES

Absa Bank Limited

During a previous financial period Absa Bank Limited granted a loan facility to the Terrasan Group. Furthermore, a Terrasan Group company and certain B-BBEE entities issued preference shares to Absa Bank Limited during the 2017 financial period.

Security for the abovementioned is provided, *inter alia,* by Target Group companies in the form of general notarial bonds over all movable assets, first ranking covering mortgage bonds over all immovable property and a combined pledge and cession of the following rights, claims and interests:

- All present and future claims, from time to time, against any other person (including trade and other receivables);
- All rights and claims in respect of bank accounts maintained in South Africa;
- All insurances taken out, from time to time, and all the proceeds receivable under those insurances at any time;
- All intellectual property rights.

Also refer to notes 3, 5, 9, 10 and 11.

Department of Environmental Affairs – Coal Ash investigation

During October 2018, the West Point Processors factory received a visit from the Department of Environmental Affairs. They subsequently charged West Point Processors Proprietary Limited with a non-compliance and issued a warning statement relating to the disposal of coal ash. Legal advice was sought, and a formal reply was submitted. No response has been received to date.

Other

Following an environmental audit by The Department of Environmental Affairs (DEA), West Point Processors is obligated to join its three discharging pipes, one of which has already been tapered off. West Point Processors completed an Environmental Impact Assessment "EIA" in order to seek permission to extend the discharge pipeline and to have it anchored to the seabed. Following the EIA, the following viable options were identified: combining the two remaining pipelines into one discharge or having two separate discharge points. Additional models are currently being performed to aid the final design requirements. The costs to be incurred with regards to this construction is yet to be determined.

33. DIRECTORS' EMOLUMENTS

Executive	Emoluments	Bonus*	Other benefits*	Total
2022				
JA du Plessis	1 278 473	247 210	125 814	1 651 497
RD Yearsley	1 164 266	293 500	184 855	1 642 621
L Jenner	2 157 670	942 981	271 559	3 372 210
	4 600 409	**1 483 691**	**582 228**	**6 666 328**

** The bonus paid relates to performance during the previous financial period.*

	Emoluments	Bonus	Other benefits*	Total
2021				
JA du Plessis	1 823 341	125 000	28 537	1 976 878
RD Yearsley	1 094 663	19 649	176 053	1 290 365
L Jenner	2 059 284	1 046 717	255 250	3 361 251
	4 977 288	**1 191 366**	**459 840**	**6 628 494**

** The bonus paid relates to performance during the previous financial period.*

	Emoluments	Other benefits*	Pension paid or receivable	Total
2020				
JA du Plessis	1 643 030	–	278 651	1 921 681
RD Yearsley	1 019 629	50 501	156 374	1 226 504
L Jenner	1 981 164	421 795	221 167	2 624 126
	4 643 823	**472 296**	**656 192**	**5 772 311**

** The bonus paid relates to performance during the previous financial period.*

Non-executive	Directors' fees	Total
2022		
AJ du Plessis	471 638	471 638
MA Naylor	65 853	65 853
RG Krohn	65 853	65 853
	–	–
	603 344	**603 344**
2021		
AJ du Plessis	487 281	487 281
S Nyangana	2 559	2 559
	–	–
	489 840	**489 840**
2020		
AJ du Plessis	435 730	435 730
S Nyangana	10 000	10 000
	445 730	**445 730**

34. DEFINED CONTRIBUTION PLAN

It is the policy of the company to provide retirement benefits to some of its employees. A defined contribution provident fund, subject to the Pensions Fund Act 24 of 1956, as amended, exist for this purpose.

The company is under no obligation to cover any unfunded benefits.

The total group contribution to such schemes are R4 939 269.10 (2021: R4 284 010.33; 2020: R4 203 076.12)

35. ADDITIONAL INFORMATION

Calculation of weighted average number of ordinary shares

Figures in Rand	2022
Weighted average number of ordinary shares used in the calculation of basic and headline earnings per share	
Opening balance at 1 January 2022	22 095 202
Movement during the year	–
Closing balance at 31 December 2022	22 095 202

There were no shares with a dilutionary effect in issue during the year.

Earnings per share

Figures in Rand	2022
Earnings as per HFI	202 549 393
Attributable to:	
Non-controlling interest	2 686 472
Owners	199 862 921
Earnings per share	905c

Diluted earnings per share

As there are no shares with a dilutionary effect, the diluted earnings per share will equal the earnings per share.

Headline earnings per share

Figures in Rand	2022
Earnings attributable to shareholders of the Target Group	199 862 921
Loss on disposal of assets	628 832
Total non-controlling interest and tax effects of adjustments	(197 113)
Headline earnings	200 294 639
Headline earnings per share	907c

Diluted headline earnings per share

As there are no shares with a dilutionary effect, the diluted headline earnings per share will equal the headline earnings per share.

35. **ADDITIONAL INFORMATION (CONTINUED)**

Net asset value per share

Figures in Rand	2022
Net asset value	624 774 067
Net asset value per share	2 828c

Tangible net asset value per share

There are no intangible assets recognised in the HFI, therefore tangible net asset value per share will equal the net asset value per share.

Dividends per share

Figures in Rand	2022
Total dividends declared	33 923 287
Dividend per share	154c

SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEARS ENDED 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022

SEGMENT REPORT FOR THE YEARS ENDED 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022

BASIS OF SEGMENT PRESENTATION

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

IDENTIFICATION OF REPORTABLE SEGMENTS

The Target Group discloses its reportable segments according to the segments identified by Sea Harvest. The two reportable segments being South African Fishing and Aquaculture.

Segment information is prepared in conformity with the basis that is reported by Sea Harvest in assessing segment performance and allocating resources to segments. These values have been reconciled to the Special Purpose Aggregated Historical Financial Information of the Target Group for the years ended 31 December 2020, 31 December 2021 and 31 December 2022. The basis reported by the Target Group is in accordance with the accounting policies adopted for preparing and presenting the Special Purpose Aggregated Historical Financial Information.

The South African Fishing operations consist of the production and sale of canned fish, pelagic fishing and production of fish meal and fish oil. The Aquaculture operation farms and sells abalone, produces animal feed and also includes a ranched abalone operation.

Figures in Rand	Notes	2022			2021			2020		
		South African Fishing	Aquaculture	Total	South African Fishing	Aquaculture	Total	South African Fishing	Aquaculture	Total
Revenue	16	1 244 919 685	326 453 323	1 571 373 008	642 767 323	275 243 560	918 010 883	832 215 481	208 535 074	1 040 750 555
Depreciation and amortisation		7 568 494	6 165 011	13 733 506	6 365 237	5 738 044	12 103 281	5 486 949	4 958 955	10 445 905
Foreign currency gains/ (losses)		6 559 388	(5 059 846)	1 499 542	6 687 878	2 165 093	8 852 971	3 327 722	5 142 793	8 470 515
Employee-related expenses		151 623 064	51 702 983	203 326 047	101 530 581	48 669 445	150 200 026	110 966 758	41 427 766	152 394 524
Other expenses		(1 204 033 951)	(442 535 655)	(1 646 569 606)	(731 969 534)	(383 095 134)	(1 115 064 668)	(795 487 847)	(297 969 913)	(1 093 457 760)
Fair value adjustments	19	–	152 444 601	152 444 601	–	170 724 744	170 724 744	–	34 952 571	34 952 571
Operating profit	20	**206 636 681**	**89 170 417**	**295 807 098**	**25 381 485**	**119 445 752**	**144 827 237**	**156 509 064**	**(2 952 753)**	**153 556 310**
Investment income		6 753 597	2 650 809	9 404 406	2 487 819	237 339	2 725 158	1 236 207	219 063	1 455 270
Finance costs		(2 654 881)	(24 799 288)	(27 454 169)	(1 040 163)	(20 358 635)	(21 398 799)	(2 968 802)	(22 988 419)	(25 957 220)
Profit before taxation		**210 735 396**	**67 021 938**	**277 757 335**	**26 829 141**	**99 324 456**	**126 153 596**	**154 776 469**	**(25 722 109)**	**129 054 360**
Taxation	23	(57 527 967)	(17 679 974)	(75 207 941)	(8 618 840)	(29 111 471)	(37 730 311)	(40 986 148)	7 158 033	(33 828 115)
Profit for the year		**153 207 429**	**49 341 965**	**202 549 394**	**18 210 301**	**70 212 985**	**88 423 285**	**113 790 321**	**(18 564 076)**	**95 226 245**
Segment assets		546 469 094	570 242 346	1 116 711 440	422 977 800	506 119 915	929 097 715	306 906 458	434 037 121	740 943 579
Segment liabilities		102 537 864	389 399 508	491 937 372	98 330 714	374 619 040	472 949 754	41 063 542	371 489 384	412 552 927
Non-current assets		243 833 288	309 829 393	553 662 681	166 638 379	277 060 071	443 698 450	86 090 973	226 468 317	312 559 291
Additions to non-current assets[1][2]		33 150 996	43 602 637	76 753 633	40 459 222	54 335 756	94 794 978	16 061 975	30 812 636	46 874 612

(1) A proportioned allocation has been made to determine cost of additions to non-current biological assets based on the total fair value of the biological assets at year end.

(2) The value of right-of-use assets at 1 January 2020, the transition date for IFRS implementation, is included in the Additions to non-current assets in 2020.

INDEPENDENT AUDITOR'S AUDIT REPORT ON THE SPECIAL PURPOSE AGGREGATED HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020

The Directors of Terrasan Beleggings Proprietary Limited

At your request, we present our Independent Auditor's Audit Report on the Special Purpose Aggregated Historical Financial Information of the Target Group, for the year ended 31 December 2022 (the **"Special Purpose Aggregated Historical Financial Information**") for inclusion in Annexure 1 on pages 31 to 92 of the circular to be dated on or about 26 January 2024 (''**Circular**") by the Directors.

This report is required for the purposes of complying with Section 8.48(a) of the JSE Limited ("**JSE**") Listings Requirements and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Auditor of the Target Group entities.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Circular.

Independent Auditor's Audit Report on the Special Purpose Aggregated Historical Financial Information

Opinion

We have audited the Special Purpose Aggregated Historical Financial Information, which comprises of the statement of financial position as at 31 December 2022 and the statement of profit or loss the statement of changes in equity and the statement of cash flows for the year then ended, including a summary of significant accounting policies and the notes thereto as presented in Annexure 1 on pages 33 to 92 of the Circular.

In our opinion, the Special Purpose Aggregated Historical Financial Information, as presented in Annexure 1 on pages 33 to 92 of the Circular, is prepared, in all material respects, in accordance with the basis of preparation paragraphs as set out in Annexure 1 on pages 37 to 53 of the Special Purpose Aggregated Historical Financial Information and the JSE Listings Requirements.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting and Restriction on use

We draw attention to the basis of preparation paragraphs included in Annexure 1 on pages 37 to 53 of the Special Purpose Aggregated Historical Financial Information, which describes the basis of preparation and presentation of the Special Purpose Aggregated Historical Financial Information, including the approach to and the purpose for preparing the financial information. The Target Group has, for the periods presented, been under the control of Terrasan Beleggings Proprietary Limited. Consequently, this Special Purpose Aggregated Historical Financial Information may not necessarily be indicative of the financial performance that would have been achieved, had the Target Group operated independently, nor may it be indicative of the results of operations for any future period.

The Special Purpose Aggregated Historical Financial Information has been prepared solely for the purpose of fulfilling management's financial reporting responsibilities in order to comply with the respective JSE Listings Requirements. As a result, the Special Purpose Aggregated Historical Financial Information may not be suitable or relied on for another purpose. Our opinion is not modified in respect of this matter.

Other Information – Directors' commentary

The Directors are responsible for the other information contained in this Circular. The other information comprises the information included in the document titled "Sea Harvest Group Limited Circular to Shareholders". The other information does not include the Special Purpose Aggregated Historical Financial Information and our report thereon.

Our opinion on the Special Purpose Aggregated Historical Financial Information does not cover the other information contained in this Circular and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Special Purpose Aggregated Historical Financial Information, our responsibility is to read the commentary on the Special Purpose Aggregated Historical Financial Information contained in this Circular and, in doing so, consider whether the commentary is materially inconsistent with the Special Purpose Aggregated Historical Financial Information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this commentary, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Special Purpose Aggregated Historical Financial Information

The Directors are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The Directors are also responsible for the preparation of the Special Purpose Aggregated Historical Financial Information, in accordance with the JSE Listings Requirements, as set out in the basis of preparation paragraph included in Annexure 1 on pages 37 to 53 to the Circular, and for determining that the basis of preparation is acceptable in the circumstances. The Directors are also responsible for such internal control as management determines is necessary to enable the preparation and presentation of the Special Purpose Aggregated Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Aggregated Historical Financial Information, the Directors are responsible for assessing the Target Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless the Director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance at Terrasan Beleggings Proprietary Limited are responsible for overseeing the process to compile the Special Purpose Aggregated Historical Financial Information.

Auditor's Responsibilities for the Audit of Special Purpose Aggregated Historical Financial Information

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

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

- Identify and assess the risks of material misstatement of the Special Purpose Aggregated Historical Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Target Group entities' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Target Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Aggregated Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Target Group or entities in the Target Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Aggregated Historical Financial information, including the disclosures, and whether the Special Purpose Aggregated Historical Financial Information represents the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly Greenwoods
Partner: J Giliomee
Registered Auditor
Cape Town

22 January 2024

SPECIAL PURPOSE AGGREGATED CONDENSED INTERIM HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023

The definitions commencing on page 7 of the Circular apply *mutatis mutandis* to this report.

GENERAL INFORMATION

The Target Group are currently part of the Terrasan Group and housed within a wider statutory structure that includes businesses not being acquired by Sea Harvest, and certain other entities which are not the operating businesses that Sea Harvest wish to acquire.

As is reflected on pages 15 to 16 of the Circular, the Target Group, i.e. the operating companies of the Saldanha Business and the Aquaculture Business are not housed in a single acquirable statutory entity; the acquisition of a minority stake by a third party (Agri-Vie) in the aquaculture business also reflects the separate statutory nature of the Target Group. A ready to use set of consolidated interim historical financial information does not exist, and for the purposes of the Circular, must be prepared.

BASIS OF PREPARATION

The special purpose aggregated condensed interim historical financial information has been prepared in terms of a special purpose framework for the purposes of the transaction relating to West Point Processors Proprietary Limited, Saldanha Sales and Marketing Proprietary Limited, West Point Fishing Corporation Proprietary Limited, Aqunion Proprietary Limited, Marifeed Proprietary Limited and Diamond Coast Abalone Proprietary Limited (together, the "**Target Group**") as at and for the six months ended 30 June 2023 for inclusion in Annexure 3 on pages 96 to 108 of this Circular.

The special purpose financial information for the Target Group comprises the statement of financial position as at 30 June 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the special purpose financial information, including a summary of significant accounting policies as outlined in Note 1 (the "**Special Purpose Aggregated Condensed Interim Historical Financial Information**"). The Special Purpose Aggregated Condensed Interim Historical Financial Information has further been supplemented with certain additional relevant note disclosures that are considered necessary to understand the special purpose information. This is deemed to be fit for the purposes of the intended users as interim financial information for the Target Group are required per the JSE Listing Requirements.

The Special Purpose Aggregated Condensed Interim Historical Financial Information has been prepared to meet the requirements of Section 8.7 of the JSE Listing Requirements. A category 1 transaction requires a circular to be issued to provide shareholders with the historical financial information regarding the Acquisition to enable them to make an informed decision regarding their vote. The underlying financial information of each of the entities which form part of the Target Group have been prepared in compliance with IFRS accounting policies. However, because there is no single controlling entity as is required by IFRS 10 when preparing consolidated financial information, the underlying financial information has been aggregated by applying the principles of IFRS 10 to present a notional group (the "**Target Group**") and this therefore represents a deviation from the requirements of IFRS. The Special Purpose Aggregated Condensed Interim Historical Financial Information has also deviated from IFRS in that no comparative figures are presented.

The JSE Listings Requirements require the special purpose financial information be prepared using the requirements of International Financial Reporting Standard ("**IFRS**") *IAS 34: Interim Financial Reporting* (but excluding comparatives). In preparing the Special Purpose Aggregated Condensed Interim Historical Financial Information, the recognition and measurement principles of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council have been applied, but as a result of the material departures from these principle/s as has been noted which are necessary to produce the information, this information does not comply with International Financial Reporting Standard ("**IFRS**") *IAS 34: Interim Financial Reporting*.

Due to these noted deviations from IFRS, the Special Purpose Aggregated Condensed Interim Historical Financial Information does not comply with IFRS, adopted by the International Accounting Standards Board and should not be used for any general purpose.

The Special Purpose Aggregated Condensed Interim Historical Financial Information is presented in Rand and all values are rounded to the nearest thousand (R'000) except when otherwise indicated.

Non-controlling interest

As the Special Purpose Aggregated Condensed Interim Historical Financial Information is creating a Target Group which is applying the principles of IFRS 10, but is not fully in compliance with the accounting standard, the non-controlling interests in the operational subsidiaries of the Target Group will remain in place after the planned transaction and therefore the share of equity attributable to the non-controlling interest have been presented in the Statement of Financial Position for the period ended 30 June 2023.

IAS 24: Related party disclosures

There are numerous transactions between entities within the Target Group and other related parties of Terrasan Group (Pty) Ltd (the owners of the Target Group) which are excluded from the transaction. As a Target Group has been created for the purposes of the Special Purpose Aggregated Condensed Interim Historical Financial Information, subsidiaries of the Target Group are considered to be related parties and have been eliminated in preparation of the Special Purpose Aggregated Condensed Interim Historical Financial Information. All applicable related party transactions have been accounted for in accordance with IAS 24.

The Special Purpose Aggregated Condensed Interim Historical Financial Information has been prepared with the objective of presenting the results and net assets of the Target Group for the six-month period ended 30 June 2023.

The Special Purpose Aggregated Condensed Interim Historical Financial Information has been prepared in accordance with the JSE Listings Requirements, for purposes of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements.

The additional disclosure required in terms of paragraphs 8.12 of the JSE Listings Requirements has been included in the Special Purpose Aggregated Condensed Interim Historical Financial Information of the Target Group.

Ernst & Young Inc. is the Independent Auditor to Sea Harvest and the Target Group and has issued the Independent Auditor's Audit report on the Special Purpose Aggregated Historical Financial Information of the Target Group for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 which is included as Annexure 2 to this Circular.

The Directors of Sea Harvest are responsible for the Special Purpose Aggregated Condensed Interim Historical Financial Information of the Target Group included in this Circular.

The Target Group has, for the period presented, been under the control of Terrasan Group. Consequently, this Special Purpose Aggregated Condensed Interim Historical Financial Information may not necessarily be indicative of the financial performance that would have been achieved, had the Target Group operated independently for the six-month period ended 30 June 2023.

The Sea Harvest Directors have relied on the fact that the Special Purpose Aggregated Condensed Interim Historical Financial Information, which has been derived from aggregated financial information of the Target Group for the period ended 30 June 2023, are free from material misstatement, whether due to fraud or error, and that the Sea Harvest Directors are responsible for the compilation of the Target Group's Special Purpose Aggregated Condensed Interim Historical Financial Information and the internal controls as they determined are necessary to enable the preparation and presentation of the aforementioned interim historical financial information.

MANAGEMENT COMMENTARY

The management teams of the Target Group Entities continued to expedite a profitable growth strategy and to create sustainable value for its shareholders under the oversight and guidance of their board of directors. The group results for the six months ended 30 June 2023, reflects a solid performance.

The fishing segments benefitted from favourable trade conditions (commodity prices and favourable exchange rates), and the positive impacts of the management focus actions. Revenue for the fishing group amounted to R785.1 million with an operating profit margin 24.61% with further positive prospects for the rest of the financial year.

Aqunion biomass gain on its farms improved by 62.9t compared to the first half of 2022 and also experienced the strongest market demand for abalone since 2019 (before the Hong Kong riots and Covid-19 lead to significant decrease in exports of the product). On the other hand, load-shedding and inflation had a negative impact on costs. The financial impact of these cost increases is, however, fully mitigated by the positive impact of the weaker South African Rand on revenue. Marifeed experienced the pressure of high ingredient prices (fishmeal, soya and fish oil), in its core Abfeed business, but effectively mitigated this through a combination of price increases and profits from contract manufacturing. Diamond Coast Abalone has validated that the growth and survival of its ranched abalone are in line with the budgeted projections for the 40t Project. In terms of this budget the bulk of the abalone would be ready for harvest in 2024.

As a result, operating profit for the aquaculture segment was R107.6 million for the first six months of 2023, also benefitting from the favourable exchange rate on its exports.

SPECIAL PURPOSE AGGREGATED CONDENSED INTERIM HISTORICAL STATEMENT OF FINANCIAL POSITION

of the target entities for the six months ended 30 June 2023

Figures in Rand	Notes	Unaudited 30 June 2023 R'000
ASSETS		
Non-current assets		
Biological assets		90 944
Property, plant, equipment and vehicles	6	322 400
Right-of-use assets		13 345
Loans receivable		79 743
Debt and equity instruments at fair value		4 037
		510 469
Current assets		
Biological assets		160 471
Other financial assets		626
Loans receivable		187 901
Inventories		346 622
Trade and other receivables		181 532
Tax asset		8 631
Cash and bank balances		19 755
		905 537
Total assets		**1 416 006**
EQUITY AND LIABILITIES		
Equity		
Stated capital		69 547
Other reserves		23
Retained earnings		725 348
Equity attributable to equity holders of the parent		794 918
Non-controlling interest		7 347
Total equity		**802 265**
LIABILITIES		
Non-current liabilities		
Long-term borrowings		290 270
Deferred taxation		117 147
Lease liabilities		16 329
		423 746
Current liabilities		
Short-term borrowings		894
Trade and other payables		164 460
Lease liabilities		384
Taxation		24 199
Bank overdrafts		59
		189 997
Total liabilities		**613 743**
Total equity and liabilities		**1 416 006**

SPECIAL PURPOSE AGGREGATED CONDENSED INTERIM HISTORICAL STATEMENT OF COMPREHENSIVE INCOME

of the target entities for the six months ended 30 June 2023

Figures in Rand	Notes	Unaudited 30 June 2023 R'000
Revenue	3	945 377
Cost of sales		(676 985)
Gross profit		**268 392**
Other operating income		805
Other operating expenses		(88 822)
Fair value gains		120 442
Profit before net finance costs and taxation		**300 817**
Investment income		10 009
Interest expense		(19 590)
Profit before taxation		**291 236**
Taxation		(78 780)
Profit after taxation		**212 456**
Other comprehensive income		–
Total comprehensive income for the period		**212 456**
Profit after taxation attributable to:		
Owners of the parent		211 895
Non-controlling interest		561
		212 456
Total comprehensive income attributable to:		
Owners of the parent		211 895
Non-controlling interest		561
		212 456

SPECIAL PURPOSE AGGREGATED CONDENSED INTERIM HISTORICAL STATEMENT OF CHANGES IN EQUITY

of the target entities for the six months ended 30 June 2023

Figures in Rand	Share capital and premium R'000	Reserves R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Unaudited 30 June 2023						
Balance at 1 January 2023	**69 547**	**23**	**536 679**	**606 249**	**7 765**	**614 014**
Profit for the year			211 895	211 895	561	212 456
Other comprehensive income			–			
Purchase of additional interest in subsidiary						
Dividends			(23 227)	(23 227)	(980)	(24 207)
Balance at 30 June 2023	**69 547**	**23**	**725 348**	**794 917**	**7 347**	**802 264**

SPECIAL PURPOSE AGGREGATED CONDENSED INTERIM HISTORICAL STATEMENT OF CASH FLOWS

of the target entities for the six months ended 30 June 2023

Figures in Rand	Unaudited 30 June 2023 R'000
Cash flows from operating activities	
Cash generated from operations	148 831
Investment income received	10 009
Interest paid	(2 948)
Income tax paid	(49 978)
Net cash generated from operating activities	**105 914**
Cash flows from investing activities	
Acquisition of property, plant, equipment and vehicles	(16 727)
Other financial assets – loans advanced	(127 798)
Other financial assets – loans repaid	65 630
Net cash utilised in investing activities	**(78 895)**
Cash flows from financing activities	
Proceeds from borrowings	5 539
Repayment of borrowings and lease liabilities	(2 094)
Dividends paid	(24 207)
Net cash generated from financing activities	**(20 761)**
Total increase in cash and cash equivalents	6 259
Cash and cash equivalents at the beginning of the period	13 438
Cash and cash equivalents at the end of the period	**19 696**

NOTES TO THE SPECIAL PURPOSE AGGREGATED CONDENSED INTERIM HISTORICAL FINANCIAL INFORMATION

of the target entities for the six months ended 30 June 2023

1. REPORTING ENTITIES

The special purpose aggregated condensed interim historical financial information include the results for the six months ended 30 June 2023 and the financial position on 30 June 2023. The results include six companies, namely West Point Processors Proprietary Limited, Saldanha Sales and Marketing Proprietary Limited, West Point Fishing Corporation Proprietary Limited, Aqunion Proprietary Limited, Marifeed Proprietary Limited and Diamond Coast Abalone Proprietary Limited ("**the Target Entities**"). These interim historical financial information have been compiled for the purpose of including the information in the *Pro Forma* financial effects of the acquisitions prepared by Sea Harvest Group Limited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The special purpose aggregated condensed interim historical financial information has been prepared in terms of a special purpose framework for the purposes of the transaction relating to West Point Processors Proprietary Limited, Saldanha Sales and Marketing Proprietary Limited, West Point Fishing Corporation Proprietary Limited, Aqunion Proprietary Limited, Marifeed Proprietary Limited and Diamond Coast Abalone Proprietary Limited (together, the "**Target Group**") as at and for the six months ended 30 June 2023 for inclusion in Annexure 3 on pages 96 to 108 of this Circular.

The special purpose financial information for the Target Group comprises the statement of financial position as at 30 June 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the special purpose financial information, including a summary of significant accounting policies as outlined in this note (the "**Special Purpose Aggregated Condensed Interim Historical Financial Information**"). The Special Purpose Aggregated Condensed Interim Historical Financial Information has further been supplemented with certain additional relevant note disclosures that are considered necessary to understand the special purpose information. This is deemed to be fit for the purposes of the intended users as interim financial information for the Target Group are required per the JSE Listing Requirements.

The Special Purpose Aggregated Condensed Interim Historical Financial Information has been prepared to meet the requirements of Section 8.7 of the JSE Listing Requirements. A category 1 transaction requires a circular to be issued to provide shareholders with the historical financial information regarding the Acquisition to enable them to make an informed decision regarding their vote. The underlying financial information of each of the entities which form part of the Target Group have been prepared in compliance with IFRS accounting policies. However, because there is no single controlling entity as is required by IFRS 10 when preparing consolidated financial information, the underlying financial information has been aggregated by applying the principles of IFRS 10 to present a notional group (the "**Target Group**") and this therefore represents a deviation from the requirements of IFRS. The Special Purpose Aggregated Condensed Interim Historical Financial Information has also deviated from IFRS in that no comparative figures are presented.

The JSE Listings Requirements require the special purpose financial information to be prepared using the requirements of the International Financial Reporting Standard ("**IFRS**") *IAS 34: Interim Financial Reporting* (but excluding comparatives). In preparing the special purpose financial information, the recognition and measurement principles of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council have been applied, but as a result of the material departures from these principles as has been noted which are necessary to produce the information, this information does not comply with International Financial Reporting Standard ("**IFRS**") *IAS 34: Interim Financial Reporting*.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Due to these noted deviations from IFRS, the Special Purpose Aggregated Condensed Interim Historical Financial Information does not comply with IFRS, adopted by the International Accounting Standards Board and should not be used for any general purpose.

The Special Purpose Aggregated Condensed Interim Historical Financial Information is presented in Rand and all values are rounded to the nearest thousand (R'000) except when otherwise indicated.

Non-controlling interest

As the Special Purpose Aggregated Condensed Interim Historical Financial Information is creating a Target Group which is applying the principles of IFRS 10, but is not fully in compliance with the accounting standard, the non-controlling interests in the operational subsidiaries of the Target Group will remain in place after the planned transaction and therefore the share of equity attributable to the non-controlling interest have been presented in the Statement of Financial Position for the period ended 30 June 2023.

IAS 24: Related Party Disclosures

There are numerous transactions between entities within the Target Group and other related parties of Terrasan Group (Pty) Ltd (the owners of the Target Group) which are excluded from the transaction. As a Target Group has been created for the purposes of the Special Purpose Aggregated Condensed Interim Historical Financial Information, subsidiaries of the Target Group are considered to be related parties and have been eliminated in preparation of the Special Purpose Aggregated Condensed Interim Historical Financial Information. All applicable related party transactions have been accounted for in accordance with IAS 24.

The Special Purpose Aggregated Condensed Interim Historical Financial Information has been prepared with the objective of presenting the results and net assets of the Target Group for the six-month period ended 30 June 2023.

The Special Purpose Aggregated Condensed Interim Historical Financial Information has been prepared in accordance with the JSE Listings Requirements, for purposes of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements.

The additional disclosure required in terms of paragraphs 8.12 of the JSE Listings Requirements has been included in the Special Purpose Aggregated Condensed Interim Historical Financial Information of the Target Group.

3. REVENUE

	Unaudited 30 June 2023 R'000
Revenue from contracts with customers	943 742
Sale of goods	1 636
Rendering of services	945 377

Disaggregation of revenue from contracts with customers.

The target entities disaggregates revenue from customers as follows:

Sale of goods	
Abalone	118 778
Feed	34 826
Canned fish	332 346
Fishmeal and fish oil	457 792
	943 742
Rendering of services	
Processing fees	1 636
	1 636
Timing of revenue recognition	
At a point in time	
Sale of goods	943 742
Over time	
Rendering of services	1 636

4. STATED CAPITAL

	Unaudited 30 June 2023 R'000
Number of shares authorised	
Ordinary shares	115 100
Number of shares issued	
Ordinary shares	22 095
Reconciliation of number of shares issued:	
Reported as at 1 January	22 095
Issue of shares	–
	22 095

Authorised and issued shares consist of the aggregated number of shares of the Target Group.

5. ADDITIONAL INFORMATION

	Unaudited 30 June 2023 R'000
Earnings per share	
Earnings as per statement of comprehensive income	212 456
Attributable to:	
Non-controlling interest	561
Owners	211 895
Diluted earnings per share	
As there are no shares with a dilutionary effect, the diluted earnings per share will equal the earnings per share.	
Headline earnings per share	
Earnings attributable to shareholders of the Target Group	211 895
Loss/(profit) on disposal of assets	–
Total non-controlling interest and tax effects of adjustments	–
Headline earnings	211 895
Headline earnings per share	9,59
Diluted headline earnings per share	
As there are no shares with a dilutionary effect, the diluted headline earnings per share will equal the headline earnings per share.	
Net asset value per share	
Net asset value	802 264
Net asset value per share	36,31
Tangible net asset value per share	
There are no intangible assets recognised therefore tangible net asset value per share will equal the net asset value per share	
Dividends per share	
Total dividends declared	24 207
Dividend per share	1,10

6. FAIR VALUE INFORMATION

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Unaudited 30 June 2023 R'000
Level 3	
Debt and equity instruments at fair value through profit or loss	4 662
Level 3	
Recurring fair value measurements	
Assets	
Biological assets	251 414

Trade and other receivables/payables are short term of nature and their carrying values are considered a reasonable approximation of fair value. Accordingly, the disclosure of fair value information is not applicable.

Loans receivable/borrowings accrue interest at market-related interest rates, or, where they are interest free, are payable on demand. Carrying values are therefore considered a reasonable approximation.

The methods and assumptions used in determining the fair value of biological assets include the following:

Spat (non-commercial animals): The value of spat is determined by using the current market price of spat of R1.85 per spat which represents the price at which spat could be sold to other farms.

Abalone smaller than 35 grams: There is no active export market for animals of this size. The value of spat is extrapolated and a value per animal for each weight class is determined using a polynomial graph equation.

For commercial size animals, a value is allocated to each size range of live animals on the farm using active market selling price in US Dollars, the Rand/US Dollar exchange rate, the weight of each size class, the expected product mix, processing yields and costs to sell.

As there is no active market for broodstock animals, the following assumptions are included in the valuation:

(i) The number of spat that will be required to maintain the current production if all the current breeding pairs are lost due to any form of disaster;

(ii) The market price of spat as alluded to above; and

(iii) The average time of 1.5 years required for broodstock animals to settle before producing adequate spat numbers.

7. EVENTS AFTER THE REPORTING PERIOD

In terms of International Accounting Standard (IAS) 10 of International Financial Reporting Standards ("**IFRS**") events after the reporting period are defined as those events, favourable or unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Those events that provide evidence of conditions that existed at the end of the reporting period are considered to be adjusting events.

The directors are not aware of any material reportable event affecting the consolidated and separate annual financial statements which occurred after the reporting date and up to the date of this report.

8. SEGMENTAL RESULTS

The Target Group's reportable segments under *IFRS 8: Operating Segments* are the Pelagic fishing and the Aquaculture segments.

	Unaudited 30 June 2023 R'000
Segment revenue	
Pelagic fishing	790 134
Aquaculture	155 243
Total revenue	945 377
Segment profit/(loss) from operations	
Pelagic fishing	198 295
Aquaculture	102 522
Profit before net finance costs and taxation	**300 817**
Investment income	10 009
Interest expense	(19 590)
Profit before taxation	**291 236**
Total assets	
Pelagic fishing	757 812
Aquaculture	661 750
	1 419 562
Total liabilities	
Pelagic fishing	178 745
Aquaculture	438 553
	617 298

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE SPECIAL PURPOSE AGGREGATED CONDENSED INTERIM HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2023

To the Directors of Sea Harvest Group Limited

We have reviewed the Special Purpose Aggregated Interim Historical Financial Information ("special purpose financial information") of West Point Processors Proprietary Limited, Saldanha Sales and Marketing Proprietary Limited, West Point Fishing Corporation Proprietary Limited, Aqunion Proprietary Limited, Marifeed Proprietary Limited and Diamond Coast Abalone Proprietary Limited (together, the "Target Group") included in the Proposed Transaction as at and for the six months ended 30 June 2023 for inclusion in Annexure 3 on pages 96 to 108 of the circular to be dated on or about Friday, 26 January 2024 ("Circular"), which comprise the aggregated statement of financial position as at 30 June 2023 and the aggregated statement of profit or loss, aggregated statement of changes in equity and aggregated statement of cash flows for the year then ended, and notes to the special purpose financial information, including a summary of significant accounting policies.

Responsibility of the directors

The Directors of Sea Harvest are responsible for the compilation, contents and preparation of the Circular in accordance with the basis of preparation as described in Note X. The directors are also responsible for the preparation and presentation of these Special Purpose Aggregated Interim Historical Financial Information, in accordance with section 8.7 of the JSE Listings Requirements, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the Special Purpose Aggregated Interim Historical Financial Information that is free from material misstatements, whether due to fraud or error.

Responsibility of the Independent Auditor on the Special Purpose Aggregated Interim Historical Financial Information

Our responsibility is to express a conclusion on the Special Purpose Aggregated Interim Historical Financial Information.

We conducted our review in accordance with International Standard on Review Engagements ISRE 2400 (Revised), *which applies to a review of historical financial information*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Special Purpose Aggregated Interim Historical Financial Information, taken as a whole, is not prepared in all material respects in accordance with the special purpose framework. This Standard also requires us to comply with relevant ethical requirements.

A review of the Special Purpose Aggregated Condensed Interim Historical Financial Information in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluating 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 the Special Purpose Aggregated Interim Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Special Purpose Aggregated Interim Historical Financial Information, as set out in Annexure 3 on pages 96 to 108 to the Circular, is not prepared, in all material respects, in accordance with the basis of accounting paragraph as set out in note 2 included on pages 103 to 104 to the Circular and Section 8.7 of the JSE Listings Requirements.

Emphasis of Matter – Basis of Accounting

We draw attention to Note X in the Special Purpose Aggregated Interim Historical Financial Information, which describes the basis of accounting including the approach to and the purpose for preparing the financial information. The Special Purpose Aggregated Interim Historical Financial Information is prepared for inclusion in Annexure 3 on pages 96 to 108 to the Circular for the purposes of complying with Section 8.7 of the JSE Listings Requirements. As a result, the Special Purpose Aggregated Condensed Interim Historical Financial Information may not be suitable or relied on for another purpose. Our opinion is not modified in respect of this matter.

_____

Ernst & Young Inc.
Director: Pierre Gustav du Plessis CA(SA)
Registered Auditor
Cape Town

22 January 2024

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF SEA HARVEST

The definitions and interpretations commencing on page 7 of this Circular have been used throughout this Circular.

Set out below is the *pro forma* consolidated statement of financial position as at 30 June 2023 and *pro forma* consolidated statement of profit or loss for the six-month period then ended of Sea Harvest and the notes thereto, showing the *pro forma* financial effects of the Acquisitions (the "***pro forma* financial information**").

The *pro forma* financial information has been prepared to illustrate the impact of the Acquisitions on the published financial information of Sea Harvest for the six months ended 30 June 2023, based on the assumption that the Acquisitions took place on 1 January 2023 for purposes of the *pro forma* consolidated statement of profit or loss and on 30 June 2023 for purposes of the *pro forma* consolidated statement of financial position. The *pro* forma financial information has been prepared for illustrative purposes only. Because of its nature, the *pro forma* financial information may not fairly present Sea Harvest Group's financial position, changes in equity, results of operations or cash flows after the Acquisitions.

The *pro forma* financial information has been prepared using the accounting policies of Sea Harvest as at 31 December 2022, which are in compliance with IFRS, in accordance with the applicable criteria of the JSE Listings Requirements and in terms of the Guide on *Pro forma* Financial Information issued by SAICA. The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors of Sea Harvest. The *pro forma* financial information should be read in conjunction with Ernst & Young Inc's assurance report thereon, which is presented in Annexure 6 of this Circular.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023

	Notes	30 June 2023 R'000 N1	Target Group N2	NCI at Sea Harvest Group level N3	Depreciation N4	Amortisation N5	Transaction cost N6	Fair value adjustment (Earnout unwind) N7	Finance cost N8	Total adjustments N9&N10		Sea Harvest Group + Target Group (*Pro forma* financial information)
		A	**B**	**C**	**D**	**E**	**F**		**G**	**H=(C+D+E+F+G)**		**I=A+B+H**
Revenue		**3 202 639**	945 377							**–**		**4 148 016**
Cost of sales		**(2 425 851)**	(676 985)							**–**		**(3 102 836)**
Gross Profit		**776 788**	**268 392**							**–**		**1 045 180**
Other operating income		**61 963**	805							**–**		**62 768**
Selling and distribution expenses		**(144 439)**								**–**		**(144 439)**
Marketing expenses		**(11 071)**								**–**		**(11 071)**
Other operating expenses		**(431 249)**	(88 822)		(935)	(2 629)	(15 461)			**(19 025)**		**(539 096)**
Operating profit		**251 992**	**180 375**		**(935)**	**(2 629)**	**(15 461)**			**(19 025)**		**413 342**
Share of profit/(loss) in associate		**3 055**								**–**		**3 055**
Fair value gains		**7 568**	120 442					(11 712)		**(11 712)**		**116 299**
Impairment of assets		**(3 816)**								**–**		**(3 816)**
Gain on purchased loans		**93 310**								**–**		**93 310**
Profit before net finance costs and taxation		**352 109**	**300 817**		**(935)**	**(2 629)**	**(15 461)**	**(11 712)**		**(30 736)**		**622 190**
Investment income		**10 550**	10 009							**–**		**20 559**
Interest expense		**(114 477)**	(19 590)						(20 853)	**(20 853)**		**(154 920)**
Profit before taxation		**248 182**	**291 236**	**–**	**(935)**	**(2 629)**	**(15 461)**	**(11 712)**	**(20 853)**	**(51 589)**		**487 829**
Taxation		**(48 450)**	(78 780)		253	710		–	5 630	**6 592**	***N9***	**(120 637)**
Profit after taxation		**199 732**	**212 456**	**–**	**(683)**	**(1 919)**	**(15 461)**	**(11 712)**	**(15 222)**	**(44 997)**		**367 192**
Profit after taxation attributable to:												
Shareholders of Sea Harvest Group Limited		**212 529**	211 895	(23 153)	(431)	(1 919)	(15 461)	(11 712)	(15 222)	**(67 897)**		**356 527**
Non-controlling interests		**(12 797)**	561	23 153	(252)	–	–	–	–	**22 901**		**10 664**
		199 732	**212 456**	**–**	**(683)**	**(1 919)**	**(15 461)**	**(11 712)**	**(15 222)**	**(44 997)**		**367 192**

The Acquisition will not have an impact on items recognised in other comprehensive income

	Notes	30 June 2023 A R'000 N1	B Target Group N2	C NCI at Sea Harvest Group level N3	D Depreciation N4	E Amortisation N5	F Transaction cost N6	Fair value adjustment (Earnout unwind) N7	G Finance cost N8	H=(C+D+E+F+G) Total adjustments N9&N10	I=A+B+H Sea Harvest Group + Target Group (*Pro forma* financial information)
DETERMINATION OF HEADLINE EARNINGS											
Profit attributable to shareholders of Sea Harvest Group Limited		**212 529**	211 895	(23 153)	(431)	(1 919)	(15 461)	(11 712)	(15 222)	(67 897)	**356 527**
Loss/(profit) on disposal of property, plant, equipment and vehicles		**6**	–								**6**
Insurance proceeds		**(4 448)**	–								**(4 448)**
Impairment of assets		**3 816**	–								**3 816**
Total non-controlling interest and tax effects of adjustments		**813**	–								**813**
Headline earnings for the period		**212 716**	**211 895**	**(23 153)**	**(431)**	**(1 919)**	**(15 461)**	**(11 712)**	**(15 222)**	**(67 897)**	**356 714**

CALCULATION OF WEIGHTED AVERAGE NUMBER OF SHARES (WANOS)									**Shares issued (N8)**	**Sea Harvest Group and Target Group**	
WANOS on which basic earnings and headline earnings per share are based		**276 074 307**							**60 000 000**	**336 074 307**	
WANOS on which diluted earnings and diluted headline earnings per share are based		**281 510 736**							**60 000 000**	**341 510 736**	
										Movement	**% Change**
Earnings per share (Cents)		**77**								**29** **106**	**38%**
Heading earnings per share (Cents)		**77**								**29** **106**	**38%**
Diluted earnings per share (cents)		**76**								**28** **104**	**37%**
Diluted headline earnings per share (cents)		**76**								**28** **104**	**37%**

Notes

N1 The "Before the Acquisitions" financial information has been extracted, without adjustment, from Sea Harvest Group's unaudited interim Group results for the six-month period ended 30 June 2023, released on SENS on Monday, 4 September 2023.

N2 This column represents the Special Purpose Aggregated Condensed Interim Historical Financial Information of the Target Group for the six months ended 30 June 2023, which has been extracted, without adjustment, from Annexure 3 to this Circular and should be read together with the Independent Auditor's review report thereon, included in Annexure 4 to this Circular.

N3 The NCI at Sea Harvest Group level relates to minorities at Aqunion Group as Sea Harvest Group is acquiring only 63.07% of the issued equity interest of Aqunion Group. The profit attributable to the shareholders of Aqunion included in the six months results of the Target Group is R63 million, of which minorities at Sea Harvest Group level share is 36.93%.

The Acquisitions have been accounted for in terms of *IFRS 3: Business Combinations.* "Acquisition and Consolidation" adjustments include:

N4 An adjustment of R1 million has been made for additional depreciation on the revalued portion of property, plant and equipment over the remaining estimated useful life.

In this regard, plant and equipment have been revalued by R56 million.

N5 An adjustment of R3 million has been made for additional amortisation on the recognition of intangible assets (mainly fishing licences) over the remaining estimated useful life. In this regard, fishing rights with a fair value of R157 million was recognised.

N6 Transaction costs are estimated at R15 million and have been expensed. These costs are to be funded out of Sea Harvest cash.

N7 Part of the purchase consideration requires the Sea Harvest Group to pay the former owners of the Target Group a contingent consideration for achieving certain earn-out targets for the 2023 and 2024 financial years, up to a maximum undiscounted amount of R256 million. The fair value of the contingent consideration arrangement at acquisition dated was estimated at R119 million at Acquisitions' date. The fair value was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate equal to the prime lending rate and the assumption that the earn-out targets will be met based on the best available forecast information at Acquisitions' date. At 30 June 2023, a fair value adjustment of R12 million was recognised as a resulting of the effect of discounting. If the earn-out targets are not achieved, the contingent consideration will be reversed through the statement of profit or loss as at 31 December 2023 and 31 December 2024, respectively. The reversal of the earnout will not result in any change in the goodwill recognised at acquisition date. Refer to N6 of the statement of financial position for detailed breakdown of the purchase consideration.

N8 The purchase consideration includes an initial consideration of R1 billion. This will be funded through the issue of shares to the value of R600 million (60 million shares at R10 each) and the balance of R411 million funded through debt, with interest calculated at three months JIBAR plus 1.8%

N9 The tax deductibility of certain interest costs and additional depreciation and amortisation has been calculated applying legislated rates of taxation of 27% in South Africa.

N10 All adjustments have an ongoing effect except for the transaction costs and the effect of discounting on the contingent consideration.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

R'000	A N1 Before the Acquisitions	B N2 Target Group	C N3 Building	D N3 Pre-transaction structuring (TSM)	E N4 Transaction cost	F N5;N8 PPA adjustments	G N6 Sea Harvest Group investment	H N7 30 June 2023 intercompany Elim & Loan reclassification	I = D + E + F + G + H Total adjustments	J = A + B + C + I N9 Sea Harvest Group + Target Group (*Pro forma* financial information)
ASSETS										
Property, plant, equipment and vehicles	**2 539 794**	322 400		19 127		56 119			56 119	**2 936 075**
Right-of-use assets	**216 068**	13 345							–	**229 413**
Biological assets	**76 097**	90 944							–	**167 041**
Investment property	**3 700**								–	**3 700**
Intangible assets	**1 520 414**					283 852			283 852	**1 804 266**
Goodwill	**1 038 937**					195 379			195 379	**1 234 316**
Investments in subsidiaries						(691 399)	691 399		–	**–**
Investments in associates	**10 462**								–	**10 462**
Investment at fair value through other comprehensive income	**31 220**	4 037							–	**35 257**
Other financial assets	**32 124**								–	**32 124**
Loans to related parties	**115 090**	79 743		(79 743)			503 433	(503 433)	(79 743)	**115 090**
Loans to supplier partners	**94 554**								–	**94 554**
Loans receivable	**5 678**								–	**5 678**
Deferred tax assets	**6 206**								–	**6 206**
Non-current assets	**5 690 344**	**510 468**	**19 127**	**(79 743)**	**–**	**(156 048)**	**1 194 832**	**(503 433)**	**455 608**	**6 675 546**
Inventories	**1 064 421**	346 622							–	**1 411 043**
Trade and other receivables	**1 088 238**	185 088							–	**1 273 326**
Biological assets	**103 966**	160 471							–	**264 437**
Loans receivable	**9 655**	187 901		(187 901)					(187 901)	**9 655**
Other financial assets	**2 427**	626							–	**3 053**
Tax assets	**21 541**	8 631			–				–	**30 172**
Cash and bank balances	**119 621**	19 755		127 302					127 302	**266 678**
Current assets	**2 409 869**	**909 093**	–	**(60 599)**	**–**	**–**	**–**	**–**	**(60 599)**	**3 258 363**
TOTAL ASSETS	**8 100 213**	**1 419 561**	**19 127**	**(140 342)**	**–**	**(156 048)**	**1 194 832**	**(503 433)**	**395 009**	**9 933 909**

R'000	A N1 Before the Acquisitions	B N2 Target Group	C N3 Building	D N3 Pre-transaction structuring (TSM)	E N4 Transaction cost	F N5;N8 PPA adjustments	G N6 Sea Harvest Group investment	H N7 30 June 2023 intercompany Elim & Loan reclassification	I = D + E + F + G + H Total adjustments	J = A + B + C + I N9 Sea Harvest Group + Target Group (*Pro forma* financial information)
EQUITY AND LIABILITIES										
Stated capital	**1 696 124**	69 547				(69 547)	600 000		530 453	**2 296 124**
Other reserves	**19 060**	23				(23)			(23)	**19 060**
Retained earnings	**1 529 031**	725 348		(569 108)	(15 461)	(156 239)			(740 809)	**1 513 570**
Attributable to shareholders of Sea Harvest Group Limited	**3 244 215**	**794 917**		**(569 108)**	**(15 461)**	**(225 809)**	**600 000**	**–**	**(210 378)**	**3 828 754**
Non-controlling interests	**45 286**	7 347			–	(22 032)			(22 032)	**30 601**
Capital and reserves	**3 289 501**	**802 264**	–	**(569 108)**	**(15 461)**	**(247 841)**	**600 000**	**–**	**(232 410)**	**3 859 355**
Long-term borrowings	**2 257 675**	7 401	15 806				395 487	208 202	603 689	**2 884 571**
Loans from related parties		282 869		428 766				(711 634)	(282 868)	**–**
Employee-related liabilities	**22 147**								–	**22 147**
Deferred grant income	**32 013**								–	**32 013**
Lease liabilities	**223 064**	16 329							–	**239 393**
Other financial liabilities	**78 158**								–	**78 158**
Contingent consideration			–				199 345		199 345	**119 345**
Deferred taxation	**831 188**	117 147			–	91 792			91 792	**1 040 127**
Non-current liabilities	**3 444 245**	423 746	**15 806**	**428 766**	**–**	**91 792**	**594 832**	**(503 433)**	**611 958**	**4 495 755**
Short-term borrowings	**294 016**	894							–	**294 910**
Contingent consideration	**–**								–	**–**
Trade and other payables	**897 701**	168 016	3 320		15 461				15 461	**1 084 498**
Lease liabilities	**30 440**	384							–	**30 824**
Deferred grant income	**3 070**								–	**3 070**
Other financial liabilities	**73 382**								–	**73 382**
Provision	**26 090**								–	**26 090**
Taxation	**623**	24 199			–				–	**24 822**
Bank overdrafts	**41 145**	59							–	**41 204**
Current liabilities	**1 366 467**	**193 551**	**3 320**	**–**	**15 461**	**–**	**–**	**–**	**15 461**	**1 578 800**
TOTAL EQUITY AND LIABILITIES	**8 100 213**	**1 419 561**	**19 127**	**(140 342)**	**–**	**(156 048)**	**1 194 832**	**(503 433)**	**395 009**	**9 933 909**

Notes

N1 The "Before the Acquisitions" financial information has been extracted, without adjustment, from Sea Harvest Group's unaudited interim Group results for the six months period ended 30 June 2023, released on SENS on Monday, 4 September 2023.

N2 This column represents the Special Purpose Aggregated Condensed Interim Historical Financial Information of the Target Group for the six months ended 30 June 2023, which has been extracted, without adjustment, from Annexure 3 to this Circular and should be read together with the Independent Auditor's review report thereon, included in Annexure 4 to this Circular

N3 The Terrasan pre-transaction restructuring steps have been undertaken to reorganize the structure of the statutory entities that make up the Target Group ahead of their disposal to Sea Harvest. Included in restructuring were certain steps that saw various existing Target Group intergroup loan liabilities consolidated to a single Terrasan entity, certain intergroup loans assets (of the Target Group) repaid by various Terrasan Group entities, and the creation of additional loan liabilities through the Internal Reorganisation. The repayment of the loan receivable in the Target Group results in cash of R127 million at acquisition date which Sea Harvest is effectively purchasing. The existing and additional intergroup loans are both purchased by Sea Harvest (and the Agri-Vie Parties in its pro rata share in the case of Aqunion).

N4 Transaction costs, are estimated at R15 million and have been expensed. These costs are to be funded out of Sea Harvest cash.

N5 The PPA adjustment column includes the following:

N5.1 Property, plant and equipment with a carrying amount of R322 million was revalued at Acquisitions' date to R379 million, being its fair value at Acquisitions date, resulting in R56 million fair value adjustment. This largely relates to the abalone plants, which were valued based on management estimates of what similar fully functional abalone plants with the same capacity will cost at Acquisitions' date adjusted for wear and tear. Additional adjustments may arise from the final purchase price allocation, the nature and quantum of which are currently uncertain.

N5.2 The main classes of intangible assets identified in the Target Group were brands and fishing rights and were valued at R284 million. The fair values were determined by an external independent valuer with reference to the best estimate of market participant's ability to generate economic benefits by using the asset in its highest and best use. Goodwill of R195 million represents the value paid in excess of the provisional fair value of net assets (including the brands and fishing rights) and consists largely of synergies and economies of scale expected from combining the operations of the Target Group into Sea Harvest. After initial recognition, Goodwill and brands are measured at cost less any accumulated impairment losses and are not amortised as they have an indefinite useful life and are tested for impairment at every financial year-end or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Fishing rights are amortised as per Sea Harvest Group policy.

N5.3 The Deferred tax recognised as a result of the recognition of the fair value adjustment on the property, plant and equipment and the intangible assets was R92 million which was calculated using South African statutory tax rate of 27%.

N5.4 The at equity entries relates to the Target Group at-Acquisitions equity which is eliminated on consolidation against the investment.

N5.5 Non-controlling interests share of the net liability position of R22 million is calculated at 36.93% of the following:

Net asset value of Aqunion included Target Group (N2)	223 197
Net asset value of Aqunion included in the Pre-transaction structuring (N3)	(360 649)
Aqunion tangible and intangible assets fair value adjustment at Acquisition date (Net deferred tax)	77 793
	(59 659)

N6 The purchase consideration is made up of the following

	Gross	Discounted	NWC adjustment	Net consideration	
Initial Consideration	964 838	964 838	46 456	1 011 294	
Earnout 1	98 453	81 975		81 975	E1
Earnout 2	157 525	117 370	–	117 370	E2
Total	1 220 815	1 164 183	46 456	1 210 639	

Total purchase consideration to funded as follows:		
Initial consideration to be settled using issue of shares (60 000 shares at R10 each)	600 000	N6.1
Initial consideration to be funded through debt	411 294	N6.1
Total initial purchase consideration	1 011 294	
Discounted contingent consideration	199 345	E1 + E2
Portion related to the building	(15 806)	N3
Total purchase consideration	**1 194 832**	
Portion relating to Acquisition of loan claims	503 433	
Portion related to the acquisition of equity interest	691 399	
Fair value of assets and liabilities per target group	802 264	N2
Net loans per Pre-transaction structuring adjustments	(569 108)	N3
Fair value adjustment (net deferred tax)	248 179	N5
	481 335	A
Non-controlling interest (per N2 and N5.5)	14 685	B
Fair value of assets and liabilities acquired	496 020	C=A+B
Consideration to be transferred related acquisition of equity interest	691 399	D
Goodwill	195 379	D-C

N6.1 The purchase consideration includes an initial consideration of R1 billion. This will be funded through the issue of shares to the value of R600 million (60 million shares at R10 each) and the balance of R411 million funded through debt.

N6.2 Part of the purchase consideration requires the Sea Harvest to pay the former owners of the Target Group a contingent consideration for achieving certain earn-out targets for the 2023 and 2024 financial years, up to a maximum undiscounted amount of R256 million. The fair value of the contingent consideration arrangement at Acquisitions dated was estimated at R119 million was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate equal to the prime lending rate and the assumption that the earn-out targets will be met based on the best available forecast information at Acquisitions' date.

N7 Post the Acquisitions' date, loans acquired by Sea Harvest Group from the former shareholders of the Target entities becomes intercompany and eliminated on consolidation. Loans with an amount of R208 million owed to minority shareholders at Aqunion has been reclassified to long-term borrowings.

N8 The Acquisitions' Date fair values identified will remain provisional and therefore subject to further review for a period of up to one year from the Acquisitions Date.

N9 The combined Sea Harvest and Target Group's forecasts and projections of the current and expected profitability and cash flows, taking account of reasonably possible changes in trading performance, capital and liquidity, show that the combined Sea Harvest and Target Group will have sufficient cash resources to sustain operations for at least 12 months from the reporting date of the condensed consolidated financial statements

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

To the Directors of Sea Harvest Group Limited
1st Floor, Block C, The Boulevard
Searle Street
Woodstock
Western Cape
7925

Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information Included in a Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Sea Harvest Group Limited and its subsidiaries (together the "**Group**"), by the directors.

The *pro forma* financial information, as set out in Annexure 5 on pages 111 to 118 of the circular, consists of the *pro forma* condensed consolidated statement of financial position as at 30 June 2023, the *pro forma* condensed consolidated statement of other comprehensive income for the period ended 30 June 2023 and related notes (collectively the "***Pro forma* Financial Information**"). The applicable criteria on the basis of which the directors have compiled the *Pro forma* Financial Information are specified in the JSE Limited ("**JSE**") Listings Requirements and described in Annexure 5 on pages 111 to 118 of the circular.

The *Pro forma* Financial Information has been compiled by the Directors to illustrate the impact of the corporate action or event, described in paragraph 1 on pages 14 to 15 of the circular, on the Group's financial position as at 30 June 2023, and the Group's financial performance for the period ended 30 June 2023, as if the corporate action or event had taken place at 30 June 2023 and for the period then ended. As part of this process, information about the Group's financial position, and financial performance has been extracted by the directors from the Group's financial statements for the six months ended 30 June 2023, on which no auditors report was issued.

Directors' Responsibility for the Pro forma Financial Information

The directors are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 5 on pages 111 to 118 of the Circular.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The firm applies International Standard on Quality Management 1 (ISQM 1) *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management, including documented policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and described in Annexure 5 on pages 111 to 118 of the circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus*, which is applicable to an engagement of this nature, issued by the International

Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the Group as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *Pro forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the corporate action or event in respect of which the *Pro forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 5 on pages 111 to 118 of the Circular.

_____

Ernst & Young Inc.

Director: Pierre Gustav du Plessis CA(SA)

Registered Auditor

Cape Town

22 January 2024

MATERIAL BORROWINGS OF THE TARGET GROUP

The material borrowings of the Target Group and their Subsidiaries as at the Last Practicable Date are set out below.

Lender	Borrower	Purpose of loan	Security provided	Loan Amount	Repayment/ Renewal Terms	If repayable within 12 months, payment to be financed as per below	Balance as at Last Practicable Date	Interest Rate
Absa Bank Ltd (acting through its Corporate and Investment Banking division) ("**Absa**")	Aqunion	General corporate purposes.	Unlimited surety: Terrasan Group Limited guarantee for R9 000 000: Terrasan Finansiering Proprietary Limited Limited guarantee for R15 000 000: Terrasan Beleggings	General banking facilities: R18 180 000, comprising of: • Overdraft: R3 000 000; • Credit cards: R160 000; • Fleet Cards: R20 000; • Commercial asset finance facility: R15 000 000 Derivative facilities: trading limit of R28 000 000; daily settlement limit of R64 000 000	Payable on demand. No term shall exceed 360 days. The facility is subject to annual review by Absa.	Overdraft is serviced with normal trading income. Credit cards and fleet cards are paid monthly with normal trading income.	Overdraft balance (22/12/2023) R49 488 Credit card balance (22/12/2023) R9 479	Absa's prime rate (11.75% p.a. as at 21 December 2023) plus 100 basis points

Lender	Borrower	Purpose of loan	Security provided	Loan Amount	Repayment/ Renewal Terms	If repayable within 12 months, payment to be financed as per below	Balance as at Last Practicable Date	Interest Rate
Absa	West Point Processors	General corporate purposes.	Limited guarantee for R50 000 000: Terrasan Beleggings Cession of debtors book: West Point Processors First continuing covering mortgage bond over immovable property for R50 000 000: West Point Processors General notarial bonds for R50 000 000 over all movable assets and stock: West Point Processors Cession of all risk insurance by Emerald Risk Transfer Proprietary Limited	General banking facilities: R13 130 000, comprising of: • Letters of credit: R10 000 000; • Guarantees facility: R3 000 000; • Credit cards: R130 000 Derivative facilities: trading limit of R600 000 000; daily settlement limit of R100 000 000	Payable on demand No term shall exceed 360 days. The facility is subject to annual review by Absa.	Repaid monthly from normal trading income	Overdraft balance (22/12/2023) R0.00 Credit card balance (22/12/2023) R111 324	Standard rate as determined by Absa

Lender	Borrower	Purpose of loan	Security provided	Loan Amount	Repayment/ Renewal Terms	If repayable within 12 months, payment to be financed as per below	Balance as at Last Practicable Date	Interest Rate
Acepak Pty Ltd	West Point Processors	Sale of Machinery and Instalment Credit Agreement	None	• Installation: R1 178 960 (excluding VAT) • Equipment: R14 821 000 (excluding VAT)	• R1 178 960 (excluding VAT): due upon completion of training and receipt of invoice. • 30% of R14 821 000 (excluding VAT) upon receipt of tax invoice. • VAT of R2 223 150 due on receipt of VAT from SARS, but no later than 30 November 2022. • Remaining R10 374 700 (excluding VAT) to be paid in 60 monthly instalments plus interest at prime rate plus 2%.from date of delivery. • R19 800 per month for monthly preventative maintenance.	To be paid with free cash generated.	R11 930 00	Prime rate plus 2%. No definition of prime rate in agreement.

MATERIAL ASSETS ACQUISITIONS FROM VENDORS OF THE TARGET GROUP

Details of material assets acquired or proposed to be acquired by the Target Group and their Subsidiaries during the three years preceding the date of this Circular, other than in the ordinary course of business, are set out below:

Subsidiary	Material Asset	Vendor (Address)	Consideration (Goodwill Consideration)	Cost of Material Asset to Vendor	Vendor Beneficial Shareholders	Restraints & Restrictions	Settlement of Taxation	Promoter/ Director Beneficial Interest	Material Asset held by
Marifeed	Property: Erf 8412, 7 Roman Close, Hermanus, 7200	PO Box 144, Hermanus, 7200	–	5 080 000	PO Box 144, Hermanus, 7200	–	Registration of property end of November. VAT must still be claimed.	zero	Marifeed

MATERIAL BORROWINGS OF SEA HARVEST

Lender	Borrower	Purpose of loan	Security provided	Loan amount	Repayment/ Renewal Terms	If repayable within 12 months, payment to be financed as per below	Details of conversion or redemption rights	Interest rate
The Standard Bank of South Africa Limited ("**SBSA**")	Sea Harvest Corporation Proprietary Limited ("**SHC**")	Revolving credit facility	Marine bonds and a general notarial bond.	ZAR286 000 000	3 years	N/A	N/A	Three month JIBAR plus 1.8%
SBSA	SHC	General corporate purpose – bullet loan	Marine bonds and a general notarial bond.	ZAR600 000 000	3 years plus the option extend by 2 additional 1 year periods	N/A	N/A	Three month JIBAR plus 1.8%
SBSA	SHC	General corporate purpose – amortising loan	Marine bonds and a general notarial bond.	ZAR600 000 000	Equally over 5 years	N/A	N/A	Three month JIBAR plus 1.8%

Lender	Borrower	Purpose of loan	Security provided	Loan amount	Repayment/ Renewal Terms	If repayable within 12 months, payment to be financed as per below	Details of conversion or redemption rights	Interest rate
SBSA	SHC	Uncommitted facility that can be activated at the election of SHC for purposes of funding acquisitions.	The facility will be secured by the same security that has been provided by Sea Harvest under the various lines of credit regulated under a common terms agreement between SBSA, including pledges of group company shares, the provision of general and special notarial bonds and marine bonds over certain vessels owned by members of the Sea Harvest Group.	Up to ZAR400 000 000	These have not yet been agreed. This is an uncommitted facility, which will operate as follows: • If SHC wish to utilise this facility, they will need to request same from SBSA. • SBSA will then determine the pricing for the requested amount, as well as the tenor and other salient terms, and offer this to SHC (the "Terms"). • If the Terms are acceptable to SHC, the facility gets activated and SHC can use this as required	To be agreed when the facility is activated.	N/A	To be agreed when the facility is activated.

Lender	Borrower	Purpose of loan	Security provided	Loan amount	Repayment/ Renewal Terms	If repayable within 12 months, payment to be financed as per below	Details of conversion or redemption rights	Interest rate
Commonwealth Bank of Australia ("**CBA**")	Sea Harvest Australia ("**SHA**")	General corporate purpose – cash advance facility	Security interest and charge in the form of a General Security Agreement on the Personal Properties Security Register ("**PPSR**") over all of SHA's assets.	AUD50 000 000	Capital payments made annually in December over 15 years commencing in 2025.	N/A	N/A	Bank Bill Swap Yield ("**BBSY**") plus 1.8% margin plus 0.7% available commitment fee
CBA	SHA	General corporate purpose – trade finance facility	Security interest and charge in the form of a General Security Agreement on the PPSR over all of SHA's assets.	AUD11 000 000	Rolling facility limited to working capital parameter.	N/A	N/A	BBSY plus 1.3% margin plus 0.7% available commitment fee.
Premium Finance Proprietary Limited	SHA	Insurance policy	Unsecured	AUD981 000	Repayable in 10 instalments.	N/A	N/A	2.15%
Nedbank Limited	BM Foods Group Proprietary Limited ("**BMFG**")	Mortgage bond	Secured by property of BMFG	Approximately ZAR22 000 000	Monthly capital repayments until maturity in November 2027.	N/A	N/A	Prime plus 1%

Lender	Borrower	Purpose of loan	Security provided	Loan amount	Repayment/ Renewal Terms	If repayable within 12 months, payment to be financed as per below	Details of conversion or redemption rights	Interest rate
Viking Fishing Group Administration Proprietary Limited and Odin Investments Proprietary Limited	Sea Harvest Aquaculture	General corporate purpose	Secured by a Sea Harvest Guarantee	Approximately ZAR168 000 000	Will be settled in 5 annual instalments of ZAR42 000 000 commencing 1 January 2024.	N/A	N/A	Prime less 2%
Redburg Investments Proprietary Limited	Viking Aquaculture Proprietary Limited	General corporate purpose	Unsecured	Approximately ZAR46 000 000	No set repayment terms	N/A	N/A	Partly interest free and partly prime plus 2%

ENTITY OWNERSHIP INFORMATION

1. **THE OWNERSHIP DETAILS OF AGRI-VIE FUND II MAURITIUS IS AS FOLLOWS:**

REGISTER OF ULTIMATE BENEFICIAL OWNER

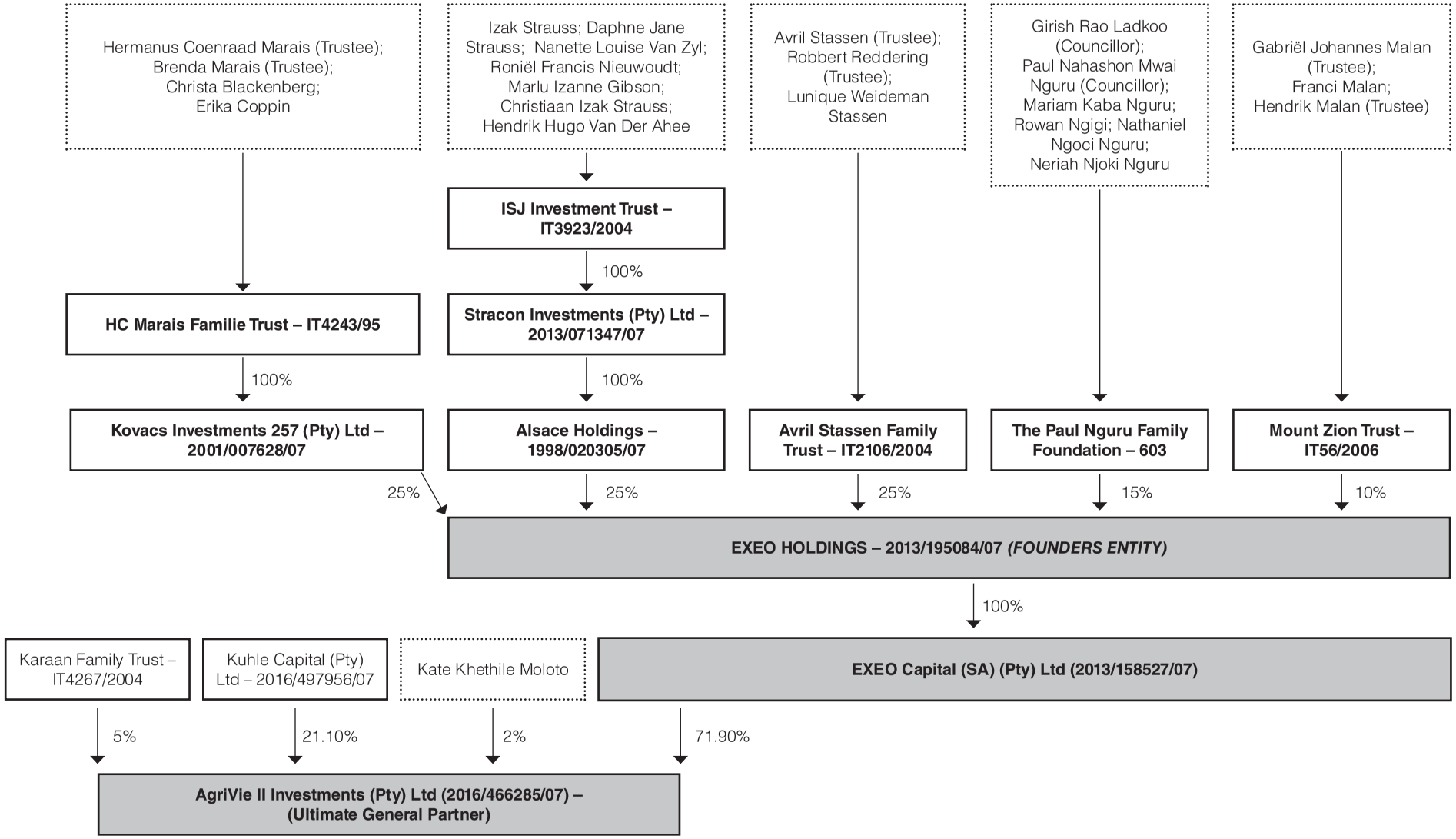
Name of Company: Agri-Vie Fund II (Pty) Ltd **File No.: 135895**

Date on which person becomes beneficial owner	Name of Beneficial Owner	Current Residential Address	Service Address	Nationality	Passport No.	Percentage held in the Company	Transfer to	Transfer date	Category*
02 February 2016	**Through Capin Services (Pty) Ltd:** HMSA SARL as the trustees of The Patmos Trust Settlor & Beneficiary Mr. Herman Marais	4 Eland Street, Schoongezicht, Durbanville 7551, South Africa	HMSA SARL, Boulevard des Philosophes 5, 1205 Geneva, Switzerland	South African	M00240470	19.58%	N/A	N/A	G1B
02 February 2016	**Through Capin Services (Pty) Ltd:** Dale International Trust Company Limited as the trustees of The Acutus Trust Settlor & Beneficiary Mr. Avril Stassen	117 Vintage Close, Val De Vie Estate, Paarl, Cape Town, South Africa	Dale International Trust Company Limited, 3rd Floor, Tower A, 1 CyberCity, Ebene, Mauritius	South African	M00220465	19.57%	N/A	N/A	G1B

Date on which person becomes beneficial owner	Name of Beneficial Owner	Current Residential Address	Service Address	Nationality	Passport No.	Percentage held in the Company	Transfer to	Transfer date	Category*
02 February 2016	**Through Capin Services (Pty) Ltd:** HMSA SARL as the trustees of The Newfam Trust Settler & Beneficiary Mr. Izak Strauss	Akker Straat, Stellenbosch, South Africa	HMSA SARL, Boulevard des Philosophes 5, 1205 Geneva, Switzerland	South African	A04011078	19.57%	N/A	N/A	G1B
02 February 2016	**Through Capin Services (Pty) Ltd:** The Paul Nguru Family Foundation Founder Mr. Paul Nguru	Nairobi South, 10251/12/0 Forest Road, 513 MT 29, 15A Karen Plain Road, Nairobi	12th Floor Tower 1, Nexteracom Building, CyberCity, Ebene, Mauritius 72201	Kenyan	CK31586	11.75%	N/A	N/A	G1D
28 November 2022	**Through Capin Services (Pty) Ltd:** ITL Trustees Ltd. as the Trustees of the Saint Martin Trust Settlor & Beneficiary Mr. Gabriel Johannes Malan	19 Erica Street, Onrus, South Africa	ITL Trustees Ltd., Level 3, Alexander House, 35 CyberCity, Ebene, Mauritius, 72201	South African	M00202819	7.83%	N/A	N/A	G1D
25 March 2022	**Standard Bank Group Limited:** *Listed on Johannesburg Stock Exchange* *Chief Executive Officer: Simpiwe Tshabalala*	Centre 5 Simmonds Street, Johannesburg, 2001 South Africa		South African	Stock Exchange Code: SSWSBO	21.7%	N/A	N/A	G3

2. **THE OWNERSHIP DETAILS OF AGRI-VIE FUND II PARTNERSHIP SA IS AS FOLLOWS:**

AgriVie II Investments (Pty) Ltd Structure



3. **THE SHAREHOLDING IN THE SHAREHOLDERS OF LA VIE IS AS FOLLOWS:**

Business Venture Investments No. 2067 (RF) (Pty) Ltd

	Amount of shares	Percentage	Registration No.	TSN Shares
The Norman Family Trust	15 000	5,74%	IT3355/2011	**41 713**
Packwise (Pty) Ltd	30 000	11,49%	2010/018441/07	**83 426**
Frontpage Developments (Pty) Ltd	102 761	39,34%	2016/312822/07	**285 766**
Die Dolphin Trust	113 448	43,43%	IT3242/2001	**315 485**
	261 209	100%		**726 390**

Business Venture Investments No. 2066 (RF) (Pty) Ltd

	Amount of shares	Percentage	Registration No.	TSN Shares
Kharkams Investments (Pty) Ltd	459 072	31,81%	2004/009163/07	**1 187 173**
Die Links Familie Trust	101 273	7,02%	IT 4333/2006	**261 895**
Terrasan Finansiering (Pty) Ltd	132 856	9,21%	1994/010778/07	**343 569**
Dhansian Capital (Pty) Ltd	750 000	51,97%	2022/822791/07	**1 939 520**
	1 443 201	100%		**3 732 157**

Total TSN shares in issue	26 336 124
Agri-Vie	(6 071 852)
Subsequent to repurchases	**20 264 272**

SUMMARY	**TSN Shares**
BVI 2066	3 732 157
BVI 2067	726 390
BVI 2068	1 217 056
BVI 2069	166 245
Clusten	4 316 672
	10 158 520
	50,13%

Business Venture Investments No. 2068 (RF) (Pty) Ltd

	Amount of shares	Percentage	Registration No.	TSN Shares
Neil Zacharias Adams	83 179	17,68%	7006015086085	**215 117**
Max Deals 118 CC	171 540	36,45%	2001/075921/23	**443 636**
The Fruit Workers Development Trust	125 000	26,56%	IT3804/2005	**323 274**
Kuhle Capital (Pty) Ltd	10 116	2,15%	2016/497956/07	**26 162**
Elias Links	60 729	12,90%	4609205134087	**157 057**
Tshililo Ronald Ramabulana	20 033	4,26%	7012275759080	**51 809**
	470 597	100%		**1 217 056**

Business Venture Investments No. 2069 (RF) (Pty) Ltd

	Amount of shares	Percentage	Registration No.	TSN Shares
Silobile Fishing (Pty) Ltd	19 285	30,00%	2000/023595/07	49 872
Sebenzisana Investments CC	20 000	31,11%	2004/057176/23	51 721
Leonardo Alfred Appies	10 000	15,56%	5504065018083	25 861
Dikeledi Emelda Mosime	7 500	11,67%	7108270329083	19 395
Nthabisheng Segoale	7 500	11,67%	7210135324083	19 395
	64 285	100%		**166 245**

Clusten 30 (Pty) Ltd

	Amount of shares	Percentage	Registration No.	TSN Shares
Geumode (Pty) Ltd	54 600	39,00%	2020/037326/07	1 683 502
Blue Bay (Pty) Ltd	30 800	22,00%	2020/063876/07	949 668
Venistan Investments (Pty) Ltd	54 600	39,00%	1999/001054/07	1 683 502
	140 000	100%		**4 316 672**

SEA HARVEST GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2008/001066/06)
Share code: SHG ISIN: ZAE000240198
("Sea Harvest" or the "Company")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached, shall bear the same meanings where used in this Notice of General Meeting.

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders will be held at 16:00 on Monday, 26 February 2024 and will be conducted entirely by electronic communication to consider and, if deemed fit, pass, with or without modification, the resolutions set out hereunder.

All persons who are entitled to attend the General Meeting will accordingly only be able to access, participate in and vote at the General Meeting electronically via an electronic facility. Sea Harvest Shareholders will have the opportunity to attend and participate in the General Meeting using a compatible smartphone, tablet or computer. Shareholders who wish to attend the General Meeting can access an online registration portal to register for electronic participation in the General Meeting (the "**Online Portal**") by following the link: https://meetnow.global/ZA (or type it into the web browser). Further details on the steps which need to be taken in order to access the electronic facility are provided in the Notice of General Meeting and the notes attaching thereto.

Shareholders are referred to the "Action Required by Shareholders" section of the Circular for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes at the General Meeting.

Notes:

- *For Ordinary Resolution Number 1 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on such resolution.*
- *For Ordinary Resolution Number 2 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on such resolution.*

IMPORTANT DATES AND TIMES	**2024**
Notice record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to receive the Notice of General Meeting on	Friday, 19 January
Circular incorporating the Notice of General Meeting and Form of Proxy *(blue)*, distributed to Shareholders on	Friday, 26 January
Announcement of distribution of Circular and Notice of General Meeting released on SENS on	Friday, 26 January
Last day to trade Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below) on	Tuesday, 13 February
General Meeting record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 16 February

IMPORTANT DATES AND TIMES	2024
For administrative purposes only, forms of Proxy (*blue*) in respect of the General Meeting to be received by the Transfer Secretaries by no later than 16:00 on	Friday, 23 February
Forms of Proxy (*blue*) not lodged with the Transfer Secretaries to be handed to the chairperson of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the proxy exercises any rights of the Shareholders at the General Meeting	Monday, 26 February
General Meeting of Shareholders to be held at 16:00 on	Monday, 26 February
Results of General Meeting released on SENS on	Monday, 26 February

Notes:

- The above dates and times are subject to amendment at the discretion of Sea Harvest, with the approval of the JSE, to the extent required. Any amendments will be published on SENS.
- Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades take place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 13 February 2024 will not be eligible to attend, participate in and vote at the General Meeting.
- Dematerialised Shareholders, other than those with Own-name Registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements between them and their CSDP or Broker.
- If the General Meeting is adjourned or postponed, the above dates and times will change, but Forms of Proxy (*blue*) submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement of the General Meeting.
- Although the salient dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act and the JSE Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
- All dates and times indicated above are South African Standard Time.

1. ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE ACQUISITIONS IN TERMS OF THE JSE LISTINGS REQUIREMENTS

"**RESOLVED AS AN ORDINARY RESOLUTION** that the Acquisitions by (i) Sea Harvest Pelagic of the WP Fishing Shares, the WP Fishing Claims, the SSM Shares, and the SSM Claims from Terrasan Beleggings; and (ii) Sea Harvest Aquaculture of the Aqunion Shares and the Aqunion Claims from Terrasan Beleggings, for the Purchase Consideration, on the terms set out in the Share Purchase Agreement and Implementation Agreement (copies of which have been made available for inspection by Shareholders and the salient terms of which are contained in the Circular), be and is hereby approved in terms of the JSE Listings Requirements and the Company's memorandum of incorporation, it being recorded that a portion of the Purchase Consideration is to be settled by the issue of the Consideration Shares to Terrasan Beleggings. Accordingly, the entry into, and implementation of, the Transaction Documents by Sea Harvest and/or its subsidiaries in connection with the Acquisitions be and is hereby approved by Shareholders."

Reason and effect

The reason for Ordinary Resolution Number 1 is that the value of the Purchase Consideration exceeds 30% of Sea Harvest's market capitalisation and accordingly meets the definition of a category 1 transaction as contemplated in terms of section 9 of the JSE Listings Requirements and, accordingly, requires Shareholder approval by way of an ordinary resolution.

The effect of Ordinary Resolution Number 1, if passed, will be to grant the necessary approval of the Acquisitions in terms of the JSE Listings Requirements.

2. ORDINARY RESOLUTION NUMBER 2: AUTHORITY TO IMPLEMENT

"**RESOLVED AS AN ORDINARY RESOLUTION** that Mr Felix Ratheb and/or Mr Muhammad Brey or any Director or the company secretary of Sea Harvest be and is hereby authorised to do all such things and sign all such documents required to give effect to the resolutions proposed above (including for the avoidance of doubt, to issue the Consideration Shares) and passed at the General Meeting of Shareholders at which this ordinary resolution is proposed, and any action taken by the Directors or the company secretary prior to the date of these resolutions be and is hereby ratified to the fullest extent permissible in law."

Reason and effect

The reason for ordinary resolution Number 2 is to provide the Directors and the company secretary of Sea Harvest with the authority to do all things necessary to implement the resolutions passed at this General Meeting.

The effect of Ordinary Resolution Number 2, if passed, is to grant that authority.

ELECTRONIC PARTICIPATION

The General Meeting will be conducted entirely by electronic communication.

The Company has retained the services of Computershare to host the General Meeting on an interactive platform and to facilitate electronic participation and voting by Shareholders.

Shareholders who wish to electronically participate in and/or vote at the General Meeting are required to register online at www.meetnow.global/za by no later than 16:00 on Friday, 23 February 2024. Shareholders may still register online to participate in and/or vote electronically at the General Meeting after this date and time, provided; however, for those Shareholders to participate and/or vote electronically at the General Meeting, they must be verified and registered before the commencement of the General Meeting.

In terms of section 63(1) of the Companies Act, before any person may speak or vote at, or participate in, the General Meeting, that person must present reasonably satisfactory identification, and the person presiding at the General Meeting must be reasonably satisfied that the right of that person to speak and vote at, and participate in, the General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. As part of the registration process you will be requested to upload proof of identification. Acceptable forms of identification include a valid green barcoded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport. A Shareholder or its proxy must electronically provide the necessary proof of its identification in accordance with the relevant provisions of the Notice of General Meeting such as his/her/its full name, email address and contact number, before such person will be entitled to speak and vote at, and participate in, the General Meeting. If the Shareholder is not an individual, the necessary proof of identification of the representative (such as her/his valid green barcoded, or smart card identification document issued by the South African Department of Home Affairs, South African driver's licence or valid passport) must be accompanied by a copy of a resolution by the relevant entity which sets out that the representative is authorised to represent the relevant entity at the General Meeting.

Following successful registration, the Transfer Secretaries will provide the Shareholder or proxy of a Shareholder with a link and invitation code in order to connect electronically to the General Meeting. General Meeting participation will be through the Computershare website by following the steps set out at www.meetnow.global/za. While the Company will bear all costs for the hosting of the General Meeting by way of a remote interactive electronic platform, Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the JSE, the Company and/or Computershare. None of the JSE, the Company or Computershare can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from participating in and/or voting at the General Meeting.

Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the JSE, Sea Harvest and/or Computershare. None of the JSE, Sea Harvest or Computershare can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from participating in and/or voting at the General Meeting.

VOTING AND PROXIES

Kindly note that, in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Accordingly, all Shareholders recorded in the Registers of the Company on the voting record date will be required to provide identification satisfactory to the chairman of the General Meeting in order to participate in and vote at the General Meeting. Forms of identification include a valid green-bar coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's license, or a valid passport.

Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a Shareholder of Sea Harvest. A Form of Proxy (*blue*), which sets out the relevant instructions for its completion, is enclosed for use by Own-name Registered Dematerialised Shareholders who wish to be represented at the General Meeting. Completion of a Form of Proxy (*blue*) will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.

The attached form of proxy (*blue*) must be returned to the Transfer Secretaries to be received by email at proxy@computershare.co.za by no later than 16:00 on Friday, 23 February 2024 for administration purposes. Alternatively, such forms of proxy may be lodged with the chairman of the General Meeting at any time before the meeting by email, care of the Company Secretary at simoneg@seaharvest.co.za.

Dematerialised Shareholders, other than those Shareholders who have Dematerialised their Sea Harvest Shares with "Own-Name" registration, should contact their CSDP or Broker in the manner and time stipulated in their agreement with their CSDP or Broker to furnish them with their voting instructions; and in the event that they wish to participate in the General Meeting, to obtain the necessary authority to do so. Sea Harvest does not accept responsibility, and will not be held liable, under applicable law or regulation, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Sea Harvest Shares to notify such beneficial owner of the General Meeting or the details set out in this Circular.

Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each Share held.

By order of the Board

Simone Gounden
Company Secretary

26 January 2024

Sea Harvest
Marked for the attention of the Company Secretary
1st Floor, Block C, The Boulevard
Searle Street
Woodstock
Western Cape
7925
Email address: simoneg@seaharvest.co.za

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)

SEA HARVEST GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2008/001066/06)
Share code: SHG ISIN: ZAE000240198
("Sea Harvest" or the "Company")

FORM OF PROXY – FOR USE BY OWN-NAME REGISTERED DEMATERIALISED SHAREHOLDERS ONLY

All terms defined in the Circular, to which this Notice of General Meeting is attached, shall bear the same meanings when used in this Form of Proxy.

For use only by nominee companies of CSDPs, Brokers' nominee companies and Own-name Dematerialised Shareholders at the General Meeting to be held entirely by electronic communication.

If you are a Dematerialised Shareholder, other than with "Own Name" registration, do not use this form. Dematerialised Shareholders, other than with "Own Name" registration, should provide instructions to their appointed Central Securities Depository Participant ("CSDP") or Broker in the form as stipulated in the agreement entered into between the Shareholder and the CSDP or Broker.

I/We

(FULL NAMES IN BLOCK LETTERS PLEASE)

of (address)

Telephone number ( ) Cell phone number

Email address

being a Shareholder (s) of the Company holding shares in the Company do hereby appoint:

1. or failing him,

2. or failing him,

3. the chairman of the General Meeting of Sea Harvest Shareholders

as my/our proxy to vote on my/our behalf at the General Meeting (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolutions to be considered at the General Meeting of Sea Harvest Shareholders.

	Number of votes		
	*In favour of	*Against	*Abstain
Ordinary Resolution Number 1: Approval of the Acquisitions			
Ordinary Resolution Number 2: Authority granted to Directors			

Insert an X or the number of Sea Harvest Shares in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each Shareholder entitled to attend, speak and vote and the meeting may appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak and vote in his/her stead.

Please read the notes on the reverse side hereof.

Signed at on 2024

Signature

Assisted by me (where applicable)

Completed forms of proxy *(blue)* must be returned to the Transfer Secretaries to be received by email at proxy@computershare.co.za by no later than 16:00 on Friday, 23 February 2024 for administration purposes. Alternatively, such forms of proxy may be lodged with the chairman of the General Meeting at any time before the meeting by email, care of Simone Gounden at simoneg@seaharvest.co.za.

Notes to form of proxy:

1. This form of proxy should only be used by Shareholders who have Dematerialised their Sea Harvest Shares with "Own Name" registration.
2. All other Shareholders who have Dematerialised their Sea Harvest Shares through a Central Securities Depository Participant ("CSDP") or Broker and wish to attend the General Meeting, must provide the CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker. Sea Harvest does not accept responsibility, and will not be held liable, under applicable law or regulation, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Shares to notify such beneficial owner of the General Meeting or the details set out in this form of proxy attached to the Notice of General Meeting.
3. A Shareholder may insert the name/s of one or more proxies, none of whom need be a member of the Company, in the space provided, with or without deleting "the chairman of the General Meeting". The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the General Meeting.
4. A Shareholder's instructions on the form of proxy must be indicated by the insertion of an "X" or the number of Sea Harvest Shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all of the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or by his/her proxy.
5. The completion and lodging of this form of proxy shall in no way preclude the Shareholder from attending, speaking and voting in person at the General Meeting to the exclusion of any proxy appointed in terms hereof.
6. This form of proxy shall be valid at any resumption of an adjourned General Meeting to which it relates, although this form of proxy shall not be used at the resumption of an adjourned General Meeting if it could not have been legally used at the General Meeting from which it was adjourned.
7. Should this form of proxy not be completed and/or received in accordance with these notes, the chairman may accept or reject it, provided that in the case of acceptance, the chairman is satisfied as to the manner in which the Shareholder wishes to vote.
8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
9. The chairman shall be entitled to reject the authority of a person signing the form of proxy –

   9.1 under a power of attorney; or

   9.2 on behalf of a company,

   unless that person's power of attorney or authority is deposited at the registered office of the Company or Computershare not less than forty- eight hours before the meeting.
10. Where Shares are held jointly, all joint holders are required to sign the form of proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
12. Any alteration of or correction to this form of proxy must be initialed by the signatory/ies.
13. On a poll, every Shareholder present in person or represented by proxy shall have one vote for every share held by such Shareholder.

SUMMARY OF THE RIGHTS CONTEMPLATED IN SECTION 58 OF THE COMPANIES ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders' meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise:
   - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   - 3.2 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
   - 4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   - 4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
   - 5.1 stated in the revocation instrument, if any; or
   - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to:
   - 6.1 the shareholder; or
   - 6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provides otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
   - 8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   - 8.2 the company must not require that the proxy appointment be made irrevocable; and
   - 8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

PRINTED BY INCE (PTY) LTD REF. JOB027777